PROGRESS REPORT:

TRADING ACROSS BORDER – FIRST QUARTER 2010.

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INTRODUCTION

The World Bank Report “Doing Business 2008 - Haiti” estimates the time required for importing goods into and exporting goods from Haiti. The estimate published for 2008 for importing goods is 53 days while the estimate for exporting goods is 52 days. Both estimates are based on 2007 data. In 2008 Haiti was ranked 153th of 178 countries in terms of ease of trading across borders.

Under the auspice of the Prime Minister’s Office and in collaboration with the Ministry of Finance and the Agence Generale des Douanes (AGD), I-TRADE is conducting in October 2009 a mapping analysis of import and export procedures in Haiti, which objective is to supplement the information collected by the World Bank

The purpose of this special report is to provide updated information to the public and the World Bank on the estimated time, the cost and the number of procedures for importing and exporting goods in Haiti for the first quarter of 2010, so that AGD streamlining of processing times at Haiti’s borders may be considered by the World Bank to establish its 2011 report.

HAITI’S PAST PERFORMANCE – IMPORTS

The World Bank has estimated that in 2007, the time required of a large (more than 100 employees), solely Haitian-owned business to import into Haiti a 10-ton dry-cargo shipment valued at $20,000 via a 20-foot, full container load is 53 days, and that the process requires 8 steps, listed in Table 1. This estimate starts with the negotiation of the contractual agreement between the two parties and concludes with the delivery of goods in Port-au-Prince; it includes all paper work, all land transportation and all customs clearances in Haiti, as well as in the country of origin and the country of transit, as well as the waiting time between procedures—for example, during unloading of the cargo.

To reduce the impact of outliers, the median, rather than the mean, is utilized by the World Bank.

Table 1: Days required to import products into Haiti (2008 Doing Business)

Nature of procedures	Activity	Doing Business 2008 Days Required (2007 Data)
1	Documents Preparation	30
2	Ports and Terminal	7
3	Customs Clearance and technical control	12
4	Inland Transport and Handling	4
	Total	53

The World Bank has determined that importers may need to complete up to 10 documents in order to import goods into Haiti. These are:

1. Bill of lading (required by Customs)
2. Cargo release order (required by Customs)
3. Certificate of origin (only required for certain goods)
4. Commercial invoice (required by Customs)
5. Customs import declaration (required by Customs)
6. Import license (required by Customs)
7. Inspection report (required by Customs)
8. Tax certificate (required by Customs)
9. Technical standard/health certificate (only required for certain goods)
10. Terminal handling receipts (required by Customs)

HAITI'S PAST PERFORMANCE – EXPORTS

The World Bank has estimated that the time required for a large (more than 100 employees), solely Haitian-owned business to export a dry-cargo, 20-foot, full container load is 54 days, and that the process requires 8 steps, listed in Table 2.

This estimate also starts with the negotiation of the contractual agreement between the two parties and concludes with the departure of the container from the port of exit; it includes all paper work, packing the goods at the factory, all land transportation, and all exit clearances in Haiti, as well as the waiting time between procedures—for example, during loading of the cargo.

Again to reduce the impact of outliers, the median, rather than the mean, is utilized by the World Bank.

Table 2: Days required to export products from Haiti (2008 Doing Business)

	Activity	Doing Business 2008 Days Required (2007 Data)
1	Documents Preparation	30
2	Ports and Terminal	6
3	Customs Clearance and technical control	12
4	Inland Transport and Handling	4
	Total	52

The World Bank has determined that exporters may need to complete 8 documents in order to export a 20-foot container of dry goods from Haiti. These are:

1. Cargo release order (required by Customs)
2. Certificate of origin (only required for certain goods)
3. Commercial invoice (required by Customs)
4. Customs export declaration (required by Customs)
5. Export license (required by Customs)
6. Tax certificate (required by Customs)
7. Technical standard/health certificate (only required for certain goods)
8. Terminal handling receipts (required by Customs)

The above estimates of import and export times were compiled from a panel of local experts, who were asked their opinions of the time and cost for each step based on their experiences in 2007. Each step is recorded in whole day increments; in other words, no step may take less than 1 day although some steps may be recorded as being simultaneous.

HAITI'S CUSTOMS REFORMS AND INITIATIVES

In January 2009 AGD began to streamline reforms with the implementation of the SIDONIA++ , the e-manifest systems and 24-hour operations at the port, so goods can be cleared faster. These reforms have had measurable impact on the Haiti 2010 Doing Business Report as shown in Table 3.

Table 3: Historical data on "Trading across Borders" indicator for Haiti.

