



Trade Facilitation & Poverty Reduction: the case study on China and ASEAN

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Outline

- Research objectives
- Research methods
- Trade facilitation and its impacts on poverty: results
- Conclusion and discussion

1. Research objectives

- To explore how trade facilitation (TF) affects poverty reduction through trade and capital flow/investment
- To do case study on impacts of TF on poverty reduction between China and ASEAN

2. Research methods

a 3- step procedure is applied to test the impacts

- impacts of TF on trade, and calculate the elasticity
- impacts of trade on poverty reduction, and get the elasticity
- Calculate elasticity of TF on poverty reduction based on above two steps

In 1st step: we get the elasticity of TP on trade based on other researches.

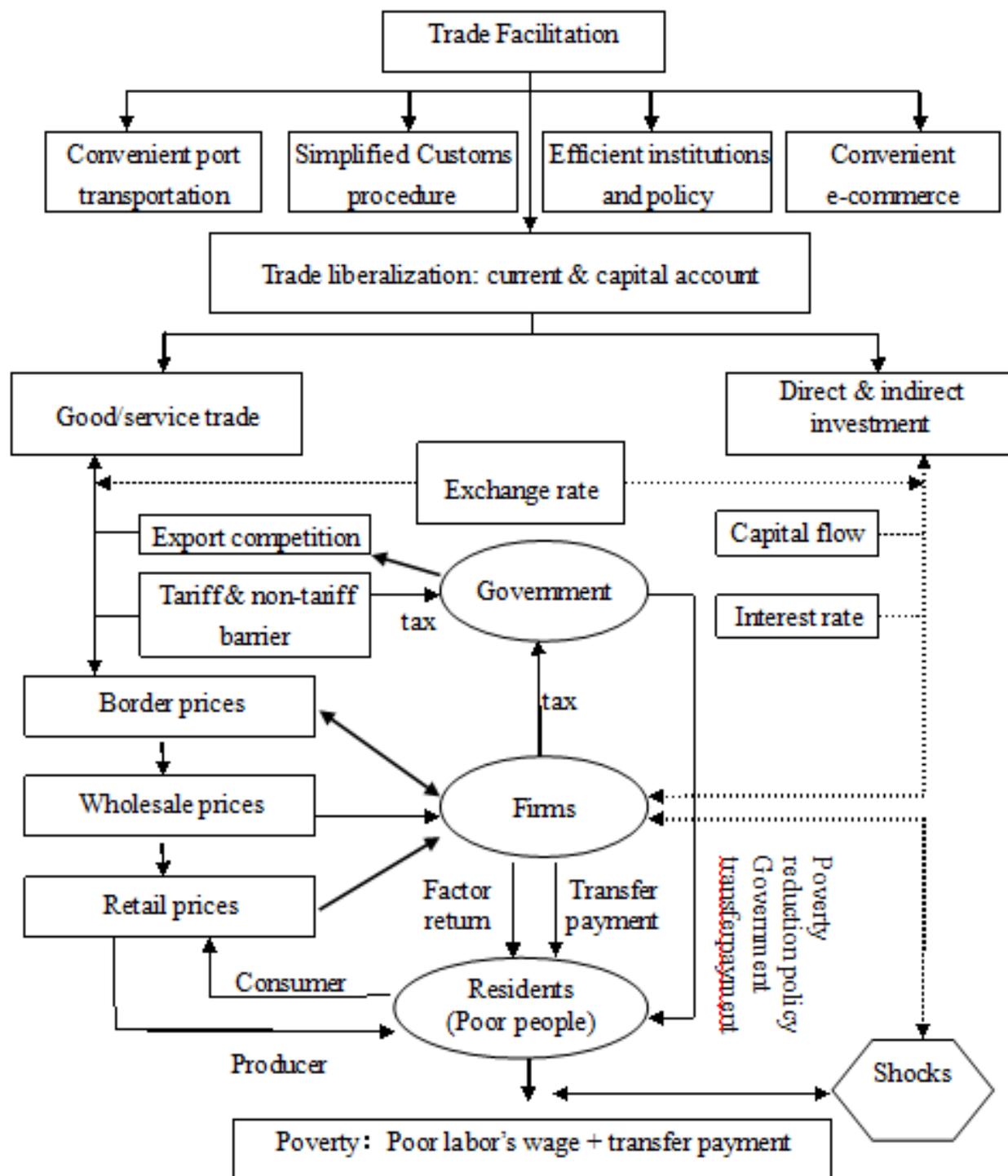
In 2nd step: a system model is built to test impacts of trade on poverty reduction, including 4 group 9 equations. The data is Chinese provincial data from 2000 to 2008.

In 3rd step: calculate the elasticity of TF on poverty reduction by multiply above elasticities.

3. Results

Impact mechanism of TF on Poverty reduction

2013-3-28



3. Result: impacts of TF on trade

- Case: *bankok-Kunming Highway*

Cost and procedure of flowers exported from Yunan to Thailand pre and post highway

- Time: 7-8 days to 3 days
- transportation cost: 7yuan/kg to 3yuan/kg
- customs procedure: 10 min to 30 sec (e-card).

- Reserach shows a increase in Port efficiency by 1% brings 1.48 % increase in trade of manufactured products of ASEAN (Sun Lin and Xufei Xu,2011).

Table 1: elasticity of TF on poverty

	import	export	Overall
<u>Elasticity of port on trade</u>	1.02	1.07	-
<u>Elasticity of trade on poverty</u>	Ag. import	Ag. export	
Chinese National	-0.05	1.03	0.9800
Eastern area of China	-0.0559	0.3779	0.3220
Middle area of China	-0.1454	2.116	1.9706
Western area of China	-0.0228	0.5921	0.5693
<u>Elasticity of port on poverty</u>			
Chinese National	-0.0510	1.1021	1.0511
Eastern area of China	-0.0570	0.4044	0.3473
Middle area of China	-0.1483	2.2641	2.1158
Western area of China	-0.0233	0.6335	0.6103

the results

- 1 % increase in port efficiency causes 1.051% decrease of poverty index.
- For the middle area of China, the elasticity reaches 2.116%; it is smaller for eastern or western area.

4. Conclusion and discussion

- TF affects poverty through trade
- Chinese TF reaches the world average level, but within the ASEAN big difference across countries
- Since CAFTA in 2010, TF improved greatly between China and ASEAN.
- TF significantly improves the poverty reduction

Suggestions

- to promote the reform of customs further
- to strengthen infrastructure construction for trade and investment facilitation
- to improve development of e-business
- to improve the institutional environment
- to enhance coordination between China and ASEAN, including to promote unified standards, to establish trade facilitation committee in China-ASEAN area

Thank You