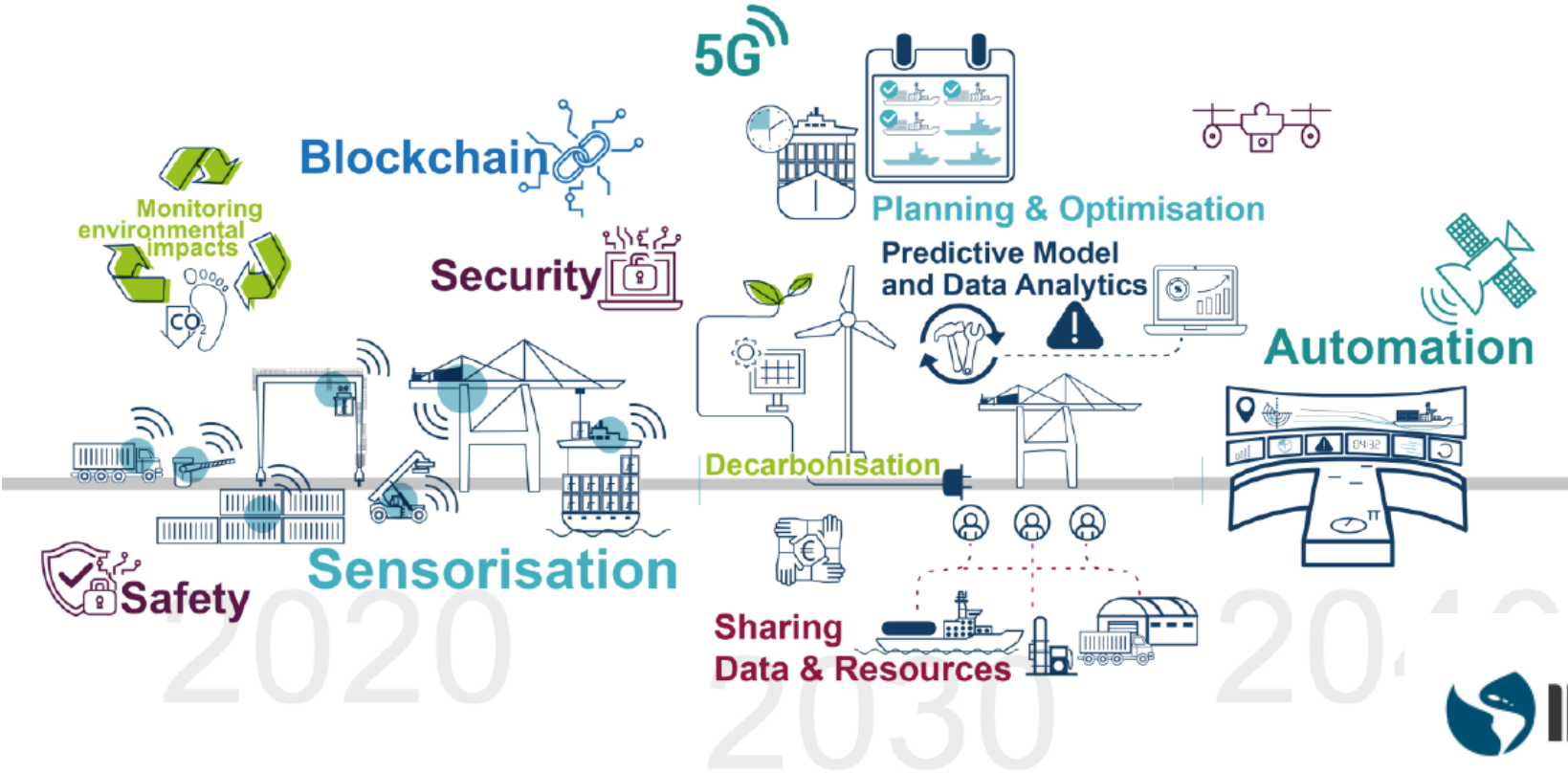# Trade Single Windows: Return on recent, related experiences from Latin America and the Caribbean

Krista Lucenti, Senior Trade and Investment Specialist, IDB
Single Window and COVID-19 Webinar, UNECE, May 4, 2021

