

**USAID ECONOMIC GROWTH OFFICERS WORKSHOP  
OCTOBER 15-19, 2007  
WASHINGTON, D.C.**

Session Title: Measuring and Reducing Trade Obstacles

Date and Time: Oct 17, 1:30

Type of Session: Breakout

Speaker(s): David Dod, USAID, EGAT/EG, Chad Ford, Chemonics, Ali Kamel, USAID

Moderator: Tracy Quilter

---

**Overview of Session:**

The Doing Business Survey is a valuable tool for analyzing specific obstacles to trade. The presentation focused on successful projects in Georgia and Egypt. The results of the survey revealed that, contrary to popular belief, geography and corruption were not the most important obstacles to growth. Since they cause the longest delays, reforms in document preparation, customs, and technical control produced the most dramatic impact in improving cross-boarder trade. Reducing obstacles for importers is just as important as reducing obstacles for exporters in improving the competitiveness of a country's private sector.

**Speaker's Remarks:**



Ali Kamel addresses workshop attendees. Photo by Paul Goodman.

Central Asia – has had the most trouble integrating into the global economy. How important are trade obstacles to exporters and importers?

The industry has devoted less attention to the impacts of barriers to import, but these are just as important as export barriers. Conditions are widely different for exporting and importing even within the region (Central Asia/Mediterranean). Therefore, this is an important policy area to attack.

What are the obstacles to trade?

**Geography** – issues include whether the country is coastal vs. land-locked and the infrastructure of the

economy such as ports, terminals, and inland transport

- A common belief is that obstacles are due to the fact that countries are geographically isolated.
- Worldwide, 2/3 of the total time delays are attributable to the pre-arrival documents and customs inspection that countries have imposed on their importers.

**Corruption** – data gathered from cross country business surveys such as the Business Environment and Enterprise Performance Survey (BEEPS) surveys for E&E regions since 1999

- Bribery is a problem. Compliance with customs regulation is more of a problem.

**Document preparation, customs, and technical control -**

- Rich new evidence from Doing Business Surveys since 2005.

**USAID ECONOMIC GROWTH OFFICERS WORKSHOP**  
**OCTOBER 15-19, 2007**  
**WASHINGTON, D.C.**

- These obstacles cause the longest delays
- Although they do not directly tie up the “working capital,” they do affect an enterprise’s ability to respond to new orders
- Doing business surveys gave us a tool for measuring these limitations
- Countries have been able to make significant progress in trading across borders in a short amount of time. This result demonstrates the value of the Doing Business Survey as a tool.
- For exporters, what trade obstacles are important? Surveys found a 10% increase in days to export leads to an 8-12% decrease in exporting
- Why are trade obstacles important to importers? If you are in a poor country, and supplies are unavailable, you are more likely to hold large inventories of raw materials, this inhibits competitiveness
- A lot of evidence that you can have a dramatic impact if you know what to target

**Georgia experience** - Business Climate Reform Project, implemented by Chemonics

- Reforms have led to tremendous growth and improvements in the ability to do business in Georgia. Very successful.
- Estimated that the improvements can be monetized into a \$40 million dollar cost savings for the private sector in Georgia. Probably underestimated. Good example of ways to look at impact of USAID projects.

**Custom Reform Activity in Egypt** – key achievements 2004 vs. 2007

- Release time reductions
- Consistency and transparency and facilitation
- Increased capacities
- Organizational efficiency
- Automation
- Good governance and outreach
- Improved compliance

**Key Points Discussed During Question & Answer Segment:**

(Q) Was there a backlash from the employees in efforts to reduce corruption?

(A) We were able to combat any backlash with a strong incentive system, new performance based-system

However, Performance Monitoring Plan (PMP) indicators for trading across borders don’t completely reflect the differences in impact between reducing different obstacles.

(Q) Why do we start projects that rely on a reform champion when we don’t have champions?

(A)

- In Egypt, reform might not have been possible with a reform champion if the right groundwork hadn’t been laid.
- Have to lay the foundation whether or not there is a champion
- New business rating helped to show that in Georgia certain aspects still needed improved even though the overall ranking has improved dramatically.

(Q) Many **gender issues** are not reflected in the doing business reports. What have the projects done to ensure that women benefit from these reforms in trade?

**USAID ECONOMIC GROWTH OFFICERS WORKSHOP  
OCTOBER 15-19, 2007  
WASHINGTON, D.C.**

(A) Big business does trade, not small businesses. There is not an easy indicator for targeting women with big business. Any trade reform has at the end a positive impact on the consumer (imported and locally consumed goods). Overall, there will be benefits to any consumer, male or female.