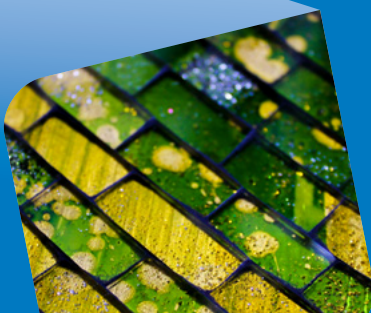


RISK MANAGEMENT, DIGITALISATION KEY TO
EXPEDITING TRADE, ENHANCING CONSUMER SAFETY

BRAZIL



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Timeframe: August 2018 – December 2021

Donor funding: US\$ 340,000

In-kind business contribution: US\$ 61,000

Projected annual savings: US\$ 1.4 million

THE SOLUTION

Brazil's transition to a more open economy has created a surge in demand for consumer and durable goods. The National Institute of Metrology, Quality and Technology (INMETRO), the standards agency responsible for issuing import licences, recognised the need for a sustainable solution to the backlogs this caused in processing applications. The Alliance worked with INMETRO and business to introduce modern risk management and IT systems, enabling approval of fully-compliant, low-risk applications within minutes of payment and a more streamlined appeals procedure.

ADDRESSING THE WORLD TRADE ORGANIZATION'S TRADE FACILITATION AGREEMENT

Article 7.4

Risk Management

Article 8.1

Border Cooperation

Article 10.4

Single Window

THE CHALLENGE

As Brazil integrated further into global supply chains, the demand for import licences for a wide range of consumer and durable goods was doubling year-on-year.

INMETRO was struggling to cope with the sheer volume of requests for everything from household appliances to toys. Traders had to use different systems to complete a licence request, which would then be vetted manually by INMETRO

officials. This was creating serious backlogs, with many requests taking up to 90 days to process. The absence of comprehensive risk management also increased the prospect that potentially harmful shipments might escape detection.

The agency had deployed temporary fixes to help mitigate these delays but recognised that a more sustainable solution was required.

WHAT WE DID

The project concentrated on two core objectives:

1. Introduction of a risk-based system to tackle the one-size-fits all licensing treatment of every shipment, regardless of risk profile

2. Integration of the licensing process into Brazil's new Single Window, Portal Único, in close collaboration with the Secretariat of Foreign Trade of the Ministry of the Economy (SECEX), allowing traders a single point of contact.



THE IMPACTS

These initiatives have had immediate, positive effects. The new system transformed the manual licence vetting process involving two, separate systems into one where fully compliant low-risk requests are automatically assessed and approved within minutes of payment confirmation. Also, when a licence is queried, it no longer returns to the back of the queue - now, it is considered a priority.

As a result, average approval times are projected to fall by up to 9.5 days, or 90%, per licence for high-volume imports, such as LED lamps, washing machines and refrigeration compressors.

Also, instead of having to obtain a permit for every shipment, a licence will typically cover multiple shipments valid for up to four years regardless of quantity. This is expected to translate into almost 37,000 fewer licence requests per year and an average cost reduction of US\$ 47 per licence, representing total annual savings of US\$ 1.4 million for business.

Combined with the introduction of a robust risk-management system, digitalisation freed up scarce INMETRO resources to focus on high-risk licences, enhancing the

prospect of greater compliance and consumer protection. It also helped to build inter-agency cooperation and private sector trust in the licensing process, which encourages future collaboration.

The government can expect to generate more revenues from efficiency gains and higher throughput of licence applications, simultaneously affording greater safety for consumers. The longer-term benefits to traders may be even greater than these results show as predictability and fewer delays may lead to reduced inventories and increased customer satisfaction. The reduced overheads may, in time, be passed on to consumers or reinvested in the business.



PROJECTED TIME AND COST REDUCTIONS

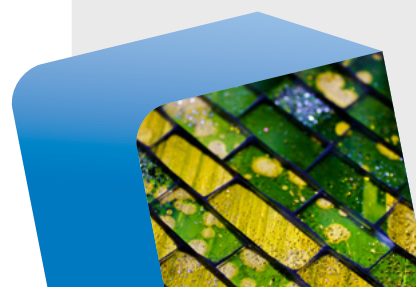


9.5 DAYS PER LICENCE

Average reduction
in approval time



REDUCING
AVERAGE
APPROVAL BY
90%



REDUCTION IN
LICENCE REQUESTS

36,564
annually



US\$47

SAVED PER
LICENCE



SAVING
US\$1.4M
ANNUALLY

“The reduction in internal processing time due to working only through Portal Único [Single Window], was significant. With the same team it is possible to work on a larger number of processes and get the clearance faster. What used to take 30 to 40 minutes to enter data, check and present, today takes 10 minutes to 15 minutes at most.”

Robert de Lima, Grupo V. Santos, Logística Internacional

“This project serves as a pilot for the development of other ideas. Integration with the [Single Window] benefits INMETRO, because people that work in repetitive activities now have this activity performed in an automated, more transparent and more efficient manner. Our officials can start working in areas that require the application of more intelligence, data analysis, checking the degree of risk and acting more where their expertise is really needed.”

Marcos Heleno Guerson de Oliveira Junior, President, INMETRO

“This (new system) is a modern management tool that will enable more agility in trade, and integrate processes with other public bodies, thereby reducing costs by working more efficiently.”

Marcelo Ferreira, Executive Coordinator, Conformity Assessment Department, INMETRO



REFORM THROUGH PUBLIC-PRIVATE PARTNERSHIP

The Alliance’s co-creation model allowed both sectors to jointly tackle a seemingly intractable problem. Through public-private dialogues, government could see that licensing system reform would not only be good for consumers, it would also benefit business. The private sector played a crucial role in identifying the problems they were experiencing and suggesting possible reforms, particularly during the development of the project. The two sectors jointly identified and agreed targeted changes that would have maximum impact over a relatively short time frame. Key business associations that provided insights and support to the project include the National Confederation of Industry (CNI), Electrobras Foundation (ELECTROBAS), the National Association of Automotive Manufacturers (ANFAVEA), and ICC Brazil.

HOST ORGANISATIONS



IN COOPERATION WITH



SUPPORTED BY



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