



CHEMONICS INTERNATIONAL INC.

OBSERVATIONAL TOUR ON EXPORT AND IMPORT  
(VENTANILLA UNICA) PROCEDURES IN CENTRAL AMERICA

September 8-15, 1999  
Costa Rica, Honduras, Guatemala, and El Salvador

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# **OBSERVATIONAL TOUR ON EXPORT AND IMPORT (VENTANILLA UNICA) PROCEDURES IN CENTRAL AMERICA**

## **A. Introduction**

USAID/Dominican Republic is delivering technical assistance for legal and institutional reform to the Government of the Dominican Republic. The activities undertaken under the Legal and Institutional Reform Indefinite Quantity Contract Task Order # 801 involve the reform of economic policies and the corresponding regulatory environment, with the goal of reducing poverty and increasing Dominican competitiveness in the global economy.

As part of its technical assistance, the USAID mission sponsored a study tour to Central America to compare and evaluate the policies and procedures of the import and export systems in various countries of that region, namely in Costa Rica, Honduras, El Salvador, and Guatemala. The statement of work for this assignment is found in Annex A of this document. The import and export systems of the Dominican Republic lag behind most systems in other Central American countries, as noted in the updated, comparative chart that USAID/Dominican Republic assembled after the study tour. The chart is attached as Annex B of this report.

To facilitate comparison of the region's systems, the mission invited a mix of public and private institutions to select delegates to participate in the eight-day study tour. All delegates had close links with international trade, as well as an interest in export and import procedures and in a "one-stop shop" approach to trade. The public sector institutions invited to participate in the tour were the Centro Dominicano de Promoción de la Exportación (CEDOPEX); the Dirección General de Aduanas (DGA); the Secretaria de Estado de Agricultura (SEA); the Oficina de Promoción de la Inversión Extranjera (OPI-RD); and the Autoridad Portuaria. Private sector organizations invited to participate were the Consejo Nacional de la Empresa Privada (CONEP); the Asociación Dominicana de Exportadores (ADOEXPO); the Junta Agroempresarial Dominicana (JAD); the Unión Nacional de Empresarios (UNE); the Federación de Asociaciones Industriales (FAI); the Asociación de Navieros (APYME); and the Listín Diario. The Autoridad Portuaria, JAD, ADOEXPO, and the Asociación de Navieros did not send delegates due to timing constraints.

## **B. Goals, Objectives, and Expected Results**

The trip's purpose was to develop a concrete basis for comparing the current and projected status of trade in the Dominican Republic with trade in various Central American countries. The trip's overarching objective was to identify elements within the Dominican import and export system that could be strengthened by introducing and refining ideas developed during the study tour.

The study tour had the following objectives:

- Study the management of systems and procedures in Central America that allow for goods to be dispatched in hours, instead of days or weeks
- Develop ideas on ways to streamline and speed Dominican imports and exports through improved procedures that cut time and costs, increase transparency, and reduce the steps and bureaucratic levels currently involved in managing systems

- Obtain consensus for putting into action a law that incorporates the one-stop shop concept, reducing transaction costs and helping the Dominican Republic become more competitive in the global economy

Over the medium term, the study tour will catalyze public and private sector support for trade system reform, increasing reform's momentum. Over the longer term, the tour will bolster support for fair and transparent trade practices and the adjustments needed for institutionalizing these practices. Public and private support for reform will facilitate pending legislation, support the introduction of progressive import policies and regulations, and encourage the effective implementation of a one-stop shop export system that improves efficiency and reduces paperwork and bureaucratic procedures. Achieving these goals will increase the competitiveness of Dominican exporters.

### **C. Methodology**

At the Chemonics headquarters in Washington, D.C., the Chemonics Training Department, the firm's Latin America Division, and the team's technical leader collaborated on preparations to lead a group of delegates from the Dominican Republic on an import-export system study tour to Central America. Chemonics developed the initial plan and schedule for study tour preparation and implementation.

The plan's main components were as follows: Prior to the tour's start, Chemonics staff conducted interviews with as many of the proposed participants as possible, as well as officials from participating organizations and other individuals with a strong interest in import and export systems. Through the interviews, the Chemonics team identified pertinent issues and themes, which were then incorporated into the study tour's design. Detailed planning and organization of the tour's content, itinerary, and logistics was carried out from Chemonics' offices in Washington, D.C., and San Jose, Costa Rica, and the office of the Dominican nongovernmental organization el Centro de Apoyo a la Micro y Pequeña Empresa (CAMPE-INTEC) in Santo Domingo. The Fundacion para la Inversion y el Desarrollo de las Exportaciones (FIDE) assisted Chemonics in selecting and setting up meetings in Honduras. Finally, the tour's design included a briefing book, prepared for distribution to delegates at an orientation session immediately before the tour.

