



Calculating the potential impact of the TFA on trade costs

The OECD Trade Facilitation Indicators

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WCO Knowledge Academy, Brussels, 19 June 2017



TFIs : a tool for impact assessment, monitoring and benchmarking

A. What they are ?

B. How they are built ?

C. What they can do ?

i. The impact assessment function

ii. The monitoring function

D. Another way to engage with them

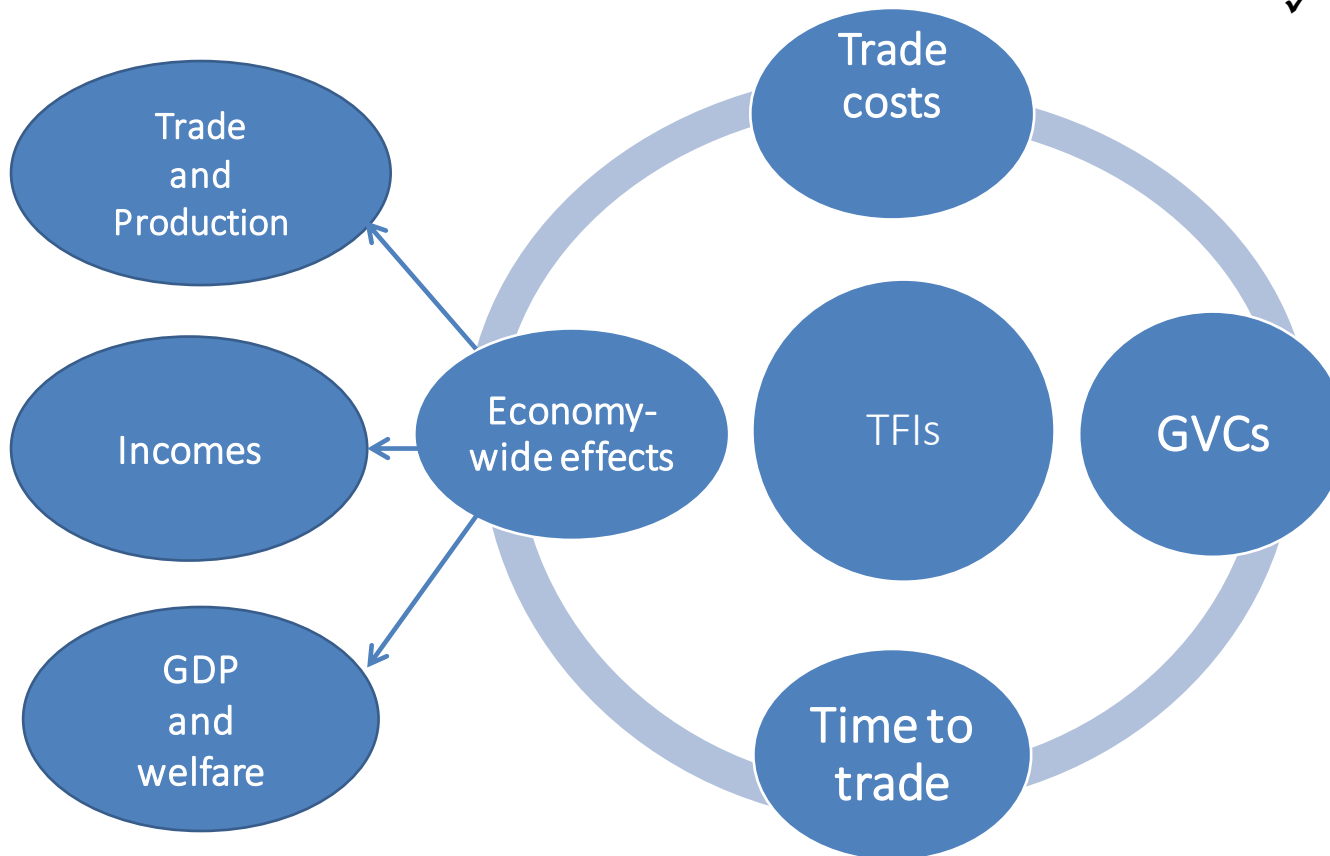
» A. What are the TFIs ?

