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on Transport, Trade Logistics and  
Trade Facilitation  
10th Session

**Coordination and digitalization as a  
means to accelerated and climate-smart  
trade facilitation**

17–19 July 2023

**The evolving contribution of trade  
facilitation policies to enhancing trade**

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## The evolving contribution of trade facilitation policies to enhancing trade

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and Trade Facilitation  
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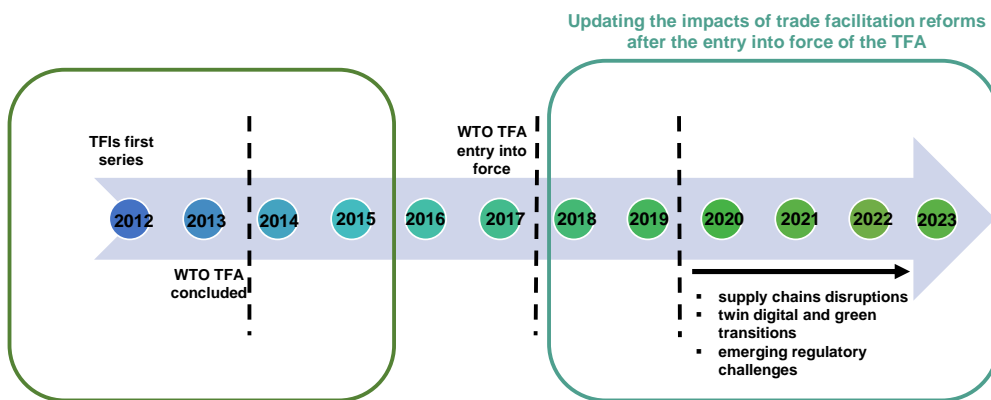
## The evolving contribution of trade facilitation policies to enhancing trade: **Overview**

- (1) Aims
- (2) Main findings
- (3) Policy implications

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## Why updating estimates of trade facilitation policy reforms on trade is timely?

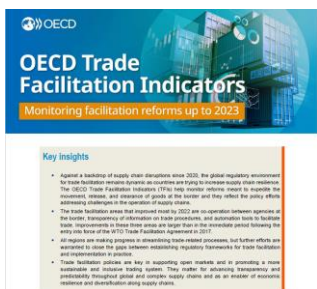


OECD previous analyses of potential WTO TFA impacts on trade costs and trade flows

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## Mapping the TF regulatory environment and operational practices : OECD Trade Facilitation Indicators (TFIs)

- Policy tools: 11 policy areas & 155 measures (full spectrum of border procedures) & 163 economies & 5 years since 2012
- Strongly linked to the areas covered by the WTO Trade Facilitation Agreement
- Components seek to reflect both the regulatory framework and delve to the extent possible into the state of implementation in practice of trade facilitation measures



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 **Aim**

- To **strengthen the evidence-base** on the evolving contribution of trade facilitation policy reforms to reducing trade costs and enhancing trade flows:
  - What **progress** has been achieved **so far**?
  - What additional **benefits** could **further reforms** yield?
  - What areas could be **prioritised**?
- To enable more informed policy discussions and help motivate continued TFA implementation, including by helping to target **implementation efforts** and assistance.
- To provide insights into how trade facilitation policies have the potential to promote the **resilience** of trade to a range of future shocks.

