



Trade facilitation needs and priorities

Global Facilitation Partnership for
Transportation and Trade
Cape Town, June 9-10

Evdokia MOÏSÉ
OECD Trade and Agriculture Directorate

Change in Trade Flows with Improvement in Import conditions

	Days at the border	Signatures	Documents
	<i>percentage reduction to world average</i>		
East Asia & Pacific			
Lat. America & Caribbean			
Middle East& North Africa	-5.41	-30.00	
OECD			
South Asia	-16.98	-46.48	-18.71
Sub-Saharan Africa	-52.20	-82.49	-18.71
	<i>Percentage increase in imports if regional average fell to world average</i>		
East Asia & Pacific			
Lat. America & Caribbean			
Middle East& North Africa	3.40	29.63	
OECD			
South Asia	10.67	45.91	20.66
Sub-Saharan Africa	32.80	81.48	20.66

Source: OECD 2005

Necessary Reduction in Days at the Border to Achieve 10% Increase in Trade

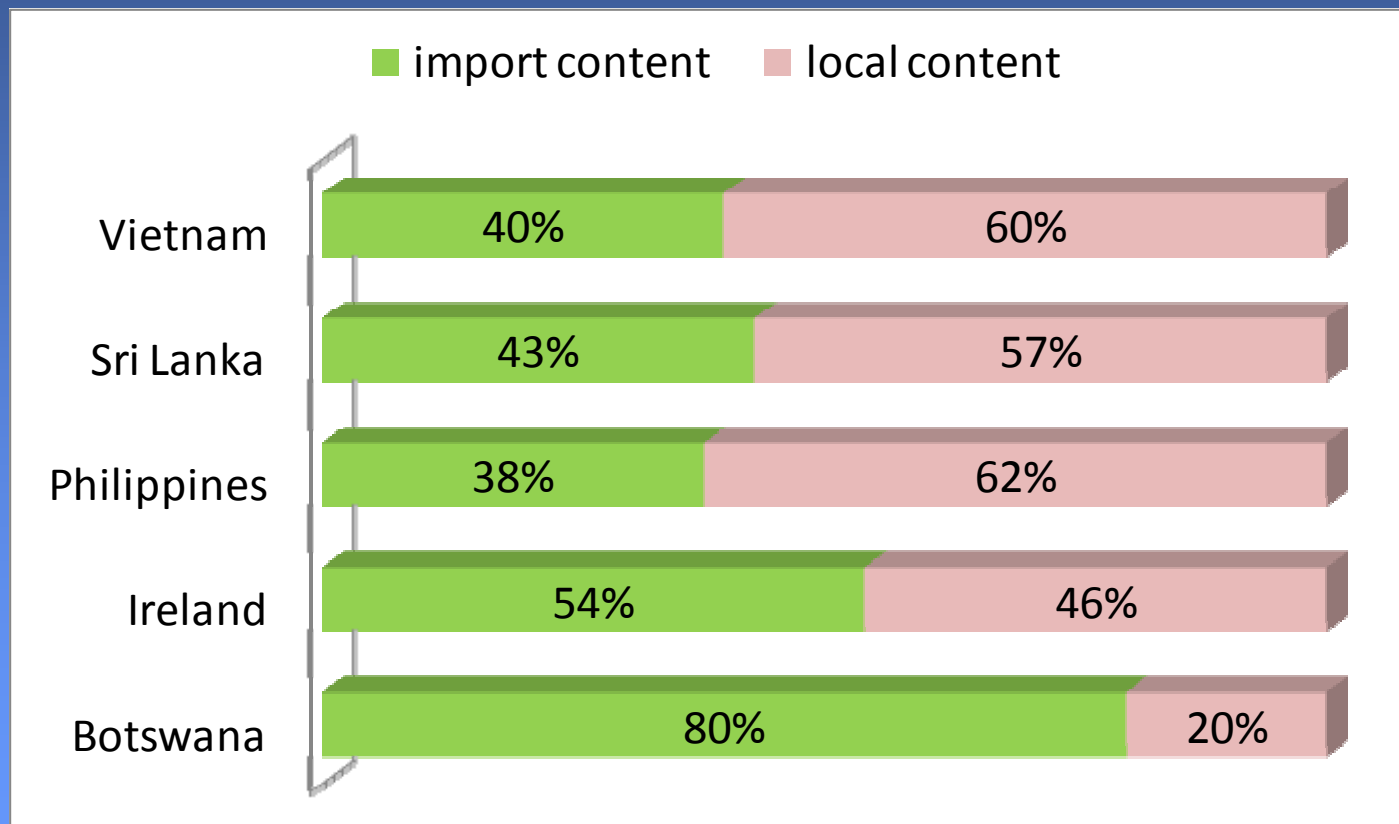
	East Asia & Pacific	Latin America & Carribean	Middle East & North Africa	OECD	South Asia	Sub-Saharan Africa
	<i>for exporters</i>					
East Asia & Pacific	2.42	2.46	2.47	2.32	2.46	2.48
Latin America & Carribean	2.87	2.91	2.92	2.76	2.92	2.94
Middle East & North Africa	3.20	3.24	3.26	3.08	3.25	3.27
OECD	1.14	1.15	1.16	1.08	1.16	1.17
South Asia	3.21	3.25	3.27	3.09	3.26	3.28
Sub-Saharan Africa	4.66	4.71	4.74	4.50	4.73	4.76
	<i>for importers</i>					
East Asia & Pacific	2.69	3.52	4.01	1.26	3.82	4.47
Latin America & Carribean	2.71	3.55	4.04	1.27	3.85	4.51
Middle East & North Africa	2.72	3.57	4.06	1.28	3.87	4.53
OECD	2.58	3.39	3.86	1.20	3.68	4.31
South Asia	2.72	3.57	4.06	1.28	3.87	4.53
Sub-Saharan Africa	2.77	3.62	4.13	1.31	3.93	4.60

