

**Trade Facilitation, Single Window  
and the  
Doha Development Agenda:  
*A Key Link is Aid-for-Trade Facilitation***

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Seoul Symposium on Trade Facilitation and the Doha Development Agenda  
Ministry of Foreign Affairs and Trade, Korea Chamber of Commerce and Industry

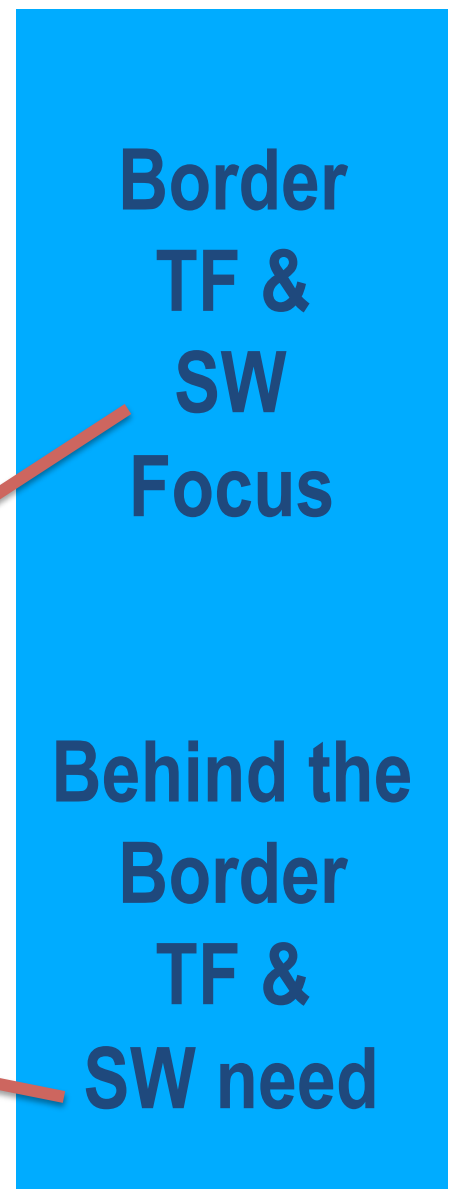
Korea November 2012

# Linking DDA, TF, SW, AfTF

- **Market Access and Trade Facilitation**
  - Most tariffs are low, so...
  - trade costs are key barriers for market access
- **Trade Facilitation and Single Window**
  - Single Window focuses on ‘border’ TF, but ...
  - SW depends on ‘behind the border’ TF too.
- **Aid and Trade Facilitation**
  - Small, targeted, amounts can yield large trade gains...
  - How to develop a country-specific, supply-chain focused, aid-for-trade-facilitation strategy

# Trade Facilitation = Supply Chain

- **Logistics costs**
  - Account for 30 % of shipment (Subramanian and Arnold)
- **Port congestion**
  - 10% increase in capacity lowers costs by 9%. (Abe and Wilson)
- **International shipping costs**
  - greater than tariffs paid for most US trading partners (GEP)
- **Administrative & customs costs**
  - add 20 % (IBRD Brazilian port study)
- **Time and Distance**
  - One day additional reduces exports by 1% (Djankov, Freund and Pham)
- **International standards & regs**
  - ISO raises exports & probability of exporting (Ferro)
- **Inventory finance**
  - Raises production costs by 20% (Gausch and Kogan)
- **Internet connectivity**
  - Raises exporter premium (Ferro)



