



Assessing the relative impact of trade facilitation measures – the OECD TF Indicators

ARTNeT Conference on Empirical and Policy Issues of
Integration in Asia and the Pacific,
1-2 Nov.2012, Colombo, Sri Lanka



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 prioritizing trade facilitation actions by governments
- Helping mobilize technical assistance by donors in a targeted way.



TFIs structure - twelve families of measures

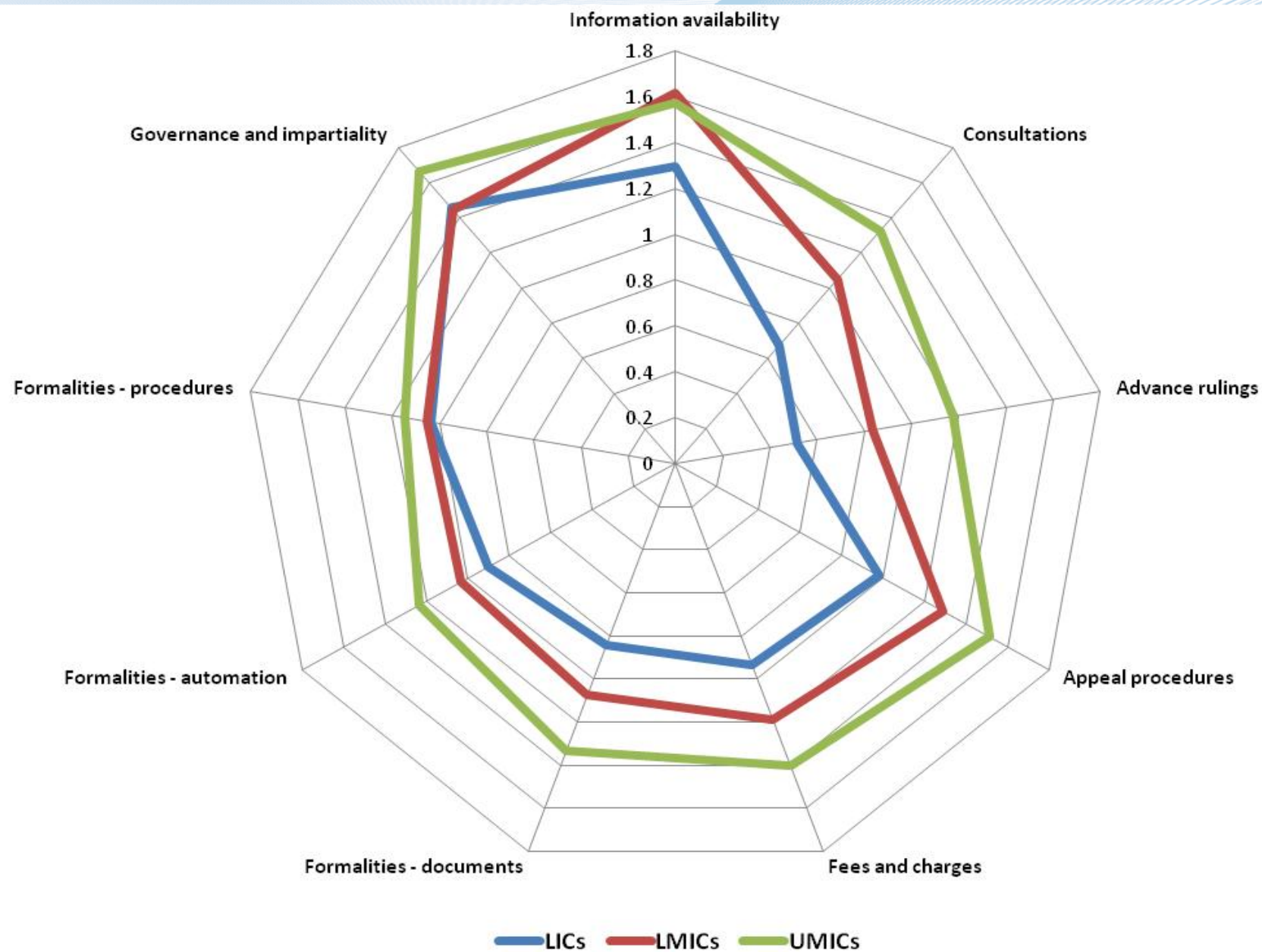
- Information availability
- Involvement of the trade community
- Advance rulings
- Appeal procedures
- Fees and charges
- Formalities - Documents
- Formalities - Automation
- Formalities - Procedures
- Internal Cooperation
- External Cooperation
- Consularization
- Governance and Impartiality*