Source: OECD 2005

Some direct and indirect costs : Example of US imports of textiles and clothing

Country of origin	Time factor 0.5% day*	Freight cost*	Customs duty*	Total cost*	Relative to China
Mexico					
Two-way shipment	2.00%	1.20%	0.00%	3.20%	20.90%
One-way shipment	1.00%	0.60%	0.00%	1.60%	22.50%
Canada					
Two-way shipment	2.00%	1.80%	0.00%	3.80%	20.30%
One-way shipment	1.00%	0.90%	0.00%	1.90%	22.20%
China					
MFN shipment by sea	6.00%	5.80%	12.30%	24.10%	--
MFN shipment by air	1.00%	14.50%	12.30%	27.80%	--
South Africa					
Two-way shipment	29.50%	10.00%	0.00%	39.50%	-15.40%
One-way shipment	12.50%	5.00%	12.30%	29.80%	-5.70%
Kenya					
Two-way shipment	61.50%	9.80%	0.00%	71.30%	-47.20%
One-way shipment	30.50%	4.90%	0.00%	36.40%	-11.30%
MFN shipment	30.50%	4.90%	12.30%	47.70%	-23.60%

Examples of import content in export values of clothing

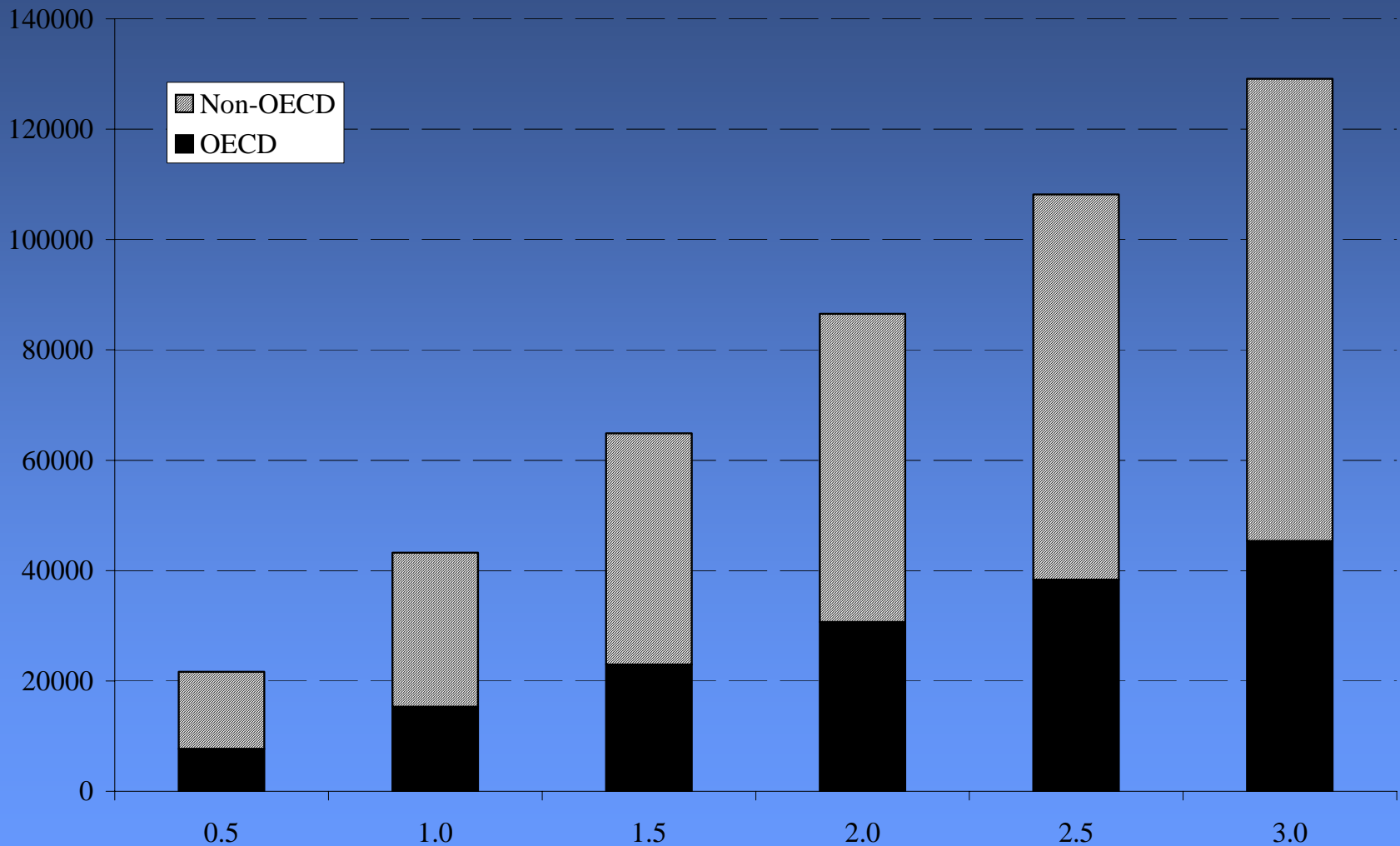


Income effects of trade facilitation (million USD and percent of total)

	Uniformity	Country, Sector and Trader Diversity	OECD only
Worldwide income gains	38454	43259	14053
due to direct cost reduction	6041	8250	2650
due to indirect cost reduction	32413	35009	11402
OECD	69%	35%	103%
Non-OECD	31%	65%	-3%
Middle East and North Africa	5%	11%	0%
Latin America and Carribean	5%	13%	-1%
Sub-Saharan Africa	2%	7%	0%

Source: OECD Secretariat

Welfare gains under alternative assumptions on the extent of trade facilitation



Assumed reduction in TTCs in terms of percentage points of traded goods value

Assessing needs and priorities

WB/WCO grid of analysis

Low ◀ Priority of the facilitation measure ▶ High

Priorities established by the national co-ordination structures

Low ◀ Difficulty ▶ High

Reject the proposal?	
Request S&D and TA/CB ?	Support the proposal subject to S&D and TA/CB
Take no stand?	Support the proposal

Cost/difficulty analysis

TA/CB needs



Needs assessment is part of a wider reform programme

- **Common reform objectives**
 - **Good governance**
 - ✓ Efficiency of border management (collect and control)
 - ✓ Better use of public resources
 - **Economic competitiveness**
 - ✓ Reduce trade transaction costs
 - ✓ Reinforce the national production potential
- **Constraints and obligations**
 - External (bilateral / multilateral relations and agreements)
 - Internal (resources, institutional and regulatory context)

