



# TOWARDS A WORLD BANK GROUP TRADE STRATEGY

ASEAN Secretariat, Jakarta, June 23, 2010

# Overview

1

- Context
- World Bank Group and Trade
- Lessons Learned
- Proposed Approach
- Towards a Strategy
- Your Views



# Context: International Trade

2

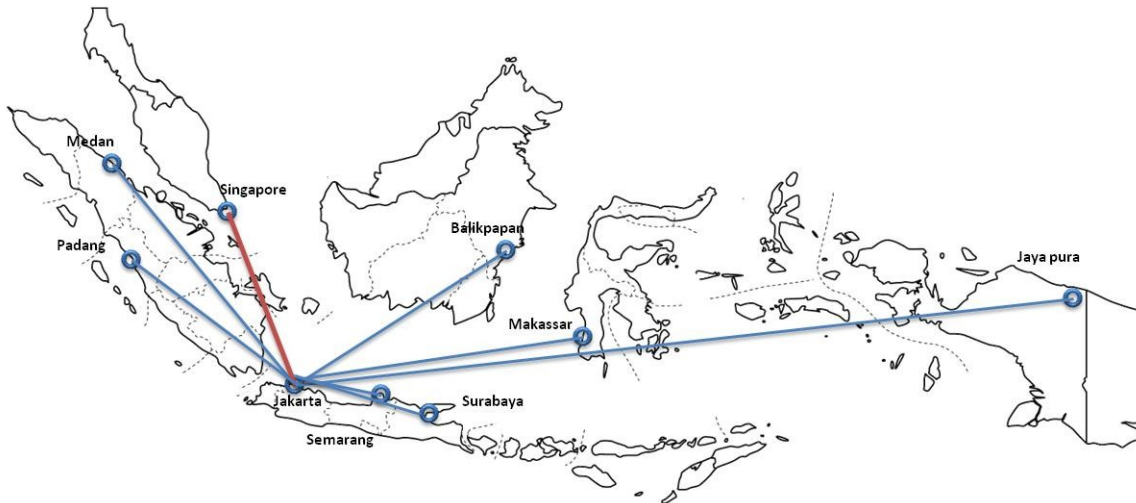
- ❑ Connecting people to international markets and building capacity can boost economic opportunities
- ❑ Integration brings new risks and vulnerabilities
- ❑ Changes in world trade
  - ❑ South-South trade
  - ❑ Global production networks



# Context: Trade Costs add Distance

3

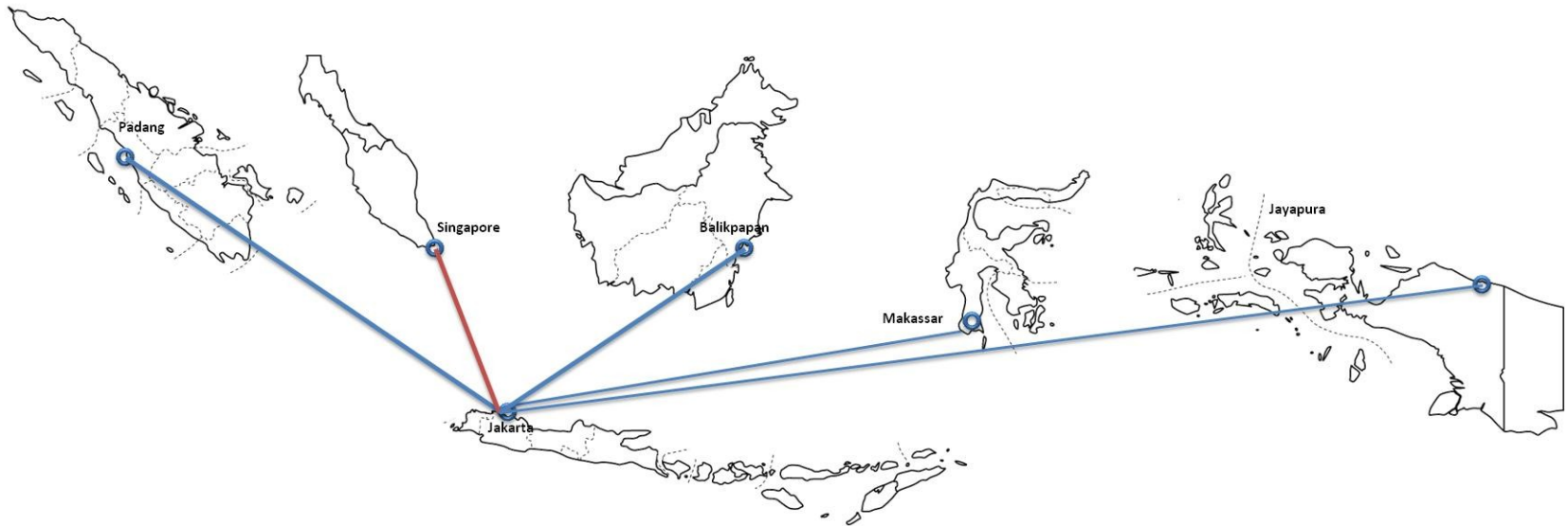
- Geographic distance between Singapore and major Indonesian cities



# Context: Trade Costs add Distance

4

- High sea transport costs make the economic distance greater.



# Context: Complex Policy Agenda

5

- Many constraints to international trade and competitiveness lie “behind the border”
  - ▣ high-cost services inputs
  - ▣ supply-chain bottlenecks
  - ▣ unreliable trade logistics
- International agreements increasingly cover domestic regulations, not just market access.
- Trade policy reform remains a priority in some countries, however.

