



OECD Trade Facilitation Indicators: The Potential Impact on Developing Countries' Trade

Qingdao, 12 May 2014



OECD TFIs

- What is the Impact of TF Measures on Trade Flows and Trade Costs ?
- Follows the structure of the Draft Consolidated Negotiating Text, updated following the conclusion of the TFA
- Aiming to provide a basis for prioritising trade facilitation actions by governments
- Helping mobilise technical assistance by donors in a targeted way

TFI structure

Import/export TFIs	Transit TFIs
a. Information availability	m. Transit fees and charges
b. Involvement of the trade community	n. Transit formalities
c. Advance rulings	o. Transit guarantees
d. Appeal procedures	p. Transit agreements and cooperation
e. Fees and charges	
f. Formalities - Documents	
g. Formalities - Automation	
h. Formalities - Procedures	
i. Border agency cooperation - internal	
j. Border agency cooperation - external	
k. Consularization	
l. Governance and impartiality	

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Extensive coverage

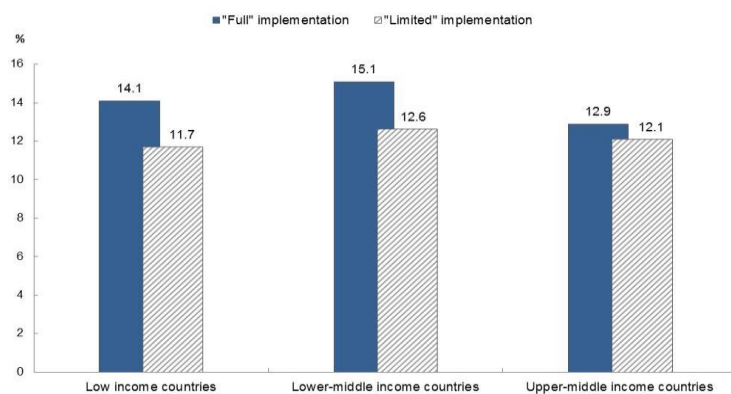
- Covers the full spectrum of border procedures - from advance rulings to transit guarantees
- 133 countries at different stages of development
- Extensive data collection process: Customs websites and regulation, publicly available databases, collaboration with countries' Permanent Delegations to the WTO
- Focus on country groups: income groups, geographic groups, regional economic partnerships groups

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Potential trade cost reduction of implementing the TFA by Income Group



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Potential Impact on trade costs of implementing the TFA

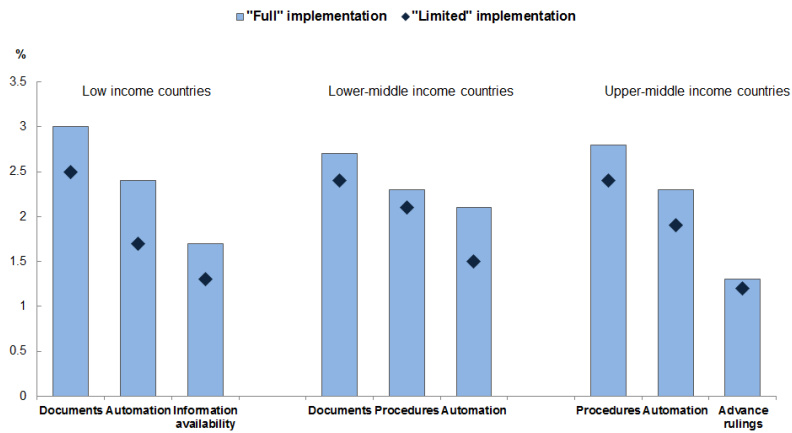
- **Harmonising and simplifying trade documents** would reduce trade costs by 3% for low income countries and by 2.7% for lower middle income countries (2.5% and 2.4% respectively in a "limited" implementation scenario).
- **Streamlining border procedures** would bring further trade costs reductions of 2.8% for upper middle income countries and 2.3% for lower middle income countries (2.4% and 2.1% respectively in a "limited" implementation scenario).
- **Automating trade and customs processes** would also reduce trade costs by 2.4% for low income countries, 2.3% for upper middle income countries and 2.1% for lower middle income countries (respectively 1.7%, 1.9% and 1.5% in a "limited" implementation scenario).
- **Ensuring the availability of trade-related information** would generate cost savings of 1.7% for low income countries (1.3% in a "limited" implementation scenario).
- **Advance rulings on customs matters** would also bring cost reductions of 1.3% for upper middle income countries (1.2% in a "limited" implementation scenario).

