



*HOW DO DIGITAL TECHNOLOGIES AFFECT THE TRADE
FACILITATION AGENDA?*

TRADE FACILITATION INDICATORS

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*Aid for trade, trade costs indices and design and implementation of
policies to reduce trade costs.*

*Aid for trade workshop
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How do digital technologies affect the trade facilitation agenda?

1 - Opportunities and challenges brought about by digital trade.

2 - Data flows and digitalisation for trade facilitation





OPPORTUNITIES AND CHALLENGES BROUGHT ABOUT BY DIGITAL TRADE.



Opportunities and challenges brought about by digital trade.

- Digitalisation creates new trade opportunities and created a shift in *what, how and with who* we trade...

Goods and services but:

- Increased tradability of both goods and services
- Physically delivered but also digitally delivered
- Trends from containerisation to small parcels





Opportunities and challenges brought about by digital trade.

- ... but only to some extent.
 - Same WTO rules apply
 - Physical delivery is still the principal mean of delivery
 - Traditional trade costs relating to physical connectivity can still represent an insurmountable barrier to the physical delivery of goods





Opportunities and challenges brought about by digital trade.

- More so, it create new challenges
 - Additional burden for customs authorities
 - Monitoring standard compliance
 - Relevance of the *de minimis* threshold
 - ...
 - Cost of management of low value (small) parcels.





DATA FLOWS AND DIGITALISATION FOR TRADE FACILITATION



Data flows and digitalisation for trade facilitation

But digital technologies and data flows can increase the efficiency of movement of goods across borders (customs efficiency) ...

- Digitalisation of customs information and management supports the implementation of the TFA and reduce trade costs.

Paperless trading, registration of information on-line and e-certification, can speed-up clearance at the border





Data flows and digitalisation for trade facilitation

OECD Trade Facilitation Indicators : a direct link to the WTO TFA

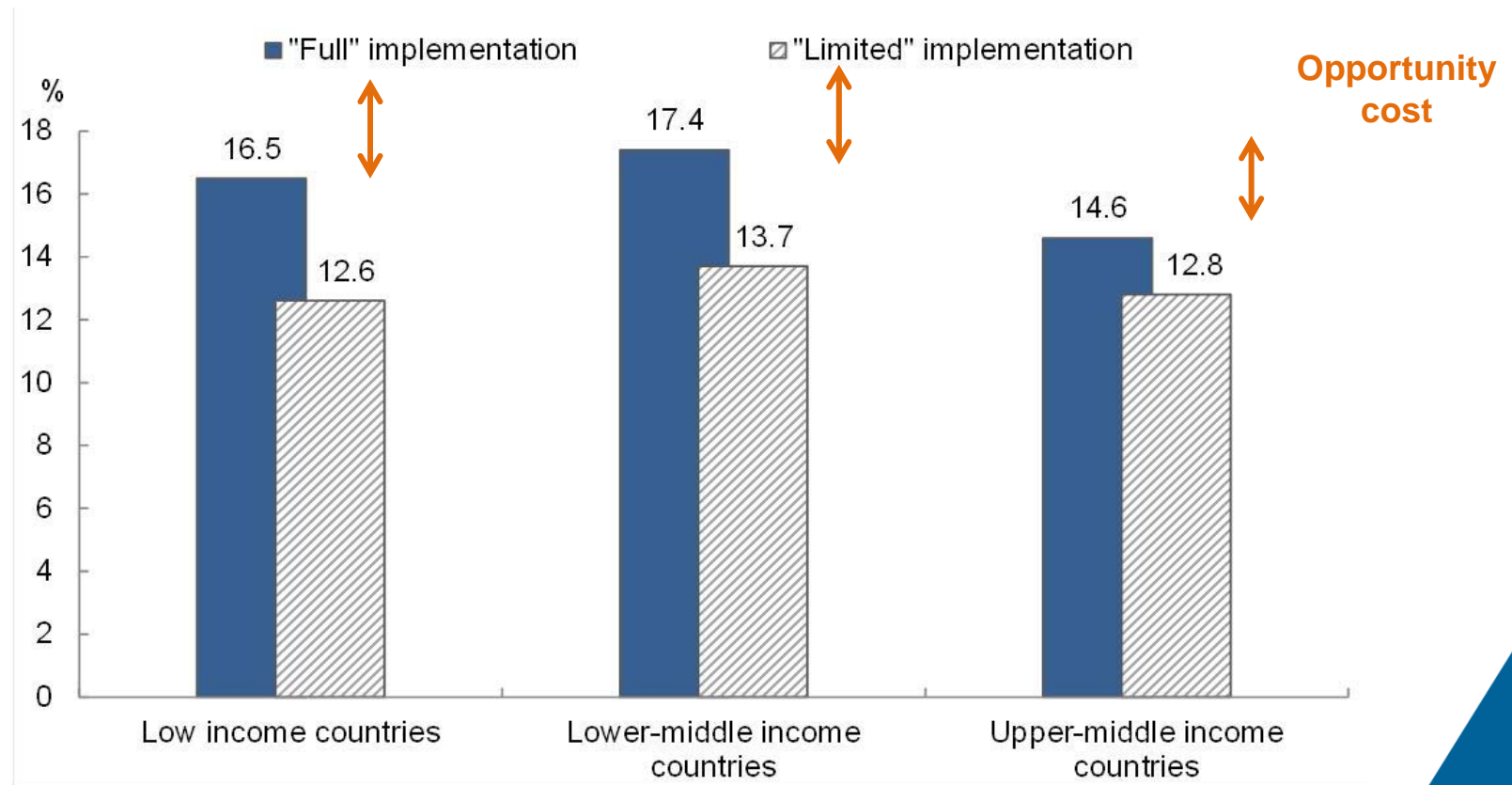
- An **evaluation tool** to measure the impact of TF measures on trade costs
 - ✓ following the structure of the WTO Trade Facilitation Agreement
- A **monitoring and benchmarking tool** providing
 - ✓ an overview of country performance, strengths and weaknesses
 - ✓ a basis for prioritising trade facilitation actions by governments
 - ✓ a support for mobilising technical assistance by donors in a targeted way





