Enabling Trade - Valuing Growth Opportunities

In collaboration with Bain & Company and the World Bank

See full report for more details:
Bain partnered with the World Economic Forum and the World Bank to build the Enabling Trade – Valuing Growth Opportunities report under the WEF’s Enabling Trade Programme.

The Enabling Trade Programme aims to foster a supply chain approach to trade negotiations by quantifying the impact of supply chain barriers.

The work is informed by the WEF Global Enabling Trade Report.

The report was launched at the World Economic Forum’s Annual Meeting 2013 in Davos, Switzerland.
Executive Summary (1/2) – Main Lessons

- We examine **supply chain barriers to trade** by combining a macro-economic analysis with 18 in-depth company case studies, resulting in insightful lessons for governments and companies

A. **Reducing supply chain barriers to trade could increase GDP up to six times more than removing tariffs.** They have been under-managed by both countries and companies
   - Reducing supply chain barriers to trade could increase GDP by nearly 5% and trade by 15%
   - Reducing barriers benefits households by lowering prices and improving employment prospects

B. **Trade increase from supply chain barriers reduction can be achieved only if specific “tipping points” are reached**
   - The effects of reducing barriers are not gradual; changes occur when tipping points are reached
   - A barrier’s consequences vary by industry
   - Barriers are harder to overcome for smaller businesses
   - Clear regulations and better coordination among agencies are needed

C. **Recommendations to countries and companies — the devil is in the details**
   - Governments need to remove relevant set of barriers for their industries. They should be aware that certain companies have a vested interest in preserving barriers
   - Companies may not recognize costs where they should
Executive Summary (2/2) – Policy Implication: Think Supply Chain!

• **World Bank** provides a set of **policy implications** based on main insights

• **Create a domestic agenda to improve national supply chain performance**
  - Create a national mechanism to set policy priorities for improving supply chain efficiency based on objective performance data and feedback loops between government and firms
  - Create a focal point within government with a mandate to coordinate and oversee all regulation that directly affects supply chain efficiency
  - Ensure that SME interests are represented in the policy prioritization process and that solutions are designed to address specific constraints that impact SMEs disproportionately

• **Several options for international cooperation**
  - Whether through multilateral or regional agreements, governments should agree to pursue a whole of the supply chain approach to negotiating barrier removal
  - Launch a global effort to pursue conversion of manual and paper-based documentation to electronic systems, using globally agreed data formats
Policy implication: *Think Supply Chains!*

1. Create a **national mechanism** to set policy priorities for **improving supply chain efficiency** based on **objective performance** data and **feedback loops** between government and firms.

2. Create a **single agency** that has a mandate to coordinate and oversee all regulation that impacts directly on supply chain efficiency.

3. Ensure that **SME interests** are represented in the policy prioritization process and solutions are designed to address specific constraints that impact disproportionately on SMEs.

4. Whether through multilateral or regional agreements, governments should agree to **pursue a “whole of the supply chain” approach** rather than pursuing negotiations in different pillars or silos.

5. Launch a global effort to **pursue conversion of manual and paper-based documentation to electronic systems**, using globally-agreed data formats.