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Potential trade costs reductions for the "top three" sets of measures



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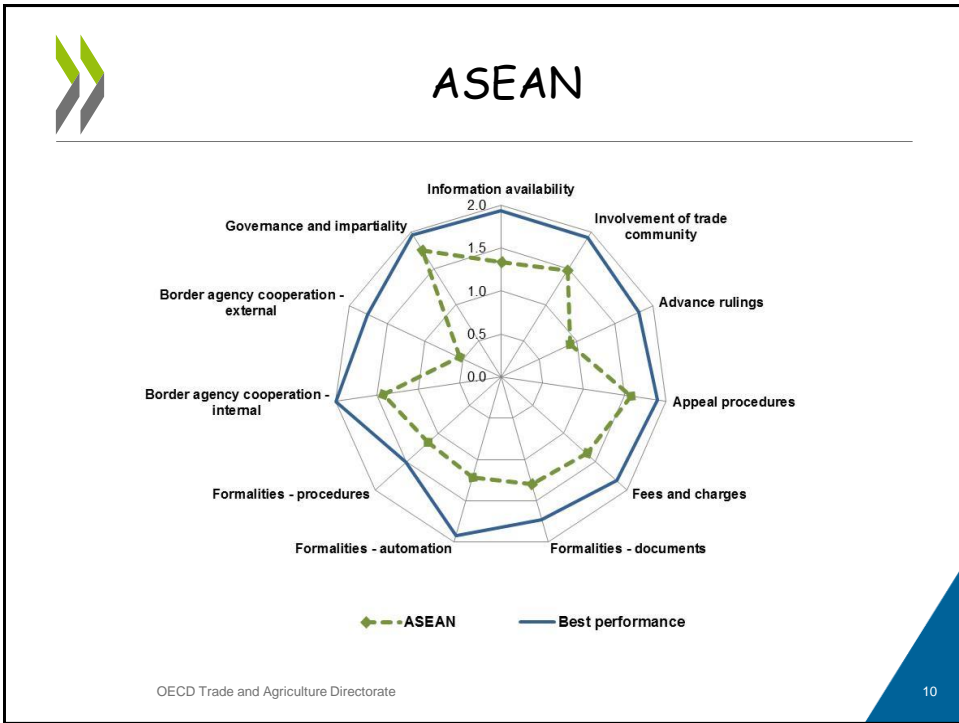
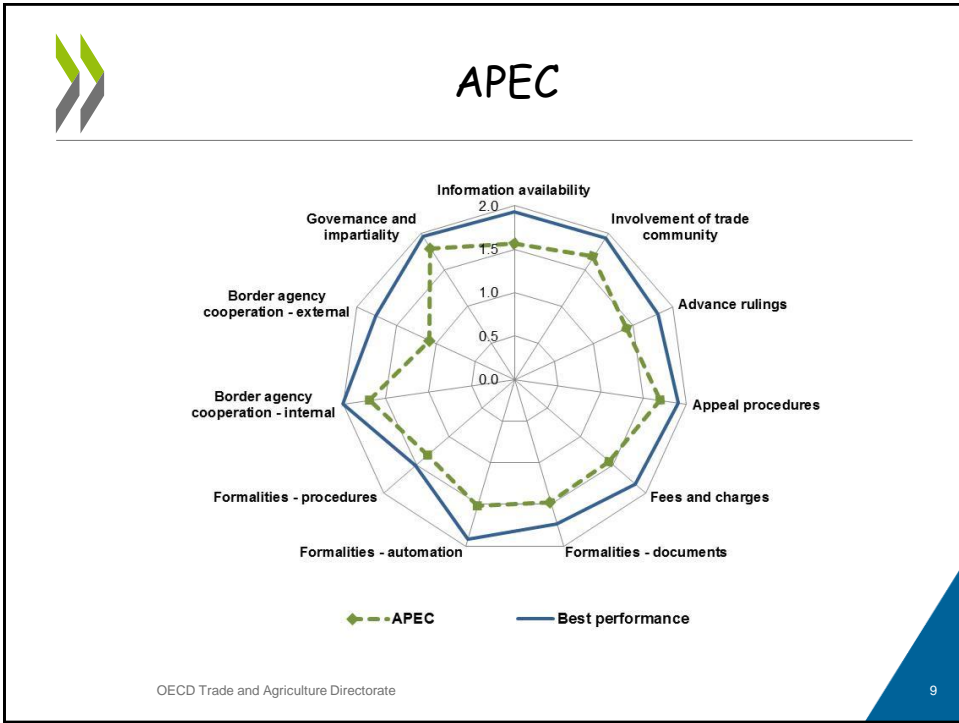
Application to Regions and countries