Personnel from Chemonics International and CAMPE-INTEC provided facilitation and support for tour delegates during the tour. The tour's team leader and project administrator provided comprehensive management, programmatic, administrative, and logistical services, with support from the Chemonics Training Department and CAMPE-INTEC. As the designated tour leader, Gordon Bremer's principal task was facilitating the group as it reached agreement on a comprehensive set of conclusions and recommendations. The tour leader received administrative assistance from Vivian Guerra of Chemonics and Silverio Confesor of CAMPE-INTEC. Other important preparatory and logistical support was provided by Maria Gonzales, Tori Taugner, and Jocelyn Wyatt, all from Chemonics. Throughout the tour's planning and execution process, the team regularly consulted the USAID mission representative that accompanied tour members to elicit feedback and suggestions. At the tour's close, the delegates conducted a formal study tour evaluation.

## D. Trip Preparation

An initial fact-finding trip to Santo Domingo took place August 4-7 to gather information on the Dominican Republic's export and import systems, collect documentation, and clearly understand the mission's objectives and expectations. The fact-finding trip, along with general tour preparations, was facilitated by Silverio Confesor from CAMPE-INTEC and Chemonics home office team members Vivian Guerra, Maria Gonzales, Tori Taugner, and Jocelyn Wyatt, technical team leader Gordon Bremer, and the economic advisor from the USAID/Dominican Republic mission, Luis Gonzalez.

The Chemonics local office in Costa Rica, headed by Ligia Carvajal, helped with tour preparations; FIDE, the Honduran investment promotion organization, lent an organizational hand in Honduras. The technical team leader's contacts in El Salvador and Guatemala were tapped to secure collaboration from these two Central American countries.

The choice of countries for the tour was governed by factors that included the status and history of import and export systems in the Dominican Republic and Central America, delegate time constraints, and logistics. Two countries – Costa Rica and Honduras – were selected. Costa Rica was chosen because of its historic role as a regional leader in export and investment promotion and performance. As for Honduras, while its import and export systems are arguably in fourth place in Central America, this country has made considerable progress in recent years in improving its systems and infrastructure. Another important consideration: Honduras has struggled with numerous problems similar to those faced by the Dominican Republic, offering an opportunity to profit from lessons learned.

Directors of one-stop shops in El Salvador and Guatemala were recruited to make presentations to the group during its stay in Costa Rica. These presentations reduced travel and logistical hurdles, and provided delegates with a clear understanding of progress realized and remaining issues in both countries. Systems in El Salvador and Guatemala are essentially modeled after the Costa Rican experience. El Salvador is known for its advanced use of Internet and other computerized services, and Guatemala has patterned itself after the Salvadoran model.

Documentation gathered during the previously mentioned fact-finding trip to Santo Domingo – together with information collected in Central America before the tour – provided the basis for development of the tour's briefing book, which was distributed to delegates prior to the tour. The fact-finding trip and advance information-gathering that took place also allowed team members to fine-tune the tour program's design and development.

The briefing book included descriptions of the tour's purpose, objectives, and principal activities; these items are found in Annex A of this report. In addition, the briefing book listed tour participants and provided a tour itinerary, attached to this report as Annex C and Annex D, respectively. Annex E provides a bibliography of technical documents, including documents distributed with the briefing book as well as those collected during the tour.

A tour orientation was conducted at USAID's offices in Santo Domingo on September 8, the first day of the tour. During the orientation, tour participants received administrative and technical briefings. The team overviewed the tour's objectives and provided information on administrative policies and logistics. At the end of the orientation, copies of the briefing book were distributed to delegates, along with plane tickets and per diem cash advances.