# Single Window is ICT, Finance Intensive

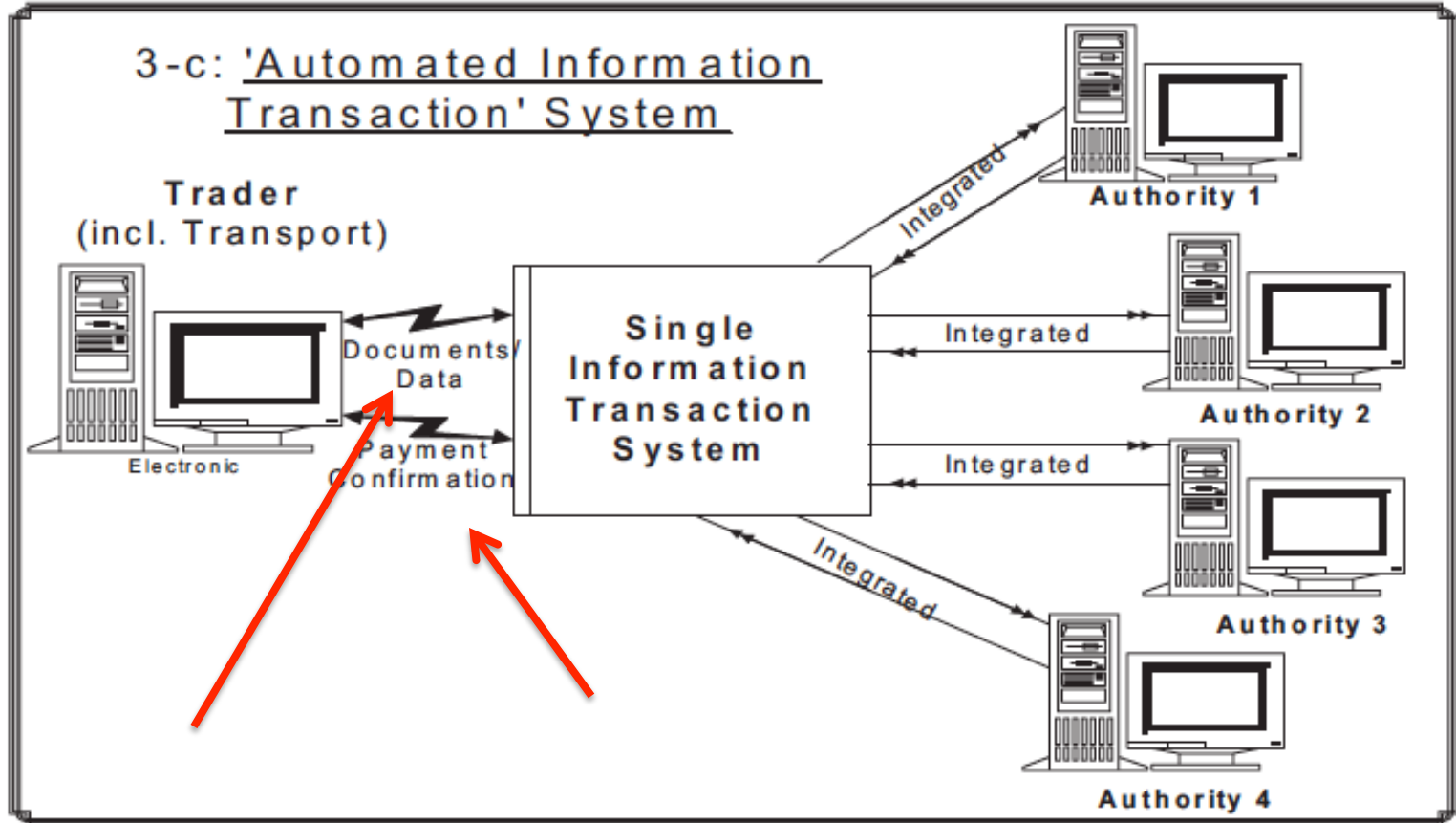


Figure 3. Automated Information Transaction System.