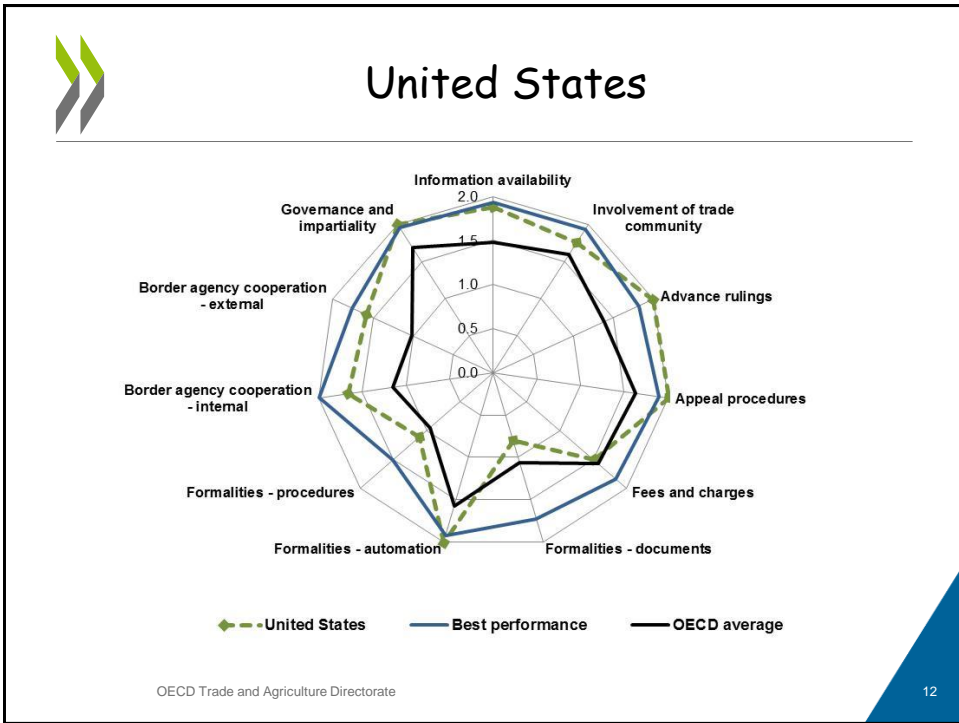
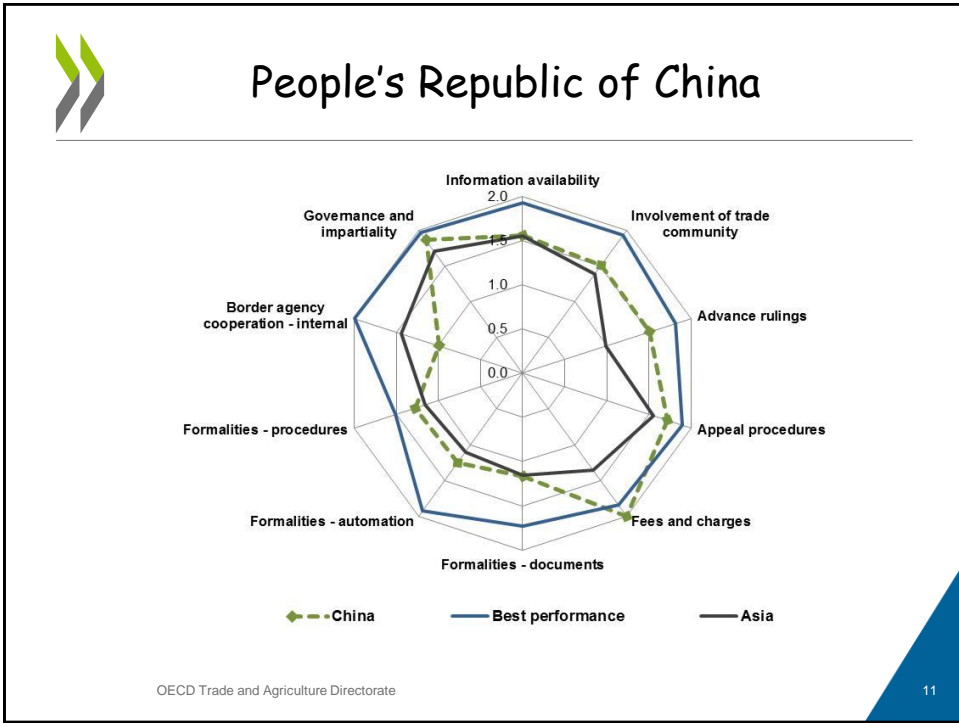
The trade facilitation indicators are a **tool** that allows exploring the importance of trade facilitation performance across different:

