



# Vanuatu



## Trade Facilitation Challenges for Women Traders and Freight Forwarders

Survey findings and recommendations



WORLD BANK GROUP

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## Acknowledgements

This report presents the results of a survey undertaken in Vanuatu from February to April 2020 with the intention to identify specific challenges cross-border traders are facing related to trade facilitation at the firm level.

This survey work was led by the World Bank Group (WBG) and funded by the Trade Facilitation Support Program.<sup>1</sup> Tebbutt Research was selected through a competitive process to support the team with the implementation of the survey on the ground in Vanuatu.

The WBG team would like to recognize the Government of Vanuatu for its invaluable contribution to the project, including through the provision of trader data.

<sup>1</sup> The Trade Facilitation Support Program is funded by Australia, Canada, the European Union, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States of America.

# Vanuatu

**Number of active cross-border trading firms (2018) qualified for survey: 2,887<sup>2</sup>**

**Capital city:** Port Vila

**Region:** East Asia and Pacific

**Income category:** Lower-middle income<sup>3</sup>

**Population (2018):** 292,680

**GDP (current US\$ millions, 2018):** 914.30<sup>4</sup>

**Est. GNI per capita women/men (2018 based on 2011 PPP\$):**  
\$2,185 / \$3,413<sup>5</sup>

**Labor force participation rate (% ages 15 and older, 2018) women/men:**  
61.7 / 79.4

**Merchandise exports and imports (% of GDP, 2018):** 45.2

**Main exports:**

Kava, alcoholic drinks, sawn timber, coconut oil, copra, beef, cocoa, coffee<sup>6</sup>

**Main imports:**

Mineral fuels, food and live animals, machines and transport equipment, basic manufactured goods, miscellaneous manufactured goods, chemical products, beverages and tobacco<sup>7</sup>

**WTO Trade Facilitation Agreement ratification date:** May 6, 2020

<sup>2</sup> This number is based on a list of firms generated from ASYCUDA and reflects initial efforts to exclude duplicates, government entities, etc. that would not be eligible for the survey. Some ineligible firms may still be included in this number, which further remediation work subsequently identified.

<sup>3</sup> Based on WBG fiscal year 2020 (calendar year 2018) data calculation: lower-middle income is GNI per capita between \$1,026 and \$3,995.

<sup>4</sup> World Development Indicators database.

<sup>5</sup> Human Development Report, UNDP.

<sup>6</sup> Latest data (2018) available from the Vanuatu National Statistics Office.

<sup>7</sup> Ibid.

## Key recommendations based on survey findings:

Initial findings demonstrate an **opportunity for the Government of Vanuatu** to improve the design of trade facilitation interventions to better address traders' needs (women in particular), e.g. by:



Expediting customs automation



Raising awareness of the National Trade Facilitation Committee



Strengthening formal trade consultations with the private sector and encouraging membership in trade/industry associations



Increasing awareness of electronic payments of official fees



Strengthening official grievance procedures and improving communication with traders around these procedures



Better aligning port opening hours with traders' needs



Expediting roll out of a National Single Window



Improving consistency in the implementation of border processes and procedures, especially for women traders

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Women-led firms are under-  
represented in Vanuatu  
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# 1 Executive summary

Trade is widely recognized to be an engine of growth that creates jobs, reduces poverty, and increases economic opportunity. Generally speaking, trade facilitation measures are non-discriminatory and apply to all traders in their design; however, these measures may not necessarily impact or benefit all traders in similar ways. There is a global lack of data on how trade facilitation interventions impact traders by gender at the firm level.<sup>8,9</sup> There is also a global vacuum of knowledge of the exact proportion of cross-border traders that are women. Few countries, if any, can easily confirm the number of women that undertake cross-border trade in their respective countries.

Designing interventions that are inclusive—benefiting women as well as men—is difficult without accurate data on the gender of those who participate actively in cross-border trade. Without this knowledge and that of the exact challenges faced by both genders, it is also hard to tell how much any subset of the economy would be impacted by any intervention. This lack of data may also reinforce the bias against women in trade policy making.

To help fill the data gap with an aim to better inform future design and implementation of trade facilitation projects, the World Bank Group (WBG) has collected data – through a survey – on cross-border trade challenges faced by both women and men at the firm level in the Pacific Islands region.<sup>10,11</sup>

Countries in the Pacific Islands region face unique development challenges: they are physically detached from major markets, have small populations spread across many islands and time zones, tend to have high levels of inequality in many areas, and confront the worst impacts of climate change, making them some of the most vulnerable countries to

natural disasters in the world.<sup>12</sup> These challenges increase trade costs and make it difficult for the Pacific Island countries to trade effectively and competitively. To overcome the challenges of size and isolation, trade capacity should be increased so that the countries can more effectively integrate into the global trading system and thus improve their economic opportunities.<sup>13</sup> One way to do this is through the implementation of trade facilitation measures that lower time and costs to trade.

#### Survey respondents include:

- Firms that engage in cross-border trade of goods (disaggregated by the gender of the firms' owner or manager)
- Freight forwarders (not disaggregated by gender due to the small sample population)

This note presents findings of the survey work in Vanuatu. Vanuatu is an archipelago of 83 islands and relies on its inter-island shipping services to connect the outer islands to the main ports of Port Villa and Luganville as well as to support international trade.<sup>14</sup>

The survey in Vanuatu was launched prior to the outbreak of COVID-19 in the region. The pandemic has demonstrated that women are particularly vulnerable and disproportionately affected during a pandemic due to their multiple roles in society.<sup>15</sup> Maintaining trade flows as much as possible during a pandemic is crucial as trade has a direct impact on public health through the finance, provision, and distribution of health-related goods, services, and people.<sup>16</sup> Continued ac-

<sup>8</sup> Higgins, *Gender Dimensions of Trade Facilitation and Logistics: A Guidance Note*, 2012.

<sup>9</sup> In this note, "traders" is used interchangeably with "firms" but should be understood to represent registered firms undertaking cross-border trade and not individual, private traders. Women-led versus men-led is used when a firm is either owned and/or managed by a woman or man. A firm is "woman owned" if (1a)  $\geq 51\%$  of the shares are owned by a woman or (1b)  $\geq 20\%$  is owned by a woman; (2) it has  $\geq 1$  woman as CEO/COO/President/Vice President; and, (3) has  $\geq 30\%$  of the board of directors composed of women (where a board exists). "Managed" refers to the highest management individual in the firm. In addition, the World Bank Enterprise Survey's definition of firm sizes is used: micro (1-4 employees), small (5-19 employees), medium (20-99 employees), and large (100 employees and above).

<sup>10</sup> Target countries for the project in the Pacific region are Fiji, Papua New Guinea, Samoa, Timor-Leste, and Vanuatu.

<sup>11</sup> The survey questionnaire focuses on main areas of the WTO Trade Facilitation Agreement. The WTO TFA came into force on February 22, 2017, and contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

<sup>12</sup> World Bank, 2019.

<sup>13</sup> Pacific Islands Forum Secretariat, *A strategy to support development in the Pacific*, 2013.

<sup>14</sup> Batie, J., *Republic of Vanuatu: Inter-island and International Shipping Background*, 2013.

<sup>15</sup> WBG, *Policy Note: Gender dimensions of the COVID-19 pandemic*, 2020; *Tralac, Blog: COVID-19 and its implications for women*, 2020.

<sup>16</sup> Smith R. D., *Trade and public health: facing the challenges of globalization*. *Journal of epidemiology and community health*, 2006.

cess to essential food and medical items through trade will limit the negative impacts of the pandemic both in the short term and in the recovery process. The pandemic has highlighted the urgent need for trade facilitation reforms, such as paperless and automated systems, to keep critical goods flowing through borders. The survey findings, though studied prior to the pandemic, should be viewed in this context and used to raise awareness around the importance of trade facilitation in expediting the movement, release, and clearance of goods.

Some of the key findings on the trade facilitation challenges that surveyed traders at the firm level face in Vanuatu, regardless of the gender, include:

- The majority of traders do not find port opening hours to restrict their ability to trade; however, half of the freight forwarders find opening hours to be restrictive.
- Around half of the traders' imported goods are inspected every time.
- Around a quarter of traders report the time required to release their imported goods is 10 days or more. In addition, more micro and small firms report that their shipments require 10 days or more to be released compared to larger firm sizes.
- Knowledge of the National Trade Facilitation Committee's (NTFC) existence is extremely low among traders, though, somewhat better among freight forwarders.
- Around half the traders are unsure whether official fees associated with their cross-border trade activities can be paid electronically.

Women-led firms surveyed experience greater challenges in many cross-border trade activities compared to men-led counterparts, including for example:

- Fewer women traders believe official regulations and procedures are consistently implemented.
- Women traders are less likely to be consulted regularly on changes to official trade processes. Of the traders that are regularly consulted, fewer women believe their feedback is taken into consideration.
- Fewer women traders know whether it is possible to submit import/export declarations electronically, and fewer women are aware that customs allows pre-declaration of shipments.

- Fewer women than men know that formal grievance procedures exist.

The survey has highlighted several areas that could be addressed by the Government of Vanuatu to improve the trade facilitation environment in the country. Specific emphasis in the recommendations has been made to address asymmetric gender barriers that occur in cross-border trade (see **section 4** of this report).



43 percent of women in Vanuatu work with micro firms © Livcool/Shutterstock



Food market in Vanuatu  
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## 2 Description of the sample and methodology



Efforts to identify the universe of traders in Vanuatu preceded the survey. Based on data from the ASYCUDA system and filtering of the list to remove duplicative entries, there were 2,887 active trading firms in Vanuatu in 2018.<sup>17</sup> Remediation of the list reduced the number of firms eligible to participate because some of the entries were either (1) agents and not traders, (2) further duplicates, (3) missing valid contact, (4) or missing contact phone number and were unresponsive to email to obtain a contact phone number. Various directory tools were used to identify additional possible candidates for the survey, bringing the total number of eligible firms for the survey to 2,341.<sup>18</sup>

Twenty-two freight forwarding firms<sup>19</sup> were compiled using customs partners list provided by the Customs Division of the Ministry for Revenue. Remediation of the list reduced the number of freight forwarder firms to 18 because of duplicates.

Using a survey questionnaire designed to collect data in the Pacific Islands region, all active cross-border trading firms with valid contact information were contacted to participate in the survey. A total of 380 women and men traders out of

the list of 2,341 trading firms with valid contact information were interviewed in Vanuatu by phone between 20 February to 2 April 2020.<sup>20</sup> Based on the total number of traders eligible to participate and with valid contact information, a 22 percent response rate was achieved.<sup>21</sup> Of the 380 firms interviewed, 266 were led by men and 114 were led by women traders working with different sized firms and sectors in Vanuatu.<sup>22,23</sup> Nine percent of traders are involved in only exporting goods and 85 percent in only importing goods. Six percent of traders surveyed both import and export goods.

Twelve out of 18 freight forwarders in Vanuatu were surveyed in the same time frame, using a simplified version of the trader questionnaire. Based on the number of freight forwarders that were eligible to participate, a high response rate of 67 percent was achieved. Of the 12 freight forwarders interviewed, 10 were led by men and two led by women. The small sample for women freight forwarders has limited the analysis by gender. As such, results for the freight forwarders are reported as-a-whole rather than disaggregated by gender. **Table 1** provides a breakdown of trader and freight forwarder survey respondents by gender and size of firms.

In the sample, traders were more likely to be micro to small businesses, with relatively similar profiles identified for both women and men traders.

