



# The evolving contribution of trade facilitation policies to enhancing trade

Silvia Sorescu  
Trade Policy Division (TPD)  
Trade and Agriculture Directorate (TAD)

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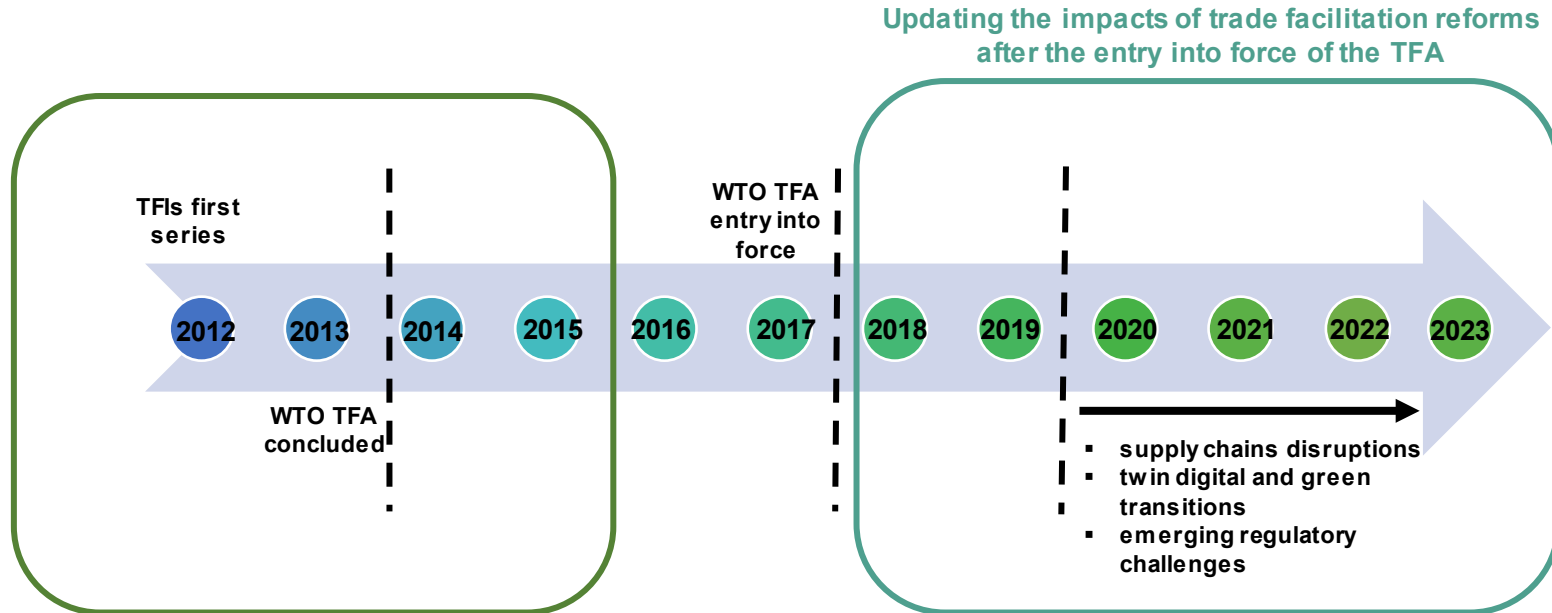
*Based on ongoing work, not to be quoted at this stage*



# Overview

- (1) Aim and contributions of the work
- (2) Main results
- (3) Policy implications