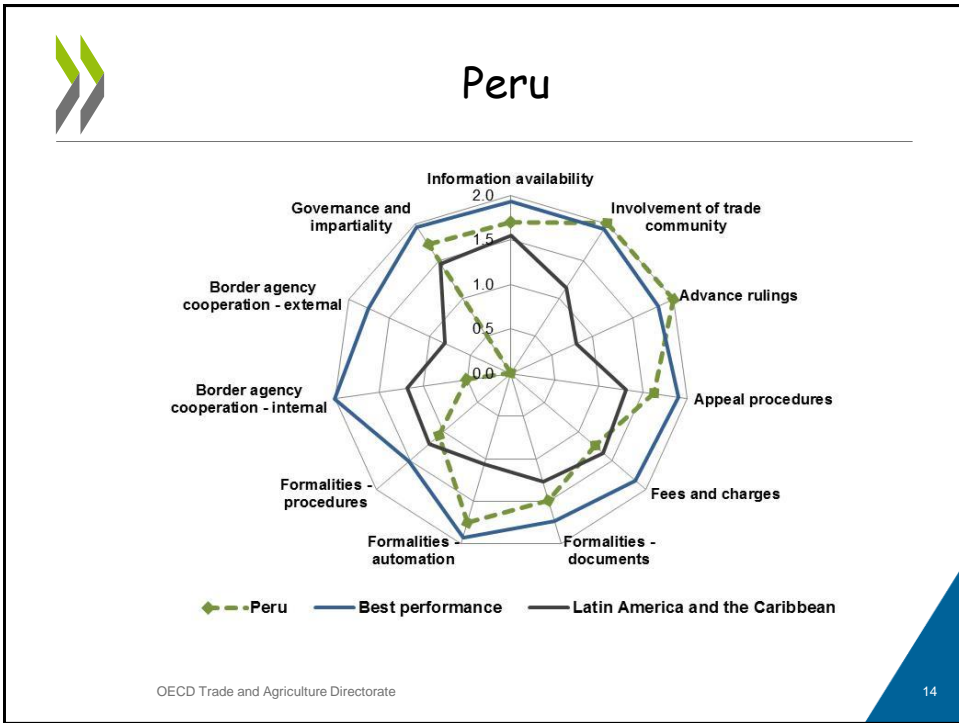
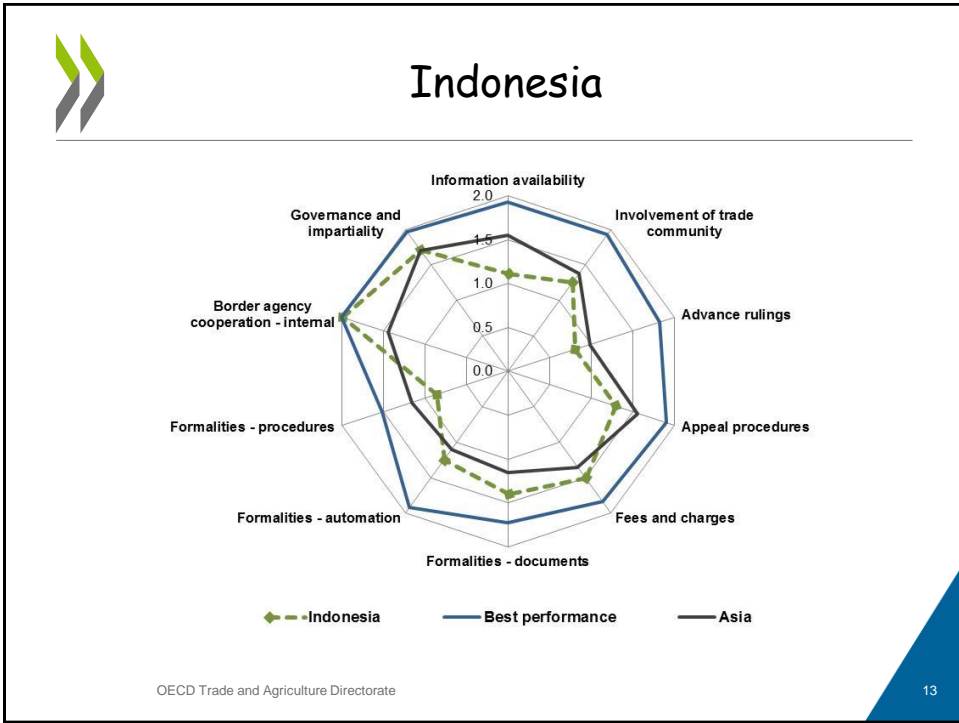
- **regions**
- **countries**