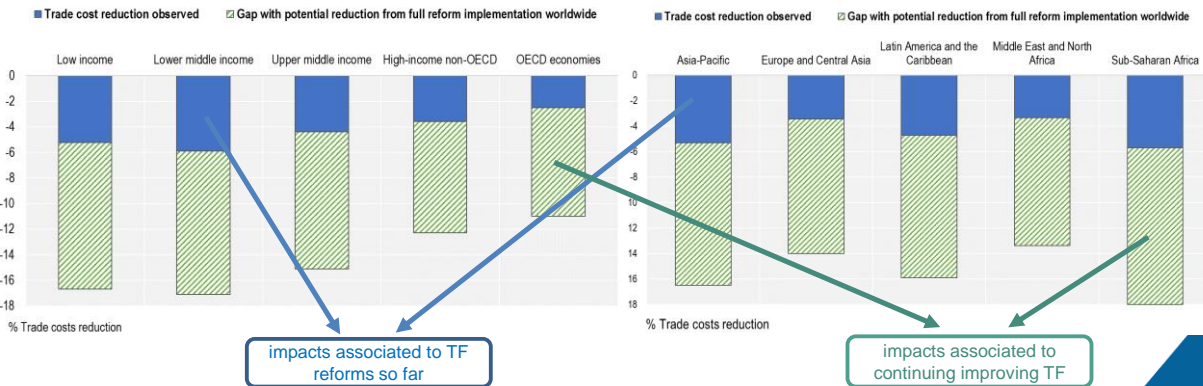


## Six main findings

## (1) Trade costs impacts: Where do we stand and looking ahead

a. Income groups

b. Regional groups

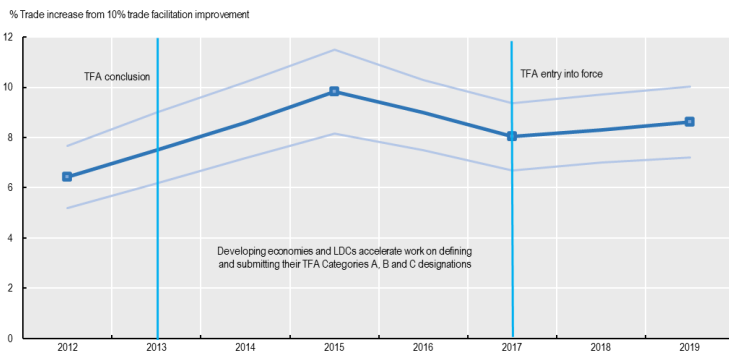


impacts associated to TF reforms so far

impacts associated to continuing improving TF

## (2) The impact of trade facilitation reforms on trade flows has continued to grow over time

Impact of trade facilitation policies via the border effect

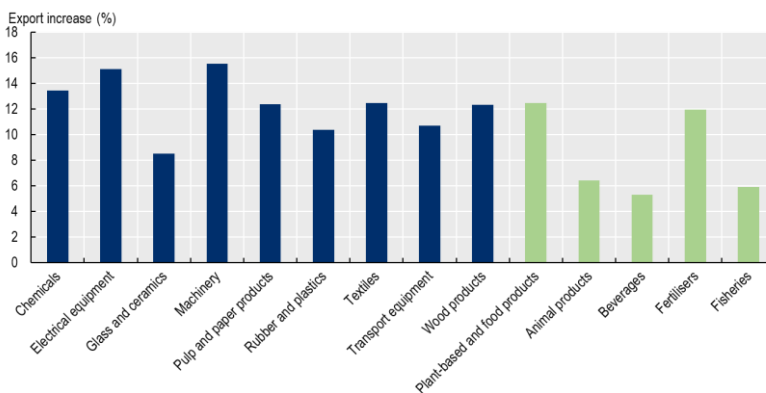


- The trade flow response to trade facilitation improvements appears to have been strongest in the period following the conclusion of the TFA in 2013.
- Suggests negotiating and preparing for the implementation of the TFA prompted economies to initiate reforms early on.

Note: Impact by year, between 2012-19. The figure shows the % trade increase from 10% trade facilitation improvements (based on the coefficients of the TFI variable interacted with the border and year dummy). Impacts are shown for the years the TFIs are available during this period (i.e., 2012, 2015, 2017, 2019). The dotted lines show the 95% confidence interval. Using trade data from USITC ITPD-E database version 2.

» (3) The trade cost-reducing impact of trade facilitation policies translates into a quantitatively significant trade flow-increasing effect across sectors

Impacts from observed trade facilitation policy changes (%), by sector



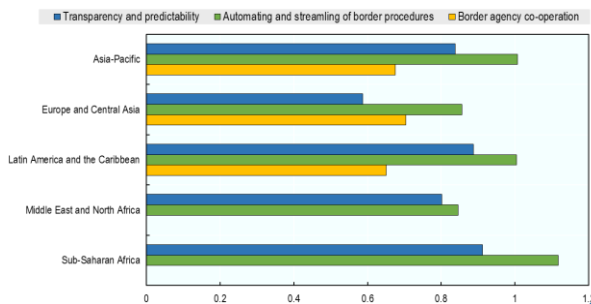
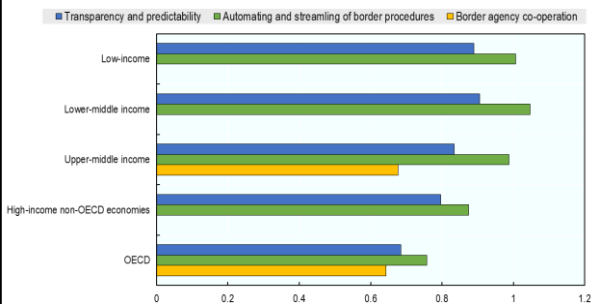
Note: The figure shows the impacts from observed trade facilitation policy changes over the period (2012-19), based on coefficients of the TFI variable interacted with the border. Using trade data from USITC ITPD-E database version 2.  
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» (4) Automating and streamlining border procedures have been contributing most to enhancing trade worldwide

