

Highlights of the Quarter

Launch of the Trade Facilitation Facility (TFF), April 7 Lusaka – The World Bank Group launched a US\$40 million multi-donor trust fund over four years to help countries improve their competitiveness and reduce trade costs through measures including improving infrastructure, transport logistics and customs procedures. The TFF will complement ongoing WBG support for traded economic growth in low income countries and will **focus on implementation and projects** based on analytical work that already exists. (More information at www.worldbank.org/tradefacilitation)



World Bank April 2009 Global Economic Prospects forecast a contraction of the world trade volumes of 6 percent in 2009. First contraction since 1982, it is driven first by a sharp drop in demand, as the global financial crisis imposes a rare simultaneous recession in high-income countries and a sharp slowdown across the developing world. Exports and imports of forty-five countries that have reported trade data for January 2009 are uniformly weak, with an average drop of over 30 percent as compared to January 2008. Based on a handful of countries that have reported February data, including China, trade continues to be very weak and downside risks are large. Mitigating and compensating factors such as exports redirection, high commodity prices, and intraregional trade growth are unlikely to remain active in 2009. World trade is projected to begin to recover in 2010.

According to the WTO, there has been a marked increase in protectionist pressures globally since September 2008 including by a large number of G-20 countries - Many WTO Members are facing increased pressure to take protectionist actions. While there is not a general trend, a pattern is beginning to emerge of increases in import licensing, import tariffs and surcharges and trade remedies to support industries that have faced difficulties early on in this crisis. However, maintaining and enhancing trade openness is key not only to preserving the mutual benefits of trade but to supporting the eventual economic recovery. The crisis can be an opportunity riding the dangerous wind. Even with bleak trade prospects, developing countries can improve their competitiveness and diversify their exports through trade facilitation measures and other behind-the-border reforms.

Leaders of the G-20 met on April 2 and pledged a spectrum of efforts toward global recovery including resisting protectionism and promoting global trade and investment. The agreement reaffirmed the Washington commitment against new barriers to trade and investment. Also, the G-20 pledged \$250 billion of trade finance over the next two years through export credit, investment agencies and the MDBs in the total \$1.1 trillion recovery package to restore global confidence, growth, and jobs. It also called for urgent and continued efforts to push the Doha Development Round forward.

Toolkits

Clusters for Competitiveness: A Practical Guide and Policy Implications for Developing Cluster Initiatives – Disseminated at a recent training event on March 19, this handbook offers a practical approach for using a cluster-based approach for export competitiveness in developing countries. Not meant to be prescriptive, it outlines 10 useful tools for development of cluster competitiveness and discusses the overall life cycle of such initiatives. (More information at www.worldbank.org/competitiveness)

Global Antidumping Database – It is a publicly and freely available database on different national governments' use of antidumping trade policy instrument, as well as WTO members' use of safeguard measures. The data collection was funded by the World Bank and Brandeis University. Detailed data on antidumping investigations will be available in early summer 2009. (More information at <http://go.worldbank.org/2H0S8ARJ40>, http://people.brandeis.edu/~cbown/n/global_ad/, <http://www.brandeis.edu/~cbown/>)

Forthcoming Learning Events

For World Bank Staff

- Protectionism and Economic Crises: Past Experience, Future Prospects, 2-5pm April 30, Washington DC
- Tools and Indicators for International Trade Data Analysis, April 29, May 5 and 7, Washington DC
- Preferential Trade Agreement for Development: Issues and Implications, 9am -12pm May 12, Washington DC
- Trade Facilitation Audit Implementation, May 4, Washington DC
- Transit Systems, Landlocked Countries and border Management, May 6, Washington DC

For External Participants

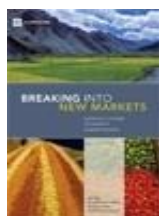
- Food and Agricultural Trade Policy and Negotiations, April 20-May 15, e-learning
- Preferential Trade Agreements for Development: Issues and Implications, May 11-15, Washington DC
- Export Development and Diversification Overview, May 18-22, Washington DC
- Trade Finance and Facilitation for Export Diversification, June 1-5, Washington DC
- Trade Finance and Facilitation for Export Diversification, June 15 - July 24, e-learning
- Standards and Trade: Challenges and Opportunities for Developing Countries, June 1-26, e-learning
- 3rd Trade Policy for Development Executive, June 1-12, New York(Columbia University) and Washington DC
- Analytical Tools for Trade Reforms and Negotiation, June 15-18, Washington DC

(Details available at <http://go.worldbank.org/LQ55DTOU0> for World Bank staff or www.worldbank.org/wbi/trade for external participants)

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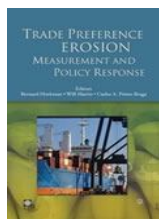
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Publications



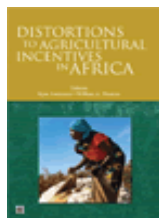
Breaking into New Markets: Emerging Lessons for Export Diversification

by William Shaw, Richard Newfarmer and Peter Walkenhorst – this book explores new thinking and evidence about export diversification, and elaborates on policies to promote diversification. It is a policy primer: what export diversification can and cannot do for growth, and how to make them happen.