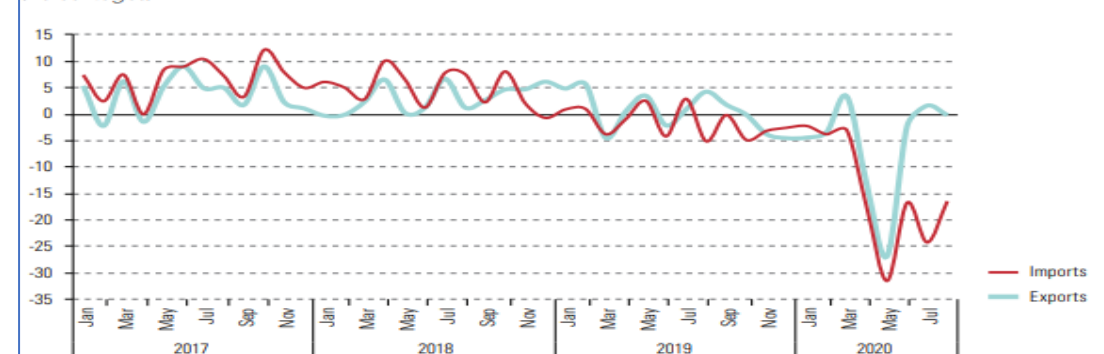# Trade from Latin America and the Caribbean contracted sharply in 2019-2020

- ▶ Exports from Latin America had already begun to contract in 2019, before the pandemic
- ▶ The downturn in global demand has mainly **impacted LAC through the volume channel,** although prices have also fallen
- ▶ Although the rate of decline began to slow from June onward, the recovery lost momentum against a backdrop of instability caused by new waves of contagion.
- ▶ **Export values for 2020 are estimated to be 15.3% below** the pre-pandemic baseline.
- ▶ The only countries whose exports increased on average over the year are Chile, Paraguay, and Brazil
- ▶ IMF regional growth forecast of 4.6% lags behind the expected world economic growth forecast of 6.0%

FIGURE 1 • VALUE OF LATIN AMERICAN AND CARIBBEAN EXPORTS AND WORLD TRADE
(Year-on-year growth rate, three-month moving average, percentage, 2018–2020)
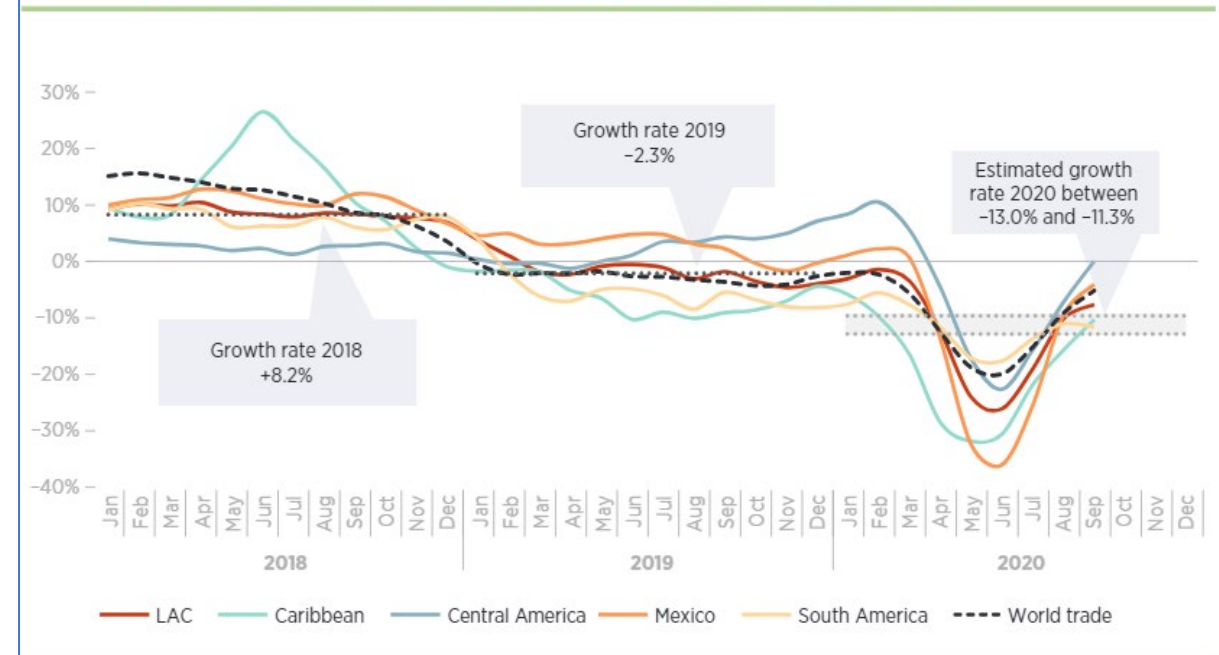
Source: IDB Integration and Trade Sector with data from official sources and the Netherlands Bureau for Economic Policy Analysis (CPB) for world trade.

