Appendix 1
Defining 'Trading Across Borders'

(taken from http://www.doingbusiness.org/MethodologySurveys/TradingAcrossBorders.aspx)

Doing Business compiles procedural requirements for exporting and importing a standardised cargo of goods by ocean transport. Every official procedure for exporting and importing the goods is recorded – from the contractual agreement between the two parties to the delivery of goods – along with the time and cost necessary for completion. All documents required for clearance of the goods across the border are also recorded. For exporting goods, procedures range from packing the goods at the factory to their departure from the port of exit. For importing goods, procedures range from the vessel's arrival at the port of entry to the cargo's delivery at the factory warehouse. Payment is made by letter of credit.

Local freight forwarders, shipping lines, customs brokers and port officials provide information on required documents and cost as well as the time to complete each procedure. To make the data comparable across countries, several assumptions about the business and the traded goods are used. Since 2007, assumptions have been refined to adjust for particularities of landlocked countries and reduce variations related to documentation involving private parties. In the case of landlocked countries, any port-related data are based on information provided by the relevant sea port country. Inland transport costs are based on number of kilometres. Any documentation between the shipper and trader is excluded.

Assumptions about the business

- A business with 100 or more employees
- Is located in the country's most populous city
- Is a private, limited liability company; it does not operate within an export processing zone or an industrial estate with special export or import privileges
- Is domestically owned with no foreign ownership
- Exports more than 10 per cent of its sales.

Assumptions about the traded goods

The traded product travels in a dry-cargo, 20-foot, full container load. The product:

- Is not hazardous nor does it include military items
- Does not require refrigeration or any other special environment

- Does not require any special phytosanitary or environmental safety standards other than accepted international standards.

Measuring documents required to export and import

All documents required to export and import the goods are recorded. It is assumed that the contract has already been agreed upon and signed by both parties. Documents include bank documents, customs declaration and clearance documents, port filing documents, import licenses and other official documents exchanged between the concerned parties. Documents filed simultaneously are considered different documents but with the same time frame for completion.

Measuring time required to import and export

Time is recorded in calendar days. The time calculation for a procedure starts from the moment it is initiated and runs until it is completed. If a procedure can be accelerated for an additional cost, the fastest legal procedure is chosen. It is assumed that neither the exporter nor the importer wastes time and that each commits to completing each remaining procedure without delay. Procedures that can be completed in parallel are measured as simultaneous. The waiting time between procedures – for example, during unloading of the cargo – is included in the measure.

Measuring costs required to import and export

Cost measures the fees levied on a 20-foot container in US$. All the fees associated with completing the procedures to export or import the goods are included. These include costs for documents, administrative fees for customs clearance and technical control, terminal handling charges and inland transport. The cost measure does not include tariffs or trade taxes. Only official costs are recorded.