



TOWARDS A WORLD BANK GROUP TRADE STRATEGY

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Overview

1

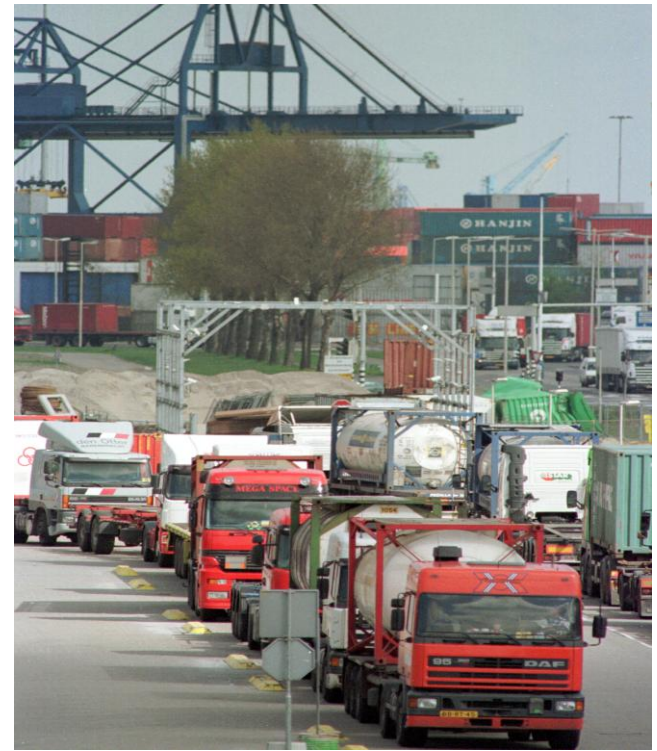
- Context
- World Bank Group and Trade
- Lessons Learned
- Proposed Approach
- Timeline for Trade Strategy
- Your Views



Context: International Trade

2

- ❑ World Trade has grown twice as fast as global GDP
- ❑ Developing countries have diversified into manufactures
- ❑ Trade and services trade as shares of GDP have doubled
- ❑ Six-fold increase in FDI stocks
- ❑ Fragmentation of production



Context: Complex Policy Agenda

3

- Many constraints to international trade and competitiveness lie “behind the border” as high tariffs are no longer the main constraint for most
 - ▣ high-cost services inputs
 - ▣ supply-chain bottlenecks
- International agreements increasingly cover domestic regulations, not just market access.
- Trade policy reform remains a priority in some countries, however.

Context: Thick Borders

4

- High trade costs create “thick” borders.
- These are a key barrier to regional and global integration.



Context: Economic Crisis

5

- The crisis has disrupted trade and highlighted the need for countries to:
 - ▣ diversify markets, products and services;
 - ▣ cooperate with each other on trade; and
 - ▣ strengthen social safety nets.



World Bank Group and Trade

7

MULTIDIMENSIONAL AND CROSS-CUTTING

Technical Assistance and Capacity Building	36 projects per year WBI's new South-South knowledge transfer programs
Policy Analysis and Advice	70+ policy notes, country and regional studies per year
Financing, Loans and Credits	\$ 7.5bn concessional in 2007-2008, focusing on export competitiveness and trade facilitation IFC investments and trade finance facilities
Global Programs and Partnerships	Analysis to support developing countries' interests in global trade agreements
Data, Indicators and Research	Logistics Performance Index, World Trade Indicators, Agricultural Distortions Database Open Data Initiative WITS Updating 50+ working papers, books and reports per year

