



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

5th Latin American and Caribbean Regional Meeting on International Trade
Single Windows: Measuring the impact of Single Windows on countries'
economies and adoption of international recommendations - A needed debate
Mexico City, 30 Oct -1 Nov 2013



Overview

1. **OECD TFIs: objectives and structure**
2. **Single Window focus**
3. **Measuring potential impacts**
4. **How can these findings be put into practice?**



1. OECD TFIs: objectives and structure



OECD Trade Facilitation Indicators

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



TFIs 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	



Extensive coverage

- 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



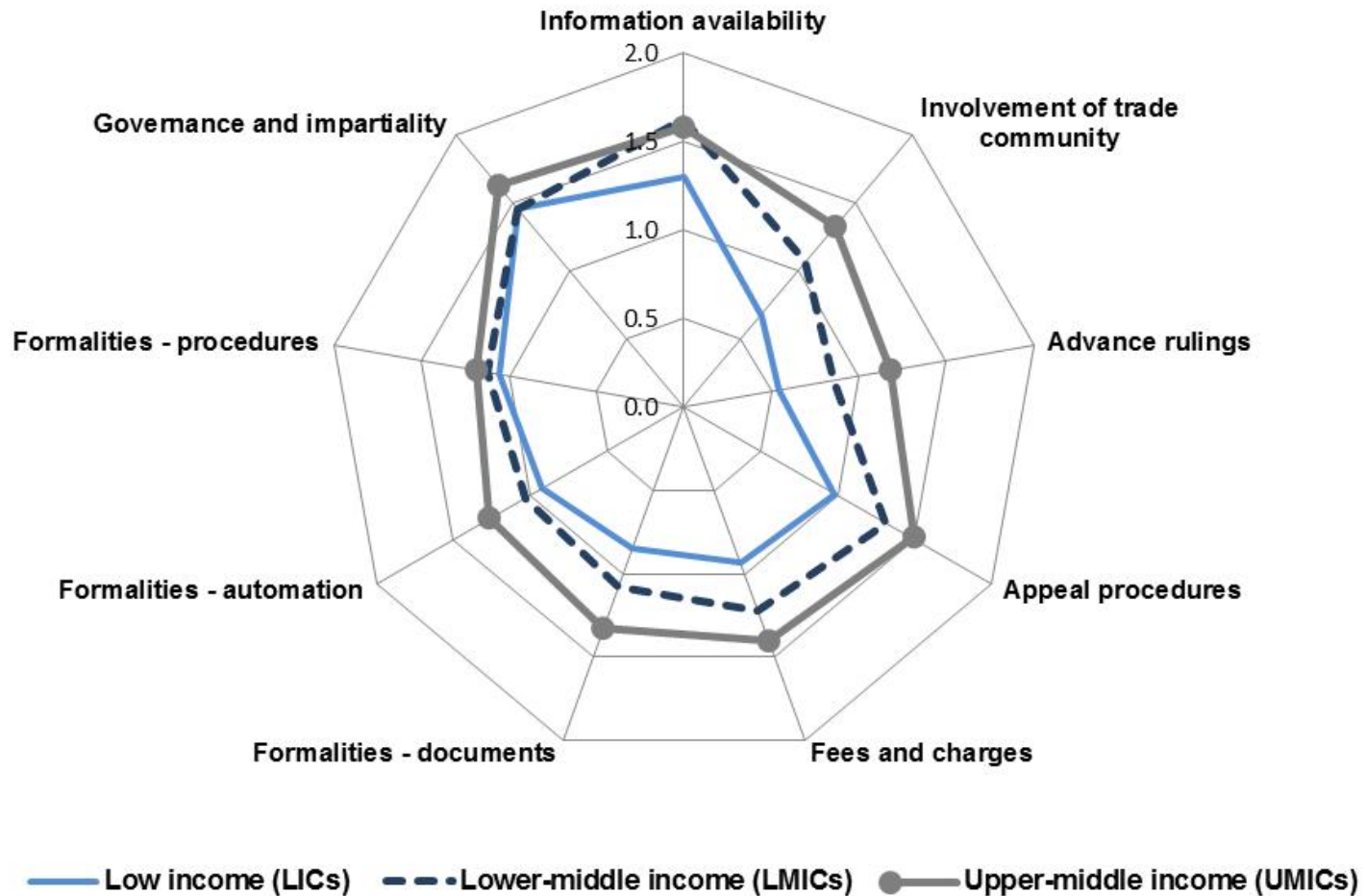
TFIs: state of implementation

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

- **income groups**
- **regions**
- **countries**

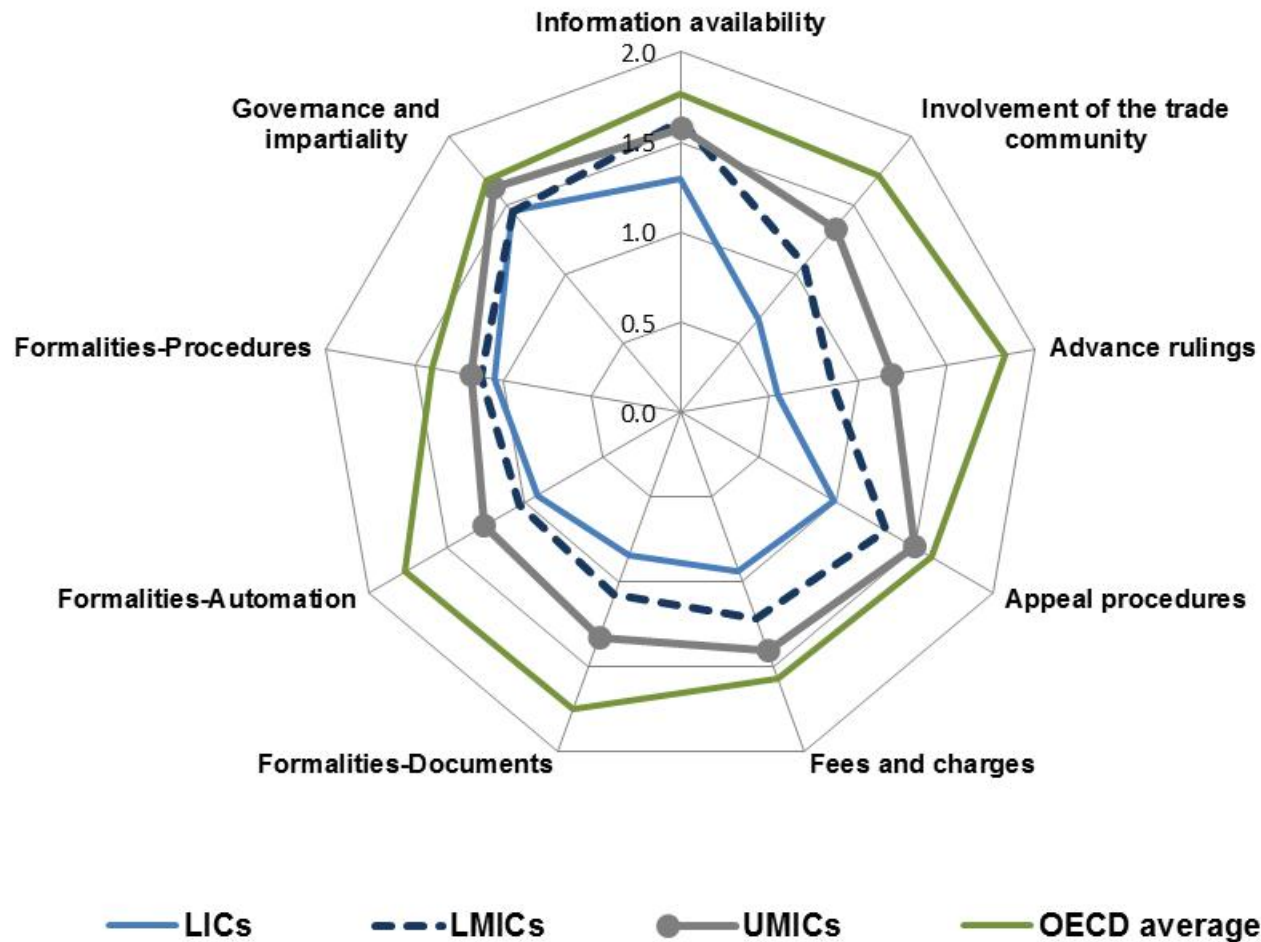


Income groups: state of implementation



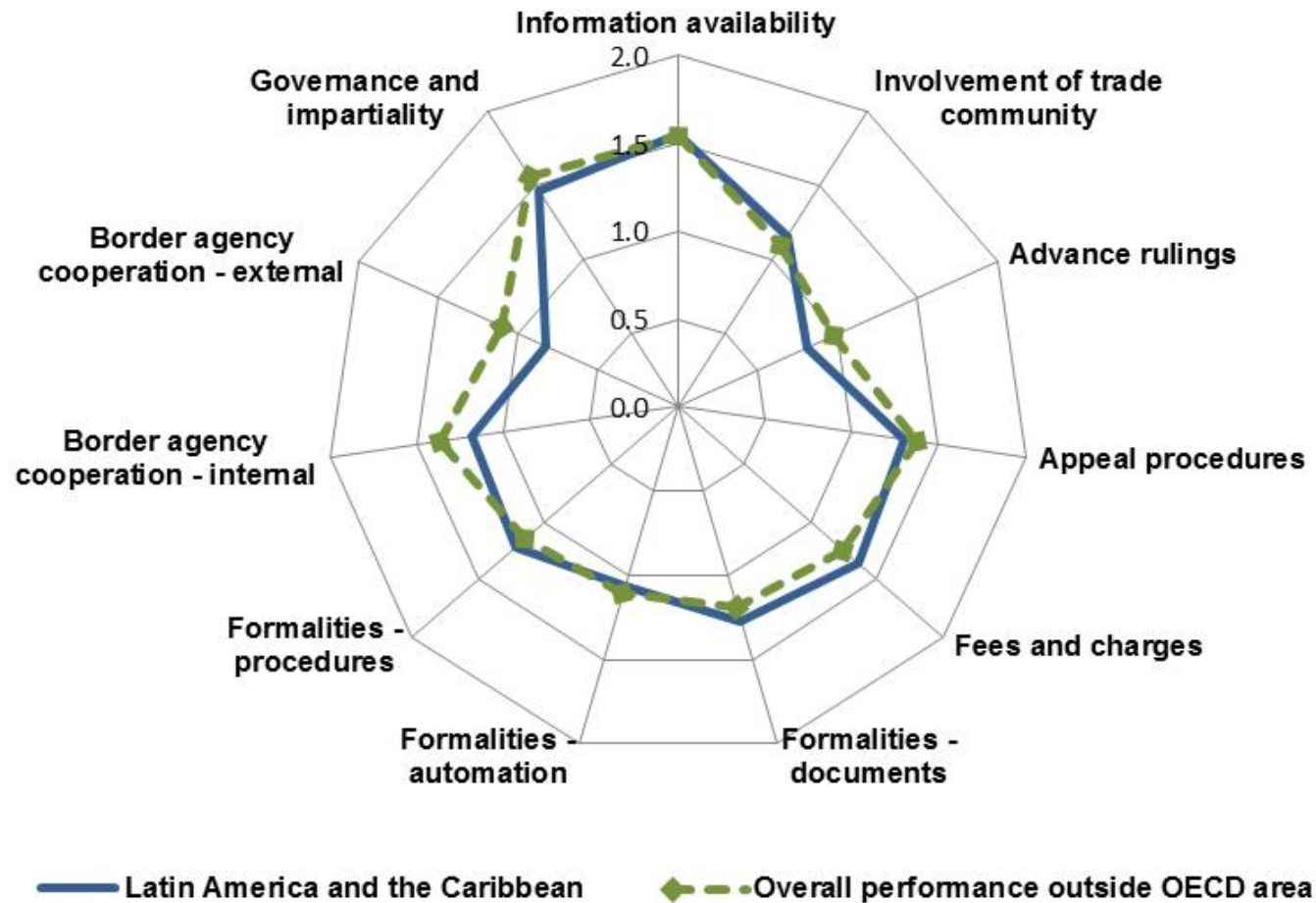


TFIs: state of implementation



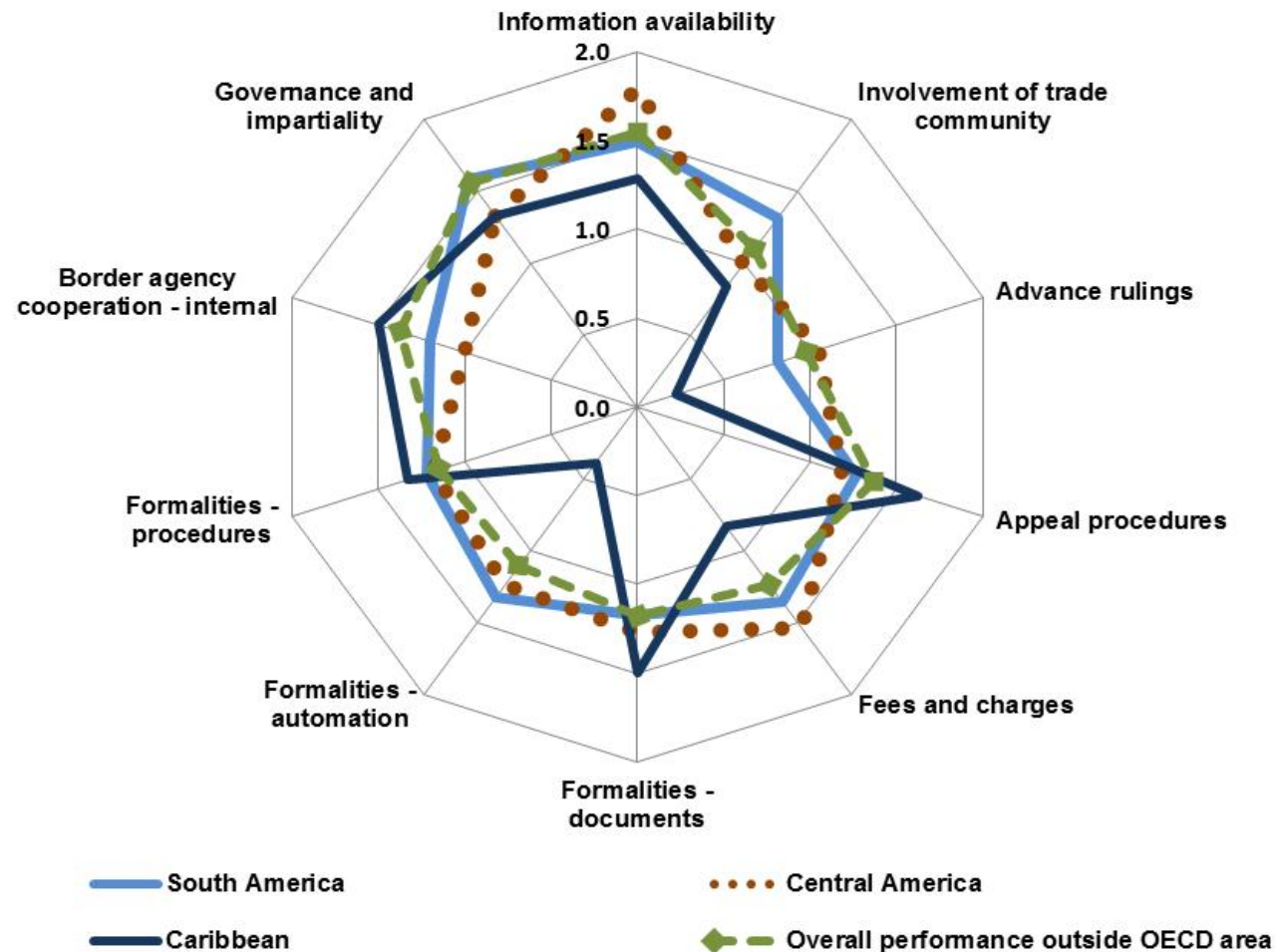