- An **evaluation tool** to measure the impact of TF measures on trade flows, trade costs, productive factors and welfare
 - ✓ used in the WTO's World Trade Report
- A **monitoring and benchmarking tool** providing
 - ✓ an overview of country performance, strengths and weaknesses
 - ✓ a basis for prioritising trade facilitation actions by governments
 - ✓ a support for mobilising technical assistance by donors in a targeted way

B. How are the TFIs built and updated

- 11 indicators, corresponding closely to Section I of the TFA Facilitation Agreement, so as to ensure relevance for negotiators, implementing authorities and donors
- Conceptualised and tested between 2010 and 2013, further fine-tuned between 2014 and 2016
- Biennial data collection based on publicly available sources, factual information from the private sector and government inputs ...
- ... fact-checked by each concerned country via their WTO and WCO Delegations

C.ii. TFIS as an evaluation tool

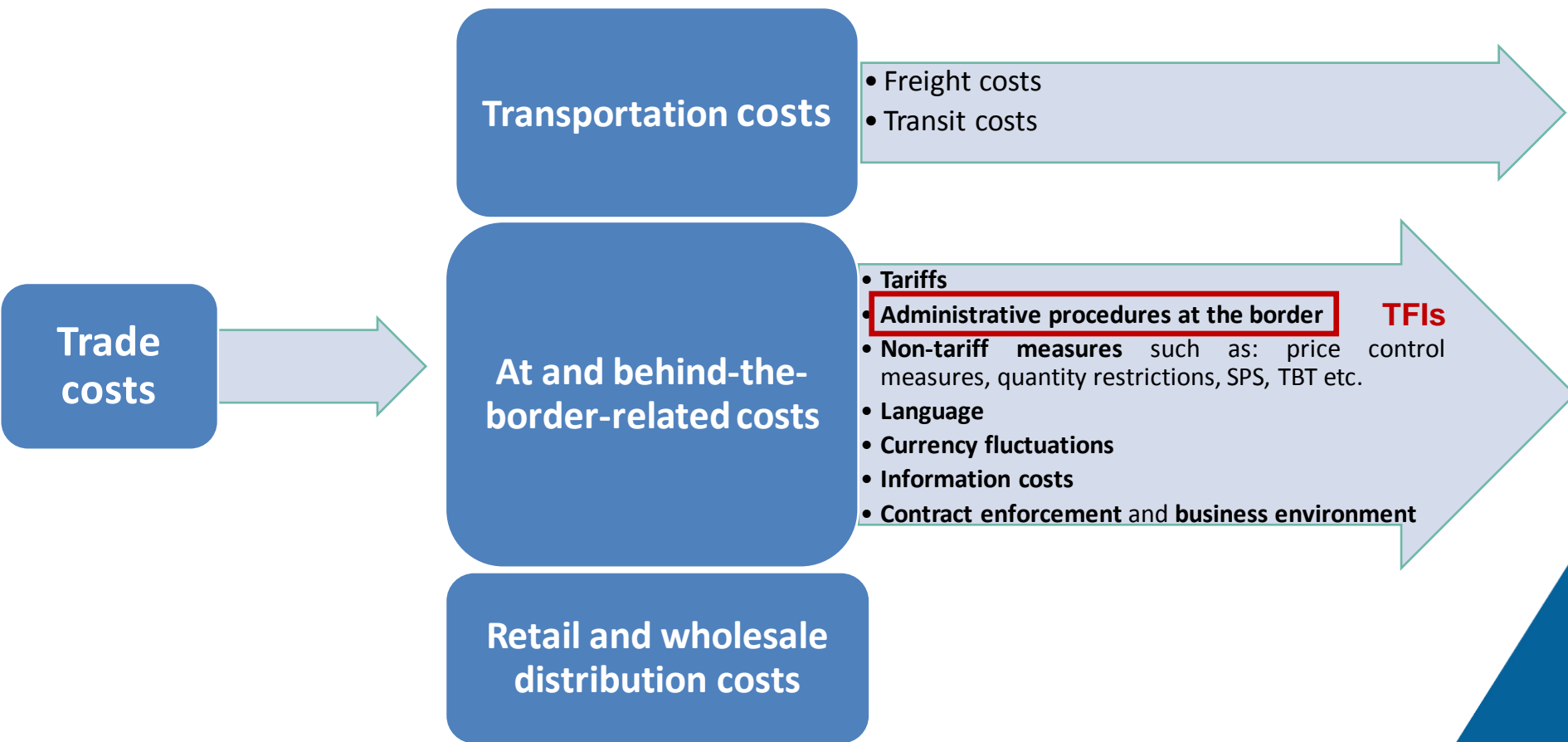


✓ importance of various measures relative to each other by income or geographical group of countries

