Aid for Trade at a Glance 2015

CTD Aid for Trade Workshop

WTO OMC

28 May 2015
The M&E exercise

- The aim of the M&E exercise is to survey how trade costs affect developing countries' competitiveness and ability to connect to regional and global value chains, what is being done to address this issue, and how Aid for Trade can help reduce trade costs and the associated impacts to deliver inclusive, sustainable growth.

- Mechanics: 4 questionnaires / 3 case stories
# Questionnaire response

## RESPONSES TO AID-FOR-TRADE SELF-ASSESSMENT QUESTIONNAIRES

<table>
<thead>
<tr>
<th></th>
<th>Overall Total</th>
<th>Partner Country</th>
<th>LDCs</th>
<th>REC/Transport Corridors</th>
<th>Donors (including IGOs)</th>
<th>South-South</th>
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<tbody>
<tr>
<td>Questionnaires 2015</td>
<td>111</td>
<td>62</td>
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<td>Questionnaires 2013</td>
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<td>80</td>
<td>36</td>
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## SUBMISSION OF CASE STORIES

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<th>South-South</th>
<th>RECS/Transport Corridors</th>
<th>Private Sector</th>
<th>Academia/NGO/Other</th>
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<td>Case Stories 2015</td>
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"Bhutan being land locked country tends to have higher trade costs in reaching markets beyond borders." Bhutan

"Trade costs are very important for the competitiveness of our exports because of our isolation which together with transport costs and transit of our goods for export, makes us less competitive". Central African Republic

"The cost of trade remains decisive in the structure of prices of imported products and significantly affects the purchasing power of the Congolese population" Democratic Republic of Congo

"Despite all the efforts already made, reducing the costs of trade remains a major challenge for Madagascar". Madagascar

"As a land locked country, Uganda's trade costs are high affecting the competitiveness of Uganda's exports." Uganda

"Our Private Sector has been time and again informed responsible government ministries of very high cost of doing business. Solomon Islands"
Many costs associated with trade

Source: OECD Moise and Le Bris (2013)
Trade Costs & Merchandise goods

At the Border Measures (e.g., Tariffs and Customs and Border Procedures)

Between the Border Measures (e.g., Transport)

Behind the Border Measures (e.g., Product Standards)

Trade Costs in Goods Markets
Trade costs associated with product standards

- "Other issues currently exist such as the connection between non-tariff barriers and new trends regarding approval of products by consumers that are reflected in private standards." Guatemala

- "Yemen's exports to the Gulf countries face border processing and non-tariff obstacles without appropriate justifications." Yemen

- "Trade costs depend on markets. In Africa the costs are related to border procedures whilst in the EU, they are geared towards stringent standards." Mauritius

- Non-tariff measures, such as standardization (standards, standardization policy, use of national, regional and internationally agreed standards) and regulatory issues are a significant source of barriers to trade." UNECE
Trade Costs and services - an evolving areas

- Mode 1: Pure Cross-Border
- Mode 2: Movement of the Consumer
- Mode 3: Commercial Presence
- Mode 4: Temporary Movements of Service Providers
Why do Trade Costs Matter for Inclusive, Sustainable Growth?

• Effects of high international trade costs include:
  - Pricing countries out of global trade
  - Nullifying comparative advantage;
  - Denying firms access to technology and intermediate inputs;
  - Eroding consumer welfare, narrowing the goods and services on offer and pushing up prices.

• Not just exports but imports too!
Costs to export, USD per container, 2014

Source: World Bank Doing Business Indicators
Most important source of costs (goods)

Number of respondents

- Border procedures (trade facilitation)
- Tariffs, fees and other charges
- Non-Tariff Measures (including standards)
- Transport infrastructure
- Network infrastructure (ICT, power, telecoms)
- Access to trade finance
- Unsure
- Other

Legend:
- Partner
- Donor
Average number of days required to export by income group
Reducing Trade Costs with Aid for Trade

Outcomes

- Reduction in border clearance times
- Increase in export volumes
- Increase in customs revenue
- Increase in traffic flows through border posts
- Increase in import volumes
- Reduction in informal payments
- Unsure
- Other (please specify)
- Reduction in customs revenue
- No outcome(s)

[Bar chart with outcomes and contribution from Partner Country, Donor, South-south, and REC / TC]
Reducing Trade Costs with Aid for Trade

Actions with the most positive results

- Customs reform
- Upgrading transport infrastructure
- Upgrading network infrastructure
- Other border agency reforms
- Support for compliance with Non-Tariff... (please specify)
- Tariff reforms
- Improving the regulatory environment for...
- Improving skills levels in service sectors
- Improving access to trade finance
- Working with trade partners to remove...
- Working with trade partners to recognize...
- Removing domestic restrictions on...
- Tariffs on product inputs (e.g. on computers...)
- Other (please specify)
What contribution can reducing trade cost make to the target of inclusive, sustainable growth?
World Economic Forum Projection: GDP gains from reducing trade costs halfway to regional average.