# Why updating estimates of trade facilitation policy reforms on trade is timely?



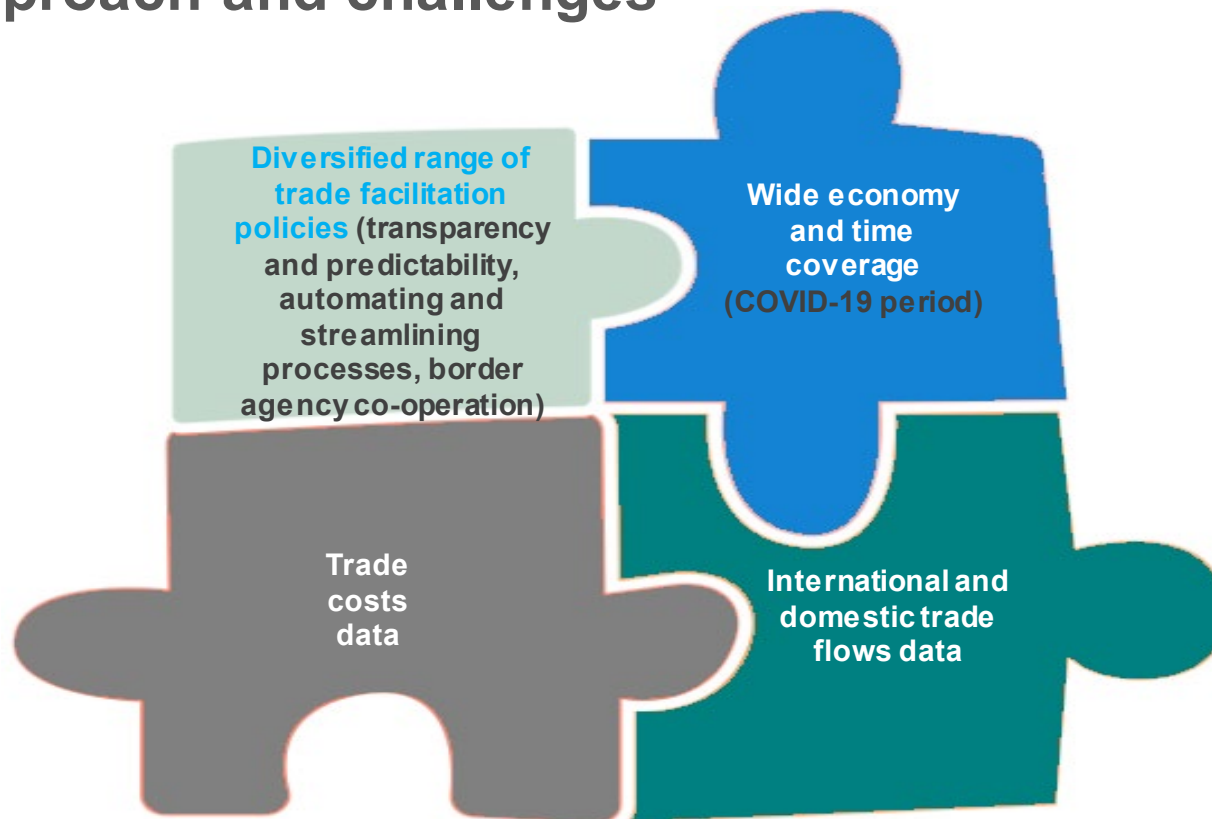
OECD previous analyses of potential WTO TFA impacts on trade costs and trade flows




## Aim

- To **strengthen the evidence-base** on the evolving contribution of trade facilitation policy reforms to reducing trade costs and enhancing trade flows:
  - What **progress** has been achieved **so far**?
  - What additional **benefits** could **further reforms** yield?
  - What areas could be **prioritised**?
- To enable more informed policy discussions and help motivate continued TFA implementation, including by helping to target **implementation efforts** and assistance.
- To provide insights into how trade facilitation policies have the potential to promote the **resilience** of trade to a range of future shocks.

## Approach and challenges



# Mapping the TF regulatory environment and operational practices : OECD Trade Facilitation Indicators (TFIs)



**OECD Trade Facilitation Indicators**  
Monitoring facilitation reforms up to 2023

### Key insights

- Against a backdrop of supply chain disruptions since 2020, the global regulatory environment for trade facilitation remains dynamic, as countries are trying to increase supply chain resilience. The OECD Trade Facilitation Indicators (TFIs) help monitor reforms meant to expedite the movement, release, and clearance of goods at the border and they reflect the policy efforts addressing challenges in the operation of supply chains.
- The trade facilitation areas that improved most by 2022 are co-operation between agencies at the border, transparency of information on trade procedures, and automation tools to facilitate trade. Improvements in these three areas are larger than in the immediate period following the entry into force of the WTO Trade Facilitation Agreement in 2017.
- All regions are making progress in streamlining trade-related processes, but further efforts are warranted to close the gaps between establishing regulatory frameworks for trade facilitation and implementation in practice.
- Trade facilitation policies are key in supporting open markets and in promoting a more sustainable and inclusive trading system. They matter for advancing transparency and predictability throughout global and complex supply chains and as an enabler of economic resilience and diversification along supply chains.