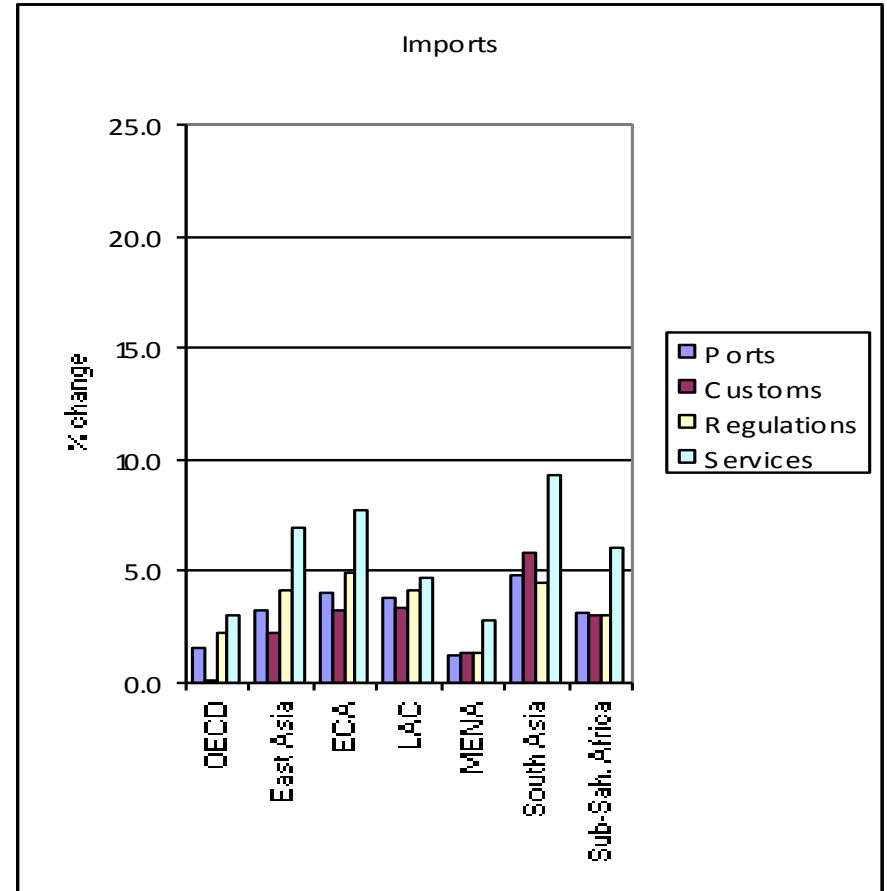
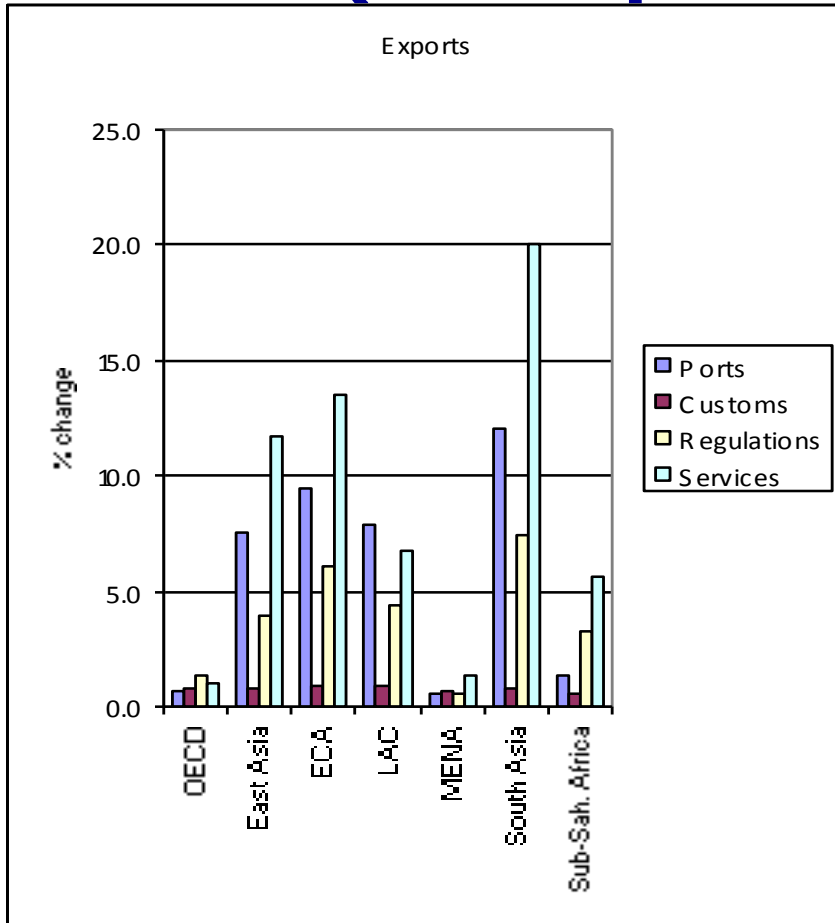
Johan Pontén  
CHAIR UN/CEFACT TBG 15  
Swedish National Board of Trade

