

Current Doing Business indicators: a gap with reality

According to French Customs' IT systems, trading across borders indicators provided by Doing Business are not accurate. Neither the actual time (accounting for simultaneity in some steps) nor the time recorded by following Doing Business methodology, match with published Doing Business figures.

Les opinions développées dans cette présentation n'engagent que son auteur.

1.1. Trading across borders, Doing Business 2013

Here, you will find the current figures according to the World Bank:

Nature of Export Procedures	Duration (days)	US\$ Cost	Nature of Import Procedures	Duration (days)	US\$ Cost
Documents preparation	3	51	Documents preparation	5	101
Customs clearance and technical control	1	30	Customs clearance and technical control	1	150
Ports and terminal handling	3	316	Ports and terminal handling	3	316
Inland transportation and handling	2	681	Inland transportation and handling	2	681
Totals	9	1,078	Totals	11	1,248

Export documents	Import documents
Bill of lading	Bill of lading
Customs export declaration	Customs import declaration

<http://www.doingbusiness.org/data/exploreeconomies/france#trading-across-borders>

The World Bank relies on strict hypothesis to build these indicators.

Main hypothesis are the following:

- 20-foot container, full container load
- Entry/exit point: main port (Le Havre)
- Inland transportation: warehouses are located to the largest city (Paris)
- Is not hazardous products and does not required refrigeration
- Does not require any special safety standards other than accepted international standards
- Trade partners: USA for export and China for import
- Each part is set to a minimum of 1 day
- Time is not counted continuously and possible simultaneity in some steps is not taken into account
- The fastest legal procedure is chosen

Other hypothesis are described in the Doing Business Report or available on the World Bank's *website*. Doing Business team refers on surveys sent to experts and practitioners to calculate each indicator.

*The next part of this note will explore differences between scores attributed by the World Bank and the accurate values of each component according to French Customs. It appears that **distance to reality is huge**.*

1.2. Comparative study of Doing Business and Customs IMPORT figures

The following table decomposes the “time to import” a 20-foot container based on the methodology used by Doing Business, but according to French Customs measures.

IMPORT Time components	DB 2013 (World Bank)	Actual Time (French Customs)	DB methodology (French Customs)
Documents preparation (Bill of lading and Customs declaration)	5 days	30 minutes (1)	1 day
Customs Clearance and Inspection (Customs offices of Le Havre)	1 day	8.19 minutes (2)	1 day
Ports and terminal handling (Port of Le Havre and containers from China)	3 days	2.97 days (3)	3 days
Inland transportation and handling (Le Havre – Paris)	2 days	4 hours (4) (5)	1 day
Time to import (Total)	11 days	3.2 days (6)	6 days
Trading Across Borders Rank	27	18 (7)	21 (7)

Sources: (1) Bill of lading and Customs declaration could be sent before arrival to the port. No delay could be attributed to French import procedures. The port of Le Havre explains that Bill of Ladings have to be provided with the payment of the shipment and it takes 10 min to be recorded, while the preparation of a Customs declaration is estimated around 20 minutes; (2) Average delays to clear declarations (from DELTA C/D without transit) within the day of deposit at Le Havre, according to the Customs monitoring software QUANTUM; (3) Average port crossing delays of the first semester of 2013, according to the Cargo Community System AP+ at Le Havre for goods leaving the port by road; (4) Road transportation time according to a recent review of the University of Le Havre. Statistics are available at <http://www.projet-devport.fr>; (5) After a delivery in Paris, trucks come back to Le Havre to proceed to another travel within the same day according to the Port Authority of Le Havre. Moreover, they can be charged with empty containers for their way back to Le Havre; (6) Documents preparation (Customs declaration), Customs clearance and inspection, and port operations are provided simultaneously; and (7) France rank according to the simulation tools provided by Doing Business, for an improvement of time to import only.

The following table decomposes the “costs to import” a 20-foot container based on the methodology used by Doing Business, but according to French Customs measures. Main data on costs are provided by the Port Authority of Le Havre, based on operators’ feedbacks.

IMPORT Costs components (a)	DB 2013 (World Bank)	DB methodology (French Customs)
Documents preparation (Bill of lading and Customs declaration)	US\$ 101	US\$ 40 (1)
Customs Clearance and Inspection (Customs offices of Le Havre)	US\$ 150	null (2)
Ports and terminal handling (Port of Le Havre and containers from China)	US\$ 316	US\$ 226 (3)
Inland transportation and handling (Le Havre – Paris)	US\$ 681	US\$ 520 (4)
Time to import (Total)	US\$ 1248	US\$ 786
Trading Across Borders Rank	27	16 (5)

Sources: (a) The exchange rate has been set to US\$ 1.30 for 1 euro; (1) the cost of a Bill of Lading is about US\$ 61 as record fees for maritime companies but the Bill of Lading includes a set of containers (could be 100 for example) and the cost to gather documents to fill the Customs declaration is evaluated to US\$ 39; (2) no cost is required for customs clearance but inspections could lead to additional port fees (stock). However, less than 1% of container are controlled; (3) The cost of port crossing is composed by Terminal Handling Charges (US\$ 220 to US\$ 247 according to companies) and ISPS (US\$ 6 to US\$ 26 according to terminals); (4) the cost of transport hinterland is evaluated to US\$ 520 for a 20-foot container; and (5) France rank according to the simulation tools provided by Doing Business, for an improvement of import costs only.

Methodological issues:

- A Bill of Lading includes numerous containers and so, time and cost for this operation should be divided by the average number of containers by Bill of Lading.
- The definition of the delay to provide a document is not explained by the Doing Business methodology.

