

# Trade facilitation and digitization

## What is trade facilitation?

International trade is paper-intensive as numerous documents are required to move goods across borders. Besides, trade procedures are often complex and not transparent. They also heavily rely on human intervention to sign trade documents or inspect cargo shipments.

In 2017, the Trade Facilitation Agreement of the World Trade Organization (WTO) came into force with the objective of reducing the time and cost for performing cross-border trade operations. This can be achieved through the simplification of import / export processes and documents and by reducing the human interaction. Digitization also plays a crucial role as it enables new possibilities.

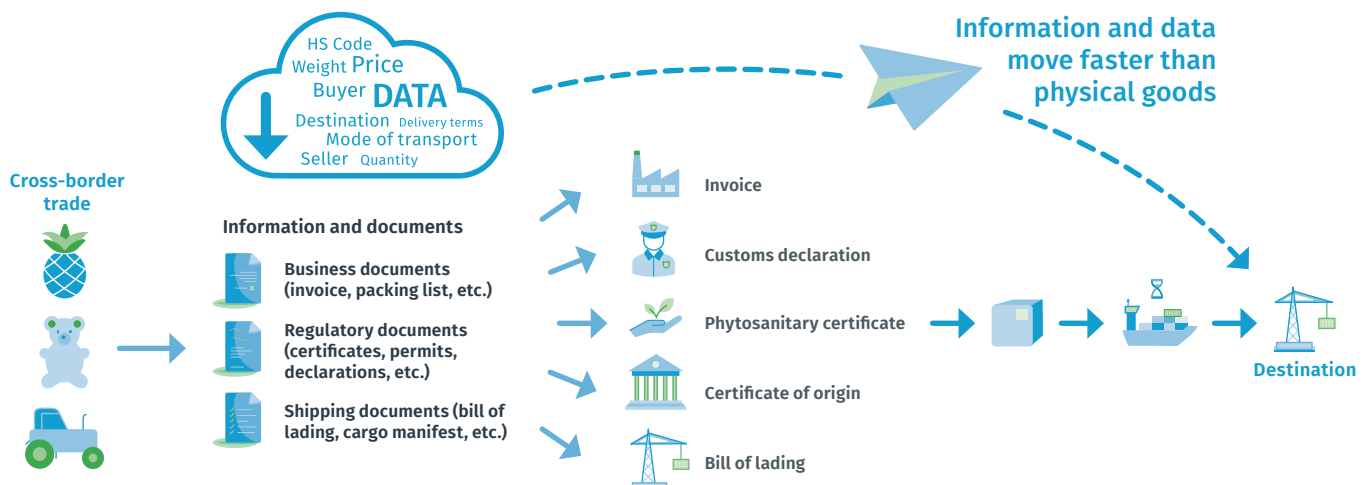
“In 2014, shipping company Maersk followed a refrigerated container filled with roses and avocados from Kenya to the Netherlands to document the maze of physical processes and paperwork that impact every shipment. The numbers speak for themselves: around 30 actors and more than 100 people were involved throughout the journey, with the number of interactions exceeding 200. The shipment took about 34 days to go from the farm to the retailers, including 10 days waiting for documents to be processed.”

Emmanuelle Ganne, Can blockchain revolutionize international trade, WTO, 2018

## Facilitating trade through digitization

Before being able to move goods across borders, traders (i.e. exporters, importers, agents) must obtain numerous documents and make declarations with several border control agencies (e.g. customs, port authorities, etc.). This is time consuming, and the digitization of these export / import procedures helps to reduce the time and cost to comply with export / import requirements.

