

ENHANCING EXPORT COMPETITIVENESS THROUGH TRADE FACILITATION IN ASIA

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Introduction

The factors that affect export competitiveness are complex. From a firm's perspective, an appropriate trading environment in which the firm can conduct its business plays an important role in the creation of competitiveness. Thus, a trade-enabling environment, based on (a) adequate trade policies; (b) an efficient trade and customs administration system; and (c) good infrastructure, is critical for enterprises to compete effectively in the global economy.

By improving the trading environment, trade facilitation can make a positive impact on export competitiveness. It can assist enterprises in reducing trade transaction costs and time and in attracting more foreign direct investment (FDI). With the use of existing trade facilitation indicators and export competitiveness indices, this study intends to identify the major issues Asian developing countries must address if they are to enhance export competitiveness through trade facilitation.

The paper is composed of four sections. Section 1 examines the definition and scope of trade facilitation. Section 2 presents the concept of export competitiveness and relevant indices. Section 3 discusses the role of trade facilitation in enhancing export competitiveness. Section 4 identifies the major issues that developing countries in Asia should address in terms of trade facilitation to enhance export competitiveness; the section also provides some policy recommendations.

A. Definition and scope of trade facilitation

Trade facilitation has received wide attention in both the public and private sectors since the 1990s, with the acceleration of trade liberalization in the world. It is usually seen as an effective tool for reducing trade transaction costs and time through the elimination of non-tariff barriers and improvements to the trade administration system, in particular simplification, standardization, and harmonization of trade documents and formalities. The ultimate objective is to ensure that traded goods flow across borders in a smooth, timely and less costly manner. There is no standard definition of trade facilitation, and its scope varies according to the different definitions. The following are a selection of stylized definitions of trade facilitation:

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- (a) United Nations Conference on Trade and Development (UNCTAD): The simplification and harmonization of international trade procedures that include the activities, practices and formalities involved in collecting, presenting, communicating, and processing data required for the movement of goods in international trade (UNCTAD, 2001, 180);
- (b) Economic Commission for Europe (ECE): Trade facilitation aims at developing a consistent, transparent, and predictable environment for international trade transactions. It is based on internationally accepted norms and practices resulting from the simplification of formalities and procedures, standardization and improvement of physical infrastructure and facilities, harmonization of applicable laws and regulations (ECE, 2002);
- (c) Asia-Pacific Economic Cooperation (APEC): Trade facilitation refers to the simplification and rationalisation of customs and other administrative procedures that hinder, delay or increase the cost of moving goods across international borders. Or to put it another way, cutting red tape at the border for importers and exporters so that goods are delivered in the most efficient and cost effective manner (APEC, 2007, 1);
- (d) Organization for Economic Cooperation and Development (OECD): Trade facilitation covers all the steps that can be taken to smooth and facilitate the flow of trade. The term has been used widely to cover all sorts of non-tariff barriers, including product testing and impediments to labour mobility (OECD, 2005a, 2).

In the Asia-Pacific region, APEC spearheads the regional cooperation on trade facilitation. Such cooperation between the member countries is based on and monitored by the *APEC Trade Facilitation Action Plan* (APEC, 2002a), which initially covered four areas, namely, (a) movement of goods (with a focus on customs and other border procedures); (b) standards; (c) business mobility; and (d) e-commerce. In *APEC's Second Trade Facilitation Action Plan*, the areas of cooperation on trade facilitation were Porter, Michael E., Xavier Sala-i-Martin and Klaus Schwab extended to domestic regulatory reform, work on business ethics and secure trade (APEC, 2007, 5). The extension of the areas covered by the Plan, particularly the inclusion of domestic regulatory reform, reflects the evolution of trade facilitation, widening the scope from simply regulation at the border to the whole regulatory system.