# Context: Economic Crisis

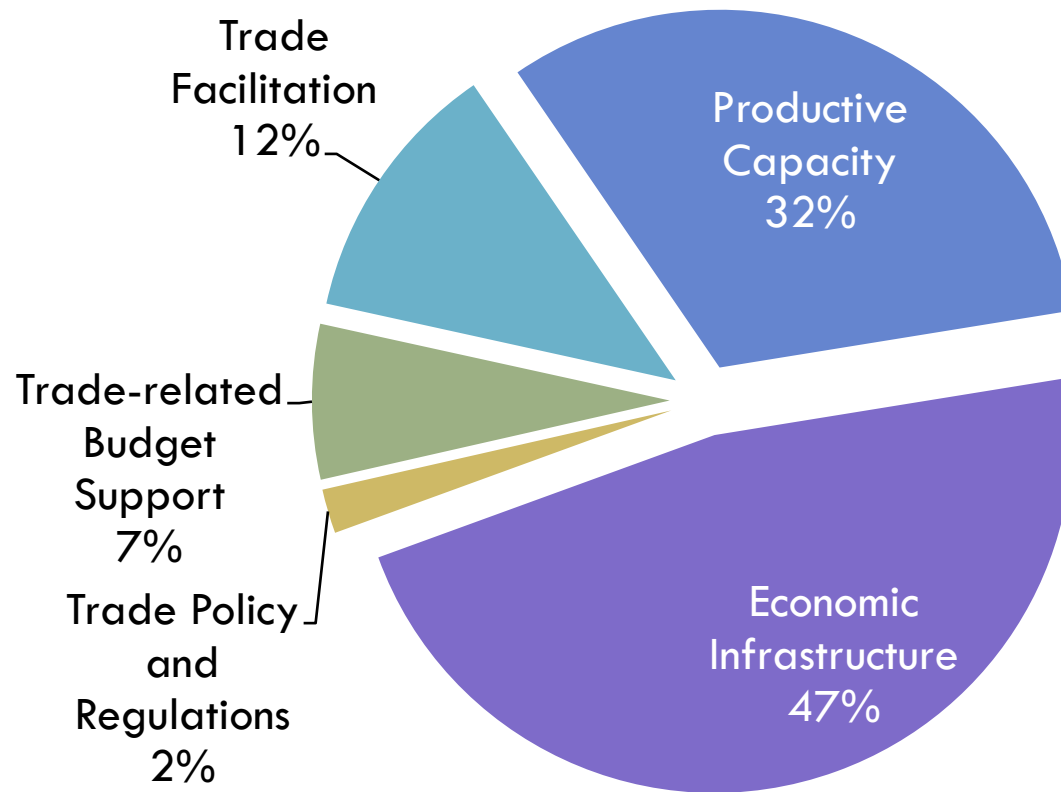
6

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



# World Bank Group Trade Portfolio

7



# BRIEF ON WORK PROGRAM ON TRADE AND INVESTMENT IN INDONESIA

Sjamsu Rahardja

Economist

# Snapshot of our work program in Indonesia

- Trade and competitiveness
  - ▣ Trade facilitation: national single window, non-tariff barriers
  - ▣ Domestic connectivity and logistics
  - ▣ Traditional retail sector
  - ▣ Economic studies on impact of high commodity prices
- Investment
  - ▣ Regulatory reform: investment licenses, negative list
  - ▣ Policy dialogue and sector studies on manufacturing and services
- Capacity building
  - ▣ Input on bureaucratic reform
  - ▣ Commodity specialist
  - ▣ Trade monitoring
- Rapid response: responding for just in time requests

# Coordination with donors, government agencies, and private sector

- Multi-Donor Facility for Trade and Investment
  - ▣ Bring together participating donors, Menko, and Ministry of Trade
  - ▣ Focus on building capacity in policy making
- Cooperation on certain topics
  - ▣ Domestic connectivity, trade promotion
- Supporting initiatives of Indonesian private sector
  - ▣ Facilitating dialogue on services sector
  - ▣ Preparing study and dialogue on manufacturing sector

# World Bank Group and Trade

11

## 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 Participation in the Aid for Trade initiative
Data, Indicators and Research	Logistics Performance Index, World Trade Indicators, Agricultural Distortions Database 50+ working papers, books and reports per year

# World Bank Group and Trade

12

- 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)

# Lessons

13

- Trade can be a powerful tool to support economic growth and poverty reduction
  - The world market provides economic opportunities for households, firms and farms
  - Openness promotes growth through scale economies, and transfers of people and ideas
  - Bolstering capacity to harness these opportunities is key
  - Complementary policies are needed to bring benefits

# Proposed Approach: Focus

14



## 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

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



## TRADE DATA AND SYSTEMS

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

# Proposed Approach: Partnerships

15

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

# Proposed Approach: Our Strengths

16

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

# Proposed Approach: Results Focused

17

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

# Timeline

18



Consultations to get input into the strategy

- Online
- Face-to-face

Public comment on the draft strategy

# We want your input!

19

1. Are we focusing on the right issues?
2. Do we offer the right mix of activities?
3. Is the World Bank Group playing the right role relative to other providers of aid for trade?



Visit the world bank's website  
to share your views, stay updated,  
and get more information.

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

---

Thank you for participating