**Table 1. Breakdown of Trader and Freight Forwarders Survey Respondents by Gender and Size of Firms (percentage and number of men and women)**

	Traders			Freight forwarders		
	Women	Men	Total	Women	Men	Total
Micro (1-5 employees)	43% (49)	43% (114)	43% (163)	50% (1)	40% (4)	42% (5)
Small (6-19 employees)	34% (39)	35% (93)	35% (132)	50% (1)	20% (2)	25% (3)
Medium (20-99 employees)	19% (22)	18% (47)	18% (69)	0	30% (3)	25% (3)
Large (100 employees and above)	4% (4)	5% (12)	4% (16)	0	10% (1)	8% (1)
<b>Total</b>	<b>100% (114)</b>	<b>100% (266)</b>	<b>100% (380)</b>	<b>100% (2)</b>	<b>100% (10)</b>	<b>100% (12)</b>

<sup>17</sup> Work to compile the population list for the sample frame began in 2019, and at that time, 2018 data was the latest available.

<sup>18</sup> Tools used to validate and identify additional trading and freight forwarding firms were [www.yellowpages.vu/](http://www.yellowpages.vu/); [www.whitepages.com.au/](http://www.whitepages.com.au/); [www.freightnet.com/](http://www.freightnet.com/); [www.cargoyellowpages.com/](http://www.cargoyellowpages.com/); blanket email asking for contact details; hard copies of Vanuatu white pages; door-to-door visits on the ground.

<sup>19</sup> In this note, a freight forwarder is a firm that arranges the imports and exports of goods for other companies.

<sup>20</sup> Interviews were administered by phone and responses recorded via a Computer Assisted Telephone Interviewing (CATI) system in English.

<sup>21</sup> The response rate excludes from the denominator phone numbers that have been disconnected. Because the numbers are disconnected, it is not possible to determine whether these firms are still an operation; and thus, whether they were eligible to participate in the survey.

<sup>22</sup> The eligibility criteria for the survey included firms of any size engaged in cross-border trade (import and/or export), as well as whether the respondent owns/manages the firm. State-owned enterprises were excluded. In addition to gender, sectors were analysed using the Harmonized Schedule set as such: HS Sections 1-4 (animal, vegetable products, beverages, tobacco), HS sections 5-10 (minerals, chemicals, rubber, leather, wood, paper products), HS sections 11-12 (textile, footwear), HS sections 13-15 (stone, glass, precious stones, metals, ). HS sections 16-19 (machinery, transport equipment, medical instruments, ammunitions), HS sections 20-21 (artwork/collectors' pieces/antiques and miscellaneous manufactured articles). Annex 1 provides additional details on the survey methodology and rollout.

<sup>23</sup> The survey results have been analysed and synthesized to identify key takeaways. Survey participants are not identified in the report in order to preserve confidentiality.

The survey was limited to identifying constraints that existing cross-border traders face. Therefore, it may suffer from a selection bias in that it does not explore obstacles to engaging in trade among women firms who currently only trade domestically. In fact, the finding of low engagement of women firms in trading could be caused by constraints that prevent them from trading across borders.<sup>24</sup> Exploring the reasons of non-engagement in cross-border trade would require a deeper assessment of why non-trading women firms do not trade, which goes beyond the scope of this survey and likely also the WTO Trade Facilitation Agreement (additional details of the sampling strategy and survey methodology are provided in **Annex 1**).

Given that 85 percent of survey respondents exclusively import goods, the survey findings in Vanuatu do not distinguish between importers and exporters unless otherwise specified. This, however, may be possible in other countries and could provide additional insights once the survey is rolled out in other regions.

<sup>24</sup> In the island country context, “border” refers to the seaport or the airport and not necessarily a land border.



Container ship crossing Pacific waters  
© Lee Yiu Tung/Shutterstock



Trader at a food market in Vanuatu  
© Jantira Namwong/Shutterstock

### 3 Survey findings



# General trader and freight forwarder findings

■ **Women-led firms are underrepresented in Vanuatu.** Of the overall sample, 30 percent of firms surveyed are led by women and the rest led by men. Of the freight forwarders surveyed in Vanuatu, 17 percent (2 out of 12) are led by women.

■ **Men and women traders are relative equally spread across firm sizes.** Among only the women traders, 43 percent work with micro firms, 34 percent work with small firms, 19 percent work with medium firms, and 4 percent work with large firms. Among only the men traders, in comparison, 43 percent work with micro firms, 35 percent work with small firms, 18 percent work with medium firms, and 5 percent work with large firms.

■ **Women traders tend to be younger,** with 70 percent under the age of 46 years compared to 59 percent of men traders. Thirty-three percent of women traders are between 26 and 35 years old compared with 21 percent of men traders in the same age group. Fifteen percent of men traders are over 55 years old compared to 6 percent of women traders that are over 55 years old.

■ **Almost all traders have undertaken a minimum of secondary school level education.** Further, more than half of both men and women traders have similar higher education levels, with around 60 percent reporting that they have university level education and above. Those with only primary school education tend to operate micro or small businesses. Nonetheless, across all firm sizes, at least half of traders have university level and above education, with the highest among medium (77 percent) and large-sized firms (81 percent). For micro and small traders, the proportion with university level education and above is lower at 55 percent and 58 percent respectively.

■ Of the freight forwarders interviewed, 58 percent are under the age of 46, with 33 percent between the age of 26-35

years. Three-quarters (9 out of 12) of men and women freight forwarders have university level education and above.

■ **The time that traders have been engaged in cross-border trade varies among the firm sizes.** Thirty-two percent of traders have been engaged in cross-border trade for four years or less, 24 percent for 5-9 years, 20 percent for 10-14 years, and 24 percent for 15 years or more. Minimal gender differences are seen in the survey results. There are, however, some differences when comparing firm sizes. More traders of medium to large-sized firms have been engaged in cross-border trade for more than 15 years (75 percent of large firms, 48 percent of medium firms, 17 percent of small firms, and 15 percent of firms). Forty-eight percent of the largest group of firms represented in the overall sample, which are micro firms, have primarily been trading for four years or less.

## Imports and Exports

■ **The majority of traders, and more so women traders, only import goods.** Of all traders surveyed, 85 percent only import, with more women (91 percent) only importing than men (82 percent). Nine percent of traders stated they only export, with a breakdown of 2 percent for women and 7 percent for men. Six percent of traders stated they both import and export, with more men (5 percent) than women (1 percent) doing both. This aligns with national data wherein at the end of December 2018, merchandise trade recorded a deficit balance.<sup>25</sup>

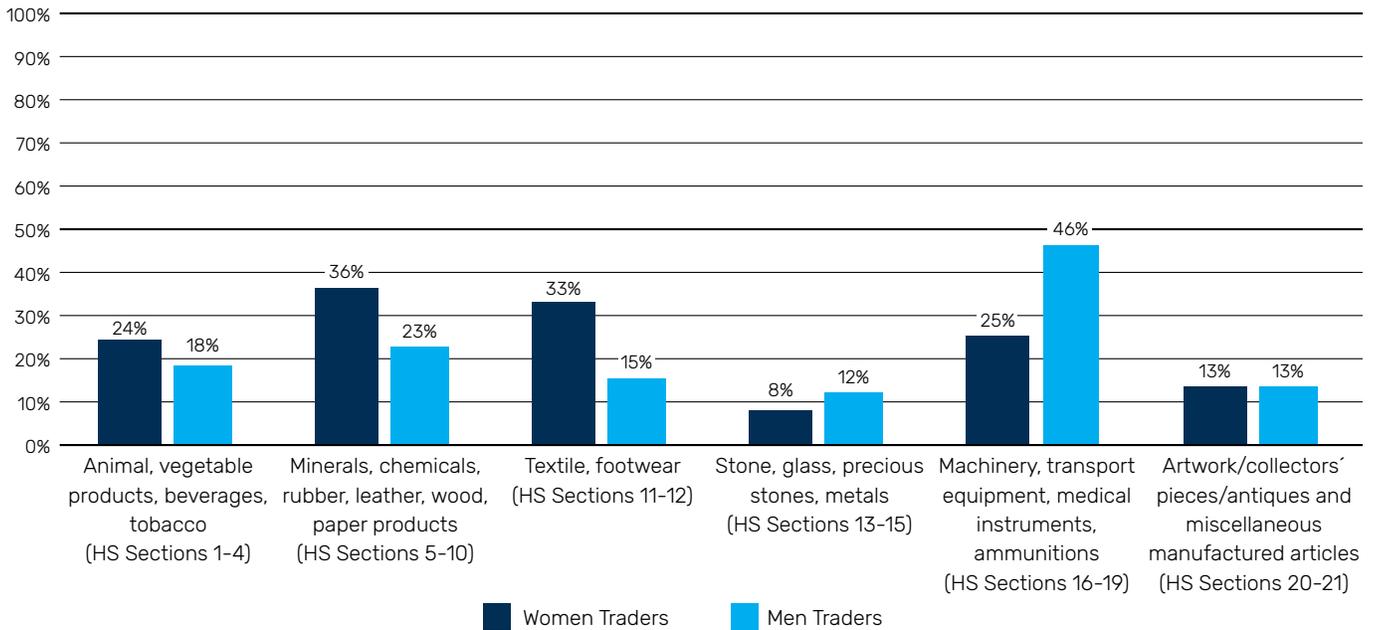
■ **Women tend to import more from light industry compared to men traders that tend to import more from heavy industry.**<sup>26</sup> Of women traders that import, 36 percent and 33 percent import mineral, plastic, and rubber products (HS Sections 5-10) and textile and footwear (HS Section 11-12) respectively. Twenty-four percent of women importers also import animal, vegetable, and beverage products (HS Sections 1-4). Compared to women, more men traders import machinery, vehicles, arms (HS Sections 16-19).<sup>27</sup> This aligns with the national data in which main imports include mineral fuels, food and live animals, machines and transport equipment, basic manufactured goods, miscellaneous manufactured goods, chemical products, and beverages and tobacco.

<sup>25</sup> Vanuatu National Statistics Office, *Statistics Update: International Merchandise Trade Statistics, 2018*.

<sup>26</sup> Heavy industry: shipbuilding, chemicals, chemical fertilizers, internal combustion engines and vehicles, finished iron and steel products, aluminium products, electrical appliances, petroleum products. Light industry: food processing, textiles, building and construction materials, wood products, rubber products, plastics, alcoholic beverages, tobacco products.

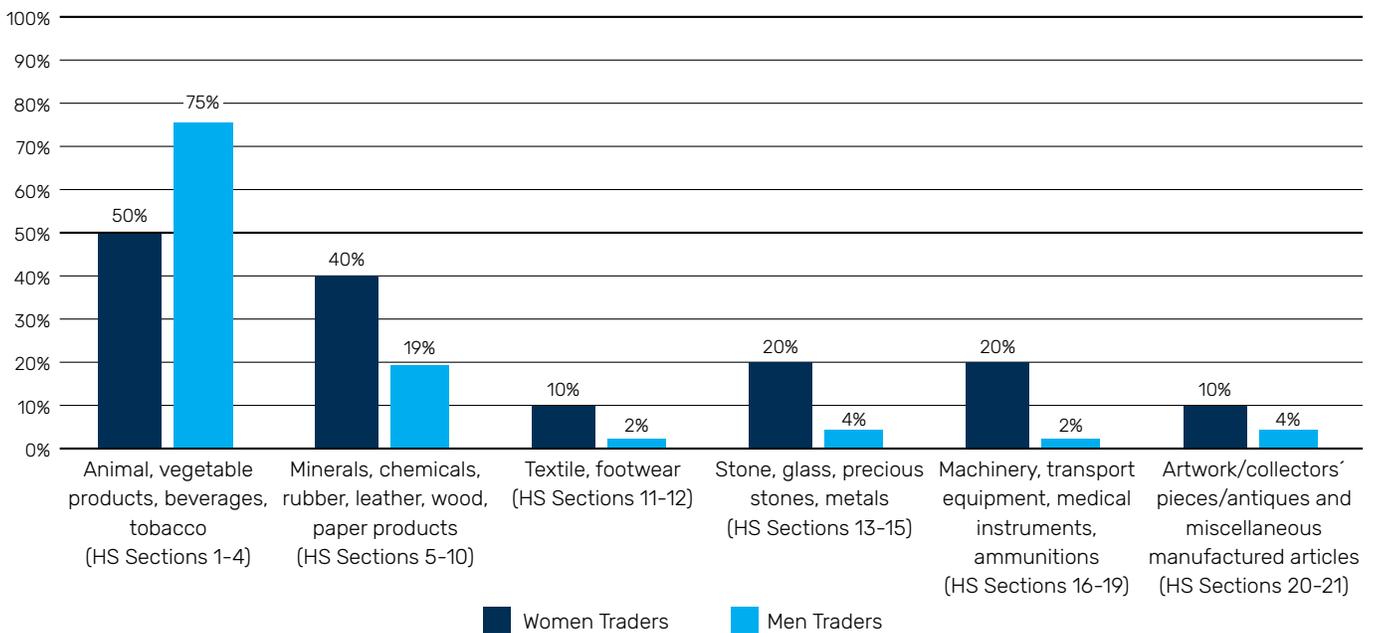
<sup>27</sup> See HS Nomenclature 2017 edition for details on the types of products that fall into each HS category (Online: <http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-nomenclature-2017-edition/hs-nomenclature-2017-edition.aspx>).

