

TF for Inclusive and Sustainable Growth

Recent Research; Future Agenda

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Research on TF: RRL and RRP

- Recent review of quantitative studies on impact of TF on such concerns as trade flows and costs
- Determinants and geographic coverage have remained aggregative; wide variations in results
- Reviews and studies confirm impacts of better regulation, services/infrastructure, ICT, enabling trade (BAIN 2013; Portugal-Perez, Wilson 2012; Beher, Manners, Nelson 2012; Korinek, Sourdin 2012)
- Impacts also vary by location (e.g. Africa, LA, APEC)

- ARTNeT research covered spectrum of trade issues – also aggregative even at the country level (e.g. all firm sizes)
- Supply chain analysis removed from incidence of impact – poverty and SME
- Several workshops on way forward for research on specific trade-related topics (CV, IPR, SPS, BPA, subsidies)
- TF-specific projects yielded insights into their trade effects but not beyond

NSW Preoccupation

- On the way to TF, NSW was discovered after agonizing years of ASW (Benjolloun, Pantastico, Wong 2013)
- The ASEAN decision to focus on in-country NSW spread rapidly in interest and resources all through AP
- There is and remain great faith that applying electronic single window to country border would facilitate trade and lead to overall growth and welfare

- The number of vendors of NSW solutions has multiplied each one professing to be the best in system integration, inter-operable platforms, seamless process flows, and optimal TF
- Evidence of across-the-board improvement is spotty except outliers which were already there long before NSW was coined – depends also on how NSW defined
- Deviant case: changes in impact of Philippine customs automation in 7 years: nil (read: no statistical significance in TRS results)
- NSW will continue even under a new thrust and name: IOIS

TF and Inclusive and Sustainable Growth

- Past ARTNeT research, except occasionally, did not really focus on differential effects of TF
- By inclusive effect is meant impact of trade on the poor and on SME (defined more precisely)
- The route from trade to poverty reduction is more involved and circuitous – so far no solid technical resolution to the Dollar and Kraay *Growth is Good for the Poor* (2000) article and its severe criticism (Rodrik 2000; Winters et al 2004)

- Participation by SMEs in international trade is more directly measurable even attributable
- But Tulus (2013) RRL shows no evidence that MSMEs have increased their formal integration into international trading system or increased use of paperless trade irrespective of level of development
- Even if the trading system is fully automated its compliance is burdensome to MSME
- The formal system must be made more attractive to them to embrace paperless trade

- If requirements less burdensome, more incentive for MSME to become part of formal trading environment
- This means reduced documentary requirements (even if electronically encoded), harmonized needed information, speedier customs clearance and release, moving trade controls to earlier date
- E-trade not sufficient to draw in broader MSME constituency – paperless system has to be removed of underlying manual complexities, simplified in understanding procedures and impose no additional burden to small traders

TF: Texts in NGTF

- True to its MC4 mandate the NGTF has stayed within the 3 relevant Articles of GATT 1994 (Articles V, VIII, X) in defining what needs to be done in TF
- In its 16th revision the focus is on information accessibility – transparency, publication, TF committee; and institution – border agency and customs cooperation
- Electronic hardly mentioned compared with the 2007 texts highlighting importance of automation

- Progress has been made in the NGTF despite protracted delay – 8 years, 150 proposed texts, 32 versions compilations/consolidated texts, 80 original measures to 40, 2200 brackets to 673 brackets
- The TF measures in the NGTF involved 157 members
- The TF measures would be binding upon agreement with enforcement through dispute settlement mechanism
- The TF measures would apply to all border agencies of members

Some Direction: Suggested Agenda

- Concerns of inclusive growth point to assessing TF incidence on poverty and on MSME participation in trade
- Research reveals gaps on how TF can enhance inclusive impacts focused on MSME trade
- Recent research looks at supply chain trade as framework for tracing effects of TF measures on inclusiveness
- An alternative framework – trace the chain of MSME *on the way to the border, at the border, and across the border* (Oh and Alburo 2013)

- Research directions useful to take in the light of attention to inclusive growth include:
 - NSW evaluation in terms of (a) OGA seamless integration, (b) extent of “end-to-end” or manual interventions, (c) identification of security leaks, and (d) impacts in TRS indicators
 - Gap identification, evaluation, and remedies between TF measures complied by stakeholders and perceived compliance by services providers including border agencies
 - MSME in the supply chain along specific product group or industry and support systems in the chain

- Institutional constraints to TF at the border and across the border – as proposed in the NGTF texts – and how they can be overcome
- Financial and non-financial limitations for MSME border trade – sources according to size of establishment
- Inventory of documents, forms, and other paper requirements for formal engagement in trade by MSME and content evaluation of the information required – how these can be simplified, harmonized, and consolidated

