Business Perspectives on Boosting Trade & Investment

Committee on Trade and Development
Business views trade facilitation as important

**Individually**

<table>
<thead>
<tr>
<th>Supply chain costs (%)</th>
<th>Influenced by barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current supply chain costs</td>
<td>Safety stock cost</td>
</tr>
<tr>
<td>Reduced barrier supply chain costs</td>
<td>Quality management + inspection</td>
</tr>
<tr>
<td>Other supply chain costs</td>
<td>60% reduction in supply chain costs translates to ~10% reduction in overall landed product costs</td>
</tr>
</tbody>
</table>

**Collectively**

<table>
<thead>
<tr>
<th>Increase in trade* and GDP (trillion US$)</th>
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<tbody>
<tr>
<td>Ambitious scenario</td>
</tr>
<tr>
<td>Countries improve trade facilitation halfway to global best practice</td>
</tr>
</tbody>
</table>
Implementation effort best aligned to impact

The image is a world map with various regions highlighted to show the GDP increase and trade increase. The map is color-coded to indicate different percentage ranges for GDP increase and trade increase. The areas highlighted include:

- United States and Canada: 7% GDP increase, 11% trade increase
- Europe, except FSU: 6% GDP increase, 2% trade increase
- Russia and other FSU: 33% GDP increase, 71% trade increase
- Korea: 9% GDP increase, 9% trade increase
- Japan: 2% GDP increase, 3% trade increase
- China, Hong Kong, Taiwan: 34% GDP increase, 31% trade increase
- Mexico: 26% GDP increase, 11% trade increase
- Brazil: 74% GDP increase, 30% trade increase
- Sub-Saharan Africa: 55% GDP increase, 63% trade increase
- Non-Oil Middle East and North Africa: 34% GDP increase, 46% trade increase
- South and Central Asia: 49% GDP increase, 65% trade increase
- Rest of Americas: 39% GDP increase, 38% trade increase
- Oceania: 2% GDP increase, 1% trade increase
- Southeast Asia: 18% GDP increase, 12% trade increase
Comparing AfT to Enabling Trade Index scores (1/2)

Aid disbursements targeted countries that lagged behind in trade facilitation

Transport infrastructure received a large share of total aid disbursements
Comparing AfT to Enabling Trade Index scores (2/2)

Aid for border administration was scattered, no focus on lagging countries

ICT development received few resources, particularly in view of the large gap
A broad supply chain perspective is helpful

- Differences in regulatory standards
- Border crossing times and processes
- Lengthy dispute settlements
- Tax Obstacles to supply chains (e.g. inventory storage)
- Re-Export Barriers (e.g. pooled equipment)
- Trade & investment policy visibility
Support from «non-trade» stakeholders essential

### Food Loss in LDCs

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Consumption</td>
<td>16%</td>
</tr>
<tr>
<td>Distribution and Market</td>
<td>16%</td>
</tr>
<tr>
<td>Processing and packaging</td>
<td>4%</td>
</tr>
<tr>
<td>Handling and storage</td>
<td>33%</td>
</tr>
<tr>
<td>Production</td>
<td>31%</td>
</tr>
</tbody>
</table>

### Enabling Kenyan Avocado Exports

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Food loss</th>
<th>Value at stake</th>
<th>Ease of implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enable use of covered trucks through consolidated collection points to protect avocados from sun exposure</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Promote avocados of Kenyan origin</td>
<td></td>
<td></td>
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<tr>
<td>Develop commercial farms to ensure quality for importers and reduce losses during harvest and quality checks</td>
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<td></td>
<td></td>
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<tr>
<td>Mitigate missed Salalah trans-shipping risks</td>
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</table>

- **Logical**
  - Long-term priority: High value; low ease of implementation
  - Quick win: Medium to high value; high ease of implementation

### Improving Indian Tomato Supply Chains

- Improve avocado traceability and export monitoring to mitigate “briefcase exporters” effect

*Note:* Ease of implementation is assessed based on the number of stakeholders, nature of stakeholders, time for implementation, investment required, need to adapt/change the legal framework and contentiousness of reform.

*Sources:* Bain & Company analysis; interviews
High quality trade facilitation is an ongoing search for tipping points
Cooperation between public and private sectors

Diagnosis
— Where are the bottlenecks?

System
— What are the knock-on effects?

Connections
— Who outside the trade arena can resolve an issue?

Delivery
— Who will insist on the details?

Don’t forget:

DDA Services IT Investment Regulatory