**Figure 1. Main Products Imported by Gender**



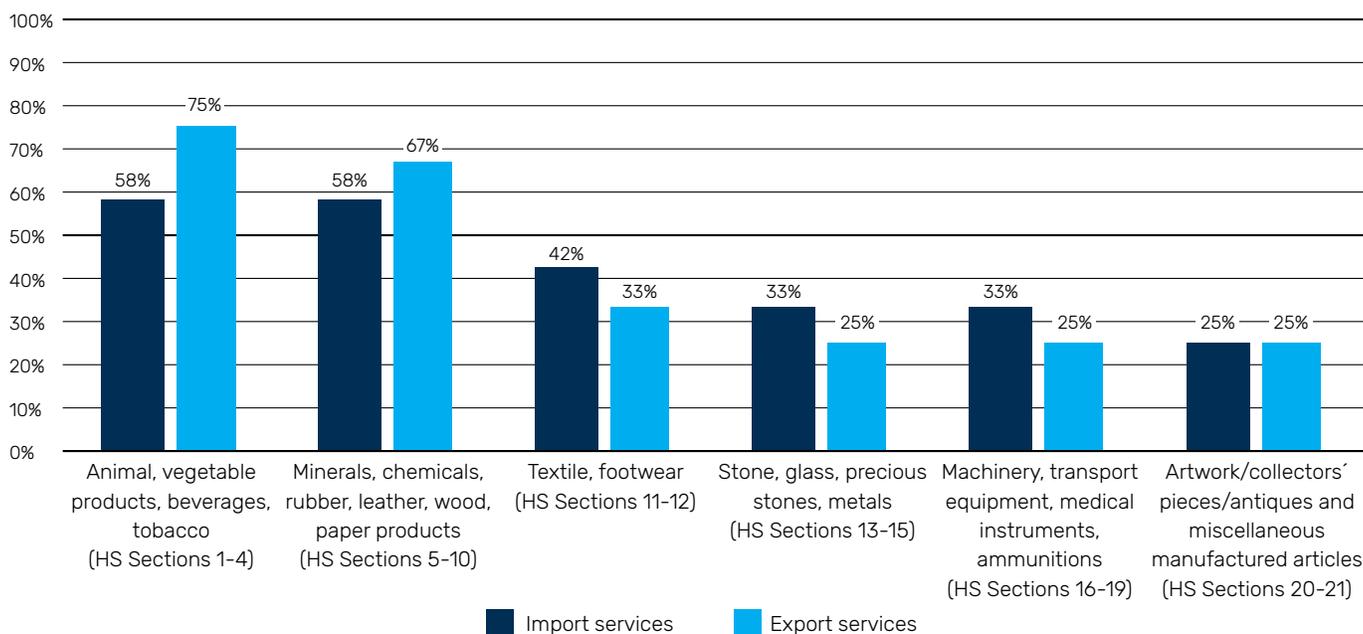
Note: Traders can nominate more than one import category, so totals add to more than 100 percent.

**Figure 2. Main Products Exported by Gender**



Note: Traders can nominate more than one import category, so totals add to more than 100 percent.

**Figure 3. Main Sectors for which Freight Forwarders Provide Import and Export Services**



Note: Freight forwarders can nominate more than one import category, so totals add to more than 100 percent.

■ **Women traders export more in all HS section categories apart from agriculture.** However, both women and men traders' main export category is agriculture products. This aligns with national data in which the main exports include kava, alcoholic drinks, sawn timber, coconut oil, copra, beef, cocoa, and coffee.

■ Freight forwarders interviewed stated they provide import and export services for firms operating within HS sections 1-4 (animal and vegetable products, beverages) and HS sections 5-10 (mineral, plastics, and rubber products) more than to other product categories.

### Frequency of Trade

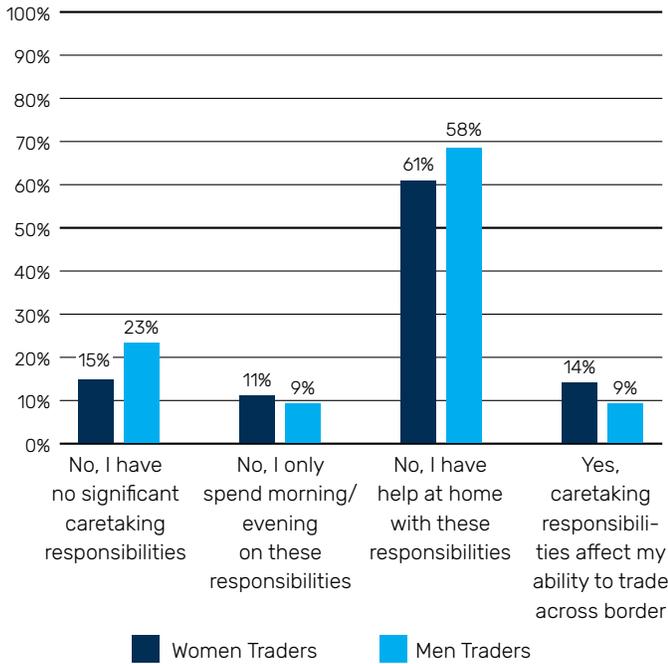
■ **Both men and women traders' frequency of trading in Vanuatu are similar.** Fifteen percent of women trade more than once a month compared to 17 percent for men, 31 percent of women trade once every month compared to 30 percent of men, and 54 percent of women and 53 percent of men trade once every three months or less. The frequency of trading differs by firm size. More than half of micro firms (68 percent) and small firms (52 percent) stated they trade once in three months or less. Medium to large-sized firms generally trade more frequently, with 74 percent of medium firms and 63 percent of large firms trading once a month or more.

■ Ninety percent of women traders indicated that they work full time in the business, slightly higher than men traders (87 percent).

### Caretaking

■ **While more than half of the traders reportedly have help at home to manage caretaking responsibilities, 14 percent of women traders and 9 percent of men traders stated that caretaking responsibilities affect their ability to trade across borders.** Traders that lead micro and small firms (11 percent respectively) are slightly more likely to have caretaking responsibilities that impact their ability to trade compared to the other firm sizes (10 percent medium and 6 percent large).

**Figure 4. Time Spent on Family Care Obligations**



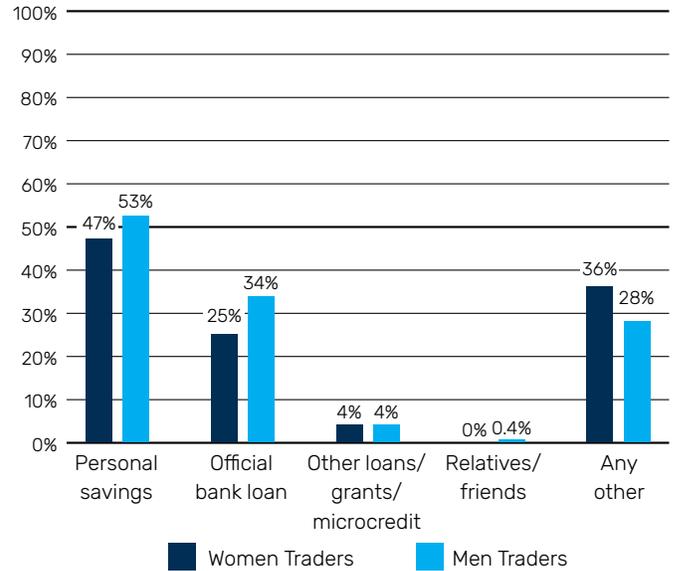
**Financing**

■ **Personal savings and official bank loans are two main sources of finance for traders.** More men traders (53 percent) reported they use personal savings to finance their business compared to women traders (47 percent). Women traders are less inclined to take out official bank loans (25 percent) compared to men (34 percent).

■ **Traders that lead micro firms and traders that have not been engaged in cross-border trade for long are more likely to use personal savings to finance their trading businesses.** The incidence of using personal loans is higher among micro (56 percent) and small firms (52 percent) compared to firms of medium (45 percent) and large (31 percent) size. Traders that have been engaged in cross-border trade for a shorter period of time tend to use personal savings to finance their business. Fifty-five percent and 61 percent of traders that have been engaged in cross-border trade for four years or less and 5-9 years respectively stated they use personal savings for finance compared to 44 percent of traders that have been engaged in cross-border trade for 10 years or more.

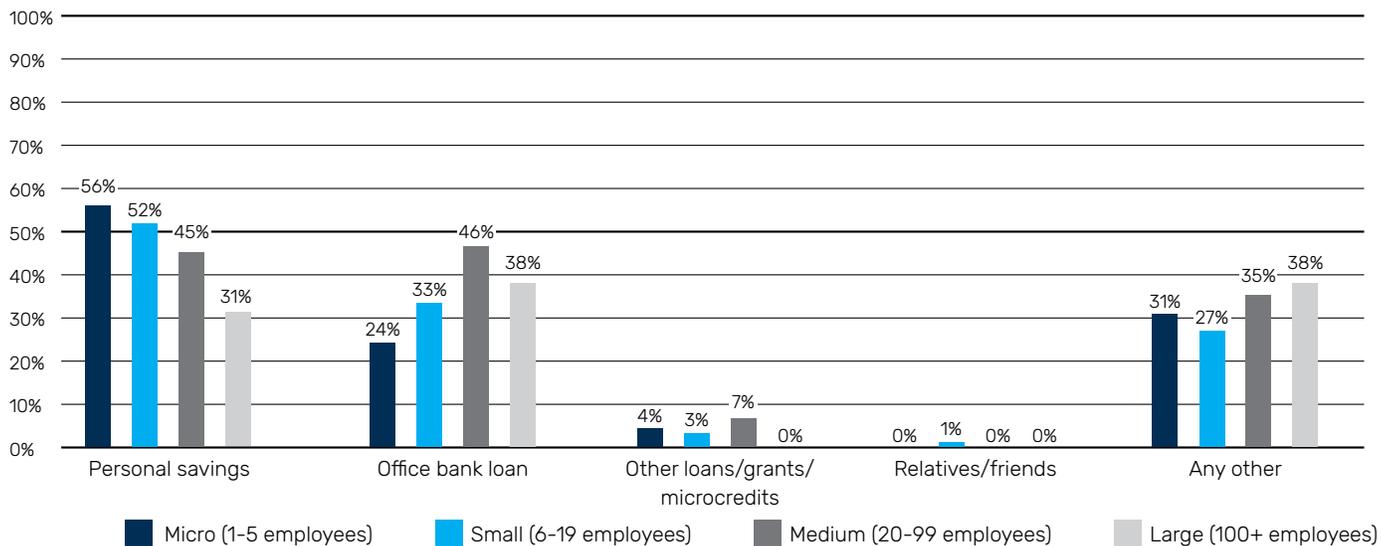
■ **Traders that lead larger-sized firms are more likely to use official bank loans.** Firms of medium (46 percent) and large (38 percent) size had a higher use of official bank loans to finance their business than firms of micro (24 percent) and small-sized (33 percent). More traders that have been engaged in cross-border trade for 10 years or more use official bank loans for financing compared to firms that have been operating for less than 10 years.