Although the ongoing World Trade Organization (WTO) negotiations on trade facilitation focus only on three General Agreement on Tariffs and Trade (GATT) articles, namely: (a) article V (Freedom of transit); (b) article VIII (Fees and formalities connected with importation and exportation); and (c) article X (Publication and administration of trade regulations), trade facilitation is covered by a wide range of additional WTO/GATT provisions and agreements. These include, among others: (a) article VII (Valuation for customs purposes) and article IX (Marks of origin) of GATT 1994; (b) the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Customs Valuation

Agreement);¹ (c) the Agreement on Pre-shipment Inspection;² (d) the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement);³ (e) the Agreement on Technical Barriers to Trade (TBT Agreement);⁴ and (f) the Agreement on Import Licensing Procedures.⁵ According to the “Checklist of issues raised during the WTO Trade Facilitation Symposium” (WTO, 1998), circulated by the WTO secretariat for the negotiations on trade facilitation, the central issues of trade facilitation include, among others:

- (a) Physical movement of consignments (transport and transit);
- (b) Import and export procedures and requirements, including customs and border-crossing problems;
- (c) Payments, insurance and other financial requirements which affect cross-border movement of goods;
- (d) Electronic facilities.

In a broad sense, the measures to facilitate trade include not only the simplification, standardization and harmonization of trade procedures and formalities, but also the improvement of institutional frameworks, the establishment of appropriate legal systems, and the adoption of streamlined and transparent trade policies and regulations. National trade-related laws and regulations need to be: (a) aligned with international conventions and agreements; (b) transparent; and (c) easily accessible by traders. Furthermore, a system to support trade facilitation, including appropriate transport, port and information infrastructure, logistics services, and testing and laboratory facilities, is also necessary. The improvement of these “software” and “hardware” aspects contributes to the establishment of a business-friendly trading environment. Pursuing such an integrated approach to improve the trading environment is particularly important for most developing countries, where enterprises suffer from both regulatory and infrastructural problems when engaging in international trade.

B. Export competitiveness and relevant indices

Competitiveness is an issue not only at the enterprise level, but also at the country level. The International Institute for Management Development defines competitiveness as “the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people” (IMD, 2009, 475). The Institute found that the ability of an enterprise to compete was influenced by the external environment in which the enterprise operates.

¹ See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT Secretariat Publication, Sales No. GATT/1994-7).

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

Similarly, the World Bank views export competitiveness as an issue closely connected with the trading environment, which is affected by a series of physical and non-physical factors, such as the quality of logistics services, transport infrastructure, government institutions, procedures and formalities. The World Bank indicates that export competitiveness rests on three complementary pillars: (a) an incentive framework; (b) the reduction of trade-related costs; and (c) the overcoming of market and government failures. Key factors which affect trade-related costs include logistics and transport infrastructure, as well as institutional quality.⁶

Several indices have been developed by international and regional organizations to assess country competitiveness. Most of the indices demonstrate that competitiveness depends on many factors, such as, among others, internal and external, physical and non-physical, economic, political, administrative, social and educational considerations. Some of the factors are highly relevant to the issues addressed by trade facilitation.

The World Economic Forum developed the Global Competitiveness Index (GCI) to identify the competitive strengths of a country and the barriers that impede its economic progress. The first GCI, developed by Jeffrey Sachs and John McArthur in 2001, was aimed at measuring the capacity of national economies to achieve sustained economic growth over the medium term. It was made up of three factors, namely, technological capacity, the quality of public institutions and the quality of the macroeconomic environment. Xavier Sala-i-Martin developed the new GCI, which comprises three subindices and 12 pillars, including, among other considerations, institutions and infrastructure (Porter, Sala-i-Martin and Schwab, 2007). The results of the GCI suggest that the subpillar “public institutions”, which includes: (a) ethics and corruption; (b) burden of government regulation; (c) efficiency of legal framework; and (d) transparency of government policymaking, has a strong bearing on competitiveness. By the same token, the subpillar “specific infrastructure”, including the quality of roads, railways and ports, is also among the determinant factors of competitiveness. The results of the 2007 GCI indicate that excessive bureaucracy, red tape, overregulation, corruption, dishonesty in dealing with public contracts, and a lack of transparency and trustworthiness impose significant costs to businesses and have negative impacts on economic development.

The Business Competitiveness Index, also of the World Economic Forum, is used to identify, from a microeconomic perspective, the competitive strengths and weaknesses of a country’s business environment (Porter, Ketels and Delgado, 2007). The factors measured to determine the quality of the microeconomic business environment include: (a) freedom from corruption; (b) efficiency of legal framework; (c) quality of port infrastructure; and (d) prevalence of trade barriers. The findings of the Index indicate that government is in a special position to affect many aspects of the business environment, and plays an important role in the creation of competitiveness.