Elasticity of trade facilitation policies on trade flows, by sets of measures and income groupings

a. Income groups

b. Regional groups



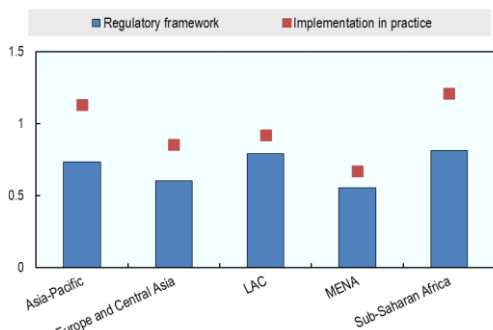
Note: The 11 TFIs grouped by area. Coefficients of TFI variables interacted with the border dummy. The sets of measures are introduced separately in the regressions. The figure shows the effects of measures for which coefficients are statistically significant (i.e., border agency co-operation is not statistically significant for low-income, lower-middle income, high-income non-OECD economies, MENA and Sub-Saharan Africa regions) Using trade data from USITC ITPD-E database version 2.

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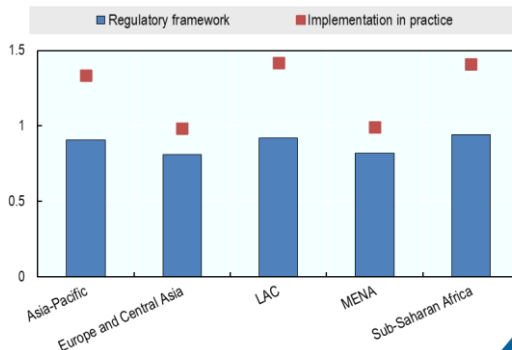
## » (5) Improvements in operational practices appear to matter most going forward

### Regional groupings

#### a. Transparency and predictability measures



#### b. Automation and streamlining border processes



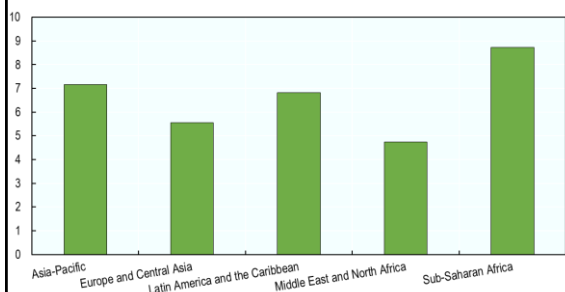
Note: Using trade data from USITC ITPD-E database version 2.

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## » (6) Trade facilitation policies can not only enhance existing trade relationships but also help develop new ones

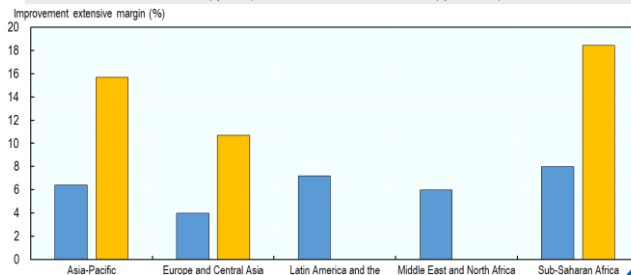
### Enhancing existing trade relationships (intensive margin)

Improvement intensive margin (%)



### Supporting new trade relationships – markets and sectors (extensive margin)

Improvement extensive margin (%)



Note: Based on a 10% improvement in trade facilitation performance, by regional grouping. Using trade data from USITC ITPD-E database version 2.

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## Policy implications

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### Policy implications

- An acceleration of trade facilitation reforms can **support enhance trade and supply chain resilience**.
- **Reforms** in automating and streamlining of procedures need to focus more on **improving operational practices**.
- Investments in **transparency and predictability measures** need to remain a priority.
- **Reducing performance gaps** between countries at different levels of development needs to continue, and appears to be most pressing in the areas related to **border agency co-operation**.

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**Thank you for your attention!**

**Contact us**

We look forward to hearing from you!



Access all of the information from the Trade & Agriculture Directorate at:

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