**Figure 5. Sources for Financing Business**



*Note: Traders could choose more than one source of financing, so totals add to more than 100 percent.*

**Figure 6. Sources for Financing Business by Firm Size**



Note: Traders could choose more than one source of financing, so totals add to more than 100 percent.



Female entrepreneur and her family  
© Tom Perry / World Bank

## Moving Goods and Use of Intermediaries

■ **Women traders in Vanuatu report visiting the border to undertake trade processes and procedures less regularly than men**, with only 21 percent of women visiting regularly compared to 34 percent for men.

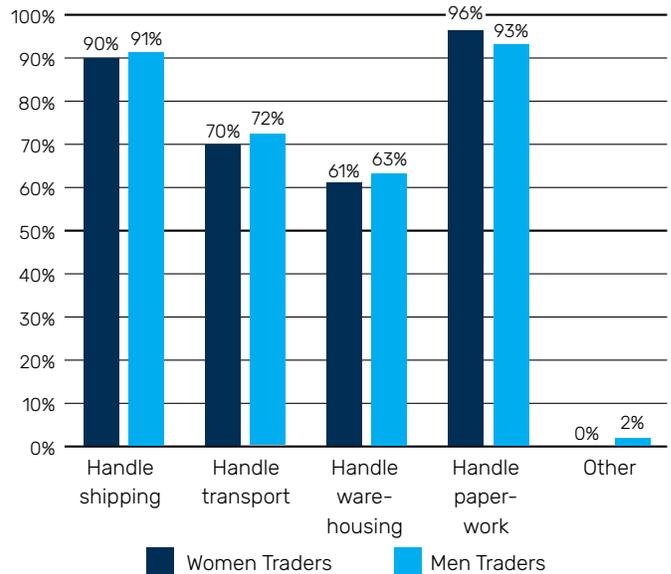
■ **The majority of traders use freight forwarders or customs brokers/agents to handle customs processes and logistics.** Over 85 percent of both men and women traders use freight forwarders or customs brokers/agents for their activities. The main services utilized are handling paperwork (94 percent), shipping (91 percent), and transport (71 percent). Sixty-three percent of traders also utilize agents to handle warehousing. The main services provided by freight forwarders or customs brokers/agents is transport (83 percent), customs documentation (75 percent), and warehousing (42 percent).

■ **Fewer women (22 percent) than men (34 percent) traders said that a benefit of using a freight forwarder is to avoid safety issues at the border.**

■ Of the 14 percent of traders that indicated that they do not use a freight forwarder, around half stated that they have the expertise in-house. These businesses are more likely to be medium to large-sized.

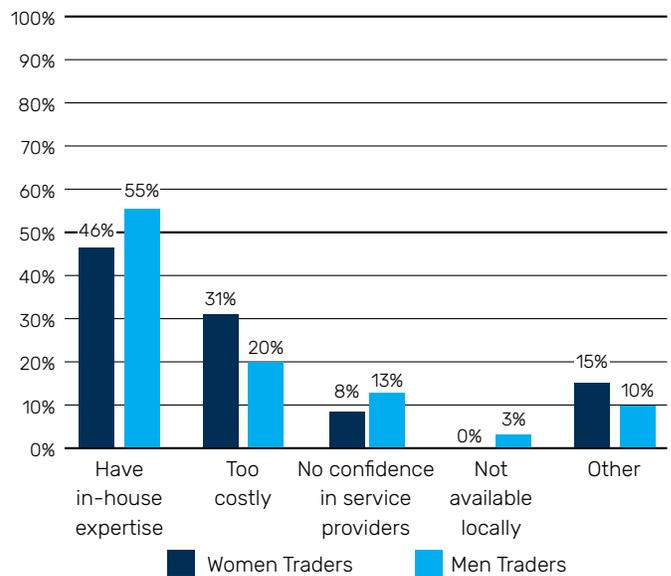
■ **Slightly more women than men think freight forwarder services are too expensive to justify hiring their services.** More women (31 percent) stated that it was too costly to use freight forwarders compared to men traders (20 percent). Overall, 11 percent of traders that do not use freight forwarders stated they had no confidence in the services provided by freight forwarders.

Figure 7. Reasons for Using Freight Forwarder/ Customs Broker/Agent



Note: Traders can select more than one category, so totals may add to more than 100 percent.

Figure 8. Reasons for Not Using Freight Forwarder/ Customs Broker/Agent





Business woman in Vanuatu  
© Alison Ofofotalau/World Bank



Women traders in Vanuatu visit  
the border less frequently than men  
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# Trade facilitation-specific findings

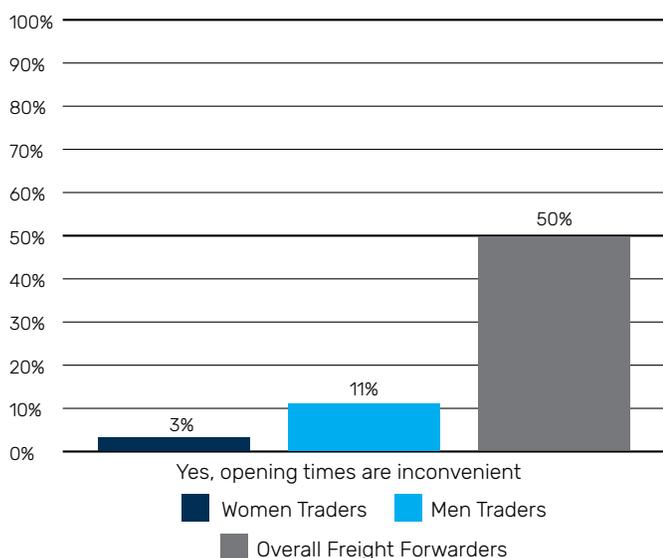
## i. Port Opening Hours

Restrictive port opening hours can have a negative impact on international trade and on supply chains. If goods are delayed at ports awaiting physical inspection and clearance, the increased time to clear goods at ports will adversely affect the cost of doing business and increase trade costs. Longer clearance times, as a result of restrictive hours or inefficient border processes, have been found to significantly increase the cost of trading, and therefore, reduce international trade. Global supply chains can be affected when restrictive port opening hours delay the intermediate goods required as inputs for production. Additionally, there can be an increased risk of theft and spoilage if goods are not adequately secured or stored while waiting for border clearance.

Related survey finding(s):

■ **More freight forwarders than traders find port opening hours to be restrictive on their trade activities.** Ninety-two percent of traders do not see airport or seaport opening hours as restrictive to their ability to trade. In comparison, 50 percent (6 out of 12) of freight forwarders stated that they find opening hours to be restrictive.

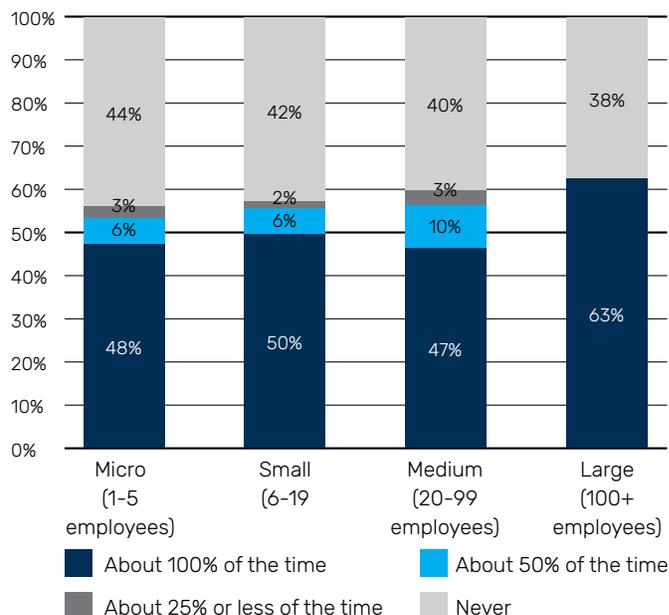
**Figure 9. Perception that Air/Port Opening Hours are Restrictive to Trade**



Note: Respondents may believe that (1) opening times are inconvenient or (2) hours of border agencies in the country differ or adjoining border post hours differ.

■ **Around half of the traders that import report that their goods are frequently inspected.** Forty-eight percent of men and 52 percent of women traders that import reported that their goods are inspected 100 percent of the time. Large firms and traders that have been engaged in cross-border trade for more than 10 years reported higher frequency of inspection. Inspections are more frequent among traders that import animal, vegetable products and beverages (HS sections 1-4) and stone, glass, and metals (HS sections 13-15).

**Figure 10. Frequency of Imported Goods Inspected by Firm Size**



## ii. Consistency in Implementation of Border Procedures

The consistent application of border procedures provides predictability and certainty for businesses engaging in cross-border trade. If border procedures are inconsistently implemented, traders may face additional costs of complying with regulations and thereby contributing to increased time and costs of international trade.

Related survey finding(s):

■ **Fewer women traders than men traders that interact with border officials indicate that official regulations and procedures are consistently implemented by border officials.** Sixty percent of women and 72 percent of men traders stated official regulations and procedures are consistently implemented all the time. More traders that exported goods state that official regulations and procedures are consistently implemented by border officials than traders that import.

■ **Traders view consistency of implementation slightly less favorably than freight forwarders.** Regardless of gender, most freight forwarders (83 percent) reported that official regulations and procedures are consistently implemented by border officials.

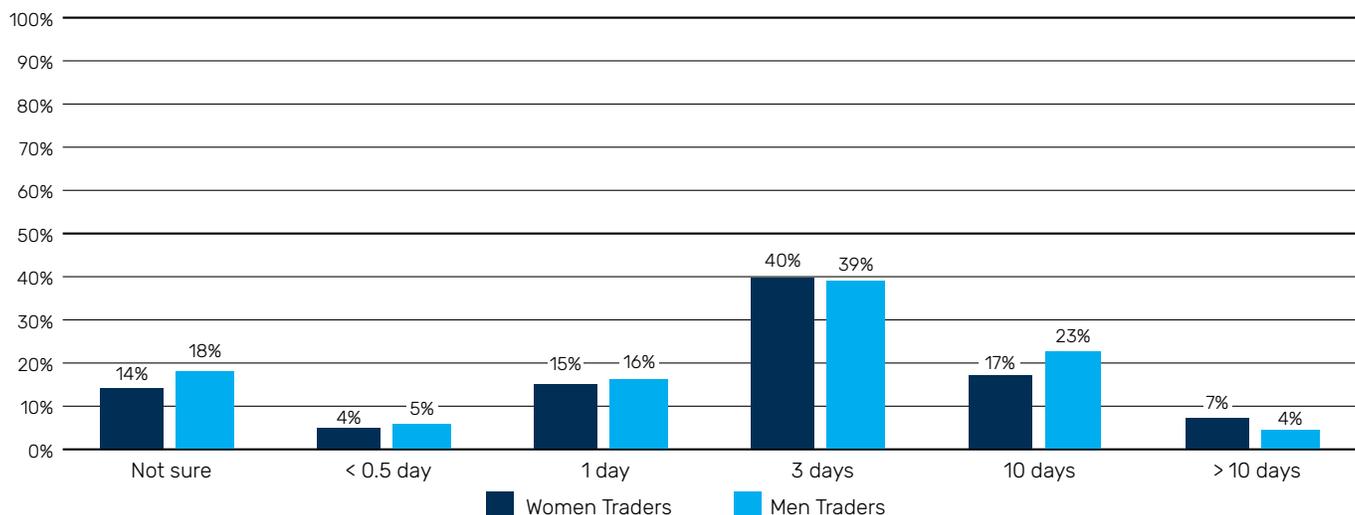
### iii. Time to Release Goods

Unnecessary delays at borders – including long wait times to release goods by border officials – increase trade costs and can also erode the competitiveness of traders.<sup>28</sup> Transparent, efficient, and predictable trade can lead to significant reduction in trade costs, particularly allowing traders the benefit of just-in-time services and reduced inventory costs.<sup>29</sup> Knowing the average time it takes to clear goods at the border helps businesses make important decisions such as planning stock levels.

