

Future Research Agenda for Trade Facilitation and Inclusive Growth

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PROJECT

“Trade Facilitation for Poverty Reduction:
Building Capacity for the Implementation of
Pro-poor Trade Facilitation Policies and
Measures in Developing Asian Countries”

Supported by the Government of the People's
Republic of China

PARTNERS

- ESCAP through the Asia-Pacific Research and Training Network on Trade (ARTNeT) and the United Nations Network of Experts for Paperless Trade in Asia and the Pacific (UNNExT)
- International Poverty Reduction Centre in China (IPRCC)
- China International E-commerce Centre (CIECC), Ministry of Commerce

OBJECTIVES AND GOALS

- To understand the linkages between trade facilitation and poverty reduction and to identify the trade facilitation measures which can support sustained and inclusive development
- Increased capacity of officials and business representatives in least developed and other developing countries members of ESCAP to implement such trade facilitation measures

KEY ACTIVITIES

- Regional consultation on Trade Facilitation for Poverty Reduction, 5-6 March 2012, UNCC, Bangkok.
- Research Studies on Trade Facilitation and Poverty Reduction (South and Southeast Asia).
- Two Regional Dissemination Workshops, as part of –
 - The 6th China-ASEAN Forum on Social Development and Poverty Reduction 25-27 September 2012, Liuzhou City, Guangxi Autonomous Region, China
 - ARTNeT Conference on Empirical and Policy Issues of Integration at the APTFF 2012, 1-2 November, Colombo, Sri Lanka
- Multi-stakeholder seminar on the research findings was held in March 2013, at UNCC, Bangkok.
- A publication on the research studies to be published upon finalization of the studies.

CASE STUDIES

Pro-poor trade facilitation and measures in developing Asian Countries

Trade facilitation and poverty reduction case study on China-ASEAN region

Trade facilitation and microfinance for poverty reduction in the GMS: The case study of Thailand

Economic corridors and their impact on trade facilitation and poverty reduction: An empirical analysis of selected corridors of South Asia

The impact of ongoing trade facilitation improvement on export-oriented small and medium enterprises (SMEs) in Indonesia

Barriers to international entrepreneurship in agricultural sector of Bangladesh: Focus on vegetable production

Export Processing Zones (EPZs) and their impact on trade facilitation and poverty reduction in Sri Lanka

CASE STUDIES:

issues studied and findings

PRO-POOR TRADE FACILITATION AND MEASURES IN DEVELOPING ASIAN COUNTRIES

Issues

- Cross country analysis – examines the link.
- Measures taken in the study – number of documents and days required for export and import and their impact on export volume levels of GDP per capita, GINI index were studied.

Findings

- Improvement in TF measures is positively correlated to exports and GDP per capita and countries with weak TF are found to have higher poverty and inequality.

CASE STUDY ON CHINA-ASEAN REGION

Issues

- This study focuses on port efficiency and other trade facilitation issues namely, transport, customs clearance, institutions and policies, and e-commerce.
- It looked at China ASEAN FTA and examined various trade facilitation measures of ASEAN as well as China. It also looked at Yunnan province's exports.

Findings

- Increase in agricultural exports has had a positive effect on the alleviation of rural poverty in China; i.e., if agricultural exports increase by 1 per cent, then China's rural poverty index will decrease by 1.03 per cent.
- The results show that 1 percent increase in port efficiency is associated with a 1.05 percent decrease of poverty index.
- Recommendations for future work.

CASE STUDY ON THAILAND

Issues

- The role of economic corridors (Friendship Bridge) and micro-finance development, as trade facilitation measures, in the alleviation of poverty
- Interviews with several stakeholders are used to identify the impact of these trade facilitation measures on the poor in two Thai provinces (Mukdahan and NakhonPhanom).

Findings

- There are many opportunities for the poor and microenterprises to benefit from trade facilitation measures in two provinces, especially in the agricultural, services and investment sectors.
- Transportation improved: promoting tourism and reducing unemployment.
- Obstacles: limited access to poor and microenterprises to finance.
- Negative impacts also: gambling, illegal migration etc.

EMPIRICAL ANALYSIS OF SELECTED CORRIDORS OF SOUTH ASIA

Issues

- Examines SAARC Corridor 1 (SC1) using both primary and secondary data. SC 1 handles a good amount of overland trade between Bangladesh, India and Pakistan.

Findings

- Primary survey along SC1 (India's trade with Bangladesh and Pakistan) revealed that the quality of trade infrastructure, governance, improved.
- Respondents perception that the trade facilitation can reduce trade cost and thus can reduce poverty.
- Study suggested that due to the limited survey results, it would be important to have a large-scale survey covering a wide region. More in-depth examination at the individual level as well as firm level will be required.

SUMMING UP

- Trade facilitation reduces trade transaction costs and promotes a more transparent and efficient trade environment
- Evidence is found on the contribution of trade facilitation to the enhancement of trade as well as to the promotion of GDP growth, FDI, welfare improvements and government revenue, all of which go a long way towards the reduction of poverty
- The poor can also be negatively affected by certain trade facilitation measures. The negative impacts on poverty reduction and inequality can be contained when the government goes along the implementation of the measures step by step and provide safety nets to redistribute income during the adjustment process
- Complementary measures might be needed not only to tackle the problem of raised inequality, but also for the poor to be able to effectively benefit from the trade facilitation measures and engage in trade

SUMMING UP (cont'd)

- These studies have brought several interesting facts and evidence on the impact of trade facilitation on poverty reduction. These would be useful in government policy making for using trade facilitation measures as successful tool for poverty reduction
- However, most of the studies have limitations especially in linking a specific trade facilitation measure with that of specific poverty reduction indicator
- At the same time, poverty reduction cannot be attributed only to the trade facilitation measures, but also other initiatives – economic or social which are working in parallel and have impacted the poverty reduction positively during the period of study
- Therefore, it is important to continue with the study to understand the nature and strength of linkages

FUTURE WORK PROGRAMME

- These studies can be the building blocks to future work programme, as the findings would be very useful for deeper research on the subject, especially:
 - Identify specific trade facilitation measures;
 - Examine their impact on specific poverty indicators;
 - Determine the correlation and appropriate policies which can lead to inclusive growth.
- ESCAP will be willing to work on this subject through ARTNeT.
- We seek your comments on the specific areas that we need to examine as a second stage.

THANK YOU

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