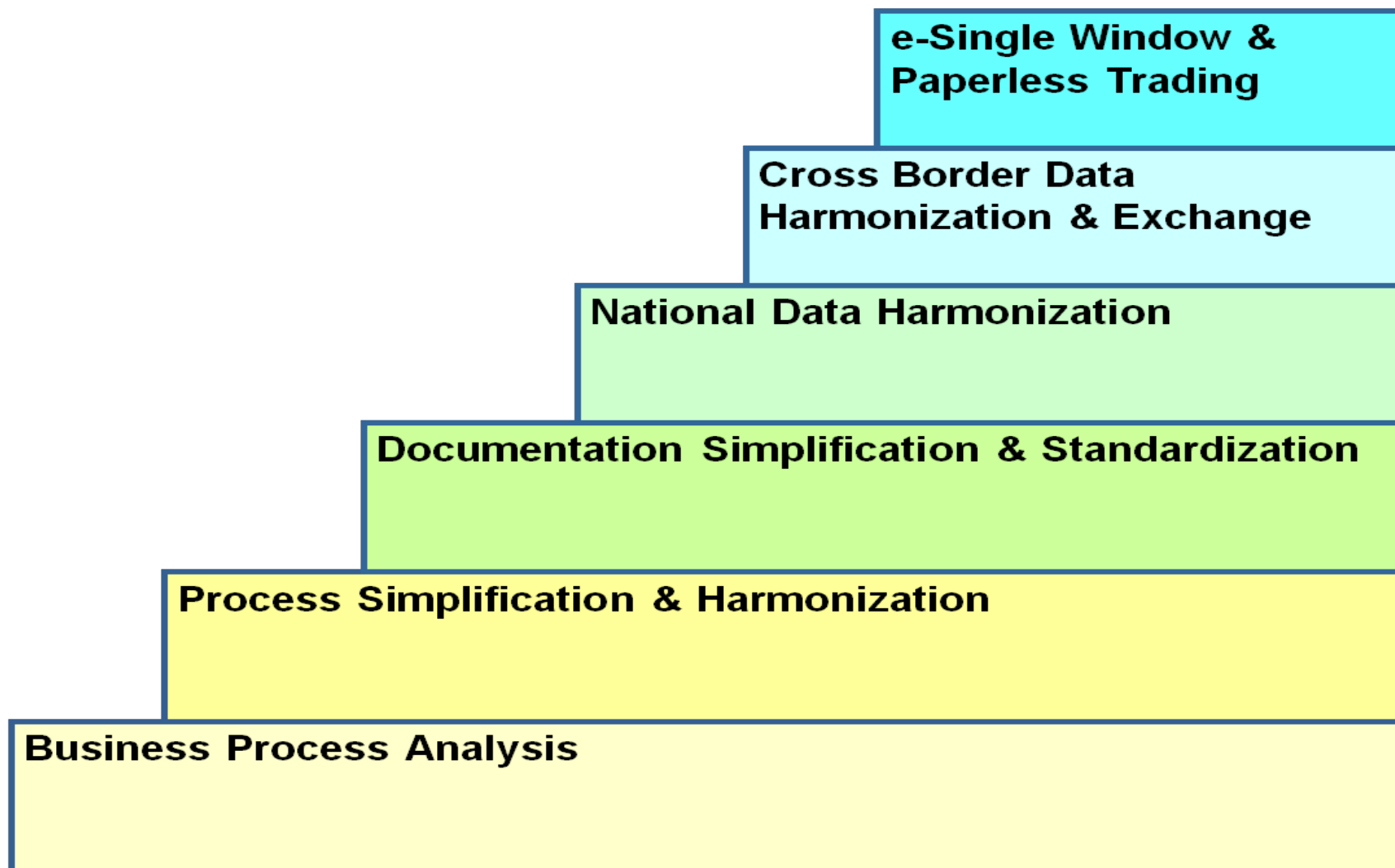
Conclusion

- TF acquires greater importance if it has to have an inclusive impact – poverty reduction and participation of MSME
- Tariff barriers involves a transfer from traders to government; supply chain barriers are purely deadweight losses imposed on traders
- It is necessary to understand and analyze what are these barriers that constrain the efficient movement of goods into and out of borders – their effects on the poor and on small traders

- Research should be brought to bear in increasing knowledge about how TF can be harnessed for inclusiveness
- The effective mechanism for various TF measures is the NGTF
- The NGTF texts contain the concerns common to most WTO members and the basis for their enforcement
- Automation and electronic single windows are referred to but are not the driving force for the TF measures considered

- It is institutions, coordination, cooperation, and other capacity interfaces that are given greater importance in TF
- It is a recognition that in TF institutional and human bottlenecks are more difficult to overcome than machine shortcomings
- These bottlenecks need a longer stretch of time to address and solve
- With more efficient programming and technical expertise machine shortcomings can be quickly solved
- The step-approach to TF - back to basics

A Step Approach to TF



End...