Data flows and digitalisation for trade facilitation

Cost impact by income group





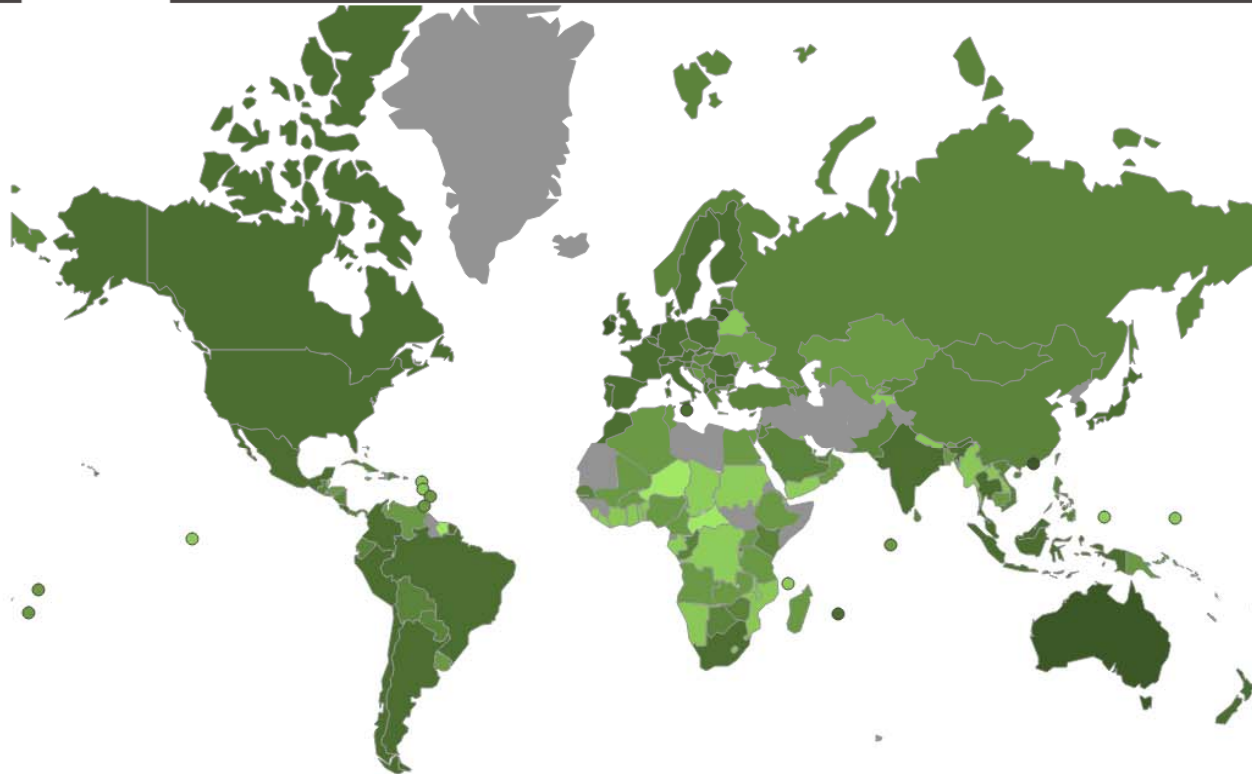
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Trade Facilitation Indicators