## E. Trip Description

Highlights of the study tour included:

- Meetings were conducted with organizations and individuals in Costa Rica and Honduras that play notable roles in the countries' import and export systems, including key actors and others with significant links to the systems. Tour delegates had the opportunity to participate in nine such meetings with Costa Rican individuals and organizations; nine similar meetings were held in Honduras.
- Tour participants met with the directors of one-stop shops in El Salvador and Honduras during the group's stay in Costa Rica.
- The team's technical leader facilitated daily work sessions with delegates to identify issues, discuss ideas, and explore potential activities to improve Dominican import and export systems.
- On the study tour's final day, the entire delegation participated in a study tour work summary session. During this session, the delegates developed a summary of tour group conclusions and recommendations for modernizing the Dominican Republic's import and export systems.
- Tour delegates completed a formal tour evaluation, rating both programmatic and administrative aspects of the tour.

The following organizations and individuals presented information to the tour delegates:

Costa Rica: Promotora de Comercio Exterior (PROCOMER), Dirección General de Aduanas, Vice Ministerio de Ingresos del Ministerio de Hacienda, Ventanilla Unica de Desalmacenaje (Aduana Aeropuerto Santa María), Coalición Costarricense de Iniciativas de Desarrollo (CINDE), Banco Central. Three Costa Rican consultants involved in the establishment of the country's one-stop shop – Ronald Garita, Alicia Avendano, and Ronald Piedra – also made presentations to the group.

The director of the Salvadoran Centro de Tramites de Exportacion (CENTREX) and the manager of exports of the Guatemalan Asociacion Gremial de Exportadores de Productos No Tradicionales (AGEXPRONT) made presentations on their countries' import/export situations to the tour group in Costa Rica.

Honduras: Fundación para la Inversión y el Desarrollo de las Exportaciones (FIDE), Dirección Ejecutiva de Ingresos (DEI) del Ministerio de Finanzas, Departamento Regulador de Financiamiento Externo (DERFE) del Banco Central, Dirección General de Inversiones de la Secretaria de Industria y Comercio, Cámara de Comercio e Industrias de Tegucigalpa (CCIT), Federación Nacional Aduanera (FENADUANA), Dirección General de Inversiones (DGI) y la Dirección General de Gestión Empresarial, both of the Secretaria de Industria y Comercio, Asociación de Acuicultores de Honduras, and a Chemonics representative from the USAID-funded economic policy reform initiative PRODEPAH.

## F. Conclusions and Recommendations

After analysis and evaluation of the systems and procedures of one-stop shops in Central America, tour group delegates developed conclusions and recommendations during the study tour's final working session. First recorded in Spanish and presented below in English, these conclusions and recommendations are accompanied by the background information in Annex F of this report. The conclusions and recommendations correlate well with discussions held during the tour's daily summary sessions; in addition, they correspond to comments in delegates' tour evaluations.

- Revising policies and procedures for issuing phytosanitary and veterinary certificates is fundamental to developing an adequate, agile system that promotes exports.
- Given its important role in promoting exports and advising exporters, CEDOPEX should be preserved as an autonomous technical entity.
- A national competitiveness plan should be developed, with an emphasis on the cause-and-effect relationship between national competitiveness and international trade.
- The approval process for tariff and related tax reforms should be concluded, as these reforms are important for the country's development.
- Extending the one-stop shop system to import steps and procedures is advisable.
- To eliminate delays, standardized computer systems and procedures are needed for sending and receiving documentation between the Dominican customs service, shipping agents, and the port authority.
- Paying customs taxes at post offices and commercial bank offices should be permitted.
- Training should be provided to all public sector personnel that process, administer, and carry out customs services and international commerce procedures.
- The design and implementation of a red light-green traffic system is recommended to assist the customs service in efficiently dispatching merchandise and passengers.
- The gradual implementation of the "good faith" principle by the customs service for declarations and processing is a move that would improve import and export efficiency and speed deliveries.
- Proposed laws for customs and the Port Authority should be revised to include language that standardizes one-stop shops for imports and exports, incorporates the good-faith principle, allows payment of customs duties through the commercial banking system, and penalizes computer crimes.
- An agricultural producers prequalification program should be developed.
- A financing continuity guarantee is needed to support the one-stop shop concept and other entities that handle import and export processes; such a guarantee would reduce interruptions and improve import/export systems.

- The active involvement of the one-stop shop is required to improve the quality and distribution of international trade statistics for imports and exports.

The study tour work group added the following comments to facilitate adoption of their recommendations. The additional recommendations are based on the realities of Dominican foreign trade as well as the group's strong interest in the implementation of its recommendations and follow up by the one-stop shop.