Latin America and the Caribbean



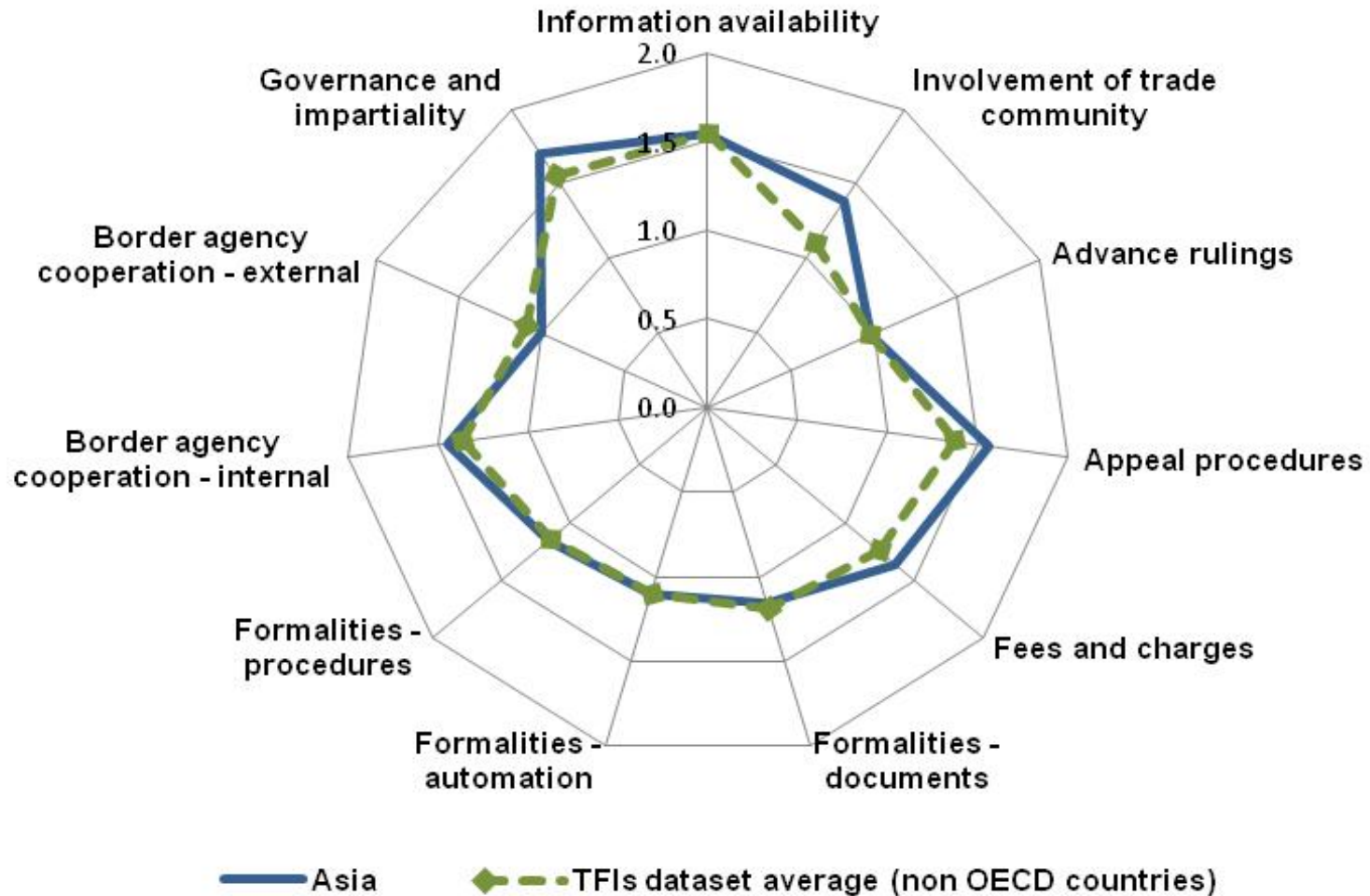


Latin America and the Caribbean: main sub-regions



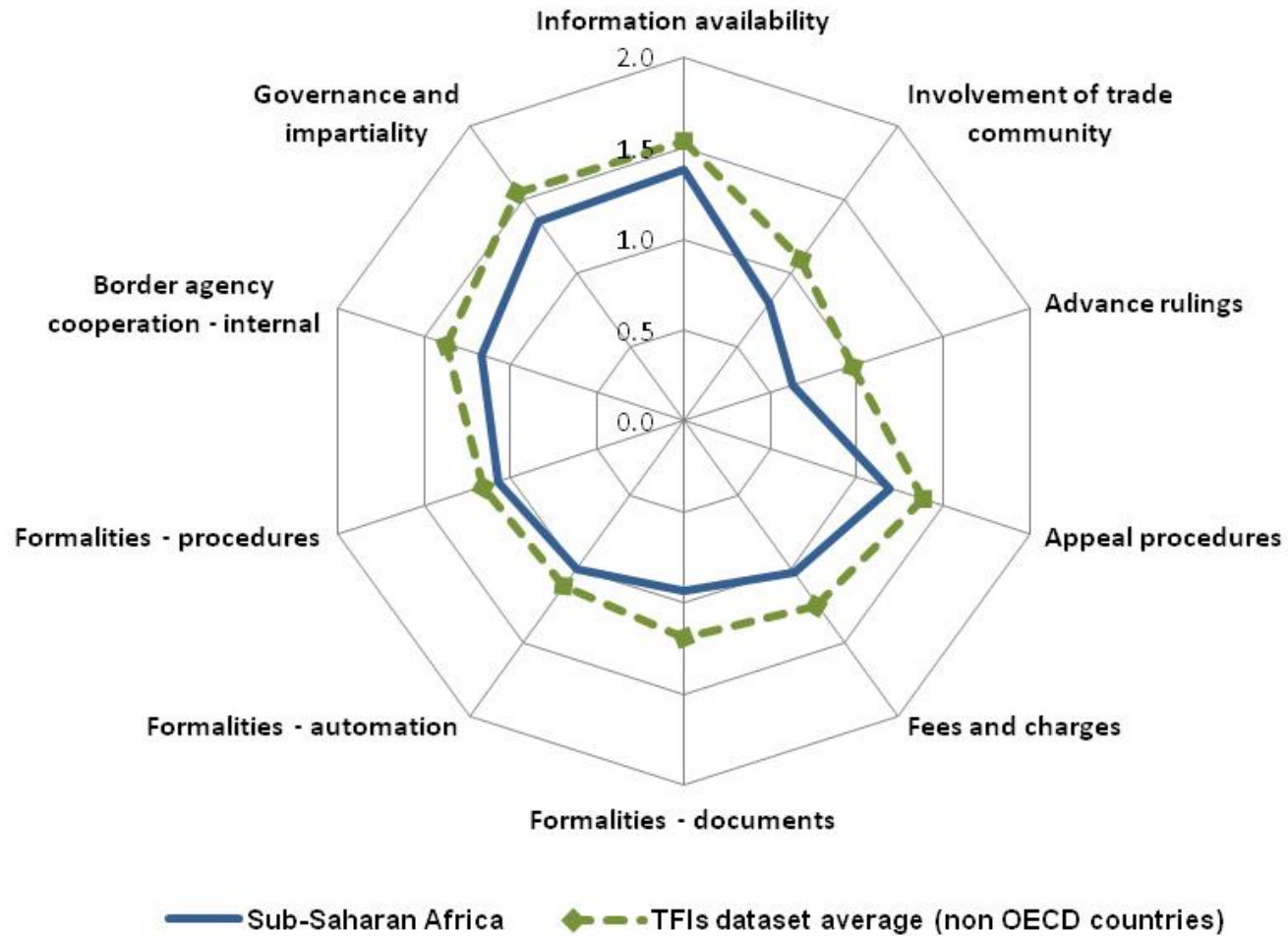


Asia



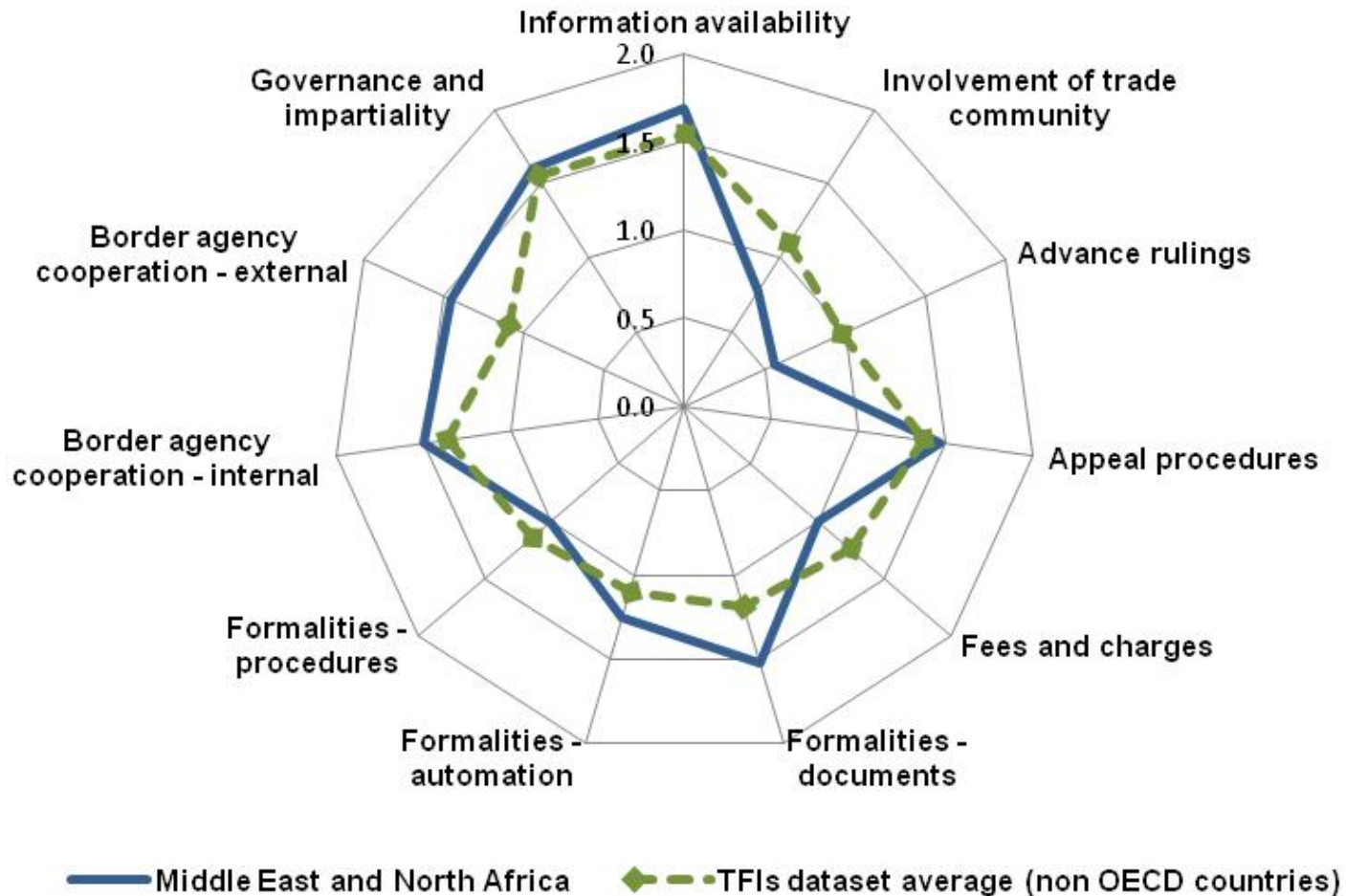


Sub-Saharan Africa



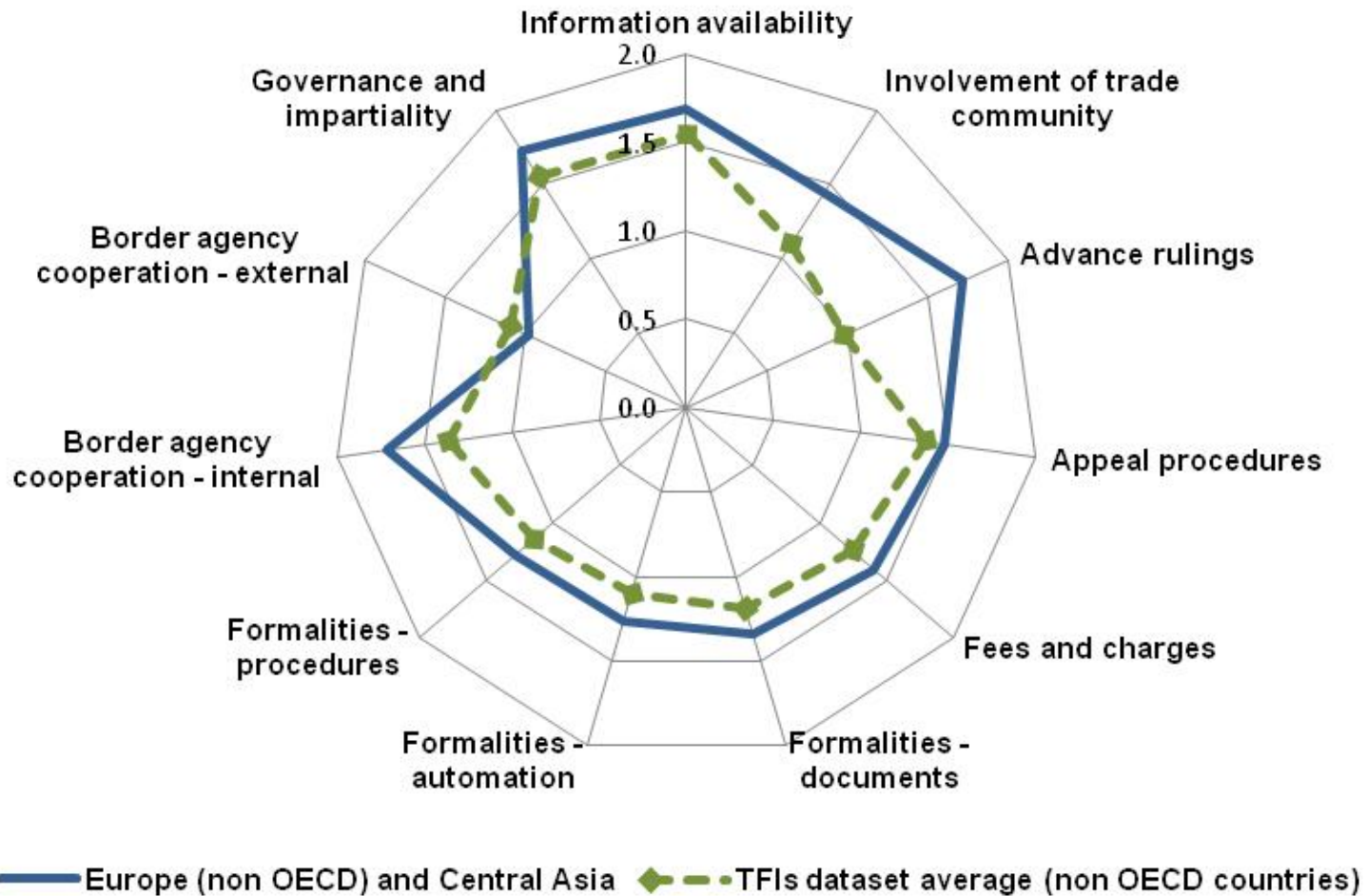


Middle East and North Africa





Europe (outside the OECD area) and Central Asia

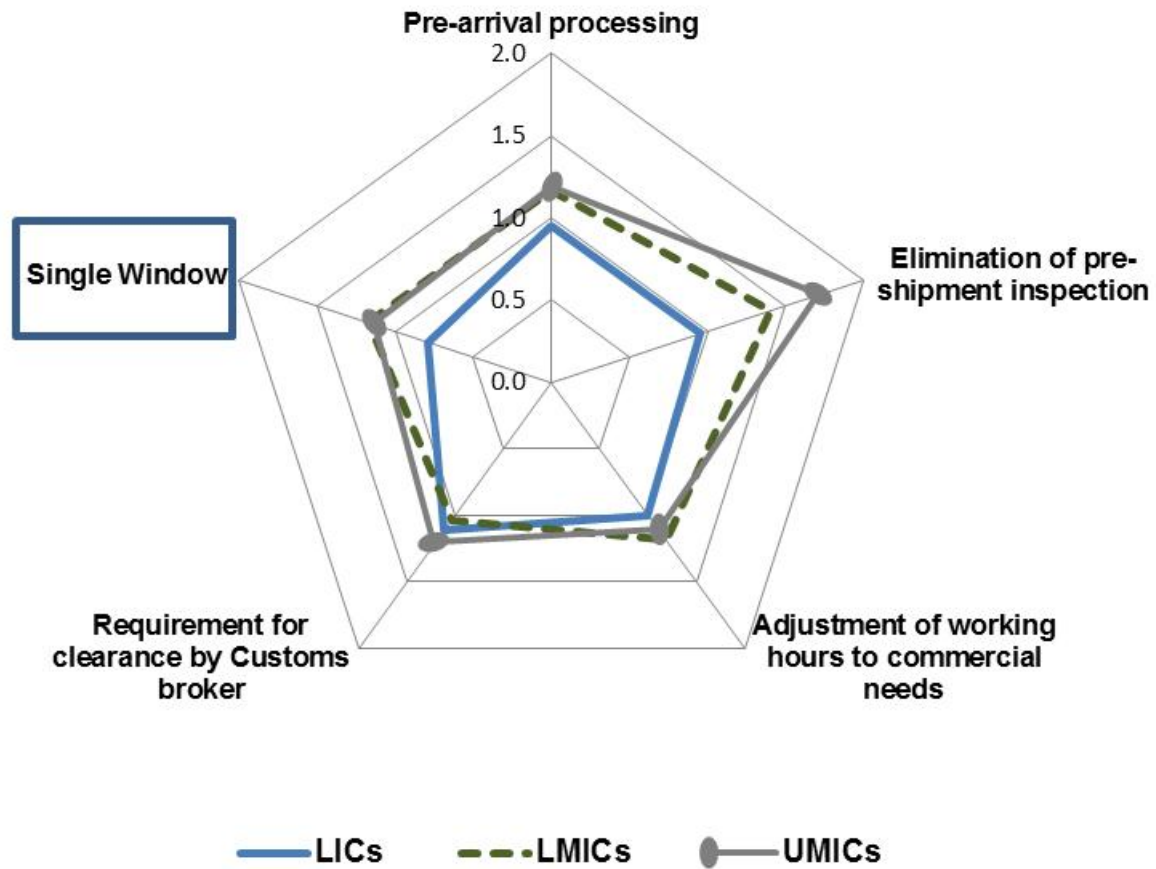