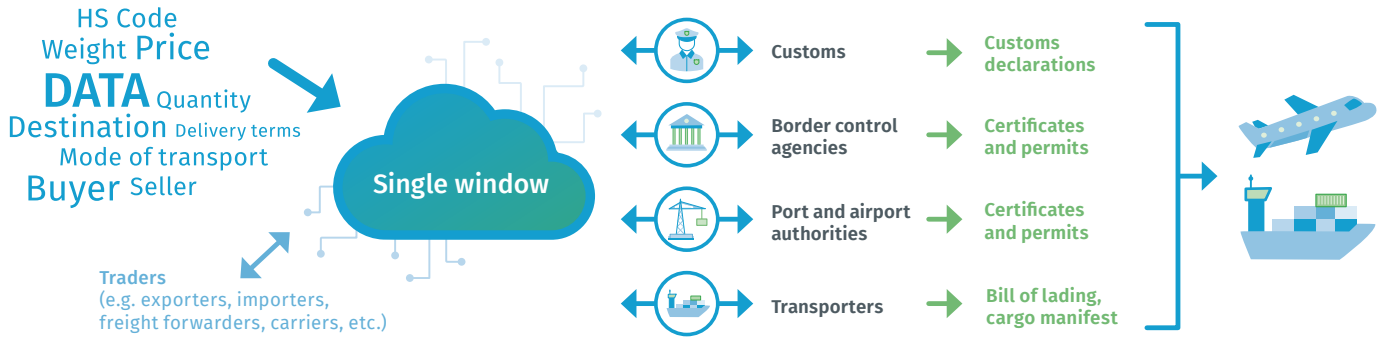
Moving goods around the world still takes time as ships and airplanes do not go faster than 20 years ago. However, the information and documents accompanying the goods (e.g. invoice, bill of lading, cargo manifest, certificate of origin, etc.) can nowadays move faster than before thanks to digitization. Facilitating the movement of information and data through digital systems can therefore speed up the cross-border movement of goods.



## Example – Single window

A Single Window system connects multiple border control agencies and allows for traders to submit information electronically only once and obtain the necessary documents, permits and declarations. They can even do e-payments and complete the export / import processes via Single Window system rather than visit the agencies separately and often submit the same information multiple times.

Traders submit cargo information (e.g. value, weight, description of the goods) only once in the single window system and can apply for multiple documents in a single location. The information is then used by multiple agencies to electronically issue required export / import documents.



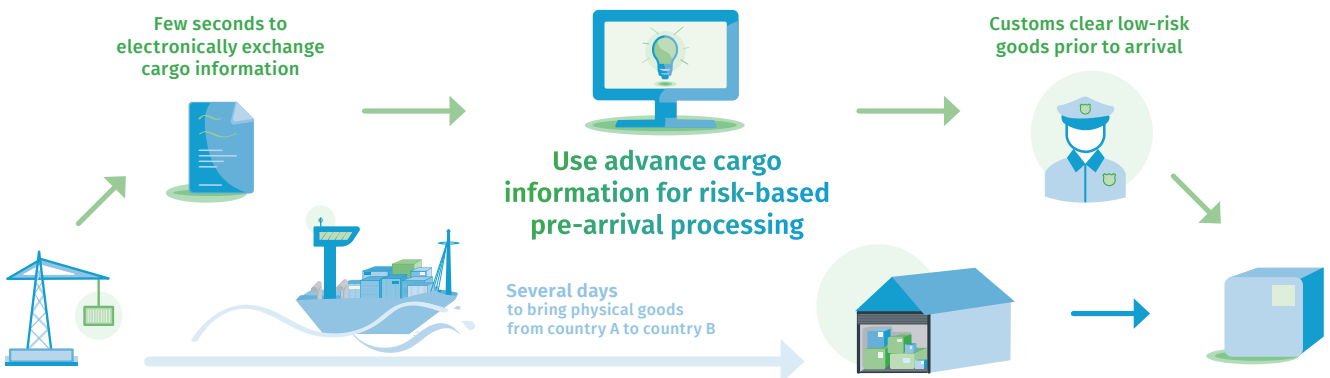
## Example – Pre-arrival processing and risk-management

In many countries, all imported goods must undergo physical or documentary inspection. This often leads to long waiting time for the cargo to be cleared. One solution to speed up the clearance operations is to rely on the cargo information that can be submitted to border control agencies in the importing country prior to the arrival of the goods (i.e. while goods are still airborne or on the water).

The submission of the cargo manifest (i.e. the list of all the cargo on a ship or aircraft with detailed information

on the origin, buyer, weight, description, etc.) prior to the arrival of the goods can help customs authorities to implement the pre-arrival processing. To do so, customs administrations set up risk profiles based on specific criteria (e.g. origin, type of goods, value, etc.) and run a risk assessment of the cargo by using the information contained in the cargo manifest.

Goods that do not represent a risk might be cleared on arrival and will not undergo inspection. Other goods will be inspected. Using electronic advanced cargo information helps to reduce the rate of inspection and to speed up the clearance process.



The German Alliance thrives on the active contributions of its partners. We invite all interested companies, business associations and government institutions to engage with us to make international trade faster and more efficient. Find out more:

[tradefacilitation.de](http://tradefacilitation.de) [tradefacilitation@giz.de](mailto:tradefacilitation@giz.de)

### Imprint

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