Related survey finding(s):

■ **The time taken to release imported goods is similar among men and women traders.** Fifty-eight percent of women traders compared with 59 percent of men traders reported that goods are released in three days or less. More men traders (23 percent) report requiring 10 days than women traders (17 percent). However, more women (7 percent) report requiring greater than 10 days than men (4 percent). Micro and small firms are more likely to report it takes more than 10 days for imported goods to be released than medium and large firms. Imported goods that take longer to release are within HS sections 16–19 (machinery, vehicles, arms). Fifty-seven percent of freight forwarders reported that imported goods are released in three days or less.<sup>30</sup>

Figure 11. Time Taken to Release Imported Goods



<sup>28</sup> World Customs Organization, *World Customs Organization and Management System Handbook: strategic and practical information*, 2007.

<sup>29</sup> International Trade Centre, *Faster customs, faster trade: Using technology for trade facilitation*, 2018; World Bank Group, *Contribution and Effectiveness of Trade Facilitation Measures*, 2018.

<sup>30</sup> Freight forwarders that only transship goods are excluded from the results on average release times because transshipped goods are generally not released from customs.

#### iv. Access to and Understanding of Official Border Regulations and Procedures

Accessing and understanding official regulations and procedures is important for transparency, compliance, and predictability of the trading environment. The publication and dissemination of changes to relevant laws and regulations must be done with sufficient advance notice and in easy-to-understand language. If traders are unaware of new customs rules and regulations, or if they cannot understand them, they may face additional compliance burdens and costs or even penalties for not properly meeting requirements.

Related survey finding(s):

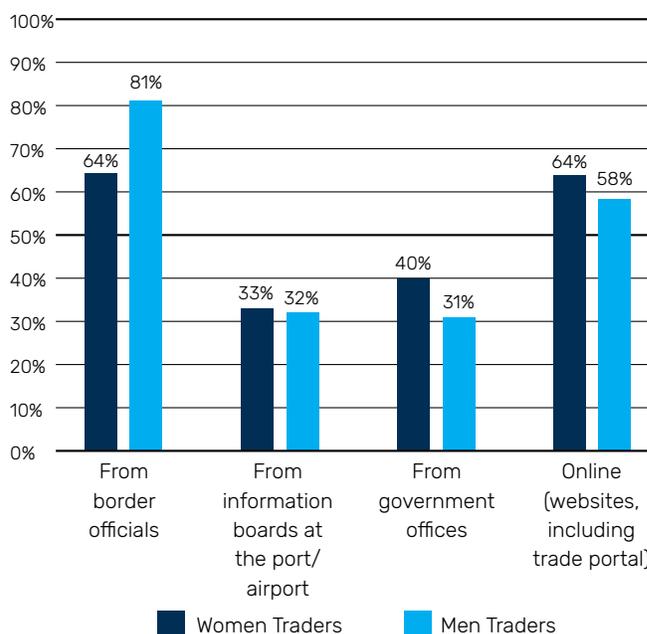
- **Around half the traders surveyed do not need to find information on official regulation and procedures, but the majority of those that do need to find information believe it is easy to find.** Of the traders that need to find information, 93 percent of traders reported that information on official regulations and procedures on border processes is easy to find, with minimal difference identified by gender (93 percent of men find information easily compared to 94 percent of women). Fifty-three percent of the overall sample of traders stated that they do not have to search for information. A majority of these traders do not visit the border (82 percent) and use an agent for their trading activities (89 percent). This is compared to 25 percent (3 out of 12) of freight forwarders that have difficulty finding information on official border regulations and procedures.

- **Of traders seeking information, the key sources of information vary for women and men traders.** Women traders (40 percent) reported a greater reliance on government offices compared to men traders (31 percent). Men traders (81 percent) stated that border officials are a main source of information on border regulations and procedures compared to women traders (64 percent). Around 60 percent of both women and men traders also utilize online websites including trade portals. Online sources and government offices are reported as main sources for freight forwarders.

- **Traders and freight forwarders do not have difficulty understanding official regulations and processes.** Ninety-six percent of women and 85 percent of men traders that need to look for information on official border regulations and procedures say that the information is easy to understand. Around 60 percent of women and men traders that look for information generally must go to more than one source to find information on changes to official regulations and procedures related to their cross-border trade activities.

Regardless of gender, the majority (92 percent) of freight forwarders reported that official regulations and processes are easy to understand. Seventy-five percent of both women and men freight forwarders stated that they generally must go to more than one source for information on official border regulations and procedures.

**Figure 12. Sources of Information on Official Border Regulations and Procedures**

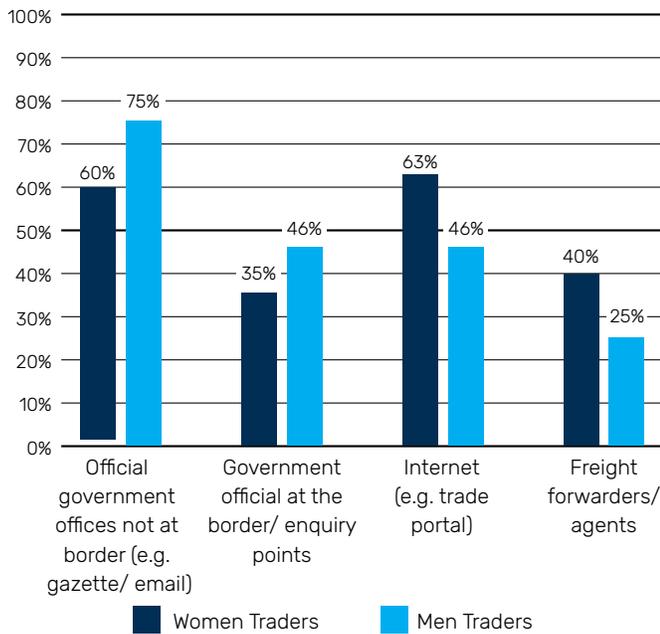


*Note: Traders can select more than one category, so totals may add to more than 100 percent.*

- **Traders and freight forwarders prefer to use official government offices not at the border to find information on changes to official regulations.** For traders seeking information on changes, the most popular sources are official government offices (e.g. gazette/email) (71 percent), internet (51 percent), government officials at the border/ enquiry points (43 percent), and freight forwarders/agents (29 percent). Women traders (63 percent) are more likely to seek information about changes to official regulations and procedures from online sources compared to men traders (46 percent). In addition, women traders (60 percent) are less likely to use official government offices (e.g. gazette/email) compared to men traders (75 percent). While only 13 percent of traders seeking information on changes to official regulations use a trade/industry association, this increased to 26 percent for traders that are members of trade/industry association – highlighting the potential for trade associations to be conduits of information.

For freight forwarders, the most popular sources are government officials not at the border/ enquiry points (e.g. gazette/email) (67 percent) and the internet (50 percent). For traders and freight forwarders these findings are consistent across gender.

**Figure 13. Top 4 Sources of Information on Changes to Official Border Regulations and Procedures**



Note: Traders can select more than one category, so totals may add to more than 100 percent.

**v. The National Trade Facilitation Committee (NTFC) and Membership in Trade/Industry Associations**

The NTFC’s role is to streamline procedures and implement trade facilitation measures at the national level. It is also an important mechanism for domestic coordination and stakeholder (public and private) engagement.

Related survey finding(s):

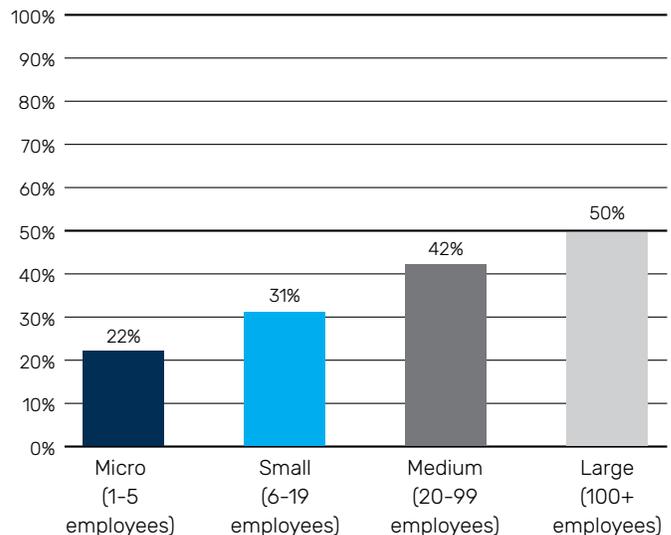
■ **Few traders know of the NTFC.** Only 16 percent of traders are aware of the existence of an NTFC in Vanuatu, with minimal gender differences identified. For freight forwarders, 75 percent (9 out of 12) stated that they are aware of the NTFC. Regardless of gender, 37 percent of traders that are aware of the existence of NTFC know that the committee has women members. This percentage falls to 22 percent (2 out of 9) for freight forwarders.

■ **Membership in trade/industry associations is relative-**

**ly low in Vanuatu.** Only around 30 percent of both women and men traders reported that they are a member of a business or trade/industry association. Regardless of gender, larger firms are more likely to be a member of a business or trade/industry association. More traders that engaged in cross- border trade longer are members of trade/industry associations. Thirty-eight percent of traders that have been engaged in cross-border trade for 10 years or more are members of a trade/industry associations compared to 23 percent of traders that have engaged in cross-border trade for 10 years or less.

Fifty percent of both women and men freight forwarders are members of industry associations.

**Figure 14. Membership in Industry/Trade Association by Firm Size**



**vi. Consultation Mechanisms**

A mechanism whereby stakeholders are consulted on any changes to official border processes and procedures can alleviate misinformation regarding planned changes related to their cross- border trade activities and can improve compliance. Equally important is a consultation mechanism that takes into consideration the feedback provided by stakeholders before any changes are implemented.

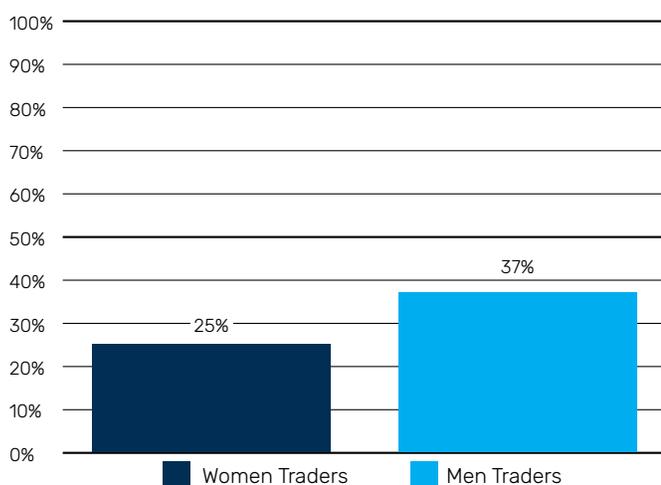
Related survey finding(s):

■ **Fewer women than men are regularly consulted on changes to official trade process than men, though, consultations are low overall except for freight forwarders.** Around 25 percent of women and 37 percent of men traders say that their business is regularly consulted. Eighty-three

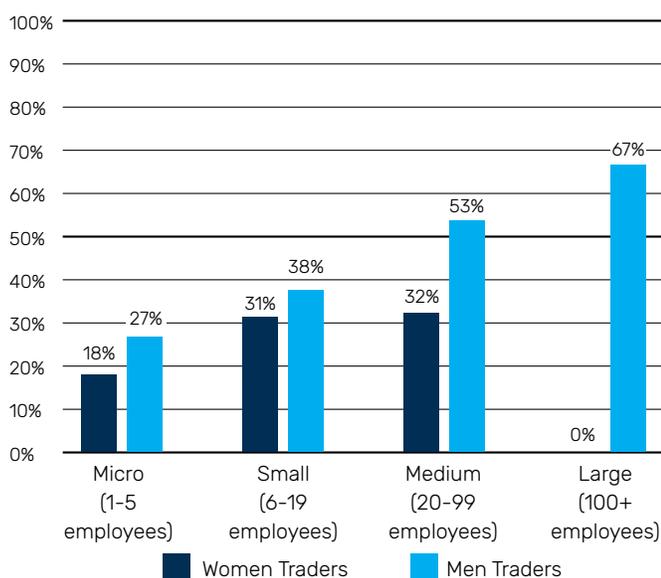
percent of freight forwarders reported that they are regularly consulted on changes to official trade process and procedures.