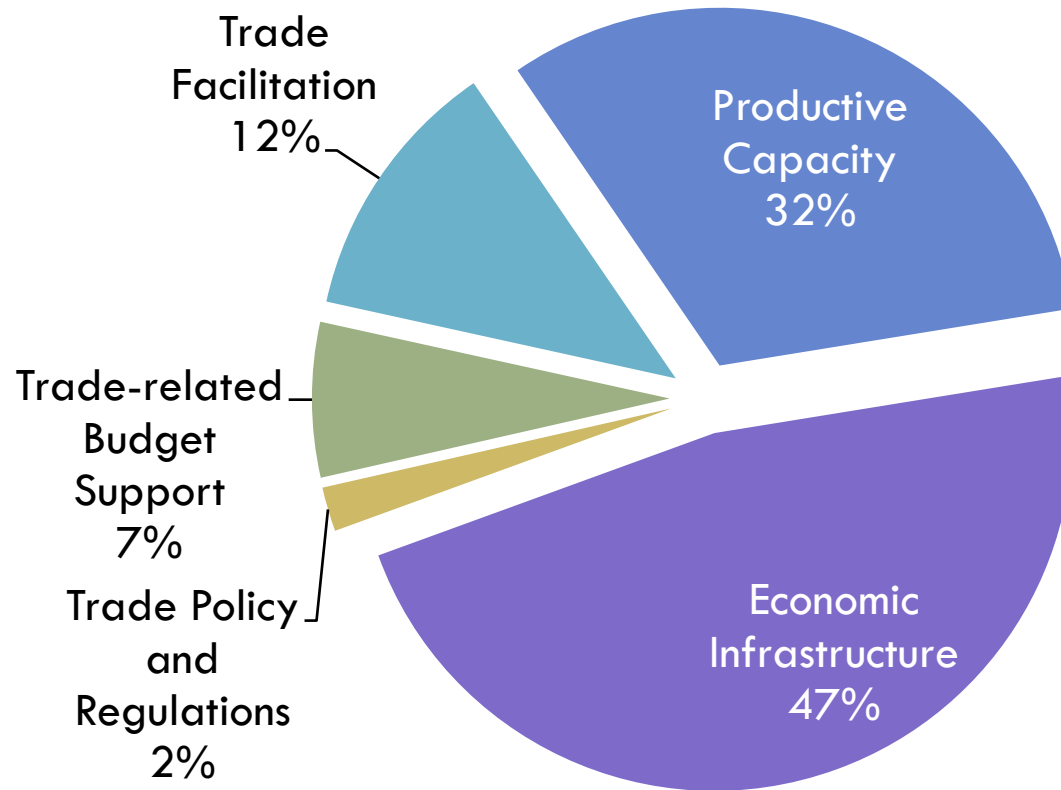
World Bank Group and Trade

8

- Country Level
 - ▣ Two-thirds of all Country Strategies include trade as a focus area
- Global Level
 - ▣ Research supports developing countries' interests in trade agreements
- Regional Level
 - ▣ Investments in regional infrastructure—both “hard” and “soft”
- Private Sector
 - ▣ Around half of total Bank Group aid for trade supports the private sector directly (IFC)