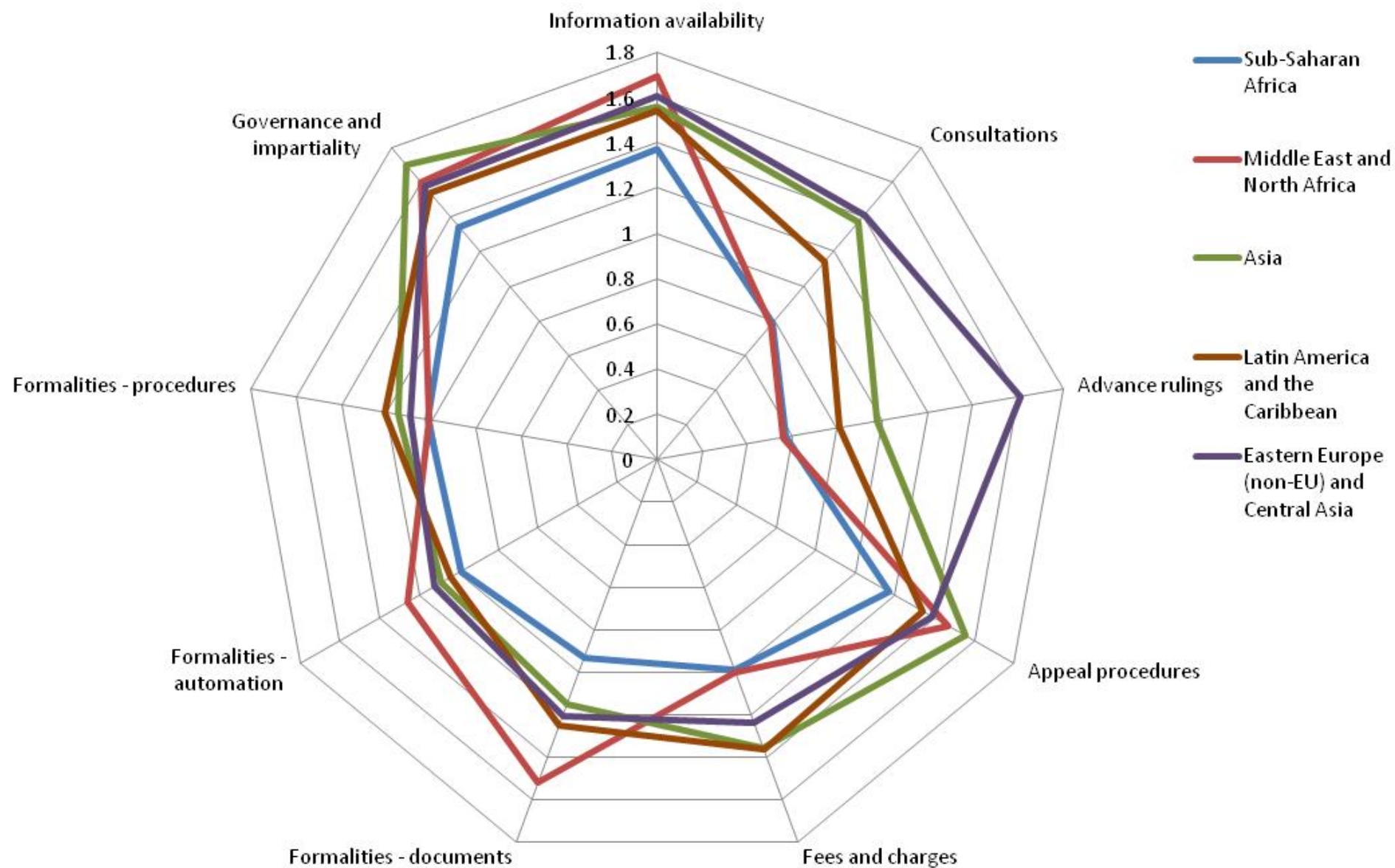
Extended coverage

- 106 non-OECD countries (95 WTO members plus 11 observers)
- 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

Income groups



Geographic groups





Relative impact on trade flows

- Gravity model of trade - overall trade of goods, manufacture and agriculture
- TFIs are built for one year using the latest information available, thus country-fixed effects cannot be introduced in the model
- We thus employ Baier & Bergstrand (2009) approximation of the multilateral resistance



flows specifications

$$\text{ance}_{ij})_{\text{MR}} + \beta_2^k \text{contiguity}_{ij_MR} + \beta_3^k \text{language}_{ij_MR} + \beta_4^k \text{colony}_{ij_MR} \\ + \beta_6^k \text{GDP}_{it} + \beta_7^k \text{GDP}_{jt} + \beta_8^k \text{TFI}_{ij}^c + \text{landlocked}_i + \text{landlocked}_j + D_t + D_k$$

ification introducing the geometric
the importer and exporter TFI will allow
data accuracy issues $\text{TFI}_{ij}^c = \sqrt{\text{TFI}_i^c \text{TFI}_j^c}$

$$\text{tance}_{ij})_{\text{MR}} + \beta_2^k \text{contiguity}_{ij_MR} + \beta_3^k \text{language}_{ij_MR} + \beta_4^k \text{colony}_{ij_MR} \\ + \beta_6^k \text{GDP}_{it} + \beta_7^k \text{GDP}_{jt} + \beta_8^k \text{TFI}_{ij}^c_{\text{MR}} \\ + \text{landlocked}_i + \text{landlocked}_j + D_t + D_k + \varepsilon_{ijt}^k$$