

# **The Role of Trade Facilitation in Central Asia: A Gravity Model\***

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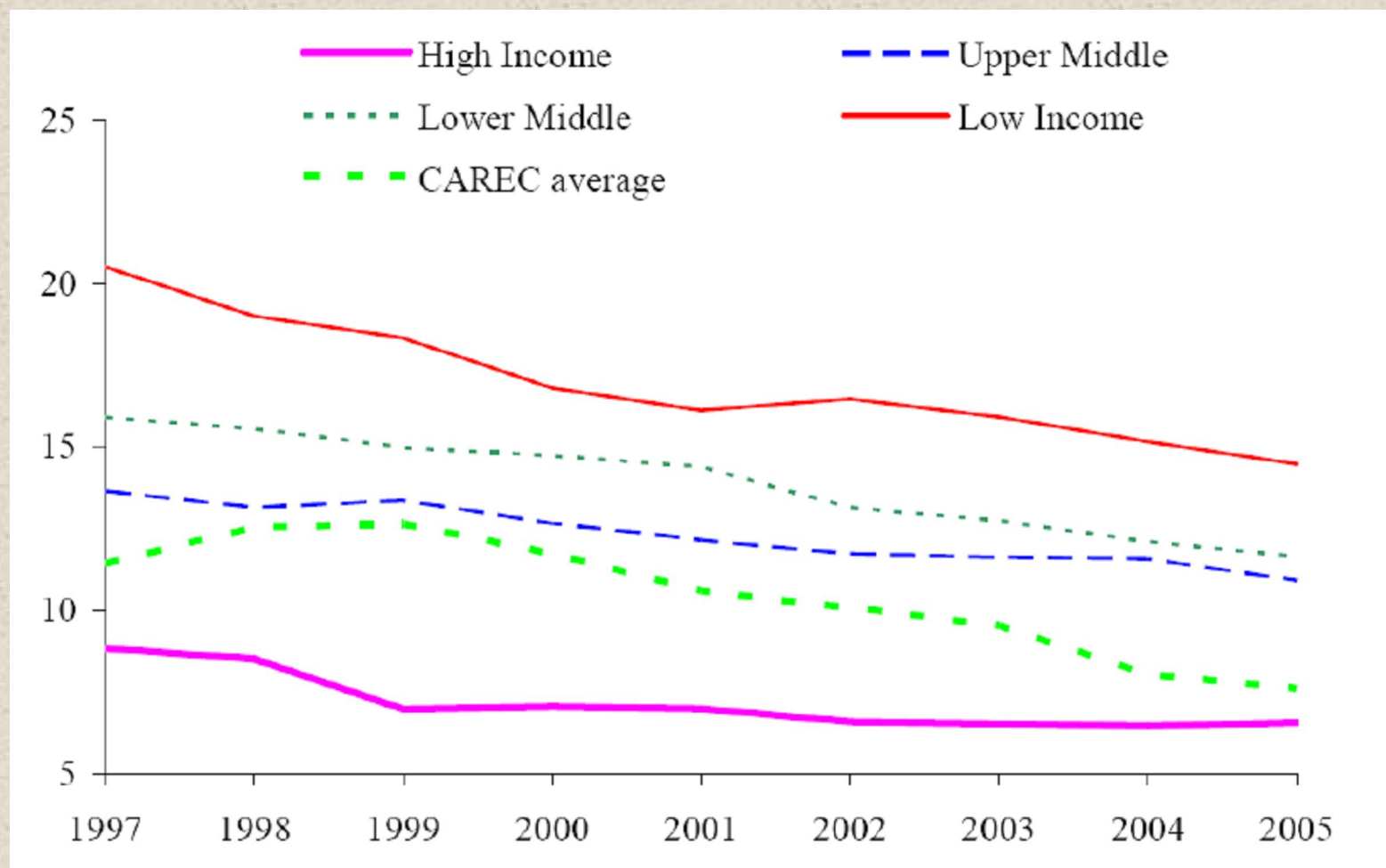
\*Joint work with Jesus Felipe. The views expressed here are those of the authors and do not represent those of the Asian Development Bank, its Executive Directors, or the countries that they represent.