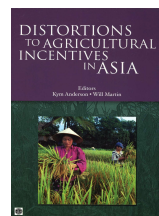
Trade Preference Erosion: Measurement and Policy Response

by Bernard Hoekman, Will Martin, and Carlos Alberto Braga – This volume reviews the current value of preference programs of major OECD countries for beneficiary countries, assesses the implications of preference erosion under different global liberalization scenarios, and discusses potential policy responses.



Distortions to Agricultural Incentives in Africa

by Kym Anderson and William A. Masters – This title provides an overview of the evolution of distortion to agricultural incentives caused by price and trade policies in 21 countries in the Sub-Saharan African region. The new empirical indicators in these country studies provide a strong evidence based foundation for assessing the successes and failures of the past and for evaluating policy options for the years ahead.



Distortions to Agricultural Incentives in Asia

by Kym Anderson and William Masters – This book is the third volume in a series of books that bring together analytical narratives of the evolution over the past half century of policy-imposed distortions to farmer incentives. It focuses on Asia and the distortion to agricultural incentives from a global perspective.

Trade Note

Trade Note No. 37 - Trade Protection: Incipient but Worrisome Trends by Elisa Gamberoni and Richard Newfarmer, Mar 2009

Trade Working Papers

Global distortions to agricultural markets: new indicators of trade and welfare impacts, 1955-2007(WPS 4865) by Peter Lloyd, Johanna L. Croser, and Kym Anderson, Mar 2009

How do agricultural policy restrictions to global trade and welfare differ across commodities? (WPS 4864) by Peter Lloyd, Johanna L. Croser, and Kym Anderson, Mar 2009

Assessing the impact of political economy factors on rules of origin under NAFTA (WPS 4848) by Alberto Portugal-Perez, Feb 2009

The business of product innovation: international empirical evidence (WPS 4840) by Daniel Lederman, Feb 2009

North-south trade-related technology diffusion, brain drain and productivity growth: are small states different? (WP 4828) by Maurice Schiff and Yanling Wang, Jan 2009

Measuring skilled migration rates: the case of small states (WPS 4827) by Frederic Docquier and Maurice Schiff, Jan 2009

The regional dimension of north-south trade-related R&D spillover (WPS 4826) by Maurice Schiff and Yanling Wang, Jan 2009

Are all the sacred cows dead? Implications of the financial crisis for macro and financial policies (WPS 4807) by Asli Meirquc-Kunt and Luis Servén, Jan 2009

Trade costs in Africa: barriers and opportunities for reform by Alberto Portugal-Perez and John S. Wilson, Sep 2008

For more information and download of papers, please visit our website at www.worldbank.org/trade

For the Record

WTO Meeting on Trade Finance, Geneva Mar 31 – The meeting was hosted by the WTO and was attended by commercial banks, IFIs, and MDBs to review constraints on trade finance. The meeting identified gaps in finance, presented plans of banks and agencies in the face of the shortages and ways to move forward. Results of the discussion will be presented in a report to the WTO membership.

Adjusting to trade reform: challenges and policy responses for labor markets, Geneva Mar 19 – the seminar on trade facilitation was sponsored by the World Bank Institute (WBI), the World Bank Group (WBG) and the WTO with speakers from the WBG, UNCTAD and USTR and an audience mainly from country delegations. The World Bank addressed the importance of lowering trade costs to maintain export growth in a shrinking market, and highlighted the role of the Bank's new Trade Facilitation Facility (TFF).

Export Credit Agencies (ECA) Meeting on Trade Finance, Geneva Mar 17, 2009 – The World Bank Group (WBG) including the IBRD, IFC and MIGA held a meeting with 17 major ECAs and representatives of the IMF, Inter-American Development Bank, the African Development Bank, the Bankers Association for Trade Finance and the US Treasury, among others. The purpose of the meeting was to identify ways the WBG to collaborate with the ECAs in expanding trade finance. Discussions addressed the urgency of the current global situation and focused on existing programs and activities. The meeting outlined possible ideas for the WBG to collaborate more closely with ECAs to expand available resources to finance trade.

ICC Banking Commission Conference, Dubai Mar 12, 2009 – The conference on trade finance was organized by the International Chamber of Commerce (ICC). A report on trade finance released after the conference outlines major findings of a global survey based on responses from 122 Banks in 59 countries and confirmed the overall decrease in volume and value of trade finance.