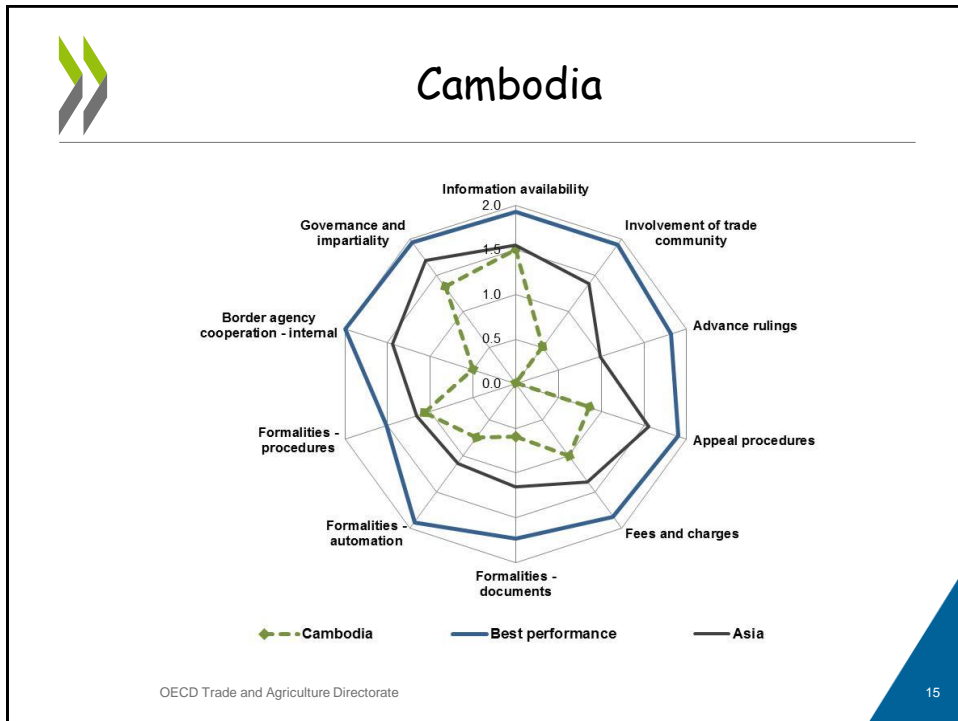
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How can these findings be put into practice?