⁶ See the website of the World Bank Export Competitiveness Thematic Group (<http://go.worldbank.org/JRMCE00RD0>).

Similarly, in its *IMD World Competitiveness Yearbook*, the International Institute for Management Development stresses the importance of the external environment for the creation of competitiveness. In the *Yearbook*, the Institute suggests that there are four key determinants for the creation of a competitive environment, namely: (a) economic performance; (b) government efficiency; (c) business efficiency; and (d) infrastructure. The government efficiency factor is composed of five subfactors and supported by 72 sub-criteria, which are used to assess the extent to which government policies contribute to competitiveness. Under the institutional framework subfactor, the sub-criteria include: legal and regulatory framework, transparency, public service, bureaucracy, and bribing and corruption. Under the business legislation subfactor, the sub-criteria include customs authorities, protectionism (tariff and non-tariff), international transactions, and ease of doing business (IMD 2007).

The Economic Commission for Africa (ECA) has developed the Trade Competitiveness Index to assess a country's trade competitiveness; it is divided into three components: (a) the Trade-enabling Environment Index;⁷ (b) the Productive Resource Index; and (c) the Infrastructure Index. Under the Trade-enabling Environment Index, the Institutional Quality Index is used to examine administrative quality. The ECA (2004) report shows that the top-scoring countries in terms of trade-enabling environment are usually the most competitive countries; such countries have diversified export products and higher export shares of manufactured goods. The low-scoring countries tend to be hampered by a combination of political and institutional weaknesses. Inadequate infrastructure, excessive bureaucratic procedures and corrupt institutions may increase the transaction costs and render the enterprises less competitive.

The World Bank developed the Logistics Performance Index to assess a country's logistics environment, which has a substantial impact on the ability of enterprises to carry out cross-border trade. The Index covers the following seven areas of logistics performance:

- Efficiency and effectiveness of customs and other border procedures
- Quality of transport and information-technology infrastructure for logistics
- Ease and affordability of arranging shipments
- Competence in the local logistics industry (of, among others, transport operators and customs brokers)
- Ability to track and trace shipments
- Domestic logistics costs (such as local transportation, terminal handling, warehousing)
- Timeliness of shipments in reaching destination⁸

⁷ The Trade-enabling Environment Index reflects the overall economic and political environments' conduciveness to trade (see ECA, 2004).

⁸ See <http://info.worldbank.org/etools/tradesurvey/mode1a.asp>.

The results of the Logistics Performance Index demonstrate that the cost and quality of logistics are determined not only by the infrastructure, but also by the performance of regulatory agencies. High logistics costs and low levels of service constitute a substantial barrier to trade and FDI.

As noted above, the trading environment has a significant impact on competitiveness, both for a country and for a firm. In other words, creating an appropriate trading environment is vital for a firm to compete in international markets, and for a country to develop its trade sector. The factors which affect the trading environment are numerous; the following are widely accepted as essential to the creation of competitiveness: (a) the institutional quality; (b) the quality of trade regulation (such as trade and customs administration, transport and quarantine); (c) the procedures and formalities involved; and (d) the infrastructure quality.

C. Impact of trade facilitation on export competitiveness

An international trade transaction is a process in which a buyer and seller negotiate, establish and implement international commercial contracts. Regulated through national trade-related laws and regulations as well as through international agreements, an international trade transaction involves a number of players, such as traders, regulatory agencies, intermediary service providers, and trade promotion institutions. In fulfilling the commercial contract, traders must go through a set of procedures, meet administrative and documentary requirements and bear the relevant costs.