■ **Regardless of firm size, more men traders are regularly consulted than women traders.** The biggest gap is with the larger firm sizes where more men traders operating medium (53 percent) and large businesses (67 percent) are regularly consulted than women traders operating medium (32 percent) and no large-sized businesses. Traders that have been engaged in cross-border trade for 15 years or more (46 percent) reported a higher incidence of regular consultation compared to firms operating for 10-14 years (35 percent), 5-9 years (33 percent), and less than four years (24 percent).

**Figure 15. Regular Consultation by Gender**



**Figure 16. Regular Consultation by Firm Size and Gender**



■ **Of the traders consulted, government entities are identified as the main source of consultations (84 percent),** followed by trade/industry association (24 percent), and trade facilitation committees (22 percent). Of the freight forwarders consulted, government entities (70 percent) and trade facilitation committee (40 percent) are identified as the main sources of consultations.

■ **Fewer women than men believe their feedback is taken into consideration.** Of traders that reported that they are consulted on changes to official trade processes and procedures, 57 percent of women and 71 percent of men believe that their feedback is taken into consideration. Men traders operating medium to large (78 percent) firms are more confident their feedback is taken into consideration relative to women traders operating medium to large firms (29 percent). Of freight forwarders that are regularly consulted, 90 percent stated that their feedback is taken into consideration.

**vii. Electronic Import/Export Declarations**

Aimed at facilitating and reducing the cost of trade, the ability to submit import and export declarations through a Single Window, or other electronic systems, reduces time to comply with documentary requirements by functioning as a single point of entry/exit for all regulatory documentation for internationally traded goods. Benefits to traders include faster clearance times, transparent and predictable processes, and less bureaucracy. Studies have shown that in the presence of Single Windows, bilateral trade increases by about 37 percent.<sup>31</sup>

As of 2019, Vanuatu has fully implemented the electronic submission of customs declarations, has an automated customs system,<sup>32</sup> and an electronic Single Window is expected to be implemented by 2021.<sup>33</sup>

Related survey finding(s):

■ **Fewer women than men traders know whether it is possible to submit import/export declarations electronically** (i.e., through electronic Single Window systems or other electronic systems). Twenty-six percent of women and 41 percent of men traders reported that it is possible to submit declara-

<sup>31</sup> Martinez-Zarzoso and Chelala, 2020 (Online: <https://onlinelibrary.wiley.com/doi/abs/10.1111/twec.12945>)

<sup>32</sup> UN Global Survey on Digital and Sustainable Trade Facilitation (Online: <https://untfsurvey.org/economy?id=VUT&year=2019>).

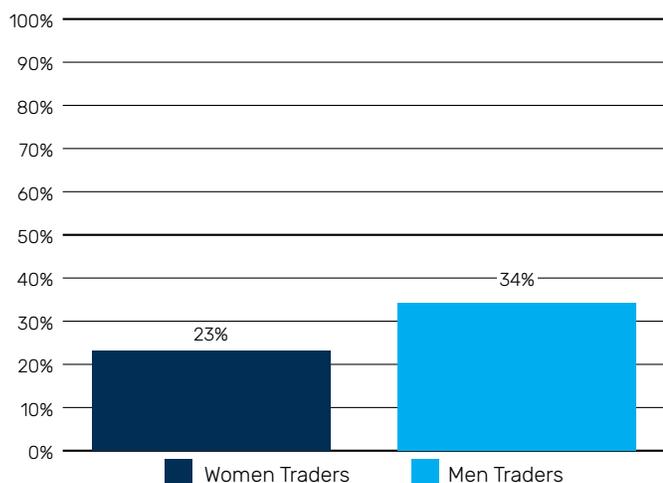
<sup>33</sup> Massing, A., "New Office for Vanuatu Electronic Single Window Project," 2019. (Online: [https://dailypost.vu/news/new-office-for-vanuatu-electronic-single-window-project/article\\_1d478070-1671-5435-8fee-9a9c205acf4b.html](https://dailypost.vu/news/new-office-for-vanuatu-electronic-single-window-project/article_1d478070-1671-5435-8fee-9a9c205acf4b.html)).

tions electronically. Sixty-one percent of woman traders do not know whether they could, which is significantly higher than the 44 percent of men traders who stated that they do not know whether an electronic system was available.

■ **Use of the electronic systems, and more so for women traders, is extremely infrequent.** Twenty-three percent of women and 34 percent of men traders reported that they used the electronic declaration system, with 11 percent of women and 18 percent of men traders using it 100 percent of the time and a further 7 percent of women and 12 percent of men traders using it 50 percent of the time.

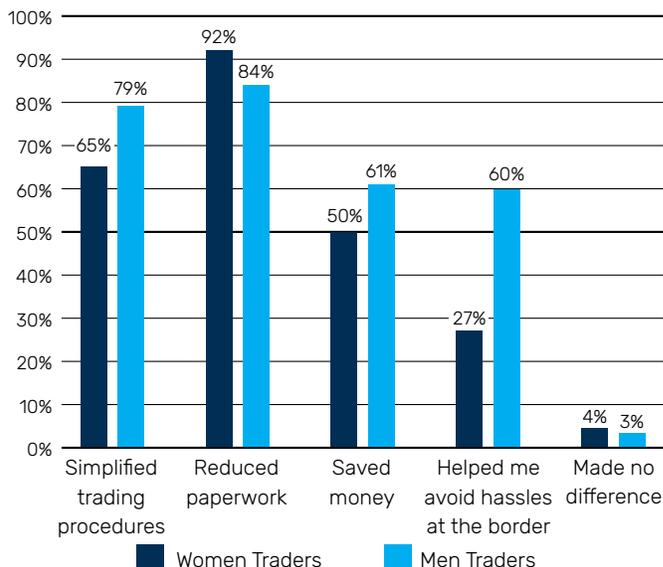
■ **More freight forwarders than traders are aware that electronic declaration submission is possible and make use of it.** For freight forwarders, over 90 percent reported that it is possible to submit import/export declarations electronically (i.e., through electronic Single Window systems or other electronic systems), with 50 percent using it 100 percent of the time.

**Figure 17. Usage of Electronic Import/Export Declarations System at Least 25 Percent of the Time**



■ **Traders report various benefits to submitting declarations electronically.** Women traders that use the electronic declaration system reported that it assists their business by reducing paperwork (92 percent), simplifying trading procedures (65 percent), and saving money (50 percent). More men (60 percent) than women (27 percent) traders nominated the reason the system helps to avoid hassles at the border. This was irrespective of whether the trader regularly visited the border.

**Figure 18. Benefits of Submitting Declarations Electronically**



*Note: Traders can select more than one category, so totals may add to more than 100 percent.*

**viii. Pre-Declaration of Goods**

Pre-declaration of goods allows traders to notify border authorities of future arrival of goods and enables traders to save time if done correctly.

Related survey finding(s):

■ **Fewer women than men traders know of the pre-declaration process in Vanuatu.** Thirty-three percent of women and 48 percent of men traders reported that Vanuatu Customs allows pre-declaration of shipments prior to arrival at the seaport or airport, with a further 57 percent of women and 41 percent of men traders stating that they do not know whether customs allowed pre-declaration. The remaining traders say customs does not allow pre-declaration at all.

■ **Less than half of the firms in Vanuatu pre-declare their shipments, but of those that do pre-declare, many do it either 50 percent or 100 percent of the time.** Forty-five percent of men and 28 percent of women traders stated that their business pre-declares shipments to customs prior to arrival at the seaport or airport. Seventy-two percent of women traders that pre-declare stated that they make pre-declarations all the time compared to 68 percent of men traders.

■ **While more freight forwarders than traders know that pre-declaration is available, the frequency of doing so is also relatively low among freight forwarders.** Seventy-five

percent of women and men freight forwarders reported that Vanuatu Customs allow pre-declaration of shipments prior to arrival at the seaport or airport. Twenty-two percent of traders that pre-declare do so 100 percent of the time. The rest that pre-declare do so 50 percent of the time.

- Traders that do not pre-declare either find no benefits to pre-declaring or find the instructions unclear.

### ix. Electronic Payments

Vanuatu introduced an e-payment platform in 2019 for electronic payments of customs fees and charges.<sup>34</sup> The system is fully automated and also generates receipts for all electronic payments.

Using cash for payment carries risks such as theft and threats to personal safety and may increase the likelihood of corruption and the payment of “speed money”. In addition, clearance times for checks and money orders may tie up working capital, which can pose constraints on smaller firms.

Related survey finding(s):

- **Around half of both women and men traders are unsure whether official fees associated with cross-border trade can be paid electronically.** Thirty-one percent of traders reported that all or some official fees associated with cross-border trade can be paid electronically, and the rest believe that electronic payments are not possible at all. Almost 60 percent of micro traders are not sure whether official fees could be paid electronically, significantly higher than small (44 percent) and medium (32 percent) size businesses. Albeit smaller in number, 50 percent (8 out of 16) of large firms also are not sure whether fees can be paid electronically.

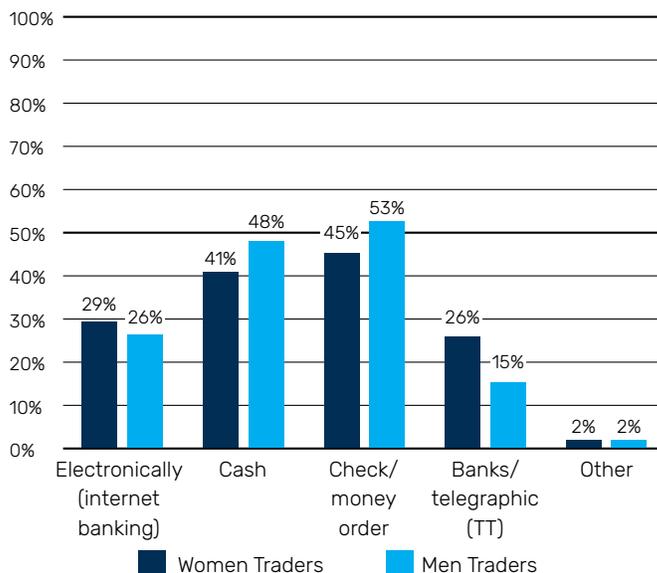
- **The most frequently used methods of payment for official fees and charges relating to goods are check/money order (50 percent) and cash (46 percent).** Internet banking is used by 27 percent of traders. Minimal gender differences are identified apart for more women using banks/telegraphic transfer than men.