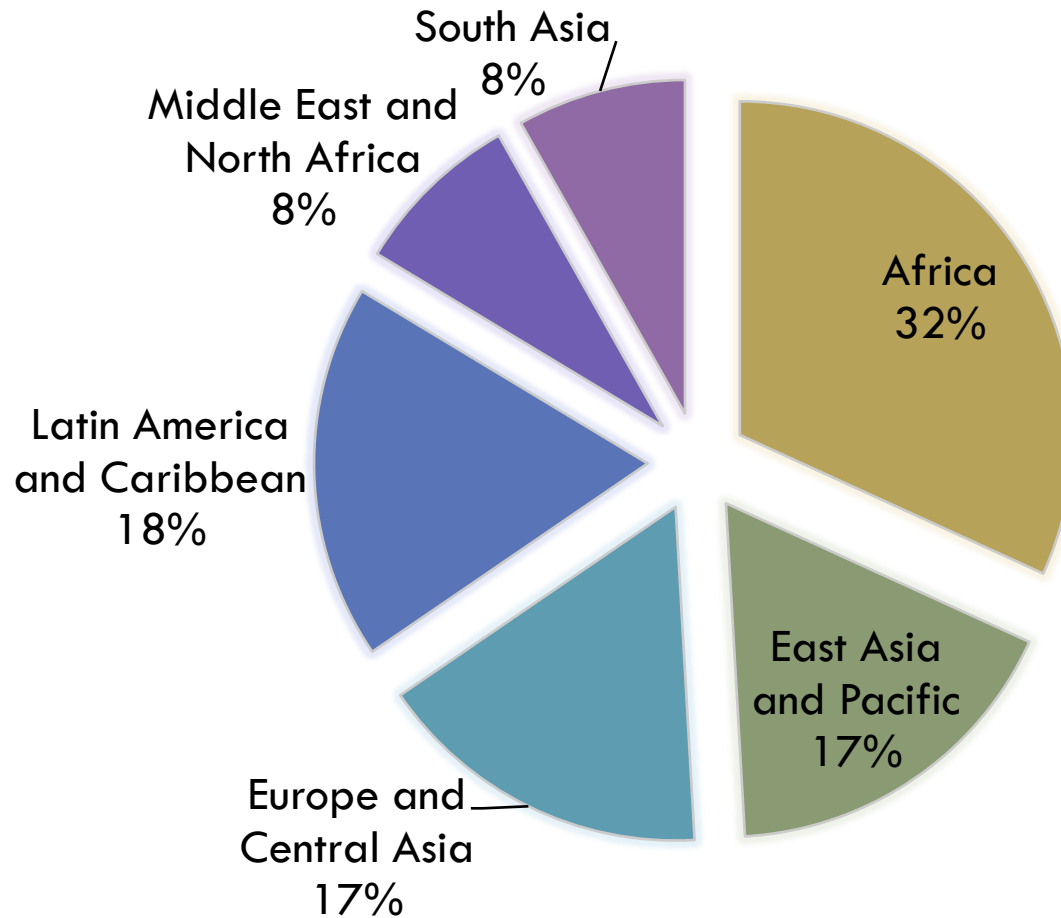
World Bank Group Trade Portfolio

9



World Bank Trade Lending

10



Lessons

- Trade can be a powerful tool to support economic growth
 - ▣ The world market provides economic opportunities for households, firms and farms
 - ▣ Bolstering capacity to harness these opportunities is key
 - ▣ Openness promotes growth through scale economies, and transfers of people and ideas
- In principle, it could also help to reduce poverty, but there is no direct evidence on this point (see my book, *Globalization and Poverty*, 2007)
- This means that complementary policies are needed to bring benefits, and much more research is needed to ensure sharing of benefits from globalization

Proposed Approach: Focus

12



TRADE COMPETITIVENESS

- In Country
 - Trade policy reform
 - Reduce costs
 - Improve value chain
- Export Markets
 - Access/entry constraints
 - Analysis



TRADE FACILITATION & LOGISTICS

- Customs and border management
- Logistics services
- Transit corridors
- Trade transport Infrastructure



TRADE FINANCE

- IFC trade finance facilities
- Export credit agencies
- Trade insurance
- Working capital for SME exporters



TRADE COOPERATION

- Regional Integration
- WTO-Doha Round
- Research, capacity building and advocacy
- Participation in Aid for Trade initiative
- Collective actions to use trade for development



TRADE DATA AND SYSTEMS

- Data as a global public good
- Monitoring and evaluation
- National statistical capacity building

Proposed Approach: Partnerships

13

- International Organizations
 - WTO, UNCTAD, ITC, WCO, OECD, Regional Development Banks
- Development Partners
 - Donors, global partnerships
- Private Sector and CSOs

Proposed Approach: Our Strengths

14

- Make best use of the strengths of the World Bank Group
 - Country presence
 - Multi-sectoral expertise
 - Global public goods and research capacity
 - Cross-country transfer of knowledge

Proposed Approach: Results Focused

15

- Monitoring and evaluation on WBG activities
 - Operational Monitoring
 - Tracking of outcomes
 - Core sector indicators for trade projects
 - Impact Evaluations
 - Global Indicators
 - Benchmarking indicators to assess success of policy reforms and aid for trade
- Implications for data collection

Timeline

16



Consultations to get input into the strategy

- Online
- Face-to-face

Public comment on the draft strategy

We want your input!

17

1. The proposed areas of focus are trade competitiveness, trade finance, trade facilitation and logistics, trade cooperation, and development of data, indicators, and information systems. Are we focusing on the right issues?
2. What unresolved questions should our research group focus on ?
3. Is the WBG playing the right role relative to other providers of aid for trade? Relative to other providers, where are our greatest strengths?
4. What mix is most helpful for helping countries use trade to promote growth and poverty reduction across financing, technical assistance and capacity building, and research and policy analysis?
5. In which areas of the trade program should other partners—such as regional development banks, bilateral donors, other agencies—take the lead
6. How can the WBG help address regional challenges?



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<http://www.worldbank.org/tradestrategy>

Thank you for participating