

# TRADING ACROSS BORDERS UNPACKED



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AUTHORITY**

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## What Is Trading Across Borders?

Trading Across Borders records the time and cost associated with the logistical process of exporting and importing goods. It measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. Documentary compliance captures the time and cost associated with compliance with the documentary requirements of all government agencies of the origin economy, the destination economy and any transit economies. The aim is to measure the total burden of preparing the bundle of documents that will enable completion of the international trade for the product and partner pair assumed in the case study.

Border compliance captures the time and cost associated with compliance with the economy's customs regulations and with regulations relating to other inspections that are mandatory in order for the shipment to cross the economy's border, as well as the time and cost for handling that takes place at its port or border. The time and cost for this segment includes time and cost for customs clearance and inspection procedures conducted by other government agencies. For example, the time and cost for conducting a phytosanitary inspection would be included here.



## Trading Across Borders made easier through the following reforms



### ○ Export documents as per world bank

1. Inland Bill of lading
2. Export Entry
3. Export Permit (Phytosanitary Certificate)
4. Road Manifest
5. Commercial invoice
6. Packing list
7. Release order
8. Exit Note
9. Certificate of Export

### ○ Export Documents after reforms

1. Commercial Invoice
2. Packing list
3. Export Permit (Phytosanitary Certificate)
4. Bill of lading
5. Export entry

### ○ Import documents as per world bank

1. Import Declaration Form (IDF)
2. Commercial invoice
3. Packing List
4. PVOC
5. Customs entry
6. Release order
7. Solas Certificate
8. Proof of Customs Payment
9. Terminal handling receipts
10. Declaration of value
11. Cargo release orders

### ○ Import documents after reforms

1. Import Declaration Form (IDF)
2. Commercial invoice
3. Packing List
4. Bill of landing
5. Import entry

## **What is trade facilitation?**

Trade Facilitation refers to the simplification, modernization and harmonization of export and import processes. The main aim of trade facilitation is to expedite movement, release and clearance of goods across the borders (imports and exports including goods in transit) whilst at the same time ensuring safety and security of the trade supply chain.

## **Why trade facilitation matters**

Trade facilitation has become increasingly important and has led to the following five specific trends in international trade and logistics:

- i. Globally, there is more trade in manufactured goods including developing countries' imports & exports
- ii. Globalized production processes -businesses now trade more and more in intermediate goods with a growing share of inter-company trade
- iii. Governments benefit from enhanced revenue collection and optimal allocation of resources

- iv. Faster growth of inter-regional trade.
- v. There is an increased diversification of trading partners. The more businesses want to sell and source abroad, the more they benefit from trade facilitation measures that foster transparency and use of international standards
- vi. The potential of new technologies-Trade Facilitation measures such as the Single Window, electronic documents or Customs automation are all easier to implement today than a decade ago.

## **How to make trade facilitation happen**

Many trade facilitation measures require a reform and modernization process that depends on an enabling environment and political good will. This enabling environment involves different types of interventions and activities put in place by the government to address the bureaucratic delays and “red tape.”

