

Trade Facilitation and the Doha Agenda:

What's at Stake?

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Cato Institute

Washington, D.C.
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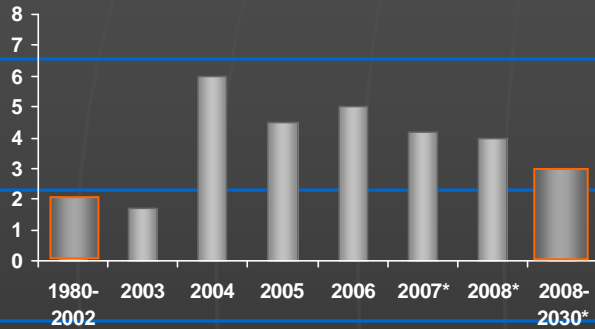
Overview

- Trade facilitation in context
- Trade or development policy?
- Concluding remarks

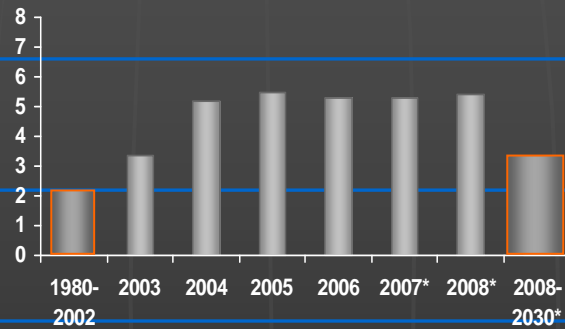
Global Growth Continues.....

