

### Introduction to databases for Trade Facilitation

## Third Asia-Pacific Trade and Investment

#### Training on Evidence-based Policymaking in Trade and Investment

Thursday 21 November 2013, UNCC, Bangkok



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#### **Trade Facilitation**

- Brief intro
- Databases
  - ESCAP-World Bank Trade Cost Database
    [http://www.unescap.org/tid/artnet/trade-costs.asp]
  - ESCAP International Supply Chain Connectivity (ISCC) Index [<u>http://www.unescap.org/tid/artnet/iscci.asp</u>]
  - Doing Business Database [<u>http://www.doingbusiness.org/</u>]
  - Liner Shipping Connectivity Index Database
    [http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx?s
    <u>RF\_ActivePath=p,11&sRF\_Expanded=,p,11</u>]
  - Logistics Performance Index Database [<u>http://lpi.worldbank.org/</u>]
- Concluding remarks





#### **Trade Facilitation (TF)?**

- "The plumbing of international trade" (Staples, 1998)
- "The simplification and harmonization of international trade procedures.", where trade procedures are the "activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade." (based on WTO documents)
- "Any measure, or set of measures, that aims to <u>increase the</u> <u>cost-effectiveness of international trade transactions</u>". <u>http://www.gfptt.org/Entities/TopicProfile.aspx</u>

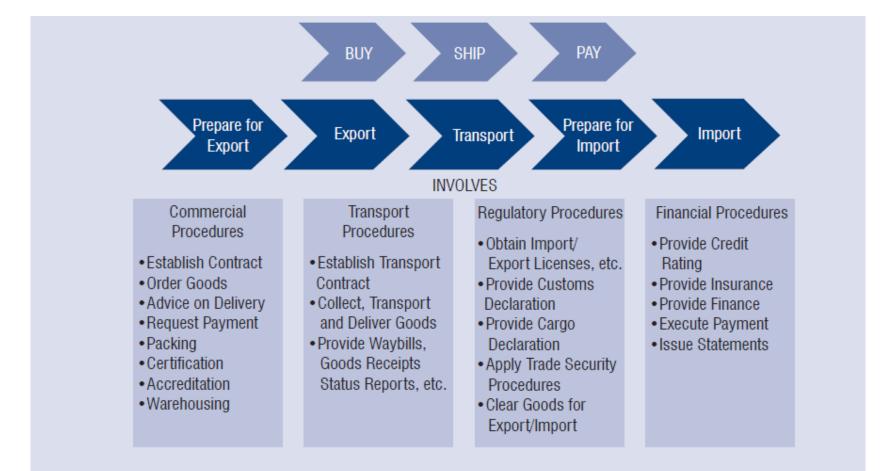




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#### Trade Transactions: Buy-Ship-Pay Model



Source: United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT). 2008.

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# Trade Facilitation (TF) in Asia and the Pacific



- Significant progress made in reducing time of import/export since 2005,
  - but developed economies also improved during that period
- On average, it still takes <u>30 days</u> to move goods from factory to deck-of-ship at the nearest seaport
  - South Asia: 30 days
  - South-East Asia: 20 days
  - Developed economies: 10 days
- → Improvements in TF could bring \$250 billion in additional trade for Asia and the Pacific

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### ESCAP-World Bank (WB) Trade Cost Database

- ESCAP-WB (Bilateral) Comprehensive Trade Costs:
  - Capture all additional costs involved in trading goods bilaterally relative to those involved in trading goods domestically, including
    - International shipping and logistics costs
    - Tariff and non-tariff costs, including indirect and direct costs associated with trade procedures and regulations
    - Costs from differences in language, culture, currencies...
  - are based on the comprehensive trade costs measure proposed by Jacks, Meissner and Novy (2009)
    - Measure derived from the gravity equation, i.e., ratio based essentially on bilateral trade data and Gross Output data → "objective" measure of costs





# Intra and extra-regional comprehensive trade costs in the Asia-Pacific, excluding tariff costs (2006-2011)

	,							
	ASEAN-4	East Asia-3	NCA	PDE	SAARC-4	AUS/NZL	EU-3	USA
ASEAN-4	77 (10)							
East Asia-3		52						
North and Central	(8) 387	(-8)	141					
Asia (NCA)	(6)	(-11)	(0)					
Pacific Islands	263	268	308	107				
Dev. Economies (PDE)	(31)	(36)	(17)	(-31)				
SAARC-4	124	124	270	342	107			
	(2)	(2)	(-10)	(13)	(4)			
AUS/NZL	99	91	323	137	144	54		
	(2)	(-2)	(-5)	(48)	(5)	(4)		
EU-3	111	86	166	327	114	110	46	
	(8)	(-4)	(-3)	(38)	(7)	(1)	(0)	
United States (USA)	84	63	189	228	107	97	67	
	(13)	(-1)	(2)	(19)	(8)	(2)	(1)	
Brazil (BRA)	129	99	269		159	187	98	81
	(-5)	(-10)	(-10)		(-7)	(4)	(0)	(8)
Egypt, Arab Rep. (EGY)	158	139	242		153	201	105	108
	(13)	(-1)	(-27)		(9)	(-7)	(-7)	(-3)
South Africa (ZAF)	124	98	403	442	137	120	92	98
	(-3)	(-13)	(0)	(49)	(-1)	(-5)	(1)	(-6)

Source: ESCAP-World Bank Trade Cost Database

Note: Data is in percentage, ad valorem equivalent. Percentages in parenthesis are percentage changes of trade costs between 2000-2005 and 2006-2011. ASEAN-4: Indonesia, Malaysia, Philippines, Thailand; East Asia-3: China, Japan, Rep. of Korea; EU-3: Germany, France, UK; SAARC-4: Bangladesh, India, Pakistan, Sri Lanka; PDE: Fiji, Papua New Guinea, Tonga, Vanuatu; NCA: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation.



#### Drehensive trade costs in the Asia-Pacific, ff costs of selected economies with China and United States (2006-2011)

United States

400

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500

China

300

ariff-equivalent trade costs (percent)

200

It is cheaper to trade with USA compared to China.

For some landlocked and Pacific island developing economies, comprehensive trade cost is significantly higher with China, up to one and half times their trade costs with USA.

Republic of Korea has the lowest trade costs with China while China has the lowest trade costs with the USA.

Expectedly, it is the small islands or landlocked developing countries that incur the highest trade costs with both China and USA.

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https://www.yunbaogao.cn/report/index/report?reportId=5\_6232