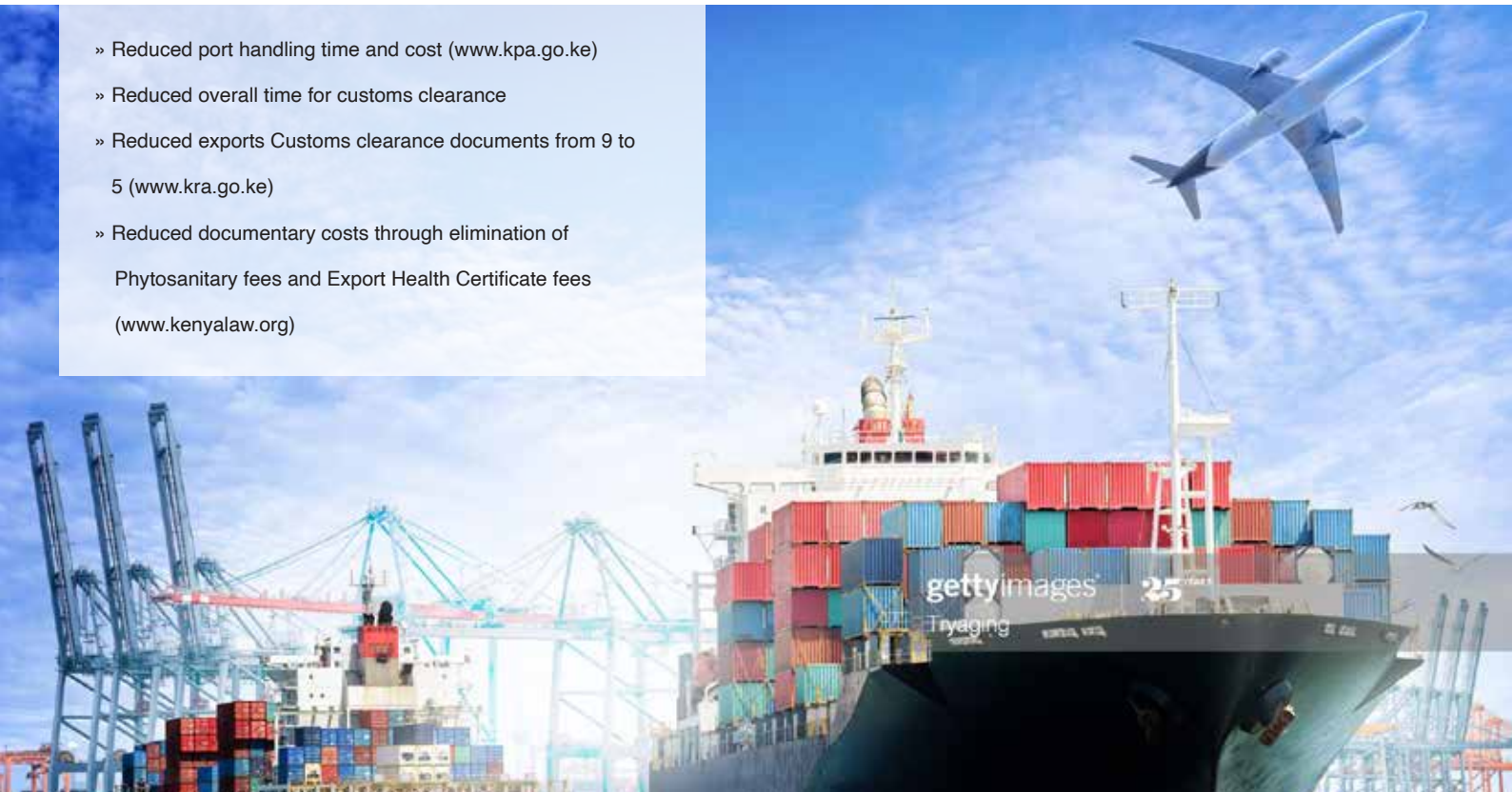
## **KRA and other government agencies have implemented various reforms with the following outcomes, to Facilitate Trade and Grow Business (Imports/Exports)**

- » Reduced import Customs clearance documents from 10 to 4 ([www.kra.go.ke](http://www.kra.go.ke))
- » Exemption from Certificate of Conformity requirements for imports of brand new motor vehicle spare parts ([www.kenyalaw.org](http://www.kenyalaw.org), [www.kebs.org](http://www.kebs.org))
- » Smart gates at ICD Nairobi has reduced queues
- » Faster & efficient processing of IDF on Integrated Customs
- » Management System (ICMS) ([www.icms.kra.go.ke/](http://www.icms.kra.go.ke/))
- » Real time tracking of containers
- » Expedited clearance for exports through the green channel ([www.kra.go.ke](http://www.kra.go.ke))





- » Reduced port handling time and cost ([www.kpa.go.ke](http://www.kpa.go.ke))
- » Reduced overall time for customs clearance
- » Reduced exports Customs clearance documents from 9 to 5 ([www.kra.go.ke](http://www.kra.go.ke))
- » Reduced documentary costs through elimination of Phytosanitary fees and Export Health Certificate fees ([www.kenyalaw.org](http://www.kenyalaw.org))



- » Elimination of declaration of agro-exports -Agriculture and Food Authority (AFA) portal ([www.agricultureauthority.go.ke](http://www.agricultureauthority.go.ke))
- » Reduced port handling time and cost ([www.kpa.go.ke](http://www.kpa.go.ke))
- » Reduced overall time for Customs clearance
- » KEPHIS, AFA & Port Health now on onboarded onto the single window ([www.kentrade.go.ke](http://www.kentrade.go.ke))



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