## Six main findings

# >> (1) Trade costs impacts: Where do we stand and looking ahead

## a. Income groups

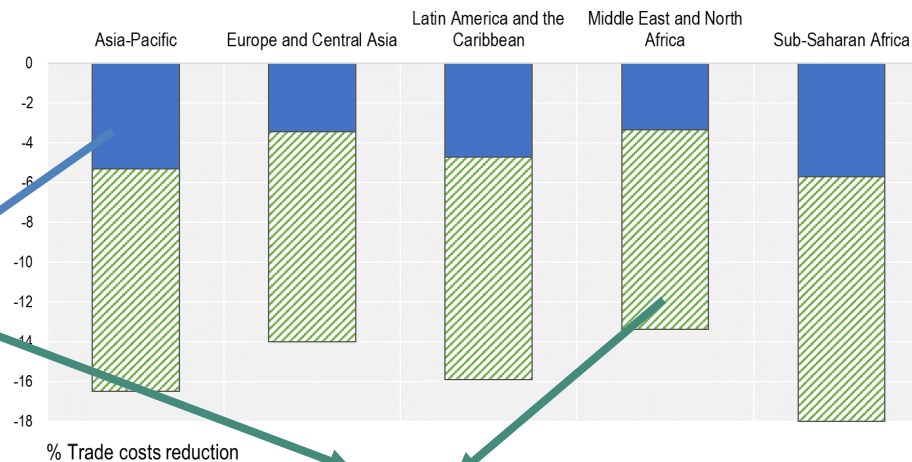
■ Trade cost reduction observed    ▨ Gap with potential reduction from full reform implementation worldwide



impacts associated to reforms so far

## b. Regional groups

■ Trade cost reduction observed    ▨ Gap with potential reduction from full reform implementation worldwide



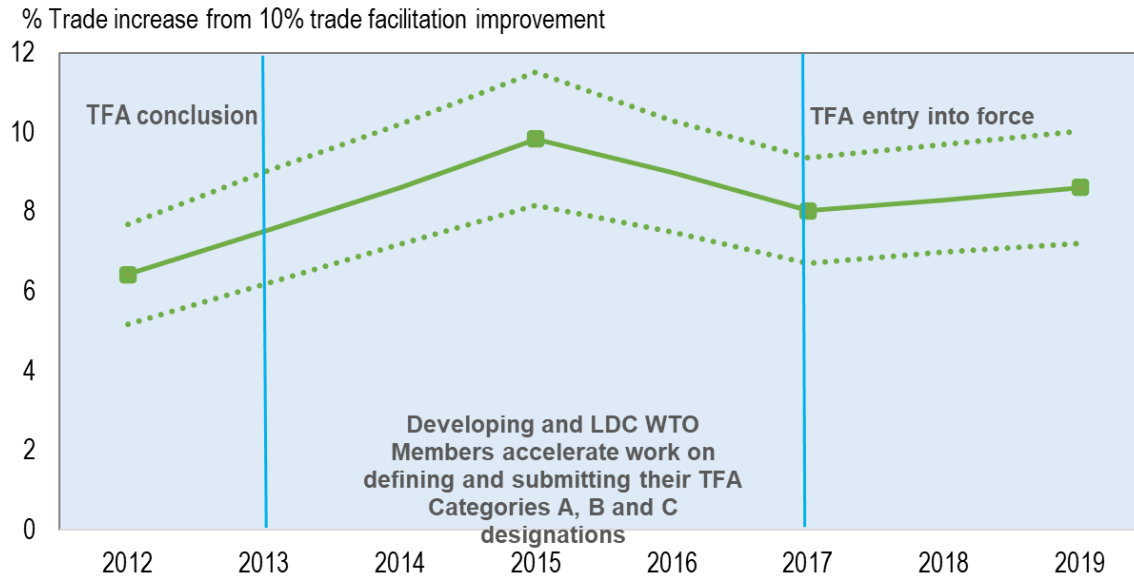
impacts associated to continuing reforms

Note: Using 2022 version of UN ESCAP – World Bank database.