# Big Trade Gains from Broad TF

	Full sample	South to north trade	South to south trade
Tariff rates	-1.555***	-1.512	-1.5***
Port Efficiency, Importing Country	0.307*	0.344	-0.283
Port Efficiency, Exporting Country	0.924***	0.845***	0.949***
Customs Env., Importing Country	0.472**	1.041	0.202
Regulatory Env., Importing Country	0.281*	-1.120*	0.816***
Regulatory Env., Exporting Country	0.620***	2.437***	0.827***
E-commerce Infra., Importing Country	0.729***	2.134***	0.866
E-commerce Infra., Exporting Country	1.943***	2.124***	3.133***
Adjusted R-squared	0.758	0.702	0.649
Number of the observations	7,904	2,188	3,094
Note: Significance levels at 10%, 5% and 1% denoted by “*”, “**”, and “***”, respectively.			
Source: Wilson, Mann, Otsuki. “Assessing the Potential Benefit of Trade Facilitation: A Global Perspective” Including bilateral fixed effects, year effects			

**Tariff reductions raise trade ...BUT only significant for South-South trade**  
**TF, esp. ICT/Finance e-commerce infrastructures, greatest elasticity of trade**  
**South exports particularly hampered by poor ICT/Finance TF**

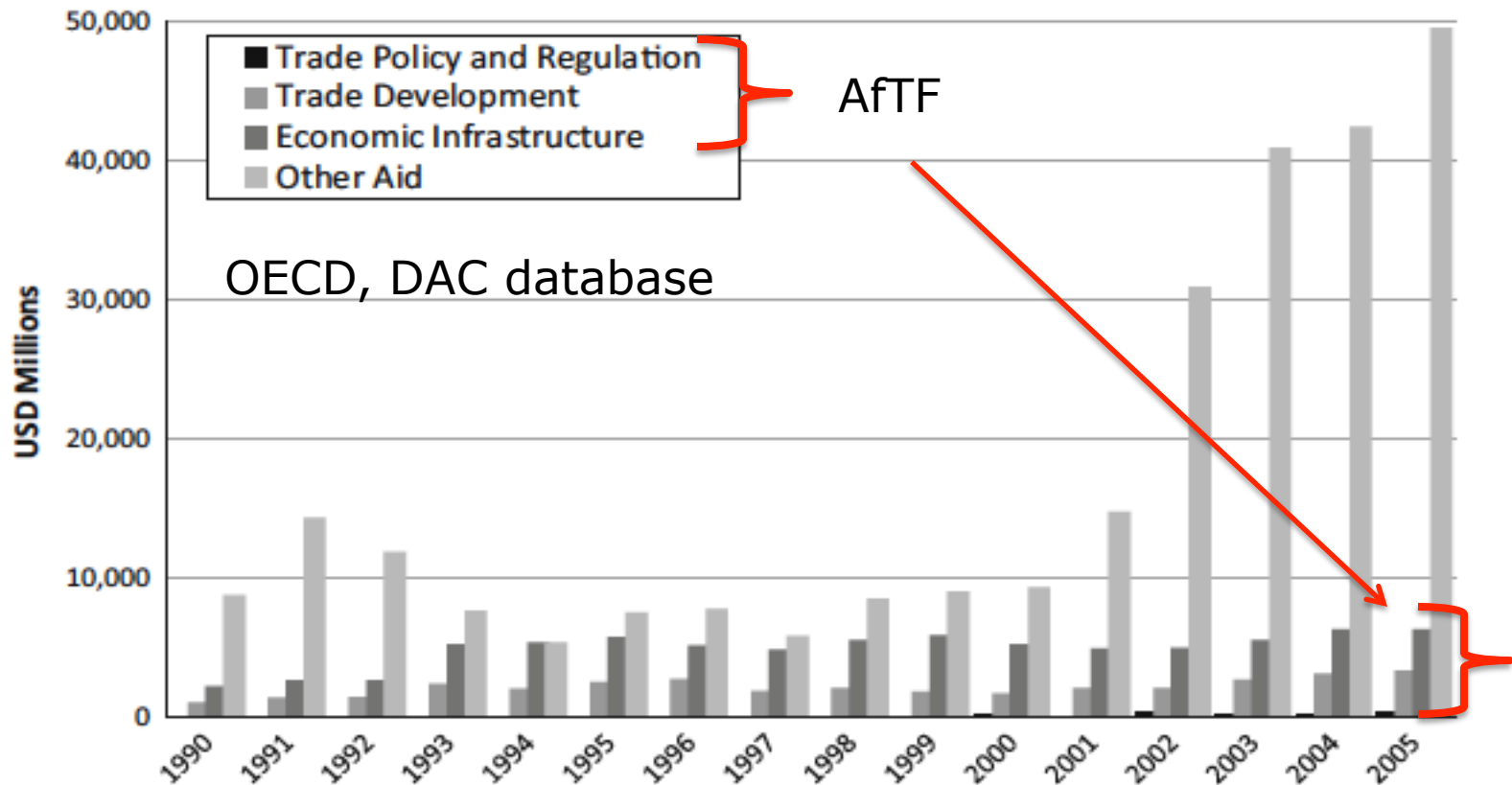
# TF Improves Balance-of-Payments (%Δ exports > %Δ imports)