Latin America: year-on-year variation in the volume of trade in goods, January 2017–August 2020 (Percentages)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Netherlands Bureau of Economic Policy Analysis (CPB), World Trade Monitor [online database] https://www.cpb.nl/en/worldtrademonitor

Triple COVID-19 shock to trade in goods

❑ **Initiated as a Supply Shock: impact on supply chains**

- **Vulnerability of imports of parts and components**. TT: 12.5% intermediate goods imported; 38% exported. Impact possibly greater depending on import destination.

- Disruptions to **logistics**: direct for trade in goods; indirect for controls related to passenger traffic.

❑ **Followed by a Demand Shock: impact on export volumes**

- Impact felt earlier and more **intensely for countries more integrated with China**, and less intensely **but more sustained with U.S**.

- **Degree of market openness** - openness was not always negative given that national suppliers were also shut down during lockdowns.

- **Bigger impacts depending on market concentration** of exports**,** AR: 75% beef; BR: 79% soya

❑ **Accompanied by a Price Shock: impact on commodity markets**

- **Steep drops in spring 2020**: petroleum (-28%), copper (-6%), soya (-1%).

- Prices began to recover in Q3 2020

How did countries react to this shock?
Customs measures applied during COVID-19 pandemic

Measures	Countries	
Border closure for travelers, except for ferry flights	*Dominican Republic *Uruguay *United States *Argentina *Guatemala	*Peru *Chile *Canada *Antigua & Barbuda
Remote work or from home for most employees	*Dominican Republic *Costa Rica *Chile *Ecuador *Guatemala	*United States *Uruguay *Argentina *El Salvador
Exemption from attending work for officials over 65 or with health that defines them as a risk population	*Dominican Republic *Uruguay *Mexico	*Panama *Antigua & Barbuda *Guatemala
Suspension of Face-to-face Meetings	*Dominican Republic	*México
Organization of rotating staff shifts by Customs operations in ports and airports in affected areas	*Dominican Republic *Argentina	*Uruguay *Antigua & Barbuda
Implementation of facilitating measures that prevent from paralyzing the import and export activities. More green channels, not requiring physical documents, only electronic ones creating special procedures.	*Dominican Republic *Costa Rica	*Panama *Ecuador
Following the curfew schedules, established at 5:00 p.m., the containers release schedule will cease at that same time, in a decision that prioritizes the country's supply needs.	*Dominican Republic	
Minimize audits and change the strategy when the case allows it. Intensify the subsequent control of declarations almost immediately upon dispatch.	*Costa Rica	
Authorization for Exceptional Licenses Through authorization from the Department of Medical Services, Directors are licensing via email.	*Costa Rica	

Americaribe (2021)

Customs measures applied during COVID-19 pandemic

Measures	Countries	
Digitization of the procedures, which must be done by email without the need to personally present the documents.	*Dominican Republic *Costa Rica	*Ecuador *Guatemala
Elimination or suspension of some, surcharge, tax rate, while the emergency situation passes.	*Dominican Republic *Peru *Canada	*Ecuador *Argentina *Guatemala
Extension of deadlines for some procedures	*Dominican Republic *Costa Rica	*Ecuador *Guatemala
Carrying out information campaigns for staff and users	*Dominican Republic *Costa Rica *Cuba *Guatemala	*Panama *Ecuador *Antigua & Barbuda
Protection of our workforce, ensuring hygiene and disinfection measures, as well as the resources for it.	*Dominican Republic *Cuba *Nicaragua *United States *Mexico *Guatemala	*El Salvador *Canada *Panamá *Antigua & Barbuda *Ecuador
Expansion of facilitation measures aimed at the accelerated processing of goods imports arriving as donations and other inputs specific to protect against COVID-19.	*Dominican Republic *Cuba *Uruguay *Peru	*El Salvador *Panama *Ecuador *Guatemala
Elimination or reduction of surcharges and port and airport stays	*Dominican Republic	
Measures to exempt the customs duty, excise duty, stamp duty, and value added tax on all medical supplies associated with disease testing, prevention, and treatment.	*Guyana *Guatemala	*Canada

Americaribe (2021)

Single Windows reduce contact between traders and government agencies – Critical for maintaining health protocols

- **Panama** The documents for the entry of goods, transshipment, and transit presented through the electronic platform were valid provided originals are subsequently presented.