2. Single Window focus

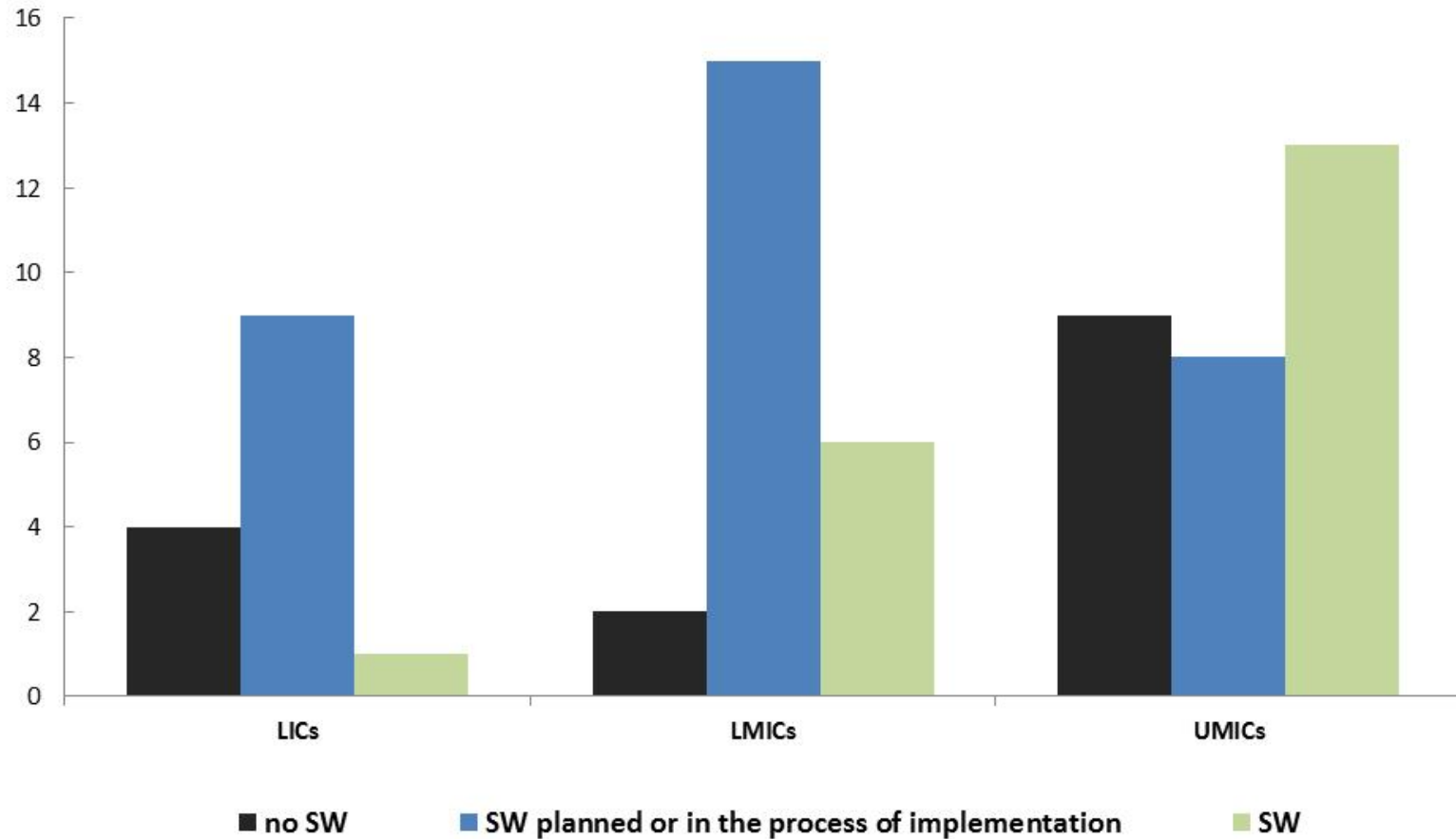


TFIs: Formalities - Procedures Indicator





TFIs: Single Window implementation



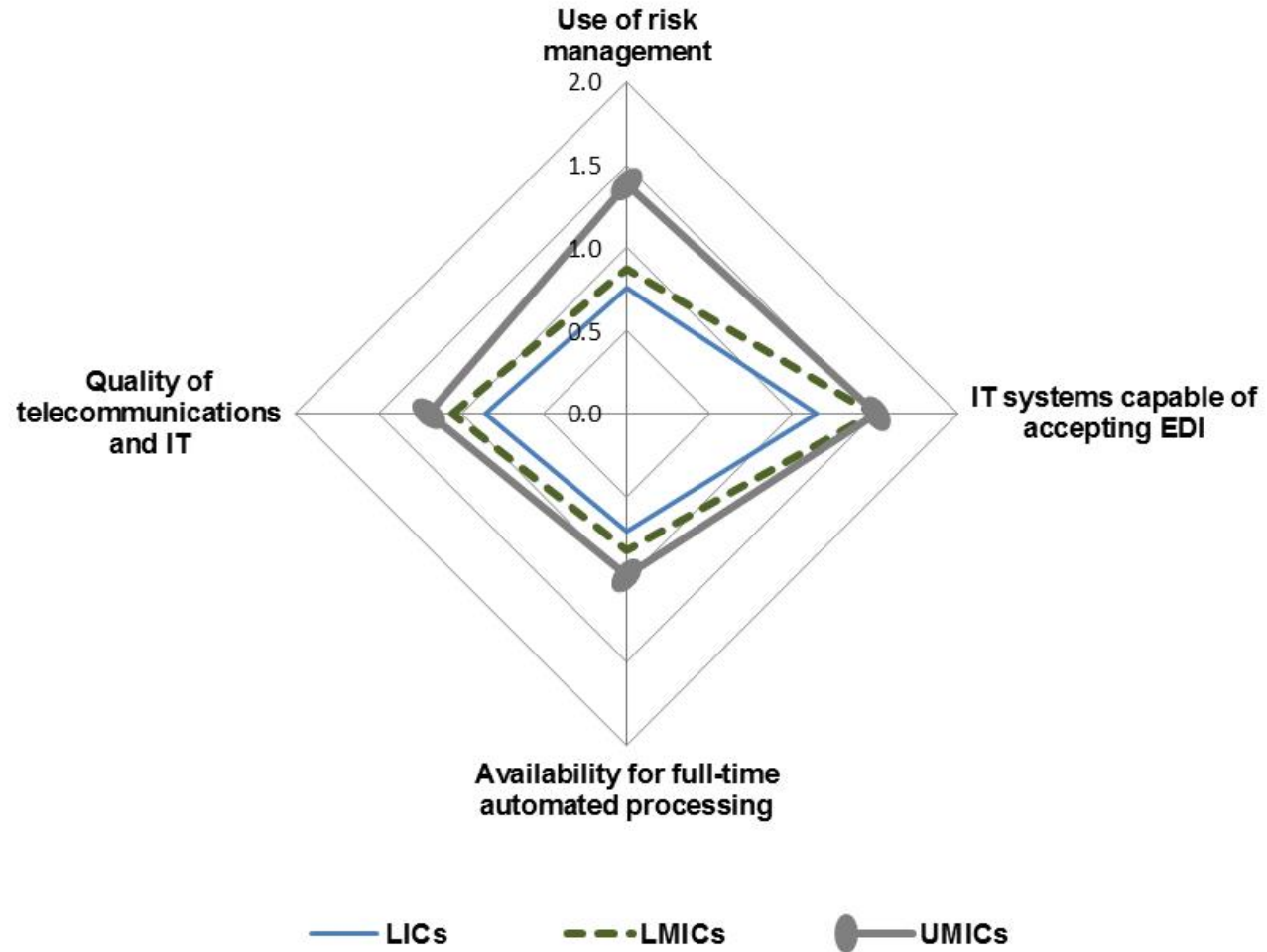


TFIs: Single Window implementation

- most of the countries in the sample are in the process of implementing some type of Single Window, or have scheduled an intervention in this area
- the majority of countries stating that they already make use of a Single Window are upper-middle income economies
- the fact that the majority of surveyed countries state that a Single Window is planned or in the process of implementation highlights the importance of efforts undertaken in this area
- planning, approach and budget outline differ across countries

