

Trade Logistics in South East Europe: Opportunities and Challenges for the Private Sector

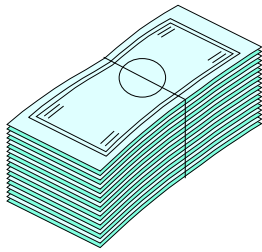
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What does it mean for Business?

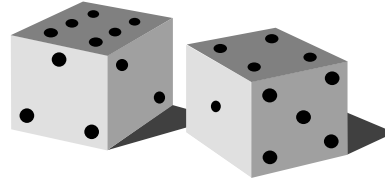
Poor trade logistics creates tremendous costs for businesses including inventory, transportation....

Cost Categories



Financial

- Direct cost of transportation
- Lost days due to delays
- Cost of financing investment in inventory (interest paid or opportunity cost of capital)
- Taxes
- Insurance



Risk

- Market share
- Spoilage
- Shrinkage
- Obsolescence



Storage and Handling

- Warehousing and storage especially when large inventories require additional space
- Handling and transportation in general and to overflow facilities

What it means for businesses in the current environment?

Additionally, the current economic environment puts more pressure on profitability of companies in South Eastern Europe.

Global Trade

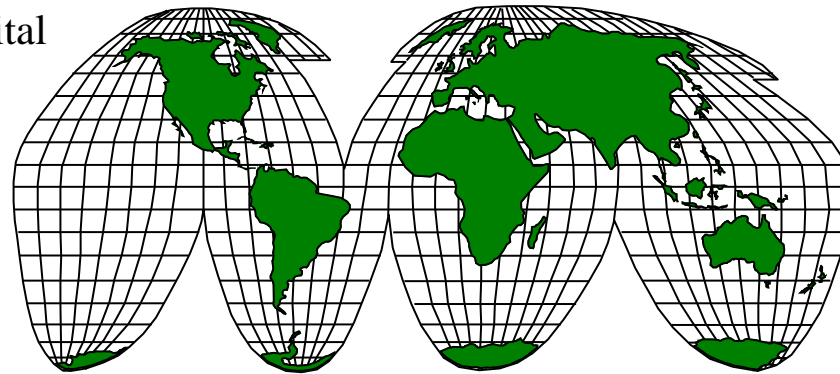
- Large declines

Higher Protectionism

- Short term barriers tariff barriers

Cost of financing

- Scarce credit
- Maximize working capital



Demand

- Income decline

...can be seen as time to prepare groundwork by reducing supply chain costs.

Doing Business: Trading Across Borders 2010

Indicator	Albania	Bosnia and Herzegovina	Macedonia	Serbia	East Europe & Central Asia	OECD Average
	2010	2010	2010	2010		
Documents to export (number)	7	6	6	6	7	4
Time to export (days)	19	16	12	12	27	11
Cost to export (US\$ per container)	725	1125	1436	1398	1582	1090
Documents to import (number)	9	7	6	6	8	5
Time to import (days)	18	16	11	14	28	11
Cost to import (US\$ per container)	710	1090	1420	1559	1774	1146

Source: Doing Business 2010

Import time: 50% - 60 % due to software...

Nature of Trade Procedures	Albania (No. of days)		Croatia (No. of days)		Montenegro (No. of days)		Serbia (No. of days)	
		%		%		%		%
Inland transport	2	11	2	13	2	14	3	21
Terminal Handling	2	11	3	19	3	21	3	21
Customs Clearance	2	11	2	13	3	21	2	14
Document Assembly	12	67	9	56	6	43	6	43
Total days to import	18		16		14		14	

Source: Doing Business 2010

Why improve trade logistics services in South Eastern Europe?