## ➤➤ (2) The impact of trade facilitation reforms on trade flows has continued to grow over time

**Impact of trade facilitation policies via the border effect**

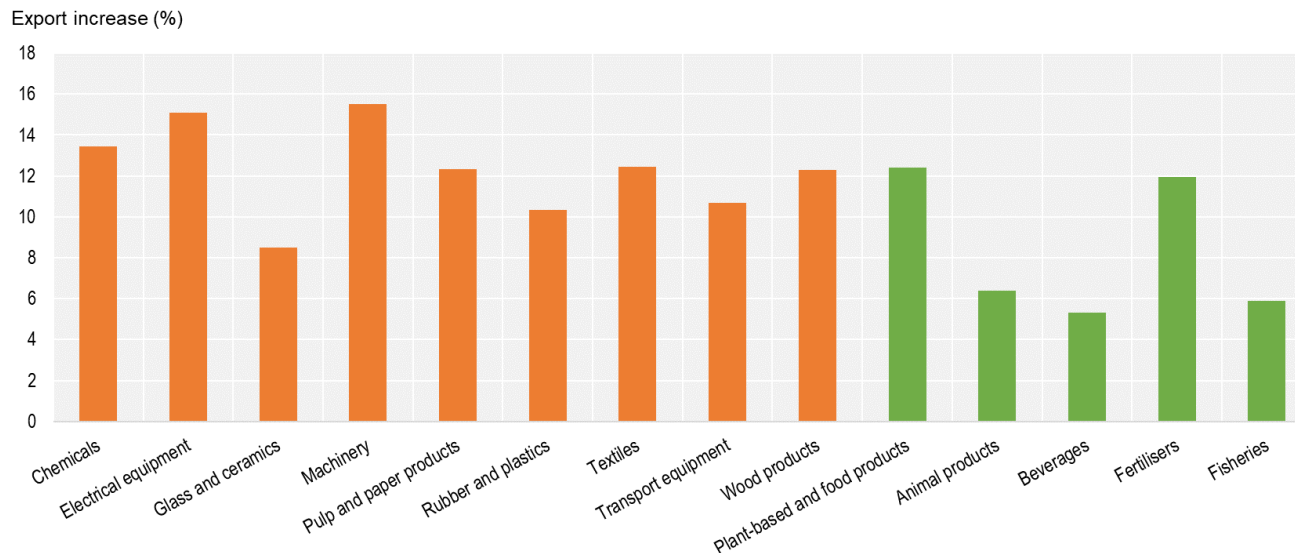


- The trade flow response to trade facilitation improvements appears to have been strongest in the period following the conclusion of the TFA in 2013.
- Suggests negotiating and preparing for the implementation of the TFA prompted economies to initiate reforms early on.

Note: Impact by year, between 2012-19. The figure shows the % trade increase from 10% trade facilitation improvements (based on the coefficients of the TFI variable interacted with the border and year dummy). Impacts are shown for the years the TFIs are available during this period (i.e., 2012, 2015, 2017, 2019). The dotted lines show the 95% confidence interval. Using trade data from USITC ITPD-E database version 2.

## » (3) The trade cost-reducing impact of trade facilitation policies translates into a quantitatively significant trade flow-increasing effect across sectors

Impacts from observed trade facilitation policy changes (%), by sector

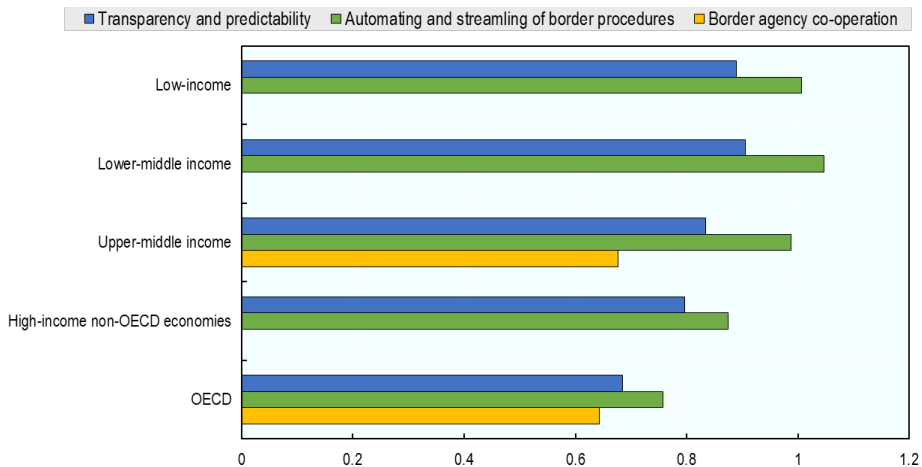


Note: The figure shows the impacts from observed trade facilitation policy changes over the period (2012-19), based on coefficients of the TFI variable interacted with the border. Using trade data from USITC ITPD-E database version 2.