The transaction costs that traders bear vary among countries and products. OECD (Walkenhorst and Yasui, 2003) estimated that the direct and indirect trade transaction costs involved in export and import procedures might amount to a maximum of 15 per cent of the value of traded goods, divided roughly evenly between the export and import sides.⁹ ECE observed that the direct and indirect costs of trade documentation alone could accumulate to 5 to 10 per cent of the value of the goods, depending on the nature of the goods and the specific supply chain scenario.¹⁰

Transaction costs have a direct impact on competitiveness. Through the simplification and harmonization of trade procedures and formalities, trade facilitation contributes to the reduction of trade transaction costs and thereby to the improvement of competitiveness. According to an APEC estimate, trade facilitation could reduce trade transaction costs by about 5.8 per cent in industrialized APEC economies, by 6.2 per cent in newly industrialized APEC economies, and by 7.7 per cent in industrializing APEC economies. In most cases, an improvement in customs procedures may lead to the largest reduction of transaction costs (APEC, 2002b).

⁹ The direct costs refer to the expenses relating to supplying information and documents to the authorities or paying for trade-related services. The indirect costs are induced costs, such as those arising from procedural delays or lost business opportunities.

¹⁰ See "United Nations Trade Documents Toolkits", at the Economic Commission for Europe website, 2005, available at <http://unece.unog.ch/etrade/tkhome.aspx>.

The time delays caused by the lack of trade facilitation also hamper export competitiveness. Delays in customs increase warehouse and storage costs, among others. Such delays can also affect the quality of goods and/or lead to the cancellation of orders and claims of damage compensation. According to Djankov, Freund and Pham (2006), one additional day in export time is equivalent to about a 1 per cent increase in distance, and a 10 per cent increase in the time it takes to move goods from factory to ship would reduce the exports of time-sensitive goods by 6 per cent. Most of the delays are due to administrative hurdles, such as numerous customs procedures, tax procedures, clearances and cargo inspections.

Through the implementation of trade facilitation measures, the time needed to complete administrative procedures, such as preparing, submitting and processing trade documents, would be significantly reduced. UNCTAD (2005b) conducted a study on the effect of the establishment of a single-window system in Guatemala. The country introduced its first single-window facility for export procedures in 1986, which led to a reduction of the time required to process and issue export licenses, cutting it from 10-12 days down to 6-8 days. Following the implementation of the electronic single-window system in 2000, the time for issuance of export license was reduced to a few minutes.

In addition, trade facilitation may contribute to an increase in FDI. An OECD (2005b) study shows that the facilitated cross-border movement of goods has a positive effect on the ability of a country to attract FDI and better integrate into international production supply chains. The study indicates that customs clearance time is one of the key determinants of foreign investment. The inflow of FDI usually brings capital, technology and business networks to the recipient enterprises/countries, thereby improving the innovative capacity of domestic enterprises and enhancing export competitiveness.

In short, trade facilitation has a positive and multifaceted impact on export competitiveness. On the one hand, a facilitated trading environment contributes to the reduction of the cost and time of trade transactions, thereby enabling exporters to provide goods at a competitive price and in a timely manner. On the other, a country with a facilitated trading environment is in a better position to attract FDI, and the capital, technology and business networks brought about by FDI would help domestic enterprises better integrate into the global markets.

D. Major issues in improving export competitiveness through trade facilitation in Asia

In recent years, Asian developing countries have experienced rapid growth in exports. Statistics compiled by the International Monetary Fund show that the most outstanding performance in exports was realized by countries such as China, India, Malaysia, Thailand and Viet Nam. The value of the exports of China reached \$969.3 billion in 2006, 15 times higher than that of 1990. During the same period, the value of exports from India increased to about \$120.3 billion, up from about \$17.8 billion.

However, enterprises in Asian developing countries still face various physical and non-physical constraints in conducting international trade. According to the World Bank (2009), enterprises in most Asian developing countries spend much more time dealing with export procedures and documents than do their business rivals in developed countries. Enterprises in landlocked countries, far from seaports, must also deal with transit procedures and documents which render cross-border trade even more difficult, costly and time-consuming. For example, in some Central Asian countries, the costs to export are above \$3,000 per container, about three times the average costs in OECD countries. In terms of transaction time, the situation is even worse. The average time spent on export procedures in Central Asia is six times longer than that in OECD countries. In some Central Asian countries, it takes firms more than 80 days to complete export procedures