Overarching rationale

- Globalization and the desire to be part of global networks , in particular the EU
- Attracting private investment is a key objective for SEE countries
- Improved export potential and in some cases, to become trading hubs
- Faster, leaner & responsive supply chains are essential for improving export/trade performance

Governments need to be energized to improve trade logistics services

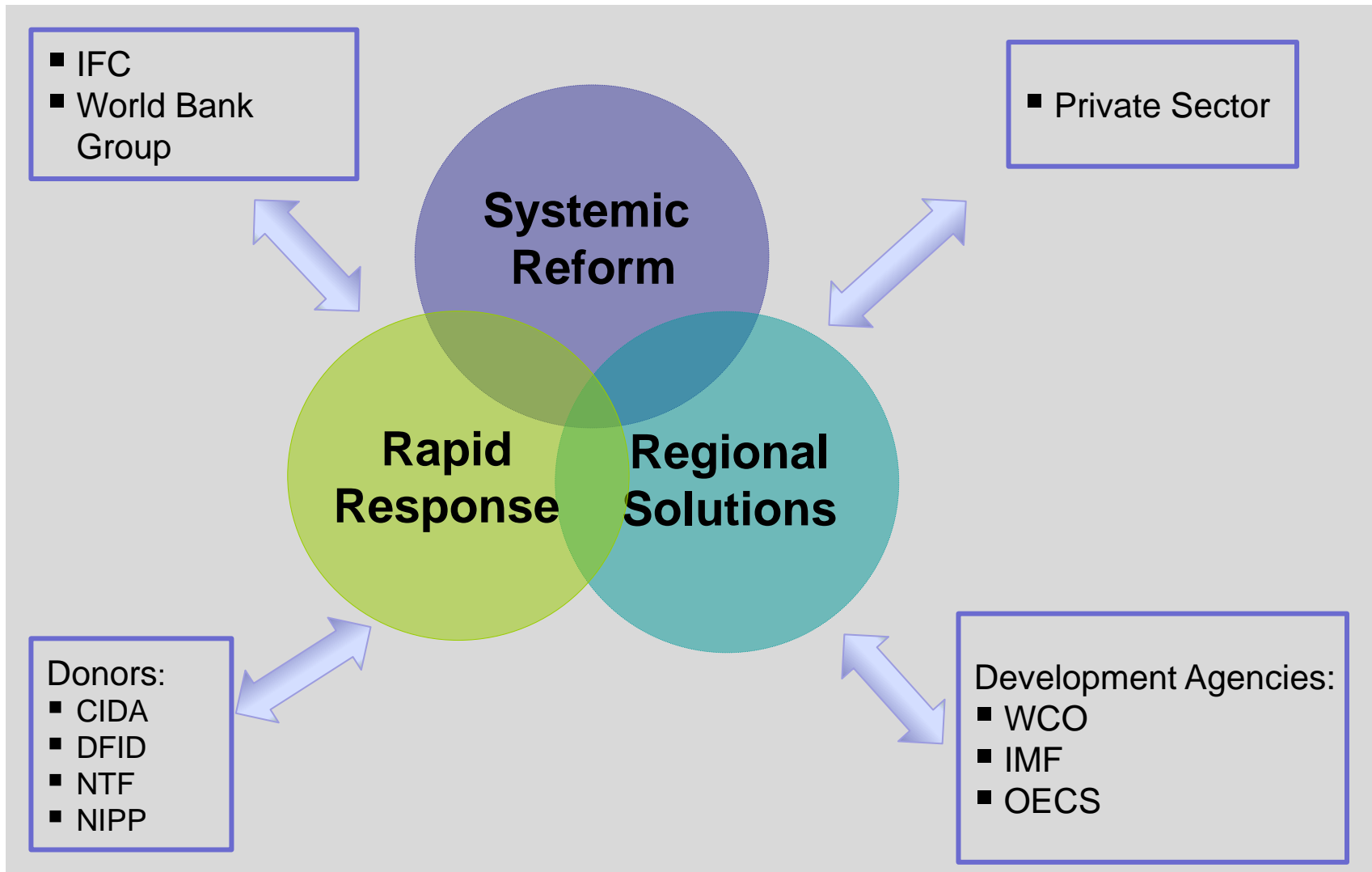
Three Focus Areas of the Trade Logistics Program



- ✓ Simplification and harmonization of procedures including documentation;
- ✓ Technical support to introduce risk-based management systems for inspections
- ✓ Automation of trade clearance procedures/ Single Window System

Focus on reform implementation

Trade Logistics Advisory Program: Delivery Models



Questions and Comments

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