**Regions/countries obtain trade benefits from different TF improvements**

# Can Aid Pay to Improve TF?

M. Helble et al.



**Three Types of Aid-for-Trade Facilitation  
Much smaller than Other Aid**

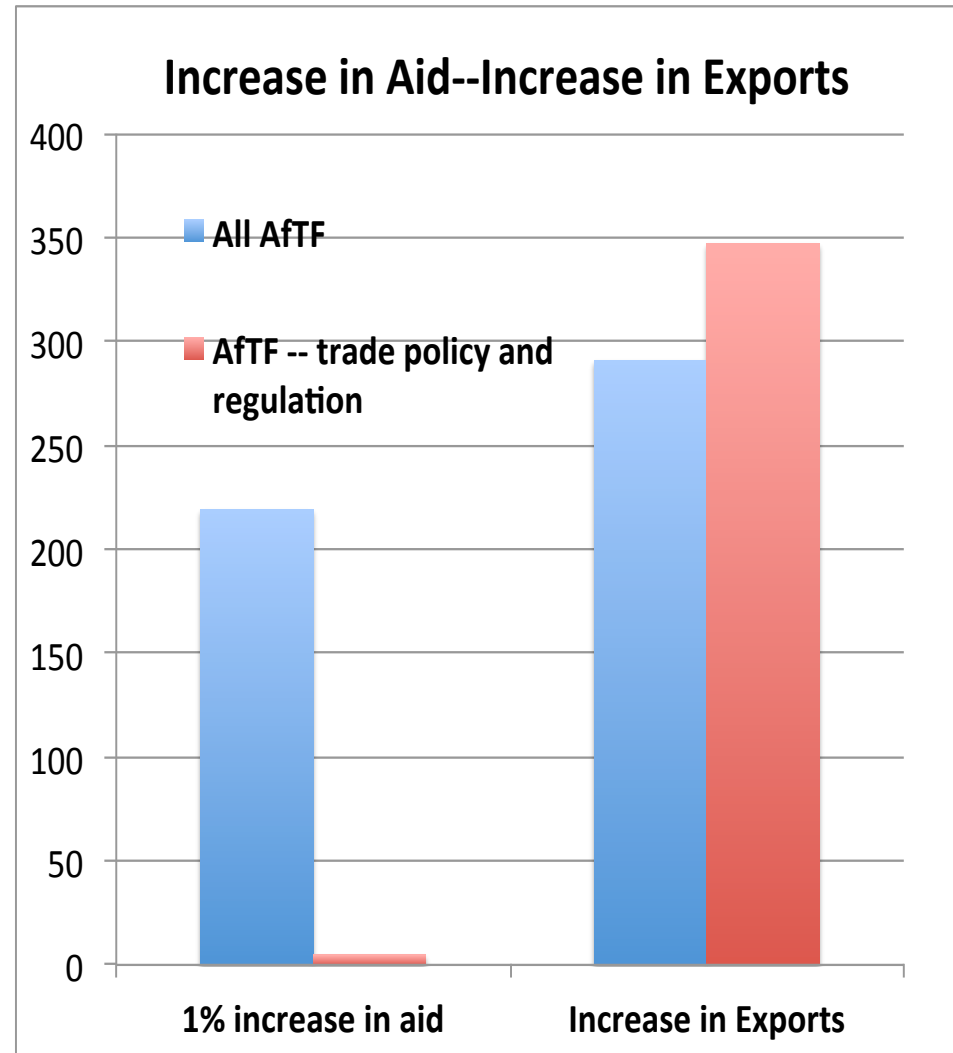
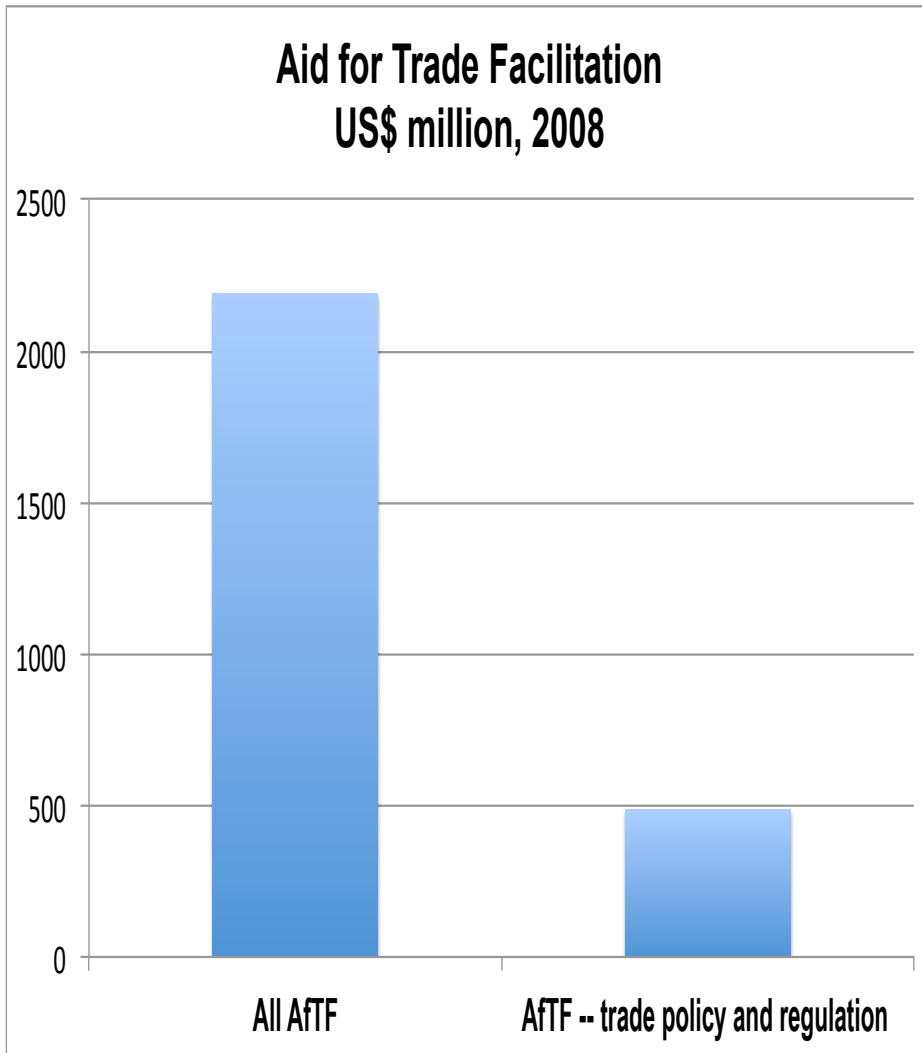
# AfTF Increases Trade, Improves BOP