Co-ordinate action within the government

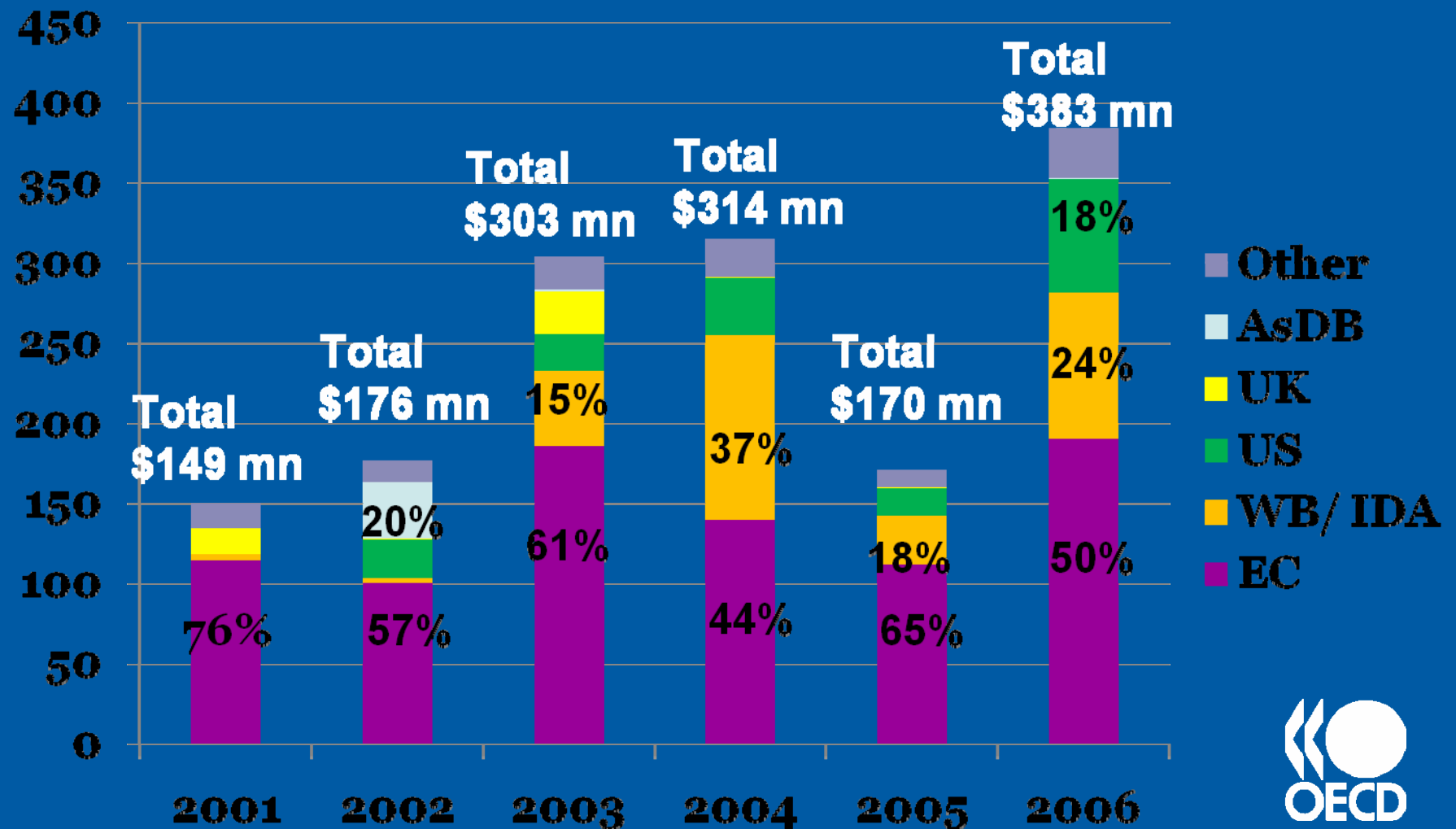
- ✓ To seek consensus on the objectives, the means and the calendar of reform
- ✓ To guarantee the coherence with other government objectives