- **Similarly, freight forwarders are unsure whether official fees can be paid electronically.** Seventeen percent of freight forwarders reported that all official fees associated with cross-border trade can be paid electronically, with another 58 percent indicating only some official fees can be paid electronically. Freight forwarders’ most frequently used

<sup>34</sup> Daily Post, “Vanuatu becomes first Pacific country to implement Customs Online Payment”, 2019 [Online: [https://dailypost.vu/news/vanuatu-becomes-first-pacific-country-to-implement-customs-online-payment/article\\_1b805d34-aa50-52c6-805f-495b693d2493.html](https://dailypost.vu/news/vanuatu-becomes-first-pacific-country-to-implement-customs-online-payment/article_1b805d34-aa50-52c6-805f-495b693d2493.html)].

methods of payment for official fees and charges relating to goods are cash (67 percent) and check/money order (58 percent). Internet banking is also used by 33 percent of freight forwarders. Neither of the two women freight forwarders surveyed pays cash.

**Figure 19. Methods of Payment for Official Fee and Charges**



Note: Traders can select more than one category, so totals may add to more than 100 percent.

- **More traders than freight forwarders receive receipts every time they pay official fees and charges.** Over 90 percent of women and men traders reported that they receive receipts 100 percent of the time for all fees and charges that are paid. Sixty-seven percent of freight forwarders reported that they receive a receipt every time, and 33 percent stated they received receipts only half the time.

- **Payment of unofficial fees is infrequent.** Two percent of traders reported that they paid speed money or unofficial fees to facilitate the processing of shipments in the last year, with 5 percent declining to answer the question. Slightly more men paid speed money than women (2 percent and 1 percent respectively). Three percent of micro firms, 1 percent of small firms, 1 percent of medium firms, and no large firms reported paying unofficial fees. No freight forwarder reported paying speed money or unofficial fees to facilitate the processing of shipments in the last year.

- **While unofficial fees are rarely paid, the fees can constitute a sizeable share of the value of the business’ goods.** Of 2 percent of traders that have paid unofficial fees, 50 percent (3 out of 6) estimate that the unofficial fees cost less

than 5 percent of the value of their goods, 17 percent (1 out of 6) estimates it cost 5-10 percent of the value of their goods, and 33 percent estimate that it cost more than 10 percent of the value of their goods.

#### **x. Detention of Goods**

Generally, customs has the power to search imports and exports and exclude, detain and/or seize, and destroy counterfeit and infringing products. To avoid time and financial loss to traders, best practice is for customs to promptly inform traders that goods have been detained for inspection.

Related survey finding(s):

■ **Slightly fewer women than men traders have had their goods detained without being promptly informed.** Only 11 percent of traders in Vanuatu could recall whether they have had their goods detained without being promptly informed, with slightly fewer women (6 percent) than men traders (13 percent). Overall, 4 percent of all traders reported that they have had goods detained 50 percent of the time. More firms of micro (13 percent) and small (14 percent) size stated they have had their goods detained than medium (3 percent) or large-sized firms (6 percent). Traders importing and exporting animal and vegetable products were more likely to have their goods detained. Fifty percent (6 out of 12) of freight forwarders reported that they have had goods detained. Two freight forwarders stated goods were detained 50 percent of the time, with four freight forwarders stating 25 percent of the time.

■ Men traders that have had goods detained are more likely to state that the reason was related to customs/declaration/valuation/classification issues (46 percent) compared to women traders (14 percent). Twenty-nine percent of both women and men traders reported that a reason for goods being detained was a problem with quarantine.

#### **xi. Official Grievance Procedures**

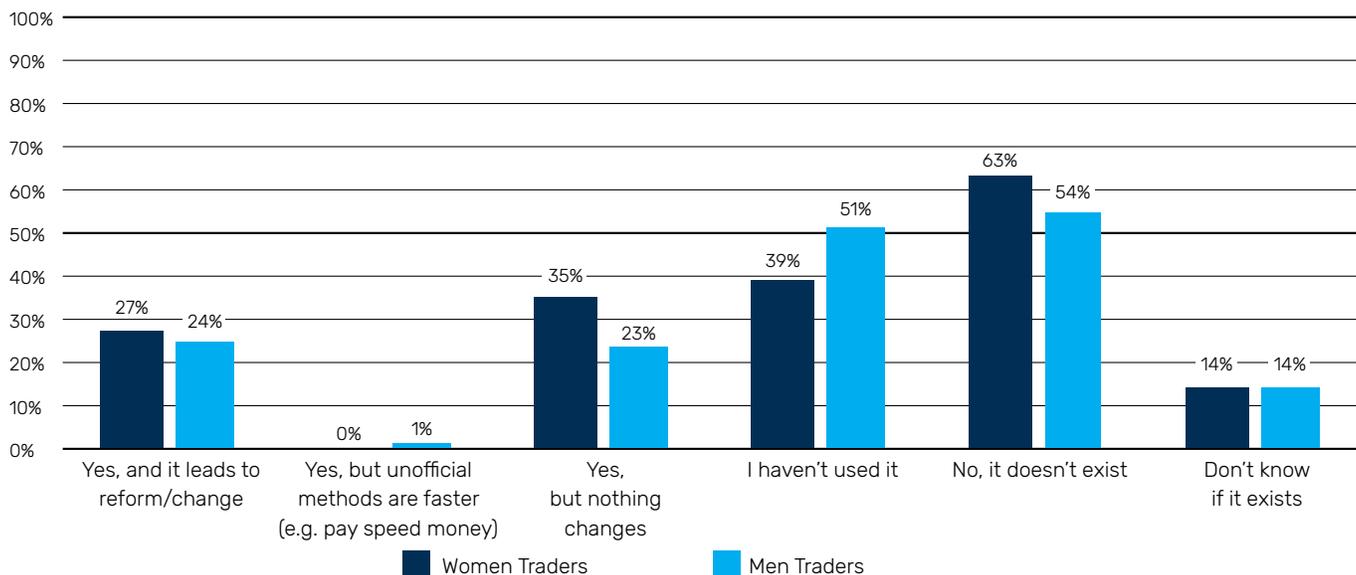
An official grievances mechanism is important to enable traders to contest and appeal against border agencies' decisions regarding a detained shipment or non-compliance.

Related survey finding(s):

■ **The awareness level for women traders on whether a formal grievance procedure is available is lower than men traders** (albeit its awareness is low with both genders). Only 23 percent of women and 32 percent of men traders are aware that there is a formal grievance procedure available if consignments are withheld. Of those that are aware the procedures exist, 48 percent have not used it (51 percent of men and 39 percent of women). About 25 percent of traders that aware of the existence of such procedures indicated that it leads to reform and change.

■ Forty-two percent of freight forwarders (5 out of 12) reported that a formal grievance procedure is available if consignments are withheld. None of the freight forwarders surveyed have used the system.

**Figure 20. Traders' Awareness and Opinion of the Existence of Official Grievance Procedures**



Note: The percentages for the first four categories are based on the sample population subset that responded “yes, there are formal complaint/grievance procedures in place” (i.e., N=86 for men traders and N=26 for women traders). The percentages for the remaining two categories are based on the overall sample population (i.e., N=266 for men traders and N=114 for women traders) as a proportion of all traders that either believe the procedures do not exist or do not know whether they exist.

**xii. Safety and Security at the Border**

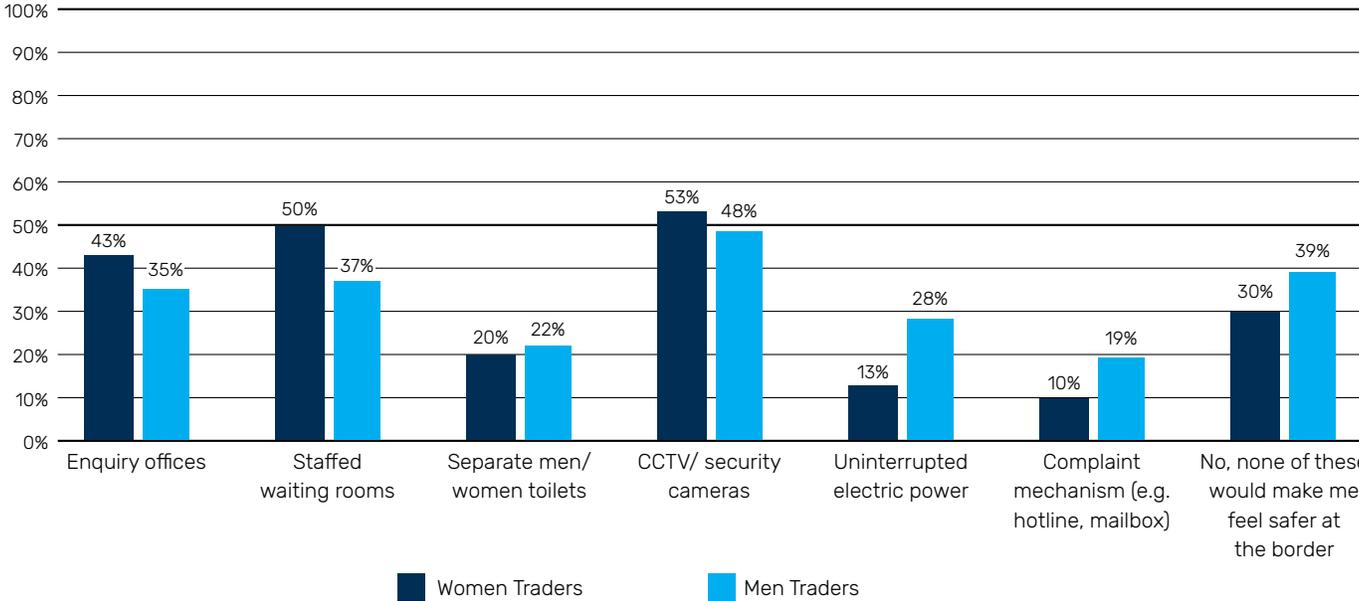
Safety and security issues at the border can arise from unwelcome attention, requests for favors, and other verbal or physical conduct by both officials and non-officials. These behaviors create and foster hostile or offensive environments that may impact a trader’s ability or desire to undertake trade.

Related survey finding(s):

■ **Traders that go to the borders to undertake cross-border trade generally feel safe, though a small number of men traders and an even smaller number of women traders feel unsafe at the borders they most frequently visit.** Sixty-five percent of traders in the overall sample reported that they do not go to the seaport or airport. Of those that go to the border, only 7 percent of traders have felt unsafe sometimes or half the time when visiting borders, with slightly more men reporting so (8 percent) than women (3 percent). Of the 7 percent of traders that have felt unsafe, they attribute it to the border being too crowded, there being no clear organization, harassment by officials/police/others, or another unstated reason. This behavior, however, does not happen every time. All freight forwarders that visit borders (e.g. airport or seaport) reported that they feel safe. Thirty-three percent of freight forwarders do not go to the border.

- The majority of traders (almost 95 percent) that undertake processes at airport or seaport reported that they experience no harassment at the border.
- **Border officials are generally identifiable.** Only 4 percent of traders that visited borders reported that it is not always clear who is an official. All freight forwarders that visited borders reported that officials are identifiable as they were work uniforms for identification.
- The majority of traders and freight forwarders reported that the seaport/airport they most frequently use has enquiry offices, CCTV/security cameras, staff waiting rooms, separate men/women toilets and complaint mechanism. Forty-three percent of traders reported that the facilities have uninterrupted electric power.
- Traders stated that an improvement in CCTV/security cameras (49 percent) and staff waiting rooms (40 percent) at seaport/airports would make them feel safer and more comfortable. Improvements in staff waiting room was highlighted more by women traders (50 percent) compared to men (37 percent).

**Figure 21. Traders Would Feel Safer/More Comfortable if the Seaport/Airport Had More**



*Note: Traders can select more than one category, so totals may add to more than 100 percent.*



Cocoa produced by farmers  
on the Vanuatu Island of Malekula  
© Tom Perry / World Bank



Port Vila, Vanuatu  
© Asia Travel/  
Shutterstock

# 4 Recommendations based on survey responses

The survey has highlighted several areas that could be addressed by the Government of Vanuatu to improve the trade facilitation environment in the country. The following recommendations relate to the trade facilitation quality and experience of traders and freight forwarders when importing or exporting goods. Specific emphasis in the recommendations has been made to address some asymmetric gender barriers that occur in cross-border trade.<sup>35</sup>

## 1. Reduce time to release goods.

The time to release goods for imported goods was found to be three days or less for most traders, with not much difference observed between men and women. More concerning is the significant delay (more than 10 days) for the release of imported goods experienced by micro and small firms. Clearing goods at customs efficiently and expediting the release of goods at the border reduces time and trade costs for businesses.