- Activities should be promoted that permit CEDOPEX to self-finance by selling services needed by exporters and other interested parties. Examples of potential financing mechanisms include the sale of export forms; the affiliation of exporters and importers to obtain statistics on line; and start-up financing from international donors. We recommend that the Government of the Dominican Republic assign a special budget line item – through a budget request by the CEDOPEX executive director – to support the operational and administrative functioning of the one-stop shop.
- Restructuring the CEDOPEX council of directors to give the majority of members to the private sector would help ensure that the institution meets the export sector's needs more efficiently. We therefore propose that the council of directors nominate a corresponding set of three candidates for executive director.
- Formation of an ad-hoc work group – including the customs service, port authority, shippers' association, importers, and shipping agents – would be a useful step.
- To eliminate unnecessary bureaucratic procedures, the customs service should review the steps and procedures currently followed for importing and exporting merchandise. Such a review, which could be carried out without the loss of existing controls, would guarantee simplification and streamlining of steps and procedures.
- Establishment of a red light-green light traffic system for dispatching goods and passengers is needed. Through such a move, the custom's service current computer system would be adapted to incorporate information on merchandise, importers, exporters, and passengers.
- To increase the flexibility, speed, and security of customs tax payment receipts, customs service managers should develop regulations to establish norms and mechanisms for exporters' payments directly to commercial banks.
- The Dominican legislature should form a special commission to revise and update the current Ley de Aduanas bill to incorporate the one-stop shop concept, computer crimes, and other initiatives.
- The Organization and Methods Department within the Dominican Republic's Customs Service should collaborate with the private sector to develop a users' manual with information on requirements for exporting and importing within the Dominican Republic. Such a move would support the standardization of customs services throughout the country. To strengthen services, a public information unit within the customs service should be created.
- Streamlined, uniform application of internal quarantine systems should be ensured.

- The secretary of agriculture should extend the current pre-inspection program to cover all exportable agricultural production to expedite exporting and facilitate quality monitoring.

Producing the above conclusions and recommendations – along with the accompanying notes on applying the recommendations in the Dominican Republic over the short and medium term – was a major accomplishment. This work has paved the way for individual delegates to submit the group’s report to superiors and organizations. Potential follow-up activities include developing the report as the tour group’s “declaration” to appropriate Dominican Republic authorities; exploiting it as the basis for presentations and seminars; and using the report as a public opinion tool to encourage greater competitiveness and support the modernization of the Dominican Republic’s export and import systems.

The group has expressed a commitment to follow up along these lines, but additional encouragement and support from USAID/Dominican Republic would be useful. Luis Gonzales of USAID/Dominican Republic has been an excellent resource and supporter for this initiative. His continued support and involvement with follow-up activities is critical for ensuring the full realization of the group’s recommendations.

Among the recommendations made, the most important may be to promote the establishment and maintenance of an autonomous, self-financing one-stop shop governed by a efficient, apolitical, technical managers and a private sector-led council of directors that eventually handles imports as well as exports.

## G. Evaluation of the Tour

After scheduled meetings with Central American organizations were completed, the individual delegates completed and submitted a comprehensive evaluation of the tour, based on a form provided by the team. These evaluations provided general and specific feedback on the quality of the tour agenda's content; tour administration and logistics; and cultural impressions. The evaluations, which were highly positive, are summarized in the exhibits below:

<b>EXHIBIT 1. GENERAL TOUR CONTENT</b>				
<b>Item</b>	<b>Very Useful</b>	<b>Useful</b>	<b>Of Limited Use</b>	<b>Deficient or Unnecessary</b>
Pre-trip Orientation	67%	22%		11%
Meetings in Costa Rica	90%	10%		
Presentation on El Salvador	100%			
Presentation on Guatemala	70%	30%		
Meetings in Honduras	10%	70%	20%	

<b>EXHIBIT 2. TOUR ADMINISTRATION</b>			
<b>Item</b>	<b>Adequate</b>	<b>Too long</b>	<b>Too short</b>
Duration of tour	80%	10%	10%
Number/length of meetings:			
Costa Rica	70%	20%	10%
Honduras	70%	20%	10%

<b>EXHIBIT 3. TOUR LOGISTICS</b>			
<b>Item</b>	<b>Excellent</b>	<b>Adequate</b>	<b>Deficient</b>
Hotel	100%		
Air travel	40%	60%	
Land travel	70%	30%	
Support from consultants	100%		
General organization	100%		
Materials provided	80%	20%	

Completed evaluations are provided in Annex G of this report.