GDP, percent change from previous year

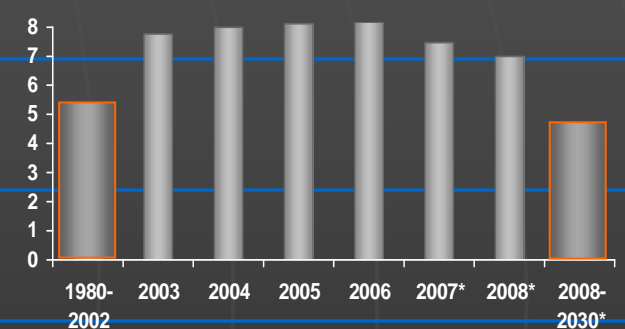
Latin-America Caribbean



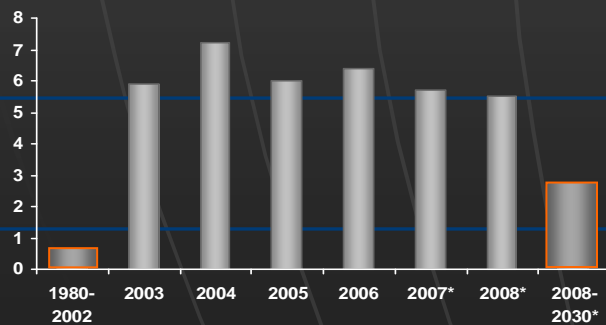
Sub-saharan Africa



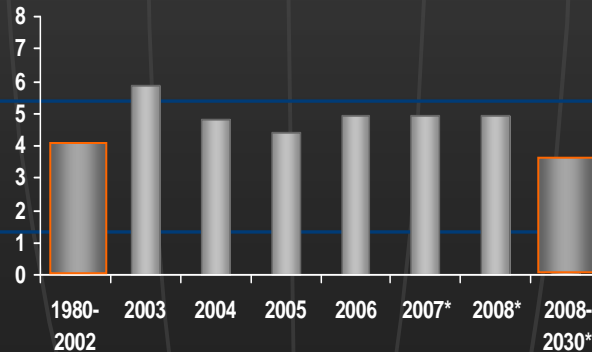
South Asia



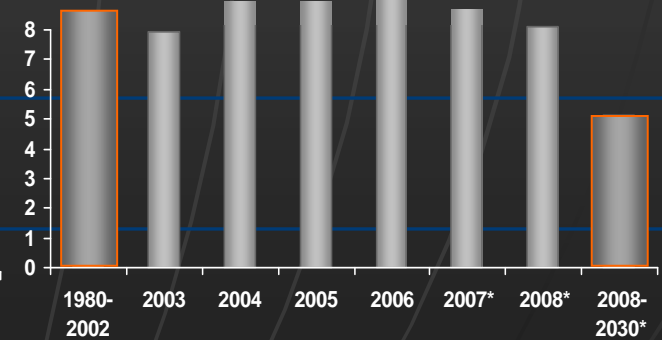
Europe & Central Asia



Mid-East North Africa



East-Asia Pacific



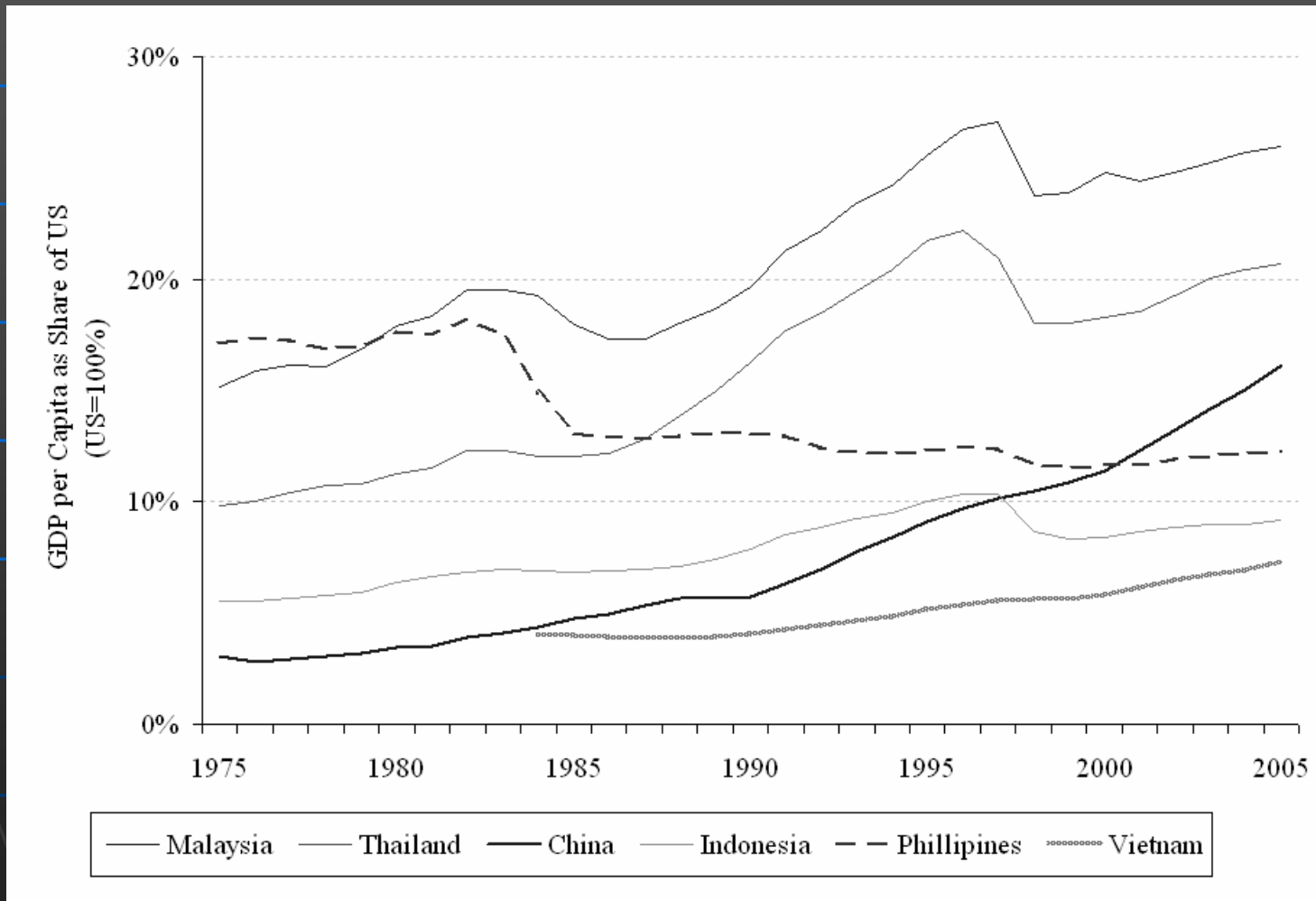
* estimate

Source: World Bank Global Economic Prospects 2007



Developing countries catching up.....

GDP per Capita (PPP), percent of U.S.

