OECD Trade Facilitation Indicators: A Guide to Implementation and Future Action

Future Research Agenda for Trade Facilitation and Inclusive Growth
Beijing, 12 September 2013
OECD TFIs

- What is the Impact of TF Measures on Trade Flows and Trade Costs?

- Following the structure of the Draft Consolidated Negotiating Text

- Aiming to provide a basis for prioritising trade facilitation actions by governments

- Helping mobilise technical assistance by donors in a targeted way
# TFIs structure

<table>
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<tr>
<th>Import/export TFIs</th>
<th>Transit TFIs</th>
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<tr>
<td>a. Information availability</td>
<td>m. Transit fees and charges</td>
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<td>b. Involvement of the trade community</td>
<td>n. Transit formalities</td>
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<td>c. Advance rulings</td>
<td>o. Transit guarantees</td>
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<td>d. Appeal procedures</td>
<td>p. Transit agreements and cooperation</td>
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<td>e. Fees and charges</td>
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<td>f. Formalities - Documents</td>
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<td>g. Formalities - Automation</td>
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<td>h. Formalities - Procedures</td>
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<td>i. Border agency cooperation - internal</td>
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<td>j. Border agency cooperation - external</td>
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<td>k. Consularization</td>
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<td>l. Governance and impartiality</td>
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Extensive coverage

- 26 OECD and 107 countries outside the OECD area, at different stages of development
- Extensive data collection process: Customs websites and regulation, publicly available databases, collaboration with countries’ Permanent Delegations to the WTO
- Focus on country groups: income groups, geographic groups, regional economic partnerships groups
Regions and countries: state of implementation

The trade facilitation indicators are a tool that allows exploring the importance of trade facilitation performance across different:

- regions
- countries
Income groups: state of implementation

[Spider diagram showing the state of implementation of various trade-related areas for low-income (LICs), lower-middle-income (LMICs), and upper-middle-income (UMICs) countries.]

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Europe (outside the OECD area) and Central Asia

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Latin America and the Caribbean

[Diagram showing a radar chart with metrics such as Information availability, Governance and impartiality, Involvement of trade community, Border agency cooperation - external, Border agency cooperation - internal, Advance rulings, Appeal procedures, Fees and charges, Formalities - procedures, Formalities - automation, Formalities - documents. The chart compares Latin America and the Caribbean with the TFI dataset average (non-OECD countries).]
Impact on trade volumes

- Information availability
- Simplification and harmonisation of Documents
- Automation
- Streamlining of Procedures
- Governance

Equally important for exports as for imports
Impact on trade costs - potential reductions

Low income - Aggregate 14.5%

Documents: 3
Automation: 2.3
Information availability: 1.7

Lower middle income - Aggregate 15.5%

Documents: 2.7
Procedures: 2.2
Automation: 2.1

Upper middle income - Aggregate 13.2%

Procedures: 2.8
Automation: 2.4
Governance and impartiality: 1.6
Impact on trade costs – potential reductions

[Bar chart showing reductions in trade costs for different regions and categories.]
Impact on trade costs – potential reductions

- Comprehensive trade facilitation reform is more effective than isolated or piecemeal measures.

- The potential cost reduction of all the trade facilitation measures combined is greater than the sum of their individual impacts - almost 14.5% for low-income countries, 15.5% for lower-middle-income countries, 13.2% for upper-middle-income countries

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How can these findings be put into practice?

- The use of the indicators in this proposed framework should enable countries sharing similar characteristics to better assess which trade facilitation dimensions deserve priority.

- This empirical evidence provides useful information to guide policymakers, private sector practitioners and other stakeholders on which might be the areas for which resource allocation could bring the highest benefits.

- The set of variables identified shows that some measures for which costs are considerably lower than for larger infrastructure projects can bring high benefits (e.g. the simplification and harmonisation of documents, increasing information availability).
For further information:

www.oecd.org/trade/facilitation/indicators.htm

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