	DB 2007 (Baseline)	DB 2008	DB 2009	DB 2010
Rank	**140**	**140**	**146**	**144**
Export				
Number of documents	**8**	**8**	**8**	**8**
Delay in Days	**44**	**44**	**43**	**35**
Cost by containers	**$1,650**	**$967**	**$1020**	**$1005**
Import				
Number of documents	**10**	**10**	**10**	**10**
Delay in Days	**49**	**49**	**37**	**33**
Cost by containers	**$1,860**	**$922**	**$1560**	**$1545**

ITRADE is continuing to support AGD's efforts by conducting in October 2009 a mapping process of import/export procedures and a statistical analyses of times and costs of cross border transport. This data will be utilize to identify the nature and causes of the delays in the steps to import or export goods.

In Haiti and elsewhere, Doing Business finds that "soft infrastructure" (fulfilling documentation requirements, passing customs) accounts for more delays in trading than hard infrastructure, such as the quality of roads and ports. For example, to export from the port of Port-au-Prince, it takes 43 days. Haiti requires eight separate documents to export and 10 to import.

In October 2009 I-TRADE hired a short-term consultant to undertake a detailed mapping of trading procedures and documents. At present, there is no clear mapping and understanding of all the processes and procedures, from the preparation of documents to the customs department and the port. The detailed mapping will be used to identify specific bottlenecks and provide concrete policy recommendations regarding where to streamline the process.

PRELIMINARY FINDINGS

a) Streamline document requirements for trading.

Document preparation now accounts for over half the time to import and export in Haiti. Currently traders must fill out and submit eight documents to export and 10 to import. The government should explore ways to streamline these requirements. Export from best practice countries requires only four documents: bill of lading, commercial invoice, customs declarations and packing list. Fewer documents reduce the hassle and delay for importers and exporters.

b) Initiating renewal of the *Quitus fiscal* before it expires.

According to the 2009 Doing Business survey, the renewal of the "*Quitus fiscal*" takes on average 15 days and cannot be initiated before its expiration. Considering the *Quitus Fiscal* must be renewed every Quarter, the DGI should allow traders to initiate the process before expiration of the *Quitus* in order to avoid "dead time" in trading during the renewal delay.

c) Lack of Transparency in import /export requirements and procedures.

There is a lack of public information regarding the official fees, procedures and documents required for trading in and out of Haiti. This situation allows for opportunities for misinterpretation of the laws and perhaps corruption. Publicizing customs procedures, fees and documents would promote transparency and possibly increase legal trading.

d) Inefficiency of risk based inspection system.

Improve the efficiency of risk-based inspection system by moving more traders to the Green Light category. Haiti has already introduced a risk-based inspection system for imports but its implementation should be improved. When the system was first begun in April 2007, there were three circuits: green, orange and red—with green being subjected to the least scrutiny. The circuit designation depends on the level of risk/reputation of the trader and his goods. If an importer is given the green light designation, he does not have to go through the physical inspection as long as he has all the required documentation. However, the system does not provide the efficiency that was originally intended because although the proportion in each category was to be "green light designation" for 70% of importers, orange for 10% of importers and red for 20% of importers. In reality only 10% of importers have the green light designation and 10% the orange light designation, while 80% are classified with a red light. The customs authorities should review its list of known traders in an effort to move more of them to the Green Light category—up to 60% of them. This way, the authorities could concentrate their resources on identifying and controlling only risky goods and traders. Trustworthy traders and goods would pass through more expeditiously, decreasing delays and increasing the overall amount of trade passing through Port-au-Prince.

UPCOMING REFORMS

a) Accelerate the SIDONIA++ and e-manifest systems

I-TRADE will support AGD to Accelerate the SIDONIA++ and e-manifest systems already in process. Currently, trade documents are submitted in paper form. In late 2008, the customs authorities have partially implement the SIDONIA++ system but the electronic data interchange system is still to be launched (Scheduled in November 2009) Under the SIDONIA++ system, maritime companies are now able to input their manifest into the system. The system can automatically provide the "bordereau" (payment amount), but Brokers are not yet able to input their customs declarations electronically nr make and the payment on-line. Once this system is fully operational, it will significantly improve the process.

b) Renewal of the "*Quitus fiscal*" before its expiration date.

Haiti should allow the renewal of the *Quitus Fiscal* to be initiated before its expiration date. DGI could reengineer the mechanism to secure payments of fiscal duties resulting in timely and faster issuance of the *Quitus* Certificate for importers and exporters.

c) Allow for pre-arrival customs clearance.

Currently, cargo has to be physically present in the country before the clearance process can commence. Customs could make provisions for pre-arrival customs clearance of goods. By allowing for pre-arrival clearance, the time to pass customs could be further reduced.

d) Introduce a single window for lodgment of customs-related documents.

Haiti could introduce a system whereby all customs documents can be obtained and submitted in one place. This will enable all border clearing agencies (customs, port authorities, health and technical standard agencies, banks, tax authorities, etc.) to have simultaneous access to trade documents. The current requirement where traders have to submit different documents in different places is cumbersome, slows down the process of importing and exporting, and can create an opportunity for bribes.