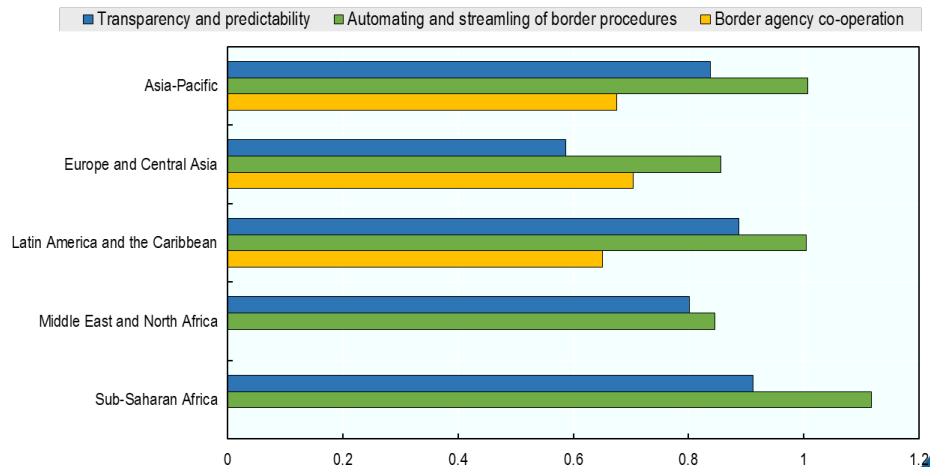
# » (4) Automating and streamlining border procedures have been contributing most to enhancing trade worldwide

**Elasticity of trade facilitation policies on trade flows, by sets of measures and income groupings**

**a. Income groups**



**b. Regional groups**

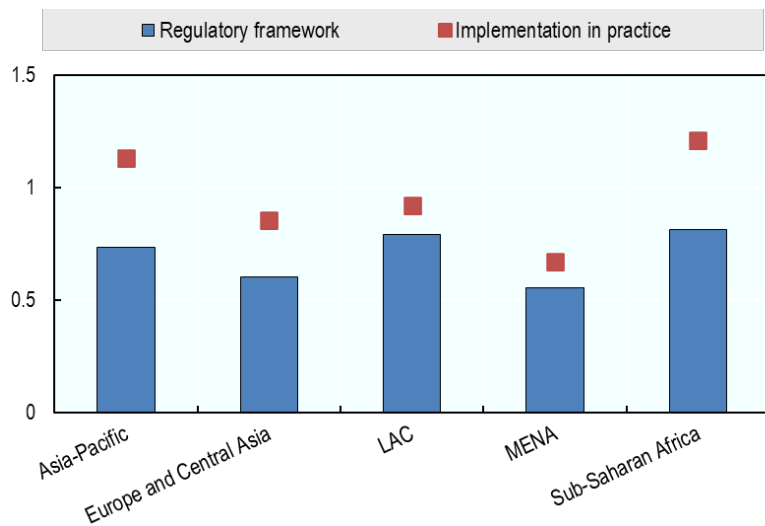


Note: The 11 TFIs grouped by area. Coefficients of TFI variables interacted with the border dummy. The sets of measures are introduced separately in the regressions. The figure shows the effects of measures for which coefficients are statistically significant (i.e., border agency co-operation is not statistically significant for low-income, lower-middle income, high-income non-OECD economies, MENA and Sub-Saharan Africa regions) Using trade data from USITC ITPD-E database version 2.

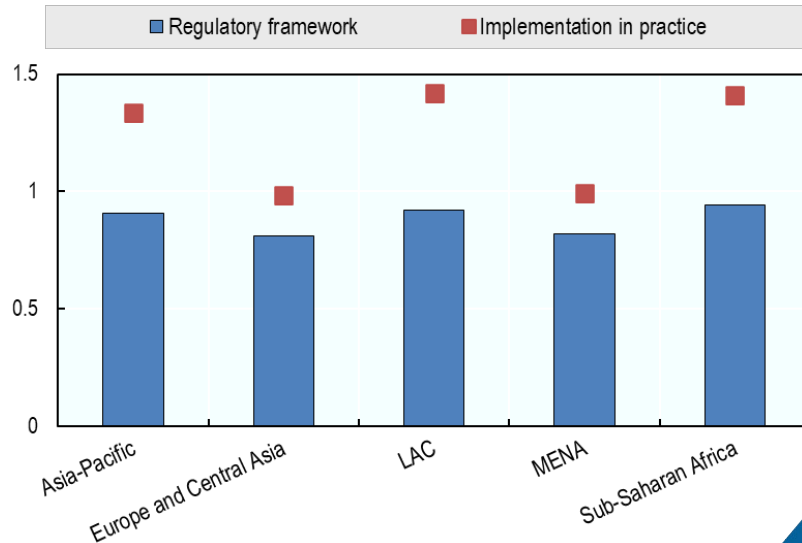
## **(5) Improvements in operational practices appear to matter most going forward**