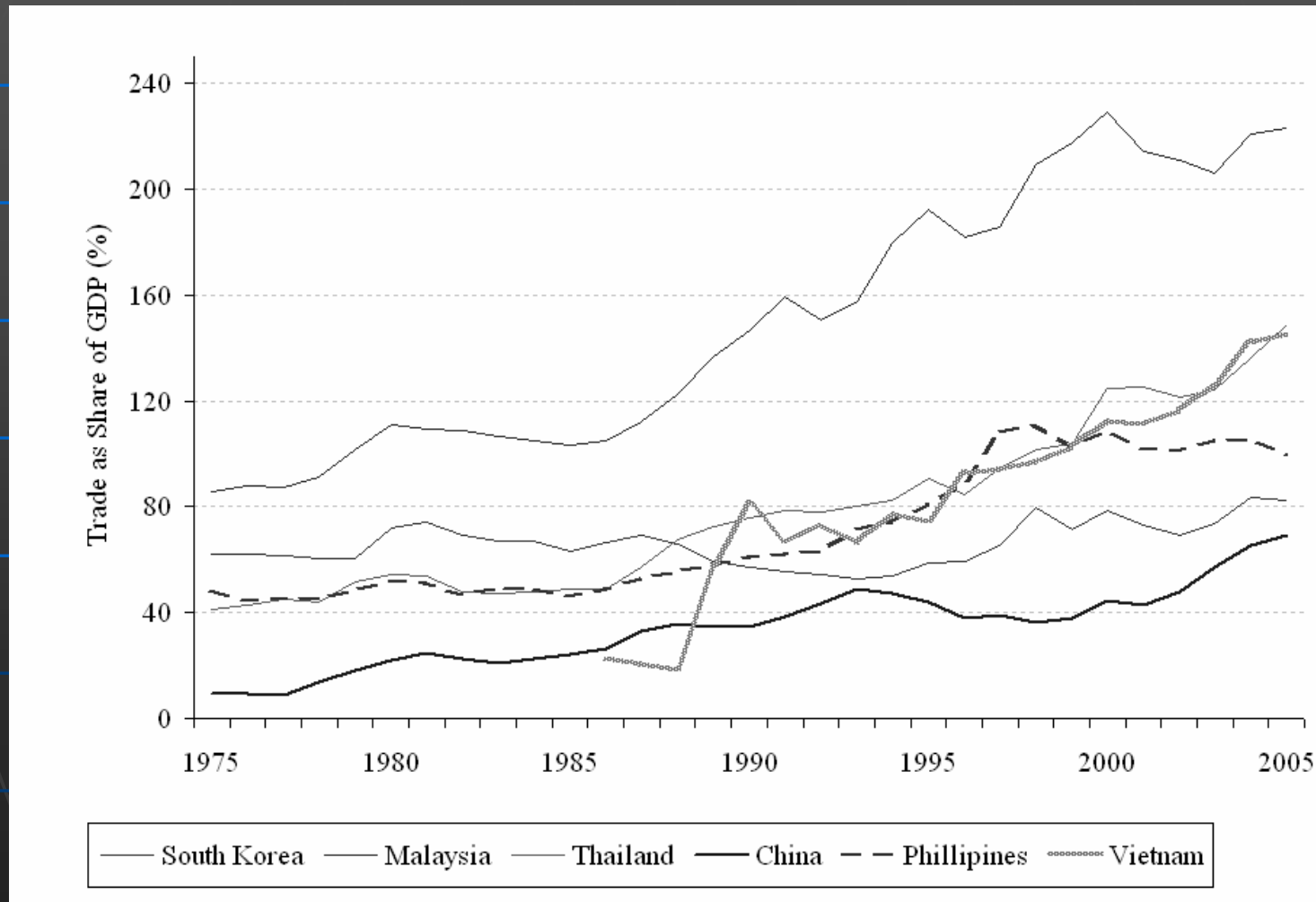


Source: World Development Indicators, World Bank



With trade as a driving force.....

Trade as Share of GDP



Source: World Development Indicators, World Bank



Why Transparency Matters

- Two key aspects for traders:
 - Predictability: Transparency through greater certainty can lower costs for business.
 - Simplification: Transparency through fewer “layers” of regulation, better institutions, and lower information and compliance costs for business.

The WTO Principles

- GATT Article V- Freedom of transit
- GATT Article VIII- Fees and formalities connected with imports and exports
- GATT Article X- Publication and administration of trade regulations

What Agreement Makes Sense?

