# TRADE FACILITATION AND POVERTY REDUCTION IN ASIA AND THE PACIFIC: A CASE STUDY OF SOUTH ASIAN CORRIDOR

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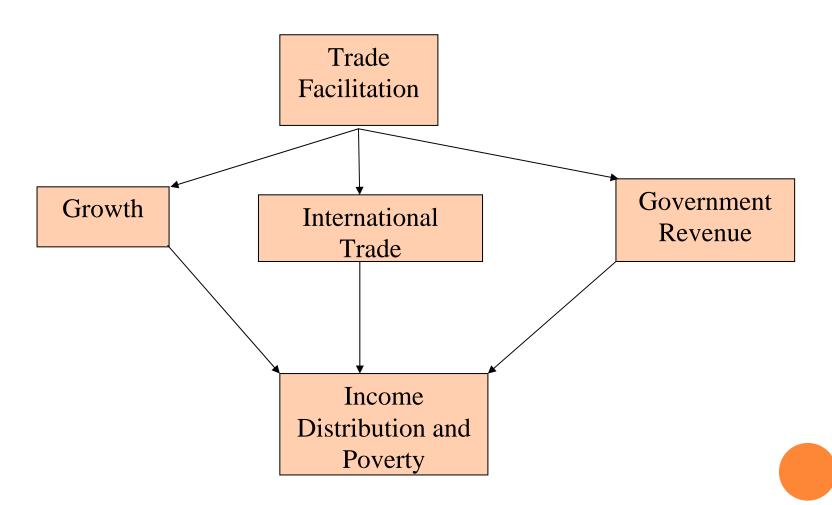
#### **OUTLINE**

- Introduction any link between trade facilitation and poverty reduction?
- Case study on SAARC Corridor 1 data and methodology
- How much trade SC 1 carries?
  - Trade between India and Pakistan and India and Bangladesh
- Major findings of the field survey
- Conclusions

#### IS THERE ANY LINK BETWEEN TRADE FACILITATION AND POVERTY?

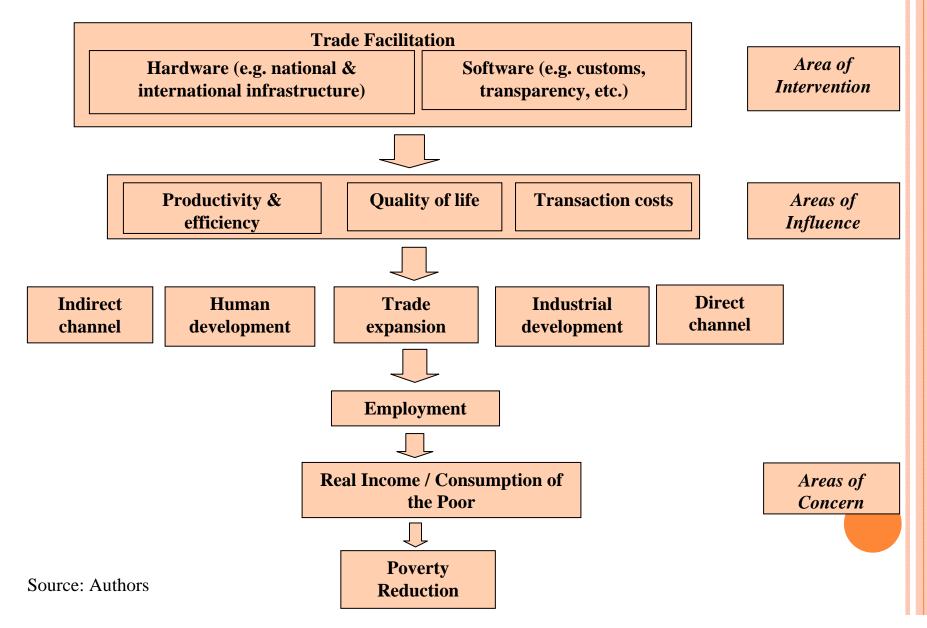
- Trade liberalisation has long been seen as an important element of an effective and sound economic policy and trade facilitation is a necessary step for achieving it.
- Non-tariff policy issues (trade facilitation, NTMs, etc.) have been identified more important than tariff liberalization.
- Trade facilitation is aimed at ensuring the movement and clearance of goods across borders within the shortest time at the minimum cost
  - Two elements which form the crux of the issue are <u>time</u> and cost.
- Relation between trade, inequality and poverty within countries is not beyond controversy.
- Under free trade and competitive conditions, trade promotes growth, and growth reduces poverty.
- Reducing trade costs can have a profound impact on poverty.

## TRADE FACILITATION AND POVERTY LINKAGES



Source: UN (2003)

#### TRADE FACILITATION HELPS IN THE REDUCTION OF POVERTY

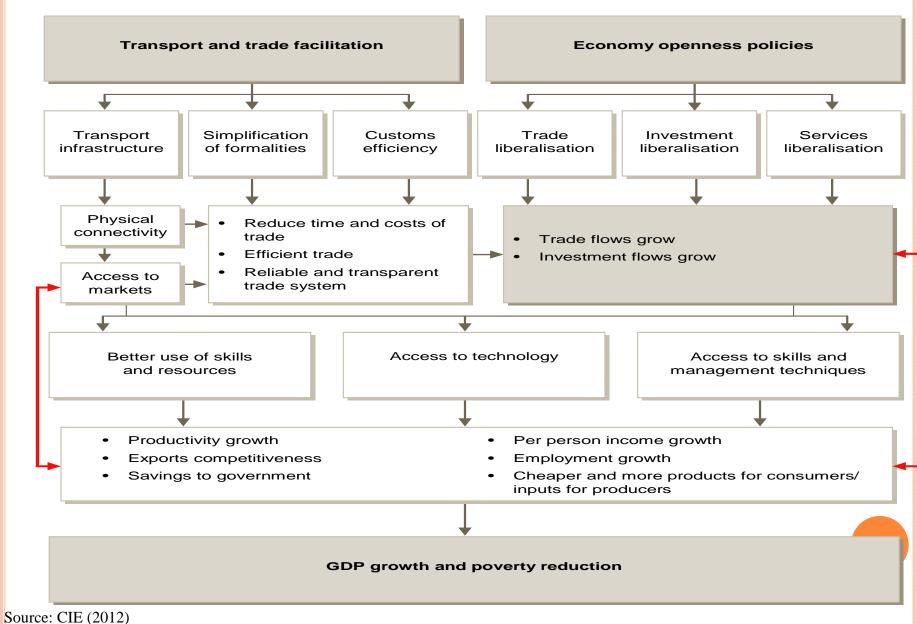


## TRADE FACILITATION IN DEVELOPING COUNTRIES

Channels	International trade, economic growth and government revenue
Direct benefits	Rising exports and foreign investment, rising employment, fall in poverty
SMEs	Main beneficiaries, since trade transactions costs fall disproportionately on small firms
Resource redistribution	Enhance trade-induced growth, increases average incomes providing more resources with which to tackle poverty.
Market access	Improvements in infrastructure allow the poor to trade more easily and profitably in domestic as well as in international markets.
Social progress	Rise in government revenue which can benefit the poor if used to finance social expenditures

Source: UN (2003)

### TRADE FACILITATION AND ECONOMIC OUTCOMES



#### **SUMMING-UP**

rade facilitation makes the trade efficient s to increase average incomes, providing rces to tackle poverty.

pact of trade facilitation on income and uction is proved through growth;

by trade facilitation is equally important as ity.