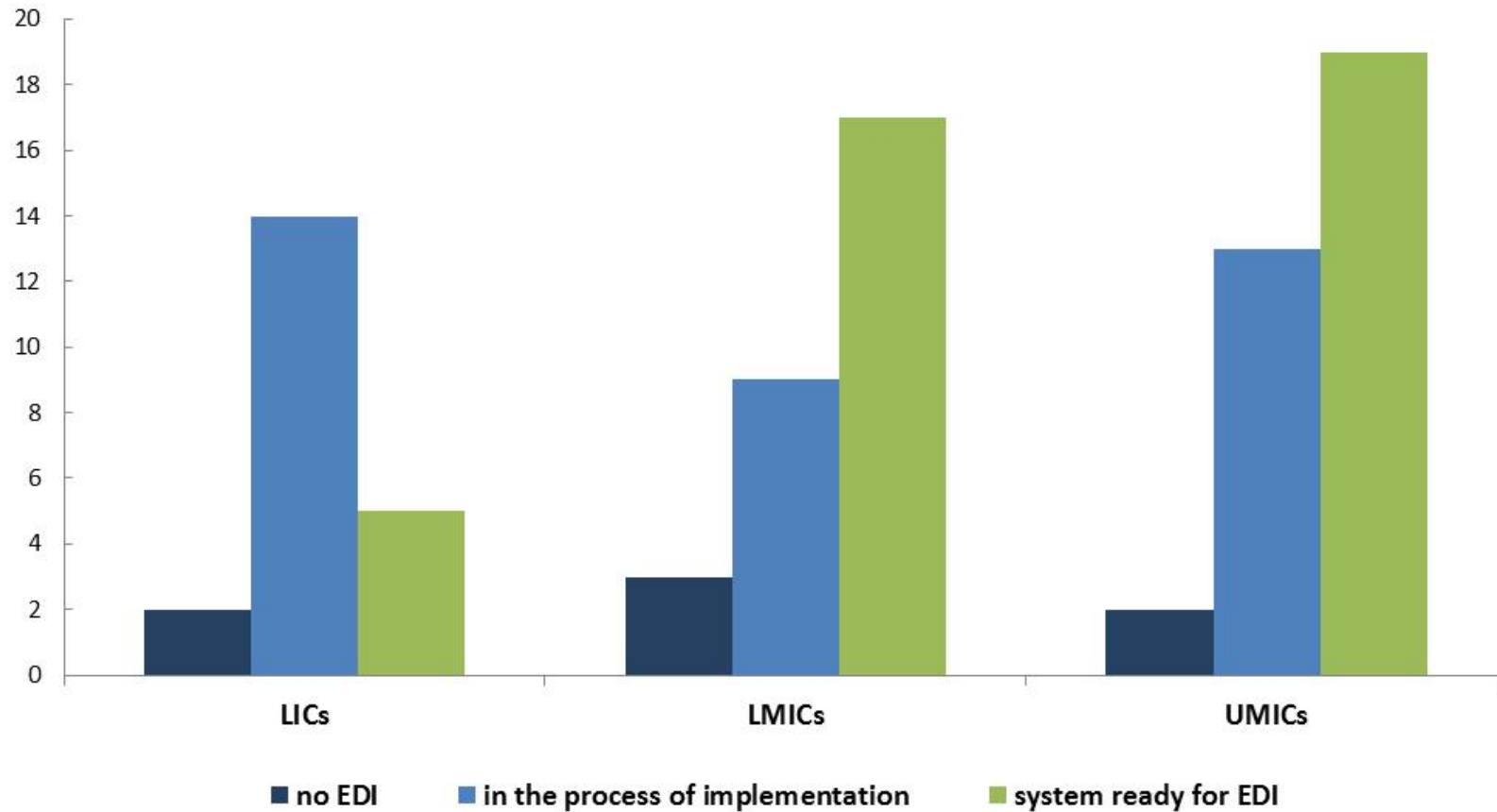


TFIs: Formalities - Automation Indicator



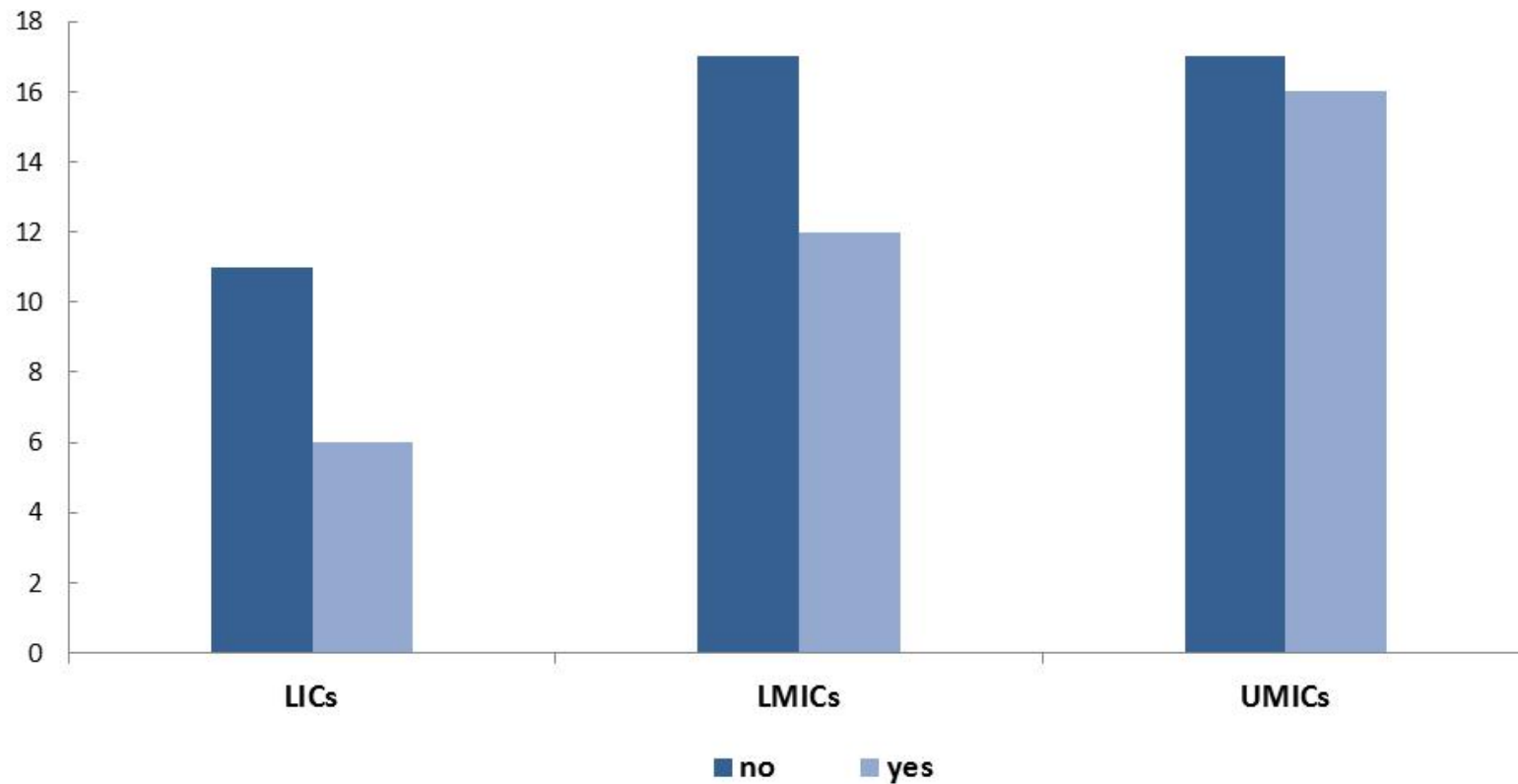


IT systems and Electronic Data Interchange (EDI)