# Motivation

- Different kinds of barriers to trade
- Tariff and non-tariff barriers have fallen over the past two decades
- Trade facilitation has moved up the policy agenda
- Why Central Asia?
  - Seek to diversify economic base to generate sustained long-term growth.
  - Landlocked
- In the context of Central Asian countries, transport facilitation important in facilitating trade



# Tariff barriers have fallen...average tariff rate in Central Asian countries is low

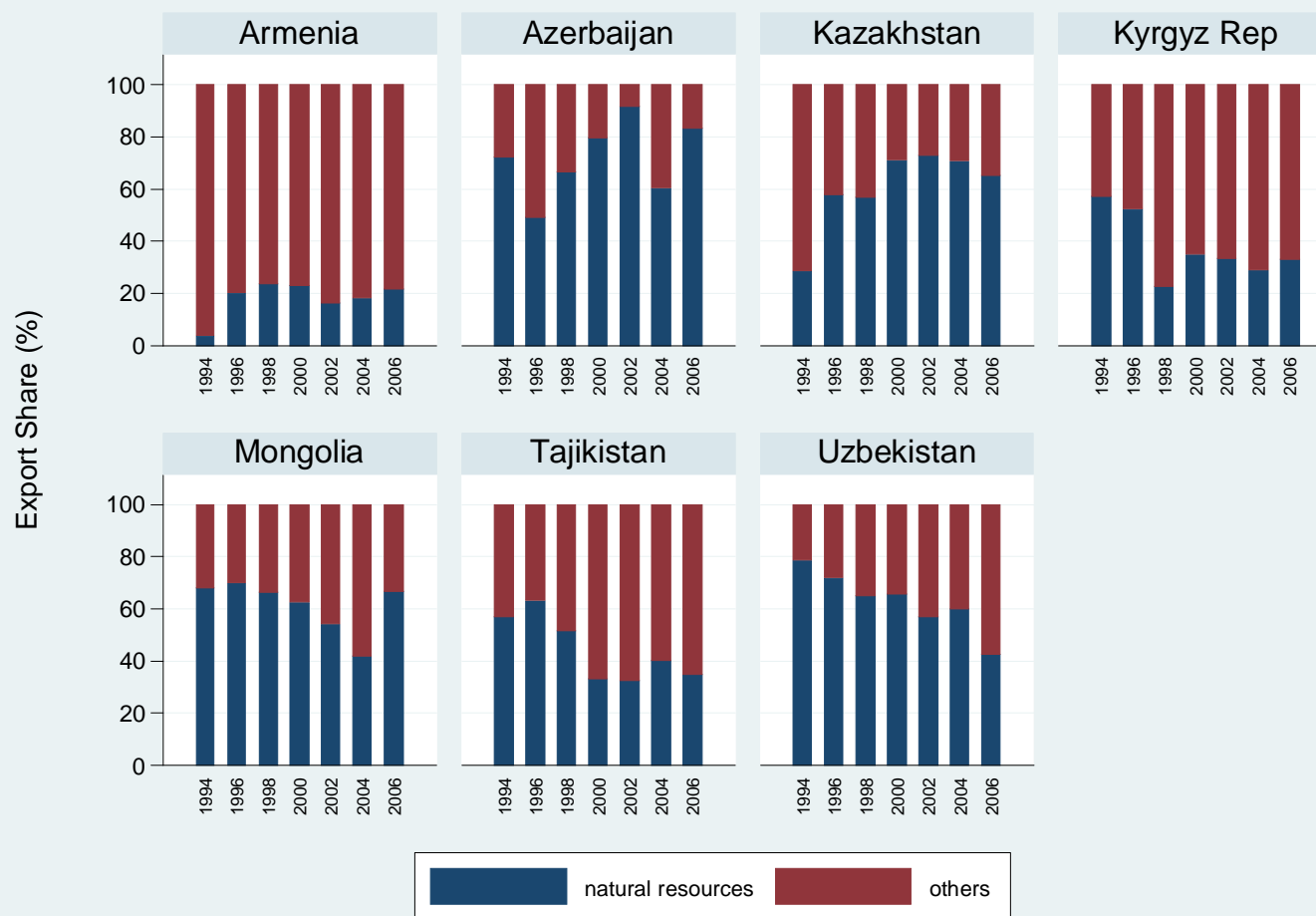


Source: van der Ploeg and Venables (2009)

# What does trade facilitation entail?

- WTO defines trade facilitation as:  
“the simplification and harmonization of international trade procedures, including the activities, practices, and formalities involved in collecting, presenting, communicating, and processing data and other information required for the movement of goods in international trade”
- In general, trade facilitation refers to the ease of moving goods across borders.
- Why does trade facilitation matter?

# Central Asian countries remain dependent on natural resources



Graphs by country

Source: UN COMTRADE and authors' calculations.