TA/CB for trade facilitation

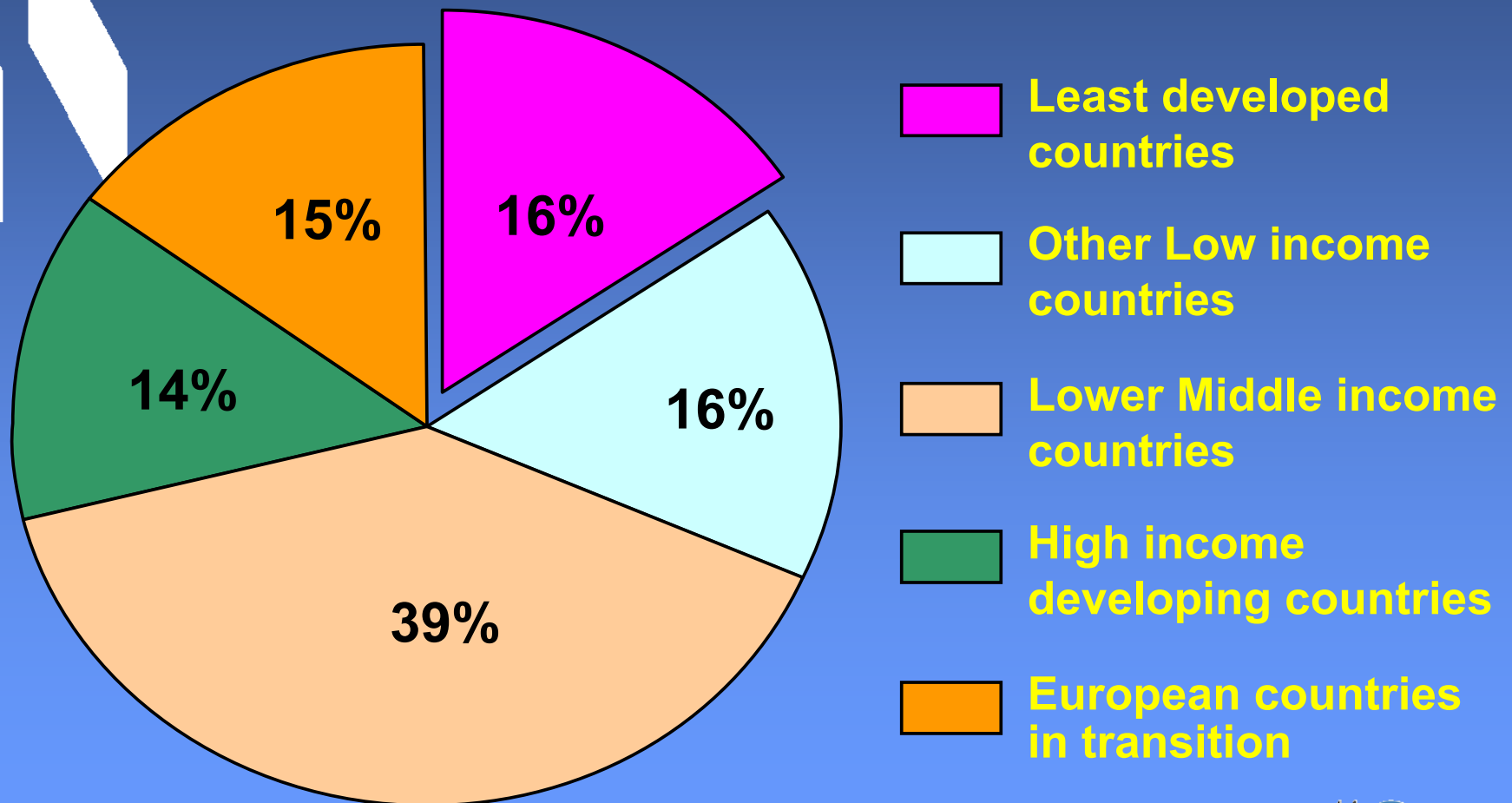
million USD
(constant 2005)

Commitments by main donors



...And most support is going to lower middle income countries

Commitments by income group, 2001-2004



Source: TCBDB.



Thank you

evdokia.moise@oecd.org

www.oecd.org/tad/facilitation