Table 1. Trading across borders in developing Asia, 2009

<i>Country/region</i>	<i>Documents for export (number)</i>	<i>Time for exports (days)</i>	<i>Cost to export (US\$ per container)</i>
Afghanistan	12	74	3 000
Azerbaijan	9	48	3 075
Bangladesh	6	28	970
Bhutan	8	38	1 210
Cambodia	11	22	732
China	7	21	460
India	8	17	945
Indonesia	5	21	704
Kazakhstan	11	89	3 005
Kyrgyzstan	13	64	3 000
Lao PDR	9	50	1 860
Malaysia	7	18	450
Maldives	8	21	1 348
Mongolia	8	49	2 131
Nepal	9	41	1 764
Pakistan	9	24	611
Philippines	8	16	816
Sri Lanka	8	21	865
Tajikistan	10	82	3 150
Thailand	4	14	625
Uzbekistan	7	80	3 100
Viet Nam	6	24	734
OECD	4.5	10.7	1 069

Source: World Bank, *Doing Business 2009* (Washington, D.C., the International Bank for Reconstruction and Development/The World Bank, 2008).

and formalities. The extremely high cost and delays in doing business in Central Asia are attributable not only to a disadvantageous geographic location (transit), but also in large part to administrative hurdles, poor logistics and cumbersome procedures and documents.

It has been observed that the export performance of developing countries is based on two factors: (a) foreign market access; and (b) supply capacity (UNCTAD 2005a). To increase their access to foreign markets, developing countries must overcome a number of barriers, such as technical regulations and standards, sanitary and phytosanitary measures, as well as other discretionary measures. In terms of supply capacity, developing countries should reduce transport costs as well as factors affecting the cost of production and transaction, which are strongly related to the institutional framework. UNCTAD concluded that “better institutions are likely to be associated with more efficient administration and in particular regulation” (2005a, 62).

Actually, there are various constraints that Asian developing countries need to overcome in order to enhance export competitiveness. Some constraints are rooted in the poor capacity to produce appropriate goods to meet international market needs, while others are related to an inadequate trading environment, which can be improved through the implementation of trade facilitation measures. With regard to improving the trading environment through trade facilitation, Asian developing countries may wish to consider addressing the following issues.

1. Institutional framework

As noted above, the quality of the institutional framework is a key factor in the supply capacity; however, the inadequacy of institutional frameworks is a common problem facing developing countries in Asia. This is reflected in, among other things: (a) inappropriate and unpredictable trade policies and regulations; (b) inefficient trade and customs administration systems; (c) cumbersome trade procedures and documents; and (d) rent-seeking and unofficial payments. In its *Global Competitiveness Report 2007-2008* (Porter, Sala-i-Martin and Schwab 2007), the World Economic Forum indicated that enterprises in developing Asia face inefficient legal frameworks and a heavy burden of government regulation, and spend a lot of time dealing with regulatory agencies. Furthermore, the business costs of corruption are relatively high.

To improve the institutional framework, Asian developing countries might consider: (a) reviewing trade policies and regulations; (b) streamlining institutional structure; (c) strengthening coordination among regulatory agencies as well as between public and private sectors; and (d) simplifying and harmonizing trade procedures and documents by using international standards and tools. For instance, ECE has developed a set of trade facilitation tools to align documents, including the United Nations Layout Key for Trade Documents and the United Nations Trade Data Elements Directory.

Information and communications technology (ICT) plays an important role in the improvement of trade efficiency. Given the spread of ICT in trade transactions, trade and customs administration, Asian developing countries might consider improving information

infrastructure and implementing, to the extent possible, ICT-based trade facilitation measures, such as electronic data interchange (EDI), the Automated System for Customs Data (ASYCUDA), and the single-window process. Most developing countries have included the improvement of information infrastructure in their e-trade strategies. For example, the first phase of the uTradeHub project of the Republic of Korea is to build and enhance core information infrastructure.¹¹

2. Trade logistics

The quality of trade logistics, particularly port logistics, has an enormous impact on trade. Most Asian developing countries have underdeveloped logistics systems, which undermines their export competitiveness. The enterprises in such countries face poor transport infrastructure, a lack of logistics competence, and high domestic logistics costs. The *Global Competitiveness Report 2007-2008* (Porter, Sala-i-Martin and Schwab, 2007) indicates that the quality of port infrastructure in most Asian developing countries is below average, except in a few countries, such as China, Malaysia and Thailand. The exports from some landlocked countries, such as Kyrgyzstan and Nepal, are constrained largely by the problems related to port infrastructure. Improving port logistics is a crucial task for many Asian developing countries.