Overview



Average trade facilitation performance
0 2

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Data flows and digitalisation for trade facilitation

OECD Trade Facilitation Indicators : a direct link to the WTO TFA

- a. Information availability
- b. Involvement of the trade community
- c. Advance rulings
- d. Appeal procedures
- e. Fees and charges
- f. Formalities – Documents
- g. Formalities – Automation
- h. Formalities – Procedures
- i. Border agency cooperation – internal
- j. Border agency cooperation - external
- k. Governance and impartiality





Data flows and digitalisation for trade facilitation

OECD Trade Facilitation Indicators : a direct link to the WTO TFA

- **a. Information availability**

- ✓ Publication of trade-related information (TFA 1.1)
- ✓ National Customs website, foreign language content (TFA 1.2)
- ✓ Enquiry points (TFA 1.3)
- ✓ Publication prior to entry into force (TFA 2.1.2)





Data flows and digitalisation for trade facilitation

OECD Trade Facilitation Indicators : a direct link to the WTO TFA

•g. Formalities – Automation

- ✓ Procedures that can be expedited electronically
- ✓ Use of risk management (TFA 7.4.1)
- ✓ IT systems capable of electronic exchange of data
- ✓ Full-time automated processing
- ✓ Electronic payment (TFA 7.2)





Data flows and digitalisation for trade facilitation

OECD Trade Facilitation Indicators : a direct link to the WTO TFA

•h. Formalities – Procedures

✓ Pre-arrival processing (TFA 7.1.1)

✓ Separation of release from determination and payment of duties (TFA 7.3)

✓ Single Window (TFA 10.4)

✓ Authorized operator programmes (TFA 7.6.1)

✓ Expedited shipments (TFA 7.8)





Data flows and digitalisation for trade facilitation

But some discussions to go a step further to better accommodate the new nature of digital trade:

Ex: Automatic payment of customs duty at the source; harmonisation of standard template to facilitate paperless SPS certifications.





Data flows and digitalisation for trade facilitation

Across the border ... As well as behind the border (trade logistic services)

- Data flows and innovations in the logistic chain
 - Data flows are a way to create trust and reduce transaction costs.
 - Increased efficiency and flexibility
 - ...





- To conclude

- Digital trade is an opportunity but still the need to improve and adapt physical connectivity
- Digital connectivity can provide an opportunity to reduce the investments necessary to address physical connectivity bottlenecks.



Contact us

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

www.oecd.org/tad

You can reach us via e-mail by sending your message to the following address:

tad.contact@oecd.org

We invite you to connect with us on Twitter by following:

[@OECDtrade](https://twitter.com/OECDtrade)



Traditional and non-traditional challenges to seizing the opportunities brought about by digital trade.

- Reduce cost of information asymmetry, coordination and transaction costs between buyers and sellers: easier for businesses or consumers to connect with potential trade partners. (get information about regulations and standards).
- Digitalisation allows reducing fixed transaction costs and thereby the threshold of entry into the market allowing smaller traders to access the market, but it might not reduce transport costs.