TFIs: Full-time automated processing for Customs agencies





3. *Measuring potential impacts*



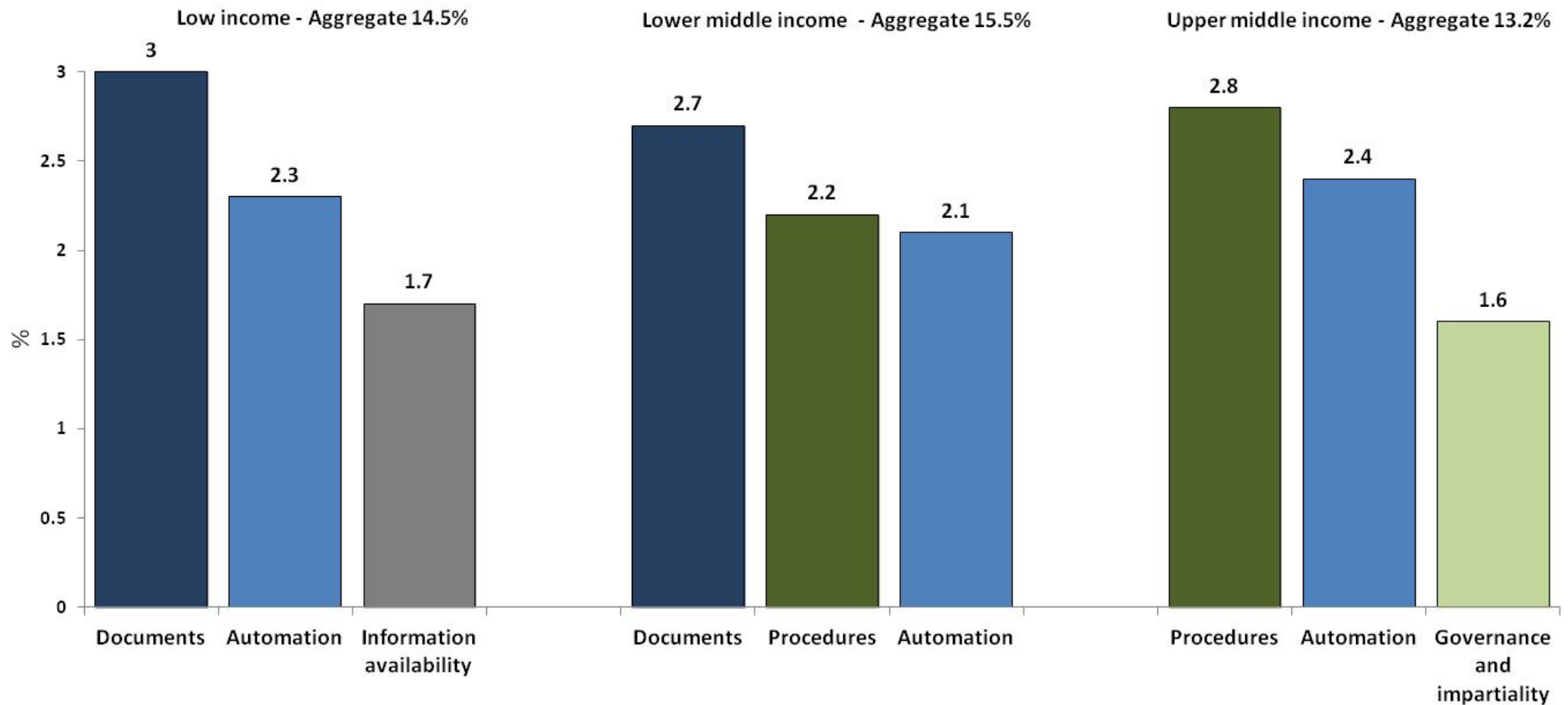
Impact on trade flows

- Information availability
- Simplification and harmonisation of Documents
- Automation
- **Streamlining of Procedures**
- Governance

Equally important for exports as for imports

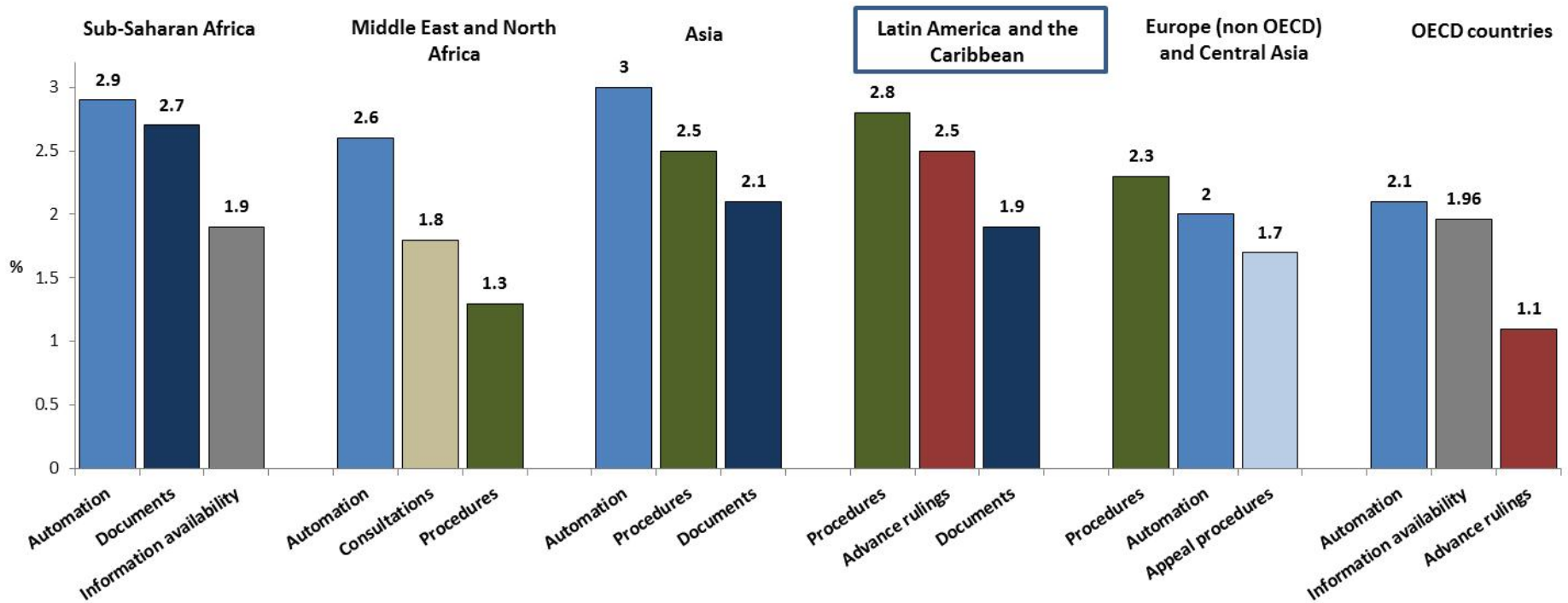


Impact on trade costs - potential reductions





Impact on trade costs - potential reductions





Impact on trade costs – potential reductions

Comprehensive trade facilitation reform is more effective than isolated or piecemeal measures

- ✓ the potential cost reduction of all the trade facilitation measures combined is greater than the sum of their individual impacts
- **Harmonising and simplifying documents**
 - ✓ 3% for low-income countries and by 2.7% for lower-middle-income countries
- **Streamlining procedures**
 - ✓ 2.8% for upper-middle-income countries, 2.2% for lower-middle-income countries and 1% for OECD countries
- **Automating processes**
 - ✓ 2.3% for low-income countries, 2.1% for lower-middle-income countries, 2.4% for upper-middle-income countries and 2.1% for OECD countries
- **Ensuring the availability of trade-related information**
 - ✓ 1.6% for low-income countries and 1.4% for lower-middle-income countries
- **Advance rulings on customs matters**
 - ✓ 1.5% for lower-middle-income countries, 1.2% for upper-middle-income countries and 1% for OECD countries



Transit indicators

- Transit measures data collected so far for 27 African and Asian landlocked and transit countries
- Results highlight **Transit formalities and Agreements and cooperation** as important for landlocked developing countries' trade
- **Transit guarantees** result important for landlocked countries' exports



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

- OECD country survey assessing TF reforms → 2005 - 15 countries and 2013 - 9 countries
- Distinction between **measures that are expensive to put in place**, thus often requiring **financial support**, and those that are **relatively inexpensive** but require **sustained political commitment** to adopt and maintain over the long term
- Distinction between **capital expenditure** and **recurring costs**: measures that entail a significant upfront investment to introduce are not necessarily costly to operate once set up



Trade Facilitation Costs and Challenges

- **Equipment and infrastructure** (including IT systems and Single Window mechanisms) were highlighted as the most expensive elements of trade facilitation
- Countries covered report **training** as the most important area → **fundamental role** in bringing about sustained change in the **business practices** of border agencies
- Attention should be paid to the readiness not only of Customs but also of other agencies involved in the border process to participate in the reform process



Thank you for your attention

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OECD Trade Facilitation Indicators

<http://www.oecd.org/tad/facilitation/indicators.htm>