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Modernizing Trade Logistics in Colombia

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PROJECT AT A GLANCE

COUNTRY/REGION **COLOMBIA/LATIN AMERICA & CARIBBEAN**

PRODUCT **TRADE LOGISTICS**

The Colombia trade logistics program began in 2008 with the goal of reducing the time and cost involved in exporting and importing goods by streamlining trade procedures. The program focused on the improvement of a Single Window for Foreign Trade and the design of a National Cargo Risk Management policy for Colombian ports.

CONTEXT

Merchants trading in Colombia faced obstacles and delays to clearing customs and importing goods into the country. The import process required 20 days in 2008; exporting, 24 days, according to the World Bank Group's *Doing Business 2008* report. After signing Free Trade Agreements with regional partners, including the United States, the Colombian government faced pressure to elevate its trade logistics to a world-class level. In 2004 the president issued a decree establishing an ambitious reform agenda, including an online payment system

RESULTS AND IMPACTS

- New online clearance system for traders saves significant time in processing transactions.
- Time to import cut from 20 to 13 days and to export from 24 to 14 days since 2008 (*Doing Business 2013* report).
- Direct cost savings estimated at \$3.5 million for a midsize firm as system changes reduce carrying charges in transit and decrease inventory holdings.
- Project impacts expected to contribute to trade growth within two years.

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and risk-based inspections. However, gaps emerged in the implementation of these reforms, and the automated system was neither integrated nor user-friendly.

OUR ROLE

Investment climate teams of the World Bank Group assisted Colombia in reducing time and costs for traders. This support included two main components: improving the single-window system for customs clearance, and introducing a new cargo risk management policy for use in all major Colombian ports.

The single-window system includes the following features:

- It enables electronic submission of all necessary customs documents. Traders can complete a single form when registering in the system and requesting permits.
- It allows a private company or individual to issue and sign a certificate of origin on behalf of the Ministry of Trade for locations outside Bogota.

The Bank Group also recently helped optimize the established automated clearance system by integrating 19 technical agencies into the single window system. They also addressed gaps and limits in the system by introducing a Business Process Management platform for seamless interoperability.

Introducing world-class trade logistics standards (as stipulated by Free Trade Agreements), required the government to automate trade logistics services. Risk

management was identified as another key area for improvement. The project helped design and implement a risk-based inspections approach for the country's main ports whereby customs administrations and border control agencies develop cargo risk profiles that direct them to inspect only riskier cargo physically. The first pilot of the risk management framework took place in the Barranquilla port. The new system hosts all five technical control agencies that inspect cargo, allowing for coordinated and transparent management of cargo. For example, at the Port of Cartagena, cargo now passes through a centralized facility to simultaneously satisfy four physical inspections.



The investment climate team has supported more than 30 trade-related improvements since 2008. It has also supported a Single Window Steering Committee, including high-level government staff from 19 technical control government agencies, as well as private-sector representatives. Members will meet twice a year to review single-window statistics, developments and challenges. This will help foster a transparent dialogue and ensure ongoing involvement of top officials. A similar sustainable strategy will also be employed for the risk management component of the program.

In the past 25 years the process of unloading and inspecting 100,000 bags of coffee could take a month, now it can take only one day."

JORGE JAVIER SANCHEZ
Coffee Inspector
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