### Regional groupings

**a. Transparency and predictability measures**



**b. Automation and streamlining border processes**

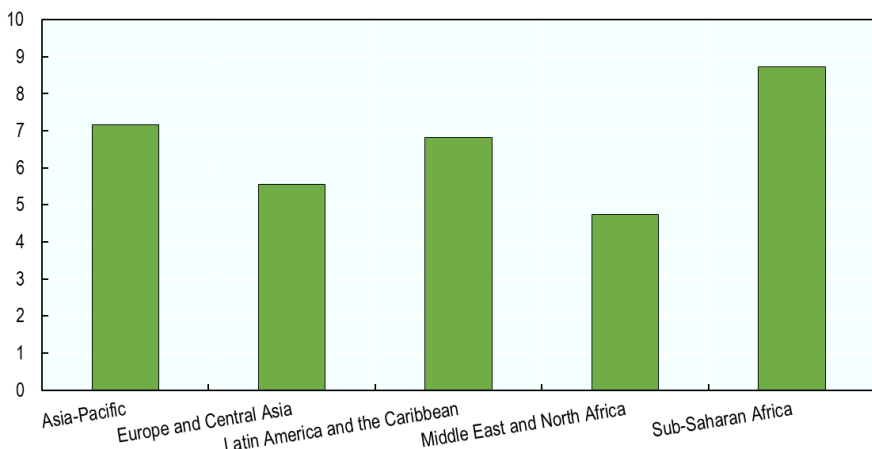


Note: Using trade data from USITC ITPD-E database version 2.

## ➤ (6) Trade facilitation policies can not only enhance existing trade relationships but also help develop new ones

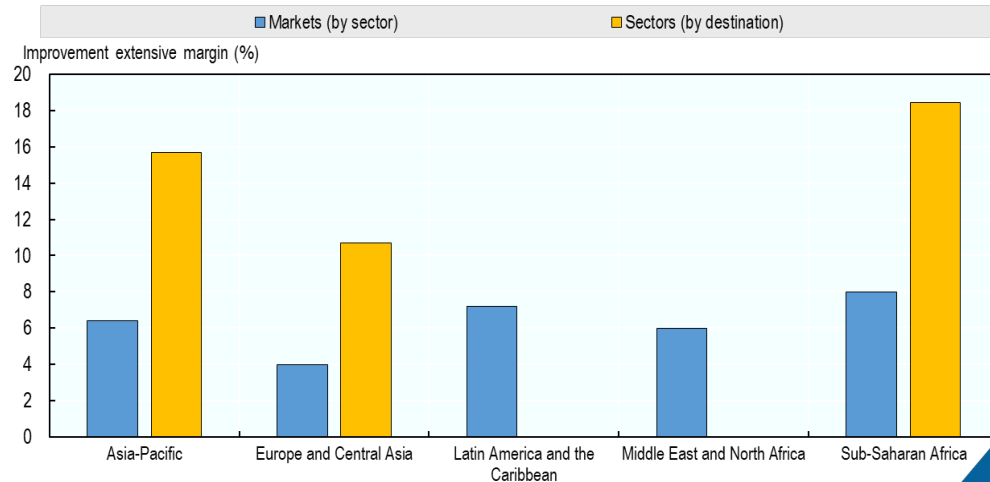
### Enhancing existing trade relationships (intensive margin)

Improvement intensive margin (%)



### Supporting new trade relationships (extensive margin)

Improvement extensive margin (%)



Note: Based on a 10% improvement in trade facilitation performance, by regional grouping. Using trade data from USITC ITPD-E database version 2.



# Policy implications

## » Policy implications

- An acceleration of trade facilitation reforms can **support trade and supply chain resilience**.
- **Reforms** in automating and streamlining of procedures need to focus more on **improving operational practices**.
- Investments in **transparency and predictability measures** need to remain a priority.
- **Reducing performance gaps** between countries at different levels of development needs to continue, and appears to be most pressing in the areas related to **border agency co-operation**.



# Thank you for your attention!

## Contact us

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

[www.oecd.org/tad](http://www.oecd.org/tad)

You can reach us via e-mail by sending your message to the following address:

[silvia.sorescu@oecd.org](mailto:silvia.sorescu@oecd.org)

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