- **Chile** To reduce interactions between brokers and customs officers, the government introduced a resolution allowing customs brokers to submit documentation electronically in PDF provided originals were submitted within 30 days.

- **St. Kitts and Nevis** To reduce contact with trade representatives, the customs agency acquired laptops to permit staff to clear shipments based on electronic document submission.

- **Pacific Alliance (MX, PE, CO, CH)** Through single window interoperability, the Pacific Alliance countries were accepting scanned copies or electronic SPS certificates. Argentina and Costa Rica followed suit.

Trends pushing forward innovations in SWs

- **Trade Facilitation**

- **Regional integration**

- **Shifts in Global Value Chains (increased opportunities for SMEs)**

- E-commerce

- Digital government

- Safety protocols

- Cyber-security

Single Window modernization in LAC

Modernization of national Single Windows

- Process reengineering, Change management

- Migration to cloud infrastructure (challenges faced by data residency laws)

- Better client interfaces

- Additional services, e.g. restricted goods' modules; SME gateways

- Connection with Customs' logging systems

- Electronic Transactions

- Upgrades to software and hardware and provision of these to additional agencies

National Interconnectivity

- Port Community Systems; connections to Maritime Single Windows

- E-commerce integrated platforms (e.g. Chile Customs, SICEX (single window) and Chile Mail interconnected to facilitate air cargo; future integration with Treasury for financial transactions and other agencies for permits and licenses)

Regional Interoperability

- Harmonization of SPS and origin certificates within the Pacific Alliance countries (Peru, Mexico, Chile and Colombia)

- Exchange of these documents through an exchange server to facilitate intra-regional trade

Regional Interoperability of Single Windows – The Pacific Alliance + Uruguay

| N°	Document	Stage	Countries
1	Sanitary Certificate	Full Paperless	Pacific Alliance
2	Certificate of Origin – Pacific Alliance	Full Paperless	Pacific Alliance
3	Bilateral Certificate of Origin – ALADI	Trial Phase	PA and Uruguay
4	Customs Declaration	Pilot	Pacific Alliance
5	Phytosanitary Certification	Harmonization and implementation	PA and Uruguay

Present and future objectives:

1. Promote and strengthen the use of electronic certificates by agencies, exporters and importers.

2. Broaden the use of Single Windows for international trade transactions, including the obligatory use of such electronic tools.

3. Improve operational capacity and local technical support for all relevant interoperability systems within Customs, Sanitary agencies, Ministries of Trade etc.

4. Strengthen capacity of local professional teams to meet trade and IT requirements necessary to maintain interoperability.

5. Renew the compromise and priority of the interoperability project to maintain operations of the platform and to add new functionalities, new documents and new countries interested in the exchange of electronic documents

6. Ensure better communication and engagement between policymakers and technical staff to ensure implementation runs according to schedule.

# Opportunities for SME participation in GVCs

- **SMEs account for 95% of firms in LAC but only 13% of exports**. These exports are undiversified (2 products to 1 market) and firms have low export survival.
- A recent survey undertaken by ECLAC with support from IDB noted that the **majority of LAC SMEs did not export**, with less than 15% reporting that exports/imports accounted for more than 50% of total sales/purchases.
- The **use of Customs Brokers is mandated by law or by custom** == increased transaction costs!
- Consequently, SMEs interact directly very infrequently or not at all with SW platforms