For freight forwarders, the time to release imported goods was fast and took less than a day.

Recommendations for reducing the time required to release goods include:

- Remove import/export paper declarations and ensure traders submit documentation via electronic platforms, especially among women traders for whom the survey results indicate that fewer women than men traders know whether it is possible to submit import/export declarations electronically. In addition, target women traders, in particular, on the possibility and benefits of electronic submissions.
- Expedite and publicize the roll-out of customs automation and fully implementing a national Single Window.
- Introduce universal pre-declarations where goods can be risk assessed and any inspections planned for, so that goods can be released immediately upon arrival. This is a preferred method over ad hoc inspections or inspections of a very high percentage of shipments. Establishing a risk management system will lead to

<sup>35</sup> The survey results indicate that women traders are more likely to be trading in goods with high tariffs. There is an opportunity to reduce tariffs to increase women's income (see WBG and WTO, *Women and Trade: The Role of Trade in Promoting Women's Equality, 2020*), but specific recommendations related tariffs are not included in this report because tariffs fall outside the scope of the WTO TFA.

<sup>36</sup> See the WTO TFA database for more details of notifications for Vanuatu (Online: <https://tfadatabase.org/members/vanuatu>).

clearing times being reduced further, and it is currently in the planning stages. According to Vanuatu's notifications to the WTO, it is not expected to be implemented before 2030, but expediting it may have a significant impact on clearance times.<sup>36</sup>

- Reassess opening hours of customs and other border authorities to assure that they align with the needs of traders and freight forwarders (see **recommendation #7** for more details).
- Coordinate interventions of any physical inspection of goods between customs, health, agriculture, trade, and environment authorities.
- Provide information and training for border officials on the WCO guidelines on expediting the release of certain small and low value consignments using Immediate Release Guidelines and applying de minimis regimes.<sup>37</sup>
- Use Time Release Studies to measure actual time from arrival to the physical release of goods and to identify bottlenecks and inefficiencies in the border processes, and resultantly, reforms to be made to address these bottlenecks.<sup>38</sup> This is particularly important to identify and remedy significant delays faced by micro and small traders.
- Conduct regular trainings and capacity building workshops and licensing of border officials are important mechanisms to ensure border agents are up-to-date on operating processes and procedures to efficiently adhere to guidelines and minimize processing times at the border.

## 2. Better disseminate information on the NTFC to increase awareness of the importance and usefulness of such the body. Further, encourage membership in trade/industry associations.

Despite having an NTFC, the majority of traders do not know of its existence. Given the importance of the NTFC for planning and implementing trade facilitation reforms, as well as for public-private consultations, priority should be given to

<sup>37</sup> See WCO Immediate Release Guidelines (Online: <http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/immediate-release-guidelines/immediate-release-guidelines.pdf?db=web>).

<sup>38</sup> See WCO Guide to Measure the Time Required for the Release of Goods (Online: [http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time\\_release\\_study.pdf?db=web](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time_release_study.pdf?db=web)).

its preparation and establishment. Raising awareness of the body among private sector stakeholders is critical. At the same time, membership of trade/industry associations is low among traders and needs to be increased so that traders can gain access to broader networks, resources, expertise, and collective power. No gender differences were observed.

Recommendations should focus on the following:

- Increase trade and industry representation in the NTFC to ensure that the trade facilitation needs of traders and freight forwarders will be taken into consideration when reforms are proposed.
- Draft a communication strategy for trader/industry associations and the local chamber of commerce to increase their membership and to promote and raise awareness of the NTFC and its important role in trade facilitation to its members.

### **3. Introduce and/or strengthen formal trade consultations between customs and representatives of trading communities to consider the needs of the business community.**

While a large proportion of freight forwarders were regularly consulted on changes to official trade processes and procedures, most traders are not, or do not know if they were. This points to a need for strengthening or introducing formal trade consultations between customs and traders directly through meetings with representatives via trade/industry associations. This can be achieved through the formation of a formal consultative committee representing all parties involved in cross-border trade.<sup>39</sup> Furthermore, the results found that men traders operating medium to large firms are more confident their feedback is taken into consideration relative to women traders operating medium to large firms. Not only is it important to consult with the private sector, but it is equally (if not more) important to take their feedback into consideration. To this end, a way to address any disadvantages faced by women traders during consultation processes is to promote more women representation in trade/industry associations and in the NTFC to ensure that any gaps between men and women are narrowed. Trade and industry associations can also be harnessed as conduits for information.

<sup>39</sup> See the *Trade Facilitation Implementation Guide* for further details (Online: <http://tfig.unece.org/contents/formal-trade-consultation.htm>).

### **4. Increase awareness of electronic import/export declarations, fully implementing the pre-declaration of goods and ensuring a risk management system is in place.**

Despite Vanuatu having fully implemented electronic import/export declarations, only a small proportion of traders and freight forwarders make use of electronic declarations and many are unaware that it was possible. General awareness and use among women traders are low. Increasing awareness and communicating the time saving benefits to the trading community is an important recommendation. This can be achieved through industry representatives in trade associations and through the NTFC, as well as targeting women-focused trade associations to reduce the information gap that women traders face.

A low level of awareness of pre-declarations processing is consistent with partial implementation. Encouraging the use of pre-declarations and ensuring that traders and freight forwarders are informed of customs automation will assist Vanuatu to reduce the time required to release goods once at the border.

### **5. Increase visibility around the electronic payments of official fees.**

Vanuatu introduced an electronic payments system in 2019, but the survey showed that around half of traders are unsure if official fees can be paid electronically. For both traders and freight forwarders, cash/check is still the most frequent method of payment of official fees and charges. Further, six traders (2 percent of the overall sample) stated they have paid unofficial fees in the last year. Of those, two firms reported that these unofficial fee payments cost greater than 10 percent of the value of their businesses' goods, and they were firms of micro size. While the sub-sample size is small, for these micro firms, their cost of trading across borders and doing business is higher than they should be due to these payments of unofficial fees.

It is recommended that customs publicize official fees and charges through trader associations, media, and other relevant outlets to minimize illegal payments. Electronic payments can also help to reduce the payment of unofficial fees as traders no longer have to interact with border officials in person.

## 6. Strengthen official grievances procedures.<sup>40</sup>

Awareness of any official grievance procedure is low among traders and freight forwarders. In Vanuatu, traders and freight forwarders can appeal to the courts against the seizure of goods under Customs Act no. 7 of 2013.<sup>41</sup> However, Government of Vanuatu should ensure that an appeals system meets the implementation guide set out under the Revised Kyoto Convention<sup>42</sup> whereby there are three steps to appeal prior to going to the courts:

- The right to request the reason for the decision/ omission,
- The right of an initial appeal to the customs,
- The right of further appeal to an authority independent of the customs, and
- The right of appeal to a judicial authority.

## 7. Better align port opening hours with traders' needs.

In general, women and men traders did not see port opening hours as restrictive to their ability to trade. In comparison, around half of the freight forwarders surveyed reported that opening hours are restrictive. Since many of the traders use freight forwarders for their cross-border operations, ultimately traders will benefit from less restrictive opening hours. It is recommended that port opening hours be set in consultation with freight forwarders and traders so that any costs are mitigated.

## 8. Improve consistency in the implementation of border processes and procedures through enhanced training of border officials.

The survey results highlight that fewer women than men traders believe border processes and procedures are consistently implemented. Regular training and capacity building for Customs and other border agency staff is important for the implementation of standards, procedures, and regulations. This can mitigate any inconsistencies in implementation and significantly increase traders' border and documentary compliance and reduce average times to clear Customs.



The beach near Taremb Maleikula Island, Vanuatu  
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<sup>40</sup> See UN Trade Facilitation Implementation Guide for further information and guidance on the implementation and establishment of an appeals system (Online: <http://tfig.unece.org/contents/appeals.htm>).

<sup>41</sup> Customs Act No. 7 of 2013 (Online: <https://fju.gov.vu/docs/Customs%20Act%20No.%207%20of%202013.pdf>).

<sup>42</sup> The Revised Kyoto Convention is an international convention on the simplification and harmonization of Customs procedures – otherwise known as the blueprint for modern and efficient Customs procedures (see: [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx)).



Traders' main export category  
is agriculture products  
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# Annex 1

## Methodology

## Questionnaire

Feedback from Focus Group Discussions in Malawi, Zambia, Fiji, and Vietnam with women and men traders, and meetings with government stakeholders, civil society organizations and private sectors representatives helped the team in developing the survey questionnaire. The trader survey rolled out in the Pacific Island region contains 52 questions, is divided into eight sections, and is largely focused on areas related to the WTO Trade Facilitation Agreement, including, but not limited to access to information, electronic payments, seizure of goods, pre- declaration, and the National Trade Facilitation Committee. Some questions outside the scope of the WTO TFA – such as on safety at border posts – are included in the survey to better understand the cross-border trading environment in each of the countries. A simplified questionnaire (with 46 questions) is used for freight forwarders.

## Master List

A master list of trading firms was created for the survey based on the complete list of active traders in 2018 that was provided by the Customs Administration in Vanuatu. NGOs, and diplomats were removed from the list. The list provided included company names and contact details. Not included were the names of owners, ownership shares, or the gender of owners.

The master list of traders contained a total of 2,887 firms. Remediation work was undertaken to identify duplicates and remove entries that were individuals importing/exporting (i.e., not businesses). The list was supplemented by Tebbutt Research field team members on the ground in Vanuatu who used hard and electronic copies of telephone directories and conducted door- to-door visits. Online searches for a number of firms that did not have a valid listed telephone was also undertaken.

From the master list, 550 entries were removed through the remediation work, leaving a balance of 2,337 listings for the survey. The reasons for the removing contacts from the master list are shown in the **table 2**, with a large component removed as they were duplicate entries or not a trading business. The addition of four traders identified by the local field team provided a final field list of 2,341 traders to survey.

A list of 21 freight forwarders using the online source [customsinlandrevenue.gov.vu](http://customsinlandrevenue.gov.vu) was constructed. Three duplicate listings were removed to develop a final usable survey list of 18 freight forwarders.

**Table 2. Usable Listings for Survey**

<b>Initial list supplied</b>	<b>2,887</b>
Less removals	
Agents / not traders	109
Duplicates	359
No valid contact (no email)	35
No contact number (Emailed- no response)	47
<b>Total removals</b>	<b>550</b>
Usable listings for field survey	2,337
Supplemental list exercise	4
<b>Final field list</b>	<b>2,341</b>

## Sampling Strategy

All active cross-border traders with valid contact information were contacted to participate in the survey in Vanuatu. Interviews were undertaken using computerized aided telephone interviewing (CATI), where traders are selected on a random basis and contacted by enumerators. The enumerators used a call schedule protocol that enabled a wide range of times of day and days of week to call firms, maximizing the chances of reaching respondents. Each phone number was attempted three times a day for the period of the survey before treating the number as “not available”.

A total of 2,341 firms were contacted by phone with 380 firms successfully interviewed (266 men and 114 women-led firms). Interviews were conducted in English by telephone. There were 136 interview refusals, 999 no call answers, 293 disconnected numbers, 25 where the trader did not speak English, 145 wrong phone numbers, 180 not eligible for the study, and 182 unable to successfully reach the manager or owner. **Table 1** provides a breakdown of trader interviewees by gender and size.

All 18 freight forwarders contained on the list were contacted, and 12 were interviewed. There were three interview refusals and three no answers.

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