To address the challenges, Asian developing countries need to improve transport and port infrastructure, as well as logistics administration, particularly with regard to transport and customs administration. At the same time, they must develop a logistics service industry. Landlocked countries in particular must make special efforts to these ends, as they have the most serious logistics issues.

3. Technical barriers to trade and sanitary and phytosanitary measures

Quality is one determinant of a product's export competitiveness. The exporter must provide goods which meet the technical requirements set by the importer's country. However, technical regulations and standards as well as sanitary and phytosanitary measures constitute significant obstacles. Developed countries often apply stringent technical standard requirements on exports from developing countries; such standards are often higher than those in place in developing countries, and are usually regarded as an effective measure/barrier against exports from other countries. The inconsistent technical standards between trading partners and the overuse of technical measures negatively affect the ability of enterprises in developing countries to become international suppliers. Henson and others (1999) found that sanitary and phytosanitary measures in developed nations served to strongly constrain the ability of developing countries to export food products. Such measures were ranked as the most significant constraint on the export of agricultural and food products to the European Union, ranking ahead of transport costs, tariffs and quotas (see Maskus, Wilson and Otsuki, 2000).

¹¹ See Korea International Trade Association, 2008, "uTradeHub: Korea's strategy for trade facilitation", www.unescap.org/tid/projects/egmtf_s1Koh.pdf.

To address the challenges, Asian developing countries should: (a) align, to the greatest extent possible, national technical standards and regulations to comply with international standards; and (b) undertake cooperation with trading partners on mutual recognition of conformity assessment to reduce trade costs. For example, members of the Association of Southeast Asian Nations have concluded mutual recognition agreements, and have participated in multilateral cooperation on technical barriers to trade and sanitary and phytosanitary measures.¹² Improving standards infrastructure, such as testing and laboratory facilities, is also vital in supporting exports.

In terms of enhancing export competitiveness through trade facilitation, different countries have different needs and priorities. Resources are limited; trade facilitation measures must fit into a country's needs and priorities in order to maximize effectiveness. For example, trade facilitation in landlocked countries might focus on improving logistics and reducing logistics costs. Trade facilitation is complex and multidisciplinary, and requires: (a) sustainable and strong political support; (b) appropriate strategies and action plans; (c) clear division of duties and close coordination between regulatory agencies; and (d) good partnerships between public and private sectors.

¹² For example, the implementation of the World Trade Organization Agreement on Technical Barriers to Trade and the World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures.

Annex I

Global Competitiveness Index 2007-2008

<i>Subregion</i>	<i>Economy</i>	<i>Rank</i>	<i>Score</i>
East Asia	China	34	4.57
	Mongolia	101	3.60
Southeast Asia	Cambodia	110	3.48
	Indonesia	54	4.24
	Malaysia	21	5.10
	Philippines	71	3.99
	Thailand	28	4.70
	Viet Nam	68	4.04
South Asia	Bangladesh	107	3.55
	India	48	4.33
	Nepal	114	3.38
	Pakistan	92	3.77
	Sri Lanka	70	3.99
Central Asia	Armenia	93	3.76
	Azerbaijan	66	4.07
	Kazakhstan	61	4.14
	Kyrgyzstan	119	3.34
	Uzbekistan	62	4.13
	Tajikistan	117	3.37

Source: Michael E. Porter, Xavier Sala-i-Martin, Klaus Schwab, eds., *the Global Competitiveness Report 2007-2008* (World Economic Forum, 2007).