1.3. Comparative study of Doing Business and Customs EXPORT figures

The export time is equal to 9 days according to Doing Business. In addition, according the World Bank, only the time required for documents preparation changes. The following table decomposes the “time to export” a 20-foot container based on the methodology used by Doing Business, but according to French Customs measures.

EXPORT Time components	DB 2013 (World Bank)	Actual Time (French Customs)	DB methodology (French Customs)
Documents preparation (Bill of lading and Customs declaration)	3 days	30 minutes (1)	1 day
Customs Clearance and Inspection (Customs offices of Le Havre)	1 day	1.58 minutes (2)	1 day
Ports and terminal handling (Port of Le Havre and containers to USA)	3 days	1 day (3)	1 day
Inland transportation and handling (Paris – Le Havre)	2 days	4 hours (4)	1 day
Time to import (Total)	9 days	1.2 days (5)	4 days
Trading Across Borders Rank	27	22 (6)	22 (6)

Sources: (1) The Bill of Lading takes 5 to 10 minutes and Customs declaration takes 5 to 20 minutes; (2) Average delays to clear declarations (from DELTA C/D without transit) within the day of deposit at Le Havre, according to the Customs monitoring software QUANTUM; (3) Average port crossing delays according the port of Le Havre, for goods arriving by road, is a question of hours. Apart several containers stocked temporary on the port, trucks deliver their container just before its loading on the ship, as soon as the schedule is known, through a booking system; (4) Road transportation time according to a recent review of the University of Le Havre. Statistics available at <http://www.projet-devport.fr>; (5) Documents preparation (Customs declaration), Customs clearance and inspection, and port operations are provided simultaneously; and (6) France rank according to the simulation tools provided by Doing Business, for an improvement of time to export only.

The following table decomposes the “costs to export” a 20-foot container based on the methodology used by Doing Business, but according to French Customs measures. Main data on costs are provided by the Port Authority of Le Havre, based on operators’ feedbacks.

EXPORT Costs components (a)	DB 2013 (World Bank)	DB methodology (French Customs)
Documents preparation (Bill of lading and Customs declaration)	US\$ 51	US\$ 40 (1)
Customs Clearance and Inspection (Customs offices of Le Havre)	US\$ 30	null (2)
Ports and terminal handling (Port of Le Havre and containers from China)	US\$ 316	US\$ 226 (3)
Inland transportation and handling (Le Havre – Paris)	US\$ 681	US\$ 520 (4)
Time to import (Total)	US\$ 1078	US\$ 786
Trading Across Borders Rank	27	16 (5)

Sources: (a) The exchange rate has been set to US\$ 1.30 for 1 euro; (1) For export, the cost of a Bill of Lading is between US\$ 32 and US\$ 58 as record fees for maritime companies but the Bill of Lading gathers a set of containers (could be 100 for example) and the cost to gather documents to fill the Customs declaration is evaluated to US\$ 39; (2) no cost is required for customs clearance but inspections could lead to additional port fees (stock). However, less than 1% of container are controlled; (3) The cost of port crossing is composed by Terminal Handling Charges (US\$ 220 to US\$ 247 according to companies) and ISPS (US\$ 6 to US\$ 26 according to terminals); (4) the cost of transport hinterland is evaluated to US\$ 520 for a 20-foot container; and (5) France rank according to the simulation tools provided by Doing Business, for an improvement of export costs only.

2. Simulations of France ranking after time and cost improvements

The following table shows the improvement of France's trading across borders rank after a change in import/export time and cost, according Customs figures by following the Doing Business methodology.

Trading Across Borders Rank	
Doing Business 2013 (current)	27
Case 1: change of import time	21
Case 2: change of export time	22
Case 3: change of import cost	16
Case 4: change of export cost	16
Case 5: change of import time and cost	13
Case 6: change of export time and cost	15
Case 7: change of import/export time and cost	9

France rank according to the simulation tools provided by Doing Business 2013

IMPACT OF THE NEW VALUES ACCORDING TO FRENCH CUSTOMS:

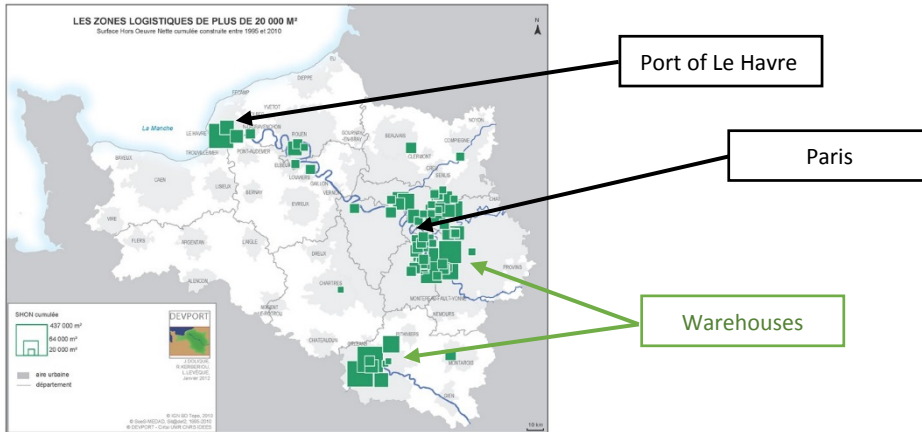
Accurate measures of each import/export component regarding to time and cost, increase France's trading across borders rank to 9 (from 27 in DB2013).

3. Additional content: statistics provided by the University of Le Havre

Data available at <http://www.projet-devport.fr>

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Logistic zones between Le Havre and Paris (warehouse bigger than 20000 m²)



Road transportation delays from ports of Le Havre and Anvers to Paris (scale by hours)