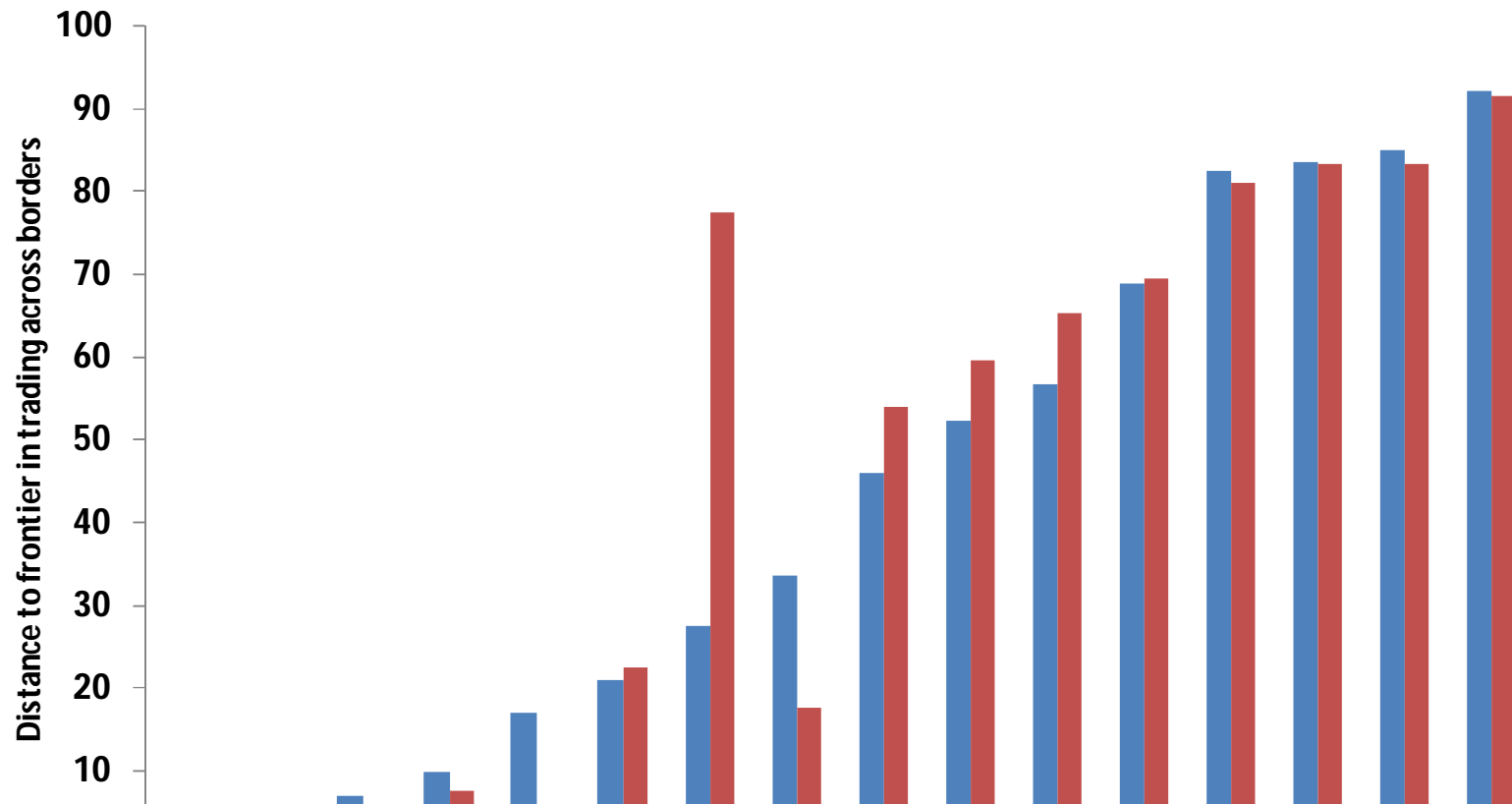
# Outline

- Research questions
- Trade facilitation in Central Asia
- Framework
- Estimation issues
- Definition of key variables
- Results
- "What-if" exercise
- Conclusions and policy implications

## Research questions

- Does trade facilitation (TF) boost trade? If so, how much?
- How much is the increase in trade for the Central Asian countries from greater trade facilitation?
- Do improvements in different components of trade facilitation increase trade in varying degrees?

# Central Asian countries remain far from the “frontier” in trade facilitation



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