Annex II

Quality of institutions in developing Asia, Global Competitive Index 2007-2008

<i>Country</i>	<i>Rank</i>	<i>Score</i>
Azerbaijan	83	3.64
Bangladesh	126	2.87
Cambodia	100	3.36
China	77	3.71
India	48	4.32
Indonesia	63	3.90
Kazakhstan	80	3.67
Kyrgyzstan	127	2.86
Malaysia	20	5.18
Mongolia	120	3.09
Nepal	119	3.10
Pakistan	81	3.66
Philippines	95	3.42
Sri Lanka	68	3.85
Tajikistan	88	3.60
Thailand	47	4.33
Uzbekistan	56	4.10
Viet Nam	70	3.78

Source: Michael E. Porter, Xavier Sala-i-Martin, Klaus Schwab, eds., *the Global Competitiveness Report 2007-2008* (World Economic Forum, 2007).

Annex III

Logistics Performance Index in developing Asia, 2007

Country	Logistics Performance Index		Customs		Infrastructure		International shipments		Logistics competence		Tracking and tracing		Domestic logistics costs		Timeliness	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Afghanistan	150	1.21	150	1.30	150	1.10	150	1.22	150	1.25	150	1.00	40	3.13	150	1.38
Azerbaijan	111	2.29	96	2.23	116	2.00	90	2.50	128	2.00	96	2.38	87	2.88	124	2.63
Bangladesh	87	2.47	125	2.00	82	2.29	96	2.46	103	2.33	88	2.46	50	3.08	54	3.33
Bhutan	128	2.16	134	1.95	127	1.95	134	2.06	116	2.18	108	2.27	13	3.36	126	2.57
Cambodia	81	2.50	104	2.19	81	2.30	95	2.47	82	2.47	80	2.53	27	3.21	74	3.05
China	30	3.32	35	2.99	30	3.20	28	3.31	27	3.40	31	3.37	72	2.97	36	3.68
India	39	3.07	47	2.69	42	2.90	39	3.08	31	3.27	42	3.03	46	3.08	47	3.47
Indonesia	43	3.01	44	2.73	45	2.83	44	3.05	50	2.90	33	3.30	92	2.84	58	3.28
Kazakhstan	133	2.12	139	1.91	138	1.86	129	2.10	126	2.05	117	2.19	96	2.81	120	2.65
Kyrgyzstan	103	2.35	102	2.20	112	2.06	106	2.35	100	2.35	93	2.38	99	2.80	109	2.76
Lao People's Democratic Republic	117	2.25	121	2.08	121	2.00	103	2.40	106	2.29	139	1.89	146	2.13	102	2.83
Malaysia	27	3.48	23	3.36	28	3.33	26	3.36	26	3.40	28	3.51	36	3.13	26	3.95
Mongolia	136	2.08	131	2.00	129	1.92	91	2.50	144	1.80	136	2.00	70	3.00	142	2.25
Myanmar	147	1.86	124	2.07	145	1.69	146	1.73	135	2.00	149	1.57	79	2.92	147	2.08
Nepal	130	2.14	141	1.83	144	1.77	131	2.09	124	2.08	102	2.33	22	3.25	110	2.75
Pakistan	68	2.62	69	2.41	71	2.37	65	2.72	63	2.71	76	2.57	90	2.86	88	2.93
Philippines	65	2.69	53	2.64	86	2.26	63	2.77	70	2.65	69	2.65	19	3.27	70	3.14

Annex III (continued)

Country	Logistics Performance Index		Customs		Infrastructure		International shipments		Logistics competence		Tracking and tracing		Domestic logistics costs		Timeliness	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Sri Lanka	92	2.40	91	2.25	106	2.13	112	2.31	85	2.45	75	2.58	47	3.08	113	2.69
Tajikistan	146	1.93	140	1.91	125	2.00	136	2.00	141	1.90	146	1.67	138	2.33	146	2.11
Thailand	31	3.31	32	3.03	32	3.16	32	3.24	29	3.31	36	3.25	25	3.21	28	3.91
Uzbekistan	129	2.16	137	1.94	124	2.00	133	2.07	118	2.15	123	2.08	82	2.91	112	2.73
Viet Nam	53	2.89	37	2.89	60	2.50	47	3.00	56	2.80	53	2.90	17	3.30	65	3.22

Source: Jean-François Arvis, Monica Alina Mustra, John Panzer, Lauri Ojala, Tapio Naula, *Connecting to Compete: Trade Logistics in the Global Economy—The Logistics Performance Index and Its Indicators* (Washington, D.C, World Bank, 2007), table A1.

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