	Global Trade	Aid Recipients' -- Global trade
<b>All Aid For Trade Facilitation</b>		
AfTF--imports	0.004***	0.005***
AfTF--exports	0.005***	0.009***
<b>All Other Aid Flows</b>		
AfTF--imports	0.014***	0.029**
AfTF--exports	-0.002	-0.008
<b>Narrow Definition (Aid for Trade Policy and Regulation)</b>		
AfTF--imports	0.004***	0.004**
AfTF--exports	0.006***	0.008***
<b>NOBS</b>	<b>108,304</b>	<b>51,652</b>

**Elasticity of exports wrt AfTF > for imports wrt AfTF**  
**Other Aid increases imports more.**



# Narrow AfTF Most Potent for Exports

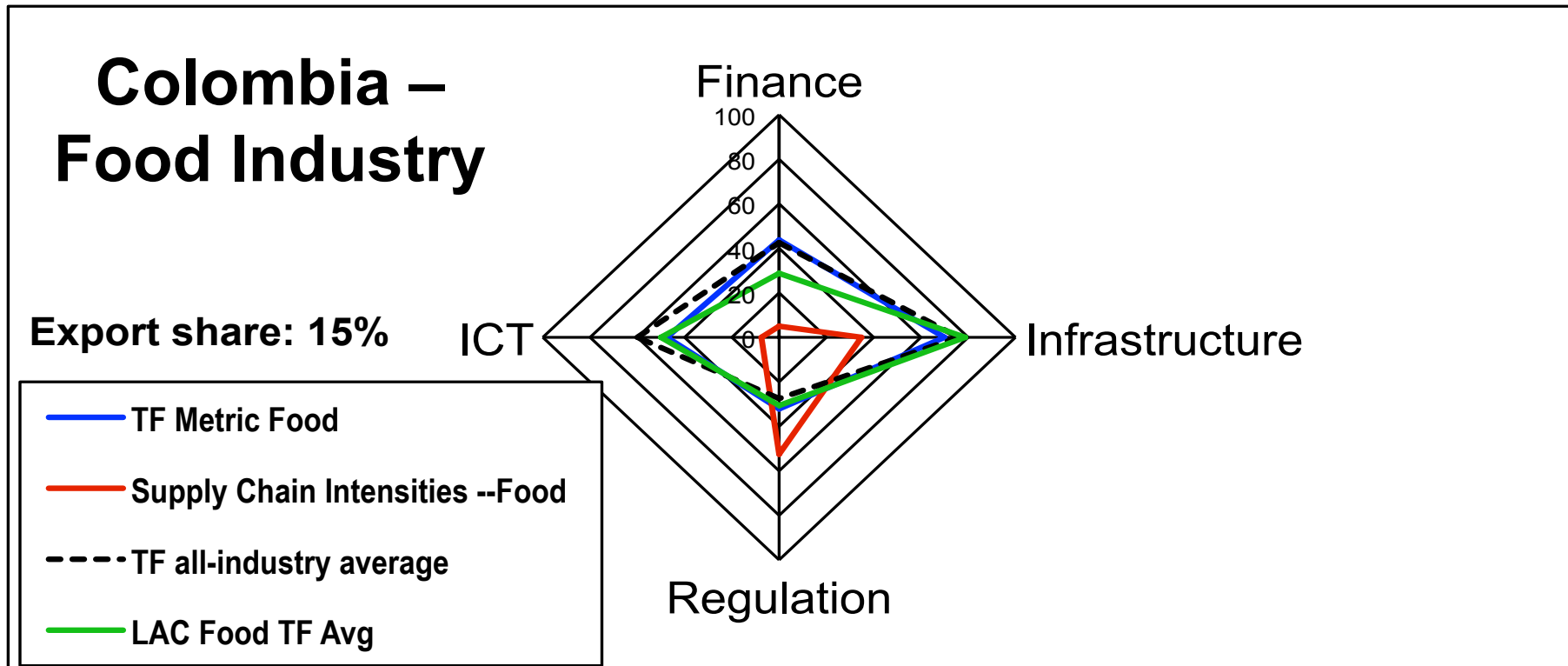


# **Priorities for AfTF and Reform**

- **Trade Facilitation and Supply Chain ‘tool’**
  - **Product-Specific trade facilitation metrics (WBES)**
  - **Product-specific supply-chain analysis (I-O)**
  - **Product-specific trade data (COMTRADE)**
- **Expose vulnerabilities**
- **Guide specific reforms and target AfTF**
  - **to enhance international competitiveness**

# Priorities for AfTF and Reform

*Trade Facilitation Metrics and Supply Chain Intensity:  
for each product, compare own, competitors, and economy wide*



- 1. Supply Chain in food requires strong infrastructure & regulations;**
- 2. Colombia TF-food weak in regulation; not better than LAC**
- 3. Colombia TF-food same as economy-wide TF metrics**