Survey results: participation of exports in sales and imports in purchases, 2019
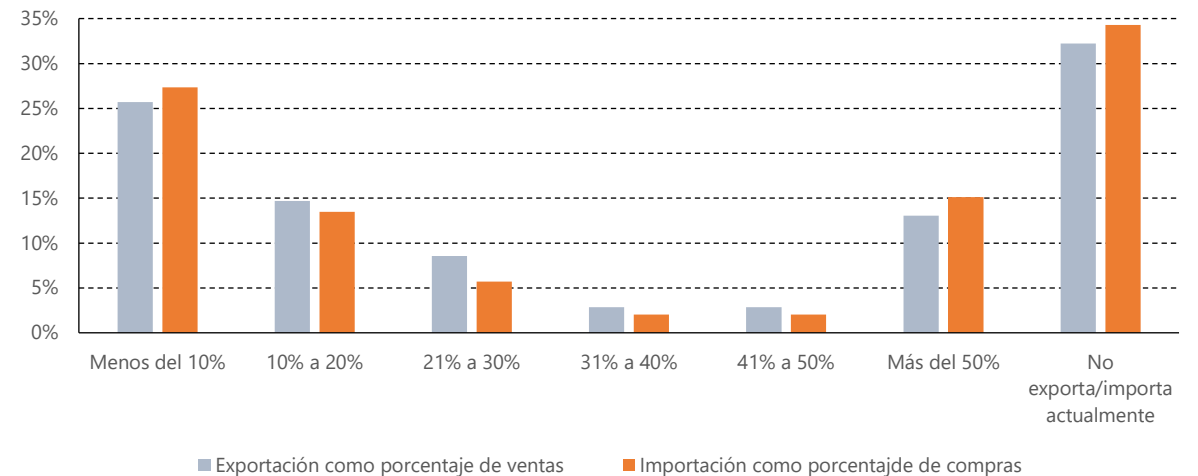
E-commerce and the rise and shifting of global value chains presents opportunities for SMEs, while technology is lowering the cost of transactions

B2B Single Window - Peru

www.perumarkeplace.com
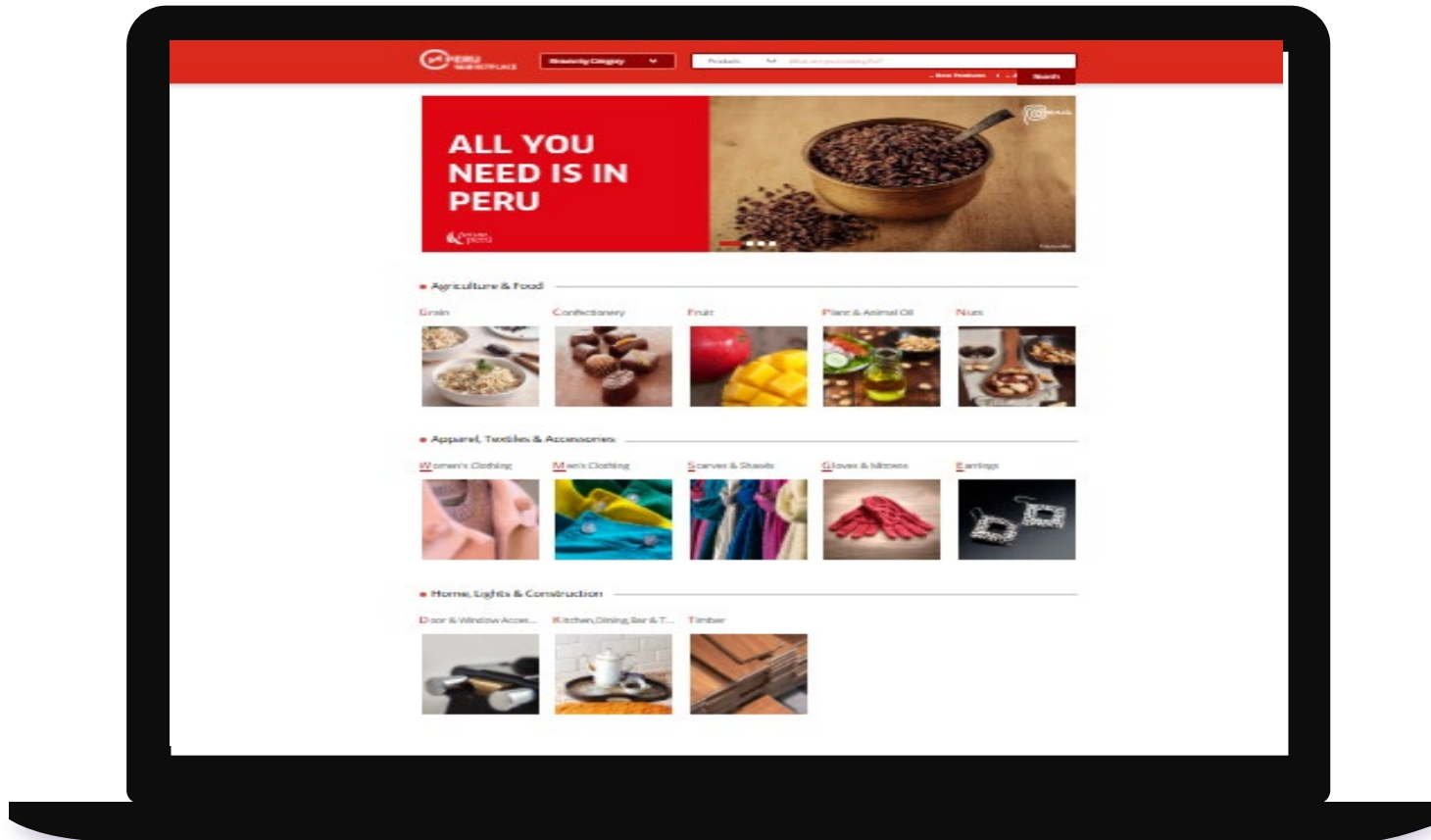
Peru Market Place
- ✓ Launched August 2020
- ✓ Used for national and International export promotion (Promperu)
- ✓ Integrated to services in the Single Window
- ✓ Technology Support from Single Window team