- Shared rights and obligations in one step
 - Much progress already made
- Special and differential treatment?
 - Use an enhanced TPRM for disputes
- No explicit link to development funds
- Development aid is flowing and available

Why WTO Agreement is Important

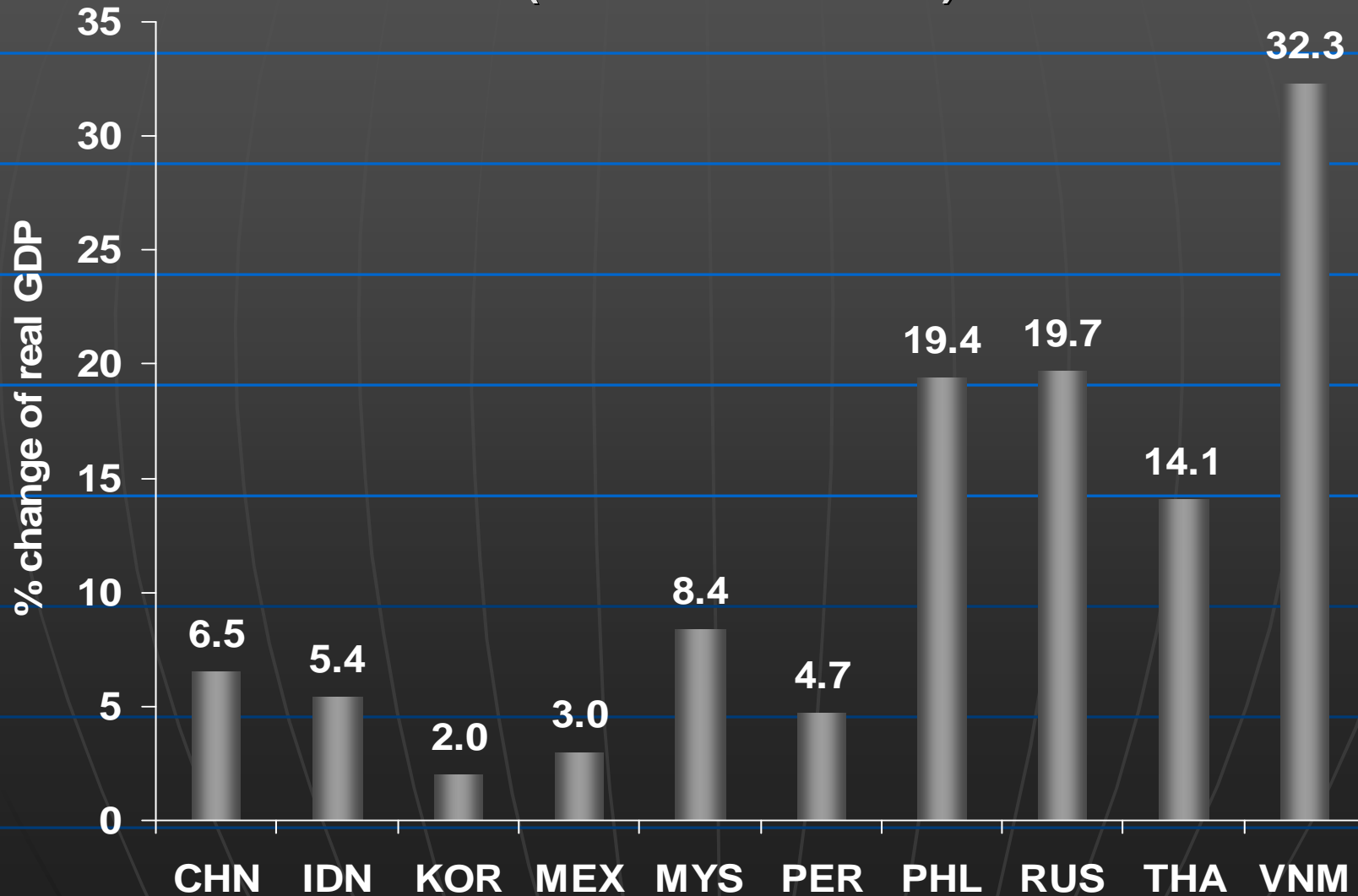
- Baseline principles deepened
 - Sixty year wait -- too long
- Spillover effect
 - Bolster national advocates for reform
 - Platform for regional talks
- Expansion of trade – removing south-south barriers but.....

Broader Agenda is Development

- Development “aid for trade facilitation”
 - World Bank trade lending \$1.6 billion in FY07
- New Bank research on broader trade facilitation reform (transparency) suggest big gains
- World trade could rise 8% with \$326 billion *welfare gain* in Asia Pacific

Raising Transparency to Regional Average in APEC

(Abe Wilson mimeo)



Concluding Remarks

- Trade facilitation should be top of agenda
- WTO agreement helpful....but focus on domestic reform and development fundamental
- Other important factors to consider; private capital, global savings, and development agenda

Thank You

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http://econ.worldbank.org/projects/trade_costs