# APEC Supply Chain Connectivity Framework Action Plan Overlaps Single Window

APEC Summit in Vladivostok reaffirmed goal of improving the region's supply chain efficiency 10% by 2015

Eight Chokepoints: Overlaps Single Window

1. Regulatory Transparency ..... X
2. Transport Infrastructure
3. Logistical Capacity of Local/Regional Sub-Providers
4. Customs Clearance & Border Agency Coordination ..... X
5. Customs Documentation ..... X
6. Multi-modal Transport Capabilities
7. Cross-border Standards and Regulations Variations ..... X
8. Regional Cross-Border Transit Arrangements ..... X

# APEC – World Bank Research Group Collaboration



## **World Bank Diagnostic Report for Chokepoint 1:**

*Lack of transparency of regulatory issues affecting logistics*

*Lack of coordination amongst government agencies*

*Lack of coordination between government and stakeholders*

Diagnostic report will:

- Provide empirical and analytical insight into the constraints and needs
- Quantify potential economic gains associated with improvements
- Identify and recommend concrete steps towards improvement

# **Aid-for-Trade Facilitation: A Key Link**

- **Important for developing countries**
  - But donors gain too
- **Balance of Payments improving**
  - But important for imports too
- **Targeted ‘narrow’ aid**
  - Particularly ‘cost effective’
  - Can address supply chain vulnerabilities
- **Complements DDA, Single Window, and Supply Chain Focus**

**Thank You**