- ➢ **+ 1100** firms registered and supported

- ➢ **+ 4500** products registered

- ➢ **83%** are MSMEs and **17%** are larger firms

- ➢ **44.8%** agribusiness, **38.9%** confections, **11.7%** manufacturing, **4.6%** hydrobiological products.

- ➢ **75.6%** from Lima, **4%** from Cuzco, **3.8%** from Junín, **3.4%** from Arequipa and **13.2%** other regions

E-PYMEX (Peru) – Integrated platform for SMEs and MSMEs
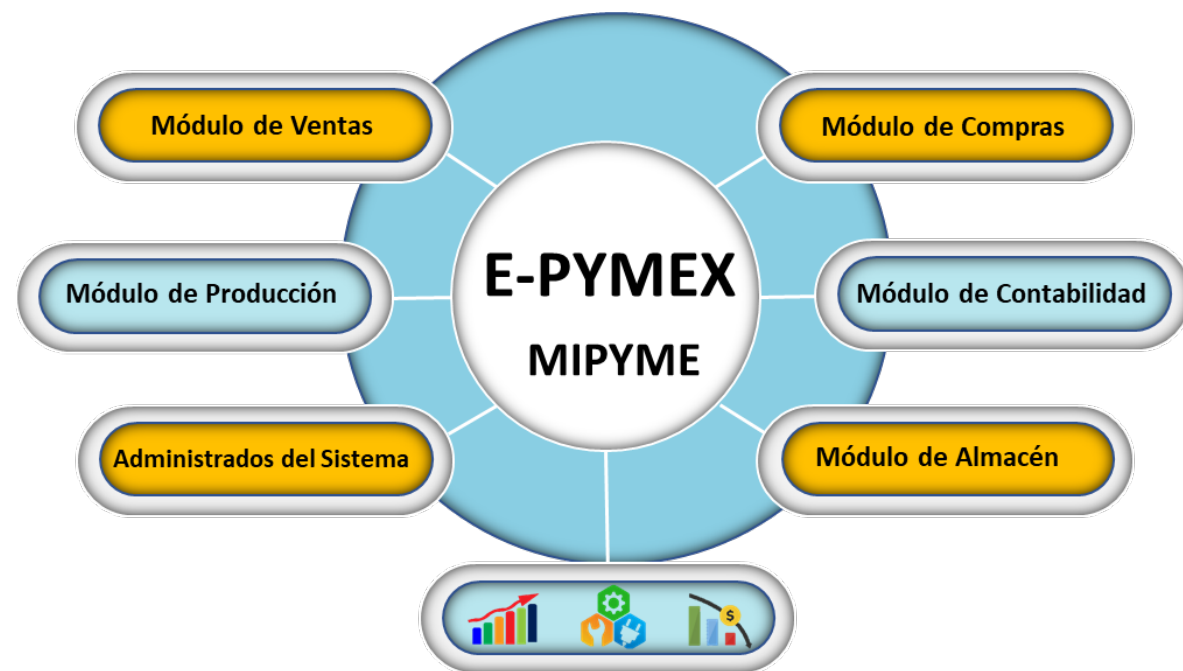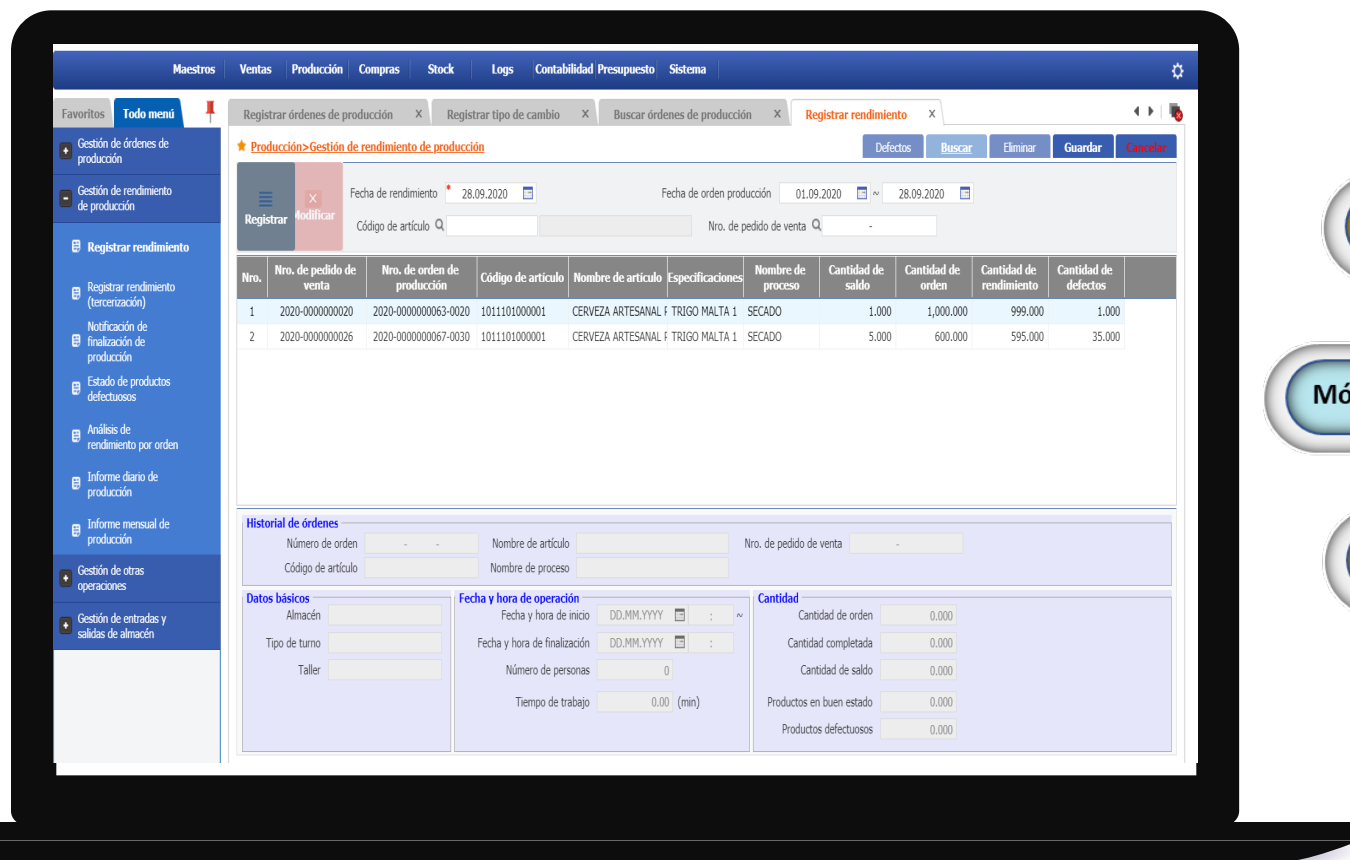
E-PYMEX : External trade transaction platform, integrated with Peru Marketplace and the Single Window

- Allows for the processing of requirements submitted from Peru Marketplace: sales, purchases, production, contracts, documents, invoices, warehousing, etc.
- Will allow requests for licenses for restricted goods through the SW (module in design)

Thank you!

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