- The use of the **indicators** in this proposed framework should enable countries sharing similar characteristics to better assess which trade facilitation dimensions deserve priority
- This **empirical evidence** provides useful information to guide policymakers, private sector practitioners and other stakeholders on which might be the areas for which resource allocation could bring the highest benefits
- The set of **variables** identified shows that some measures for which costs are considerably lower than for larger infrastructure projects can bring high benefits (e.g. the simplification and harmonisation of documents, increasing information availability)



Trade Facilitation Costs and Challenges

Measures that are **expensive** to put in place



...thus requiring **financial support**



Equipment and infrastructure (including IT systems and Single Window mechanisms) were highlighted as the **most expensive elements of trade facilitation**

Measures that are **relatively inexpensive** (costs can be considerably lower than for larger infrastructure projects – e.g. simplification and harmonisation of documents, increasing information availability)



...but highlighted as requiring **sustained political commitment to adopt and maintain over the long term**



Countries covered report **training** as the most important area: **fundamental role in bringing about sustained change in the business practices of border agencies**

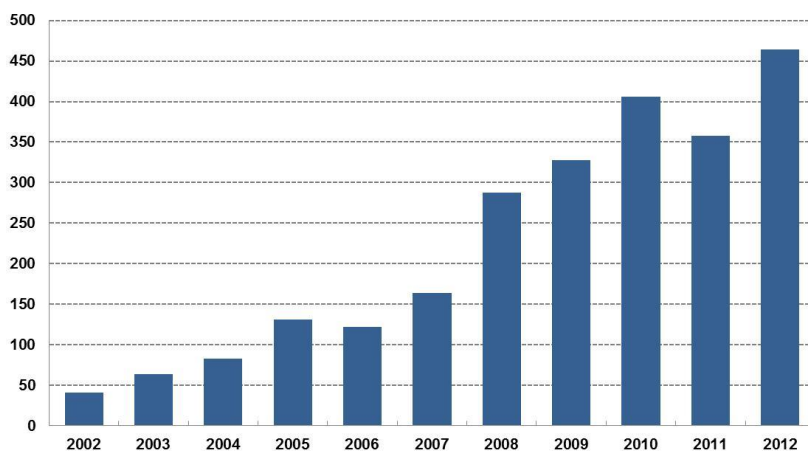
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Aid for Trade Facilitation

Commitments 2002-2012 (USD millions, 2012 constant prices)



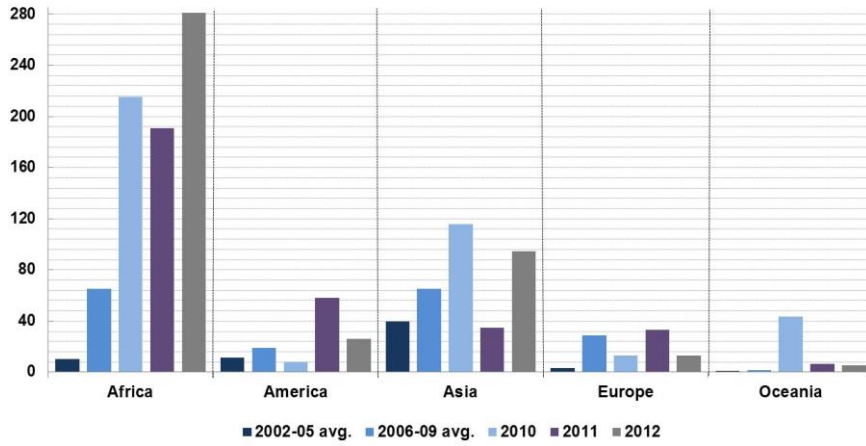
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Aid for Trade Facilitation by Region

Commitments 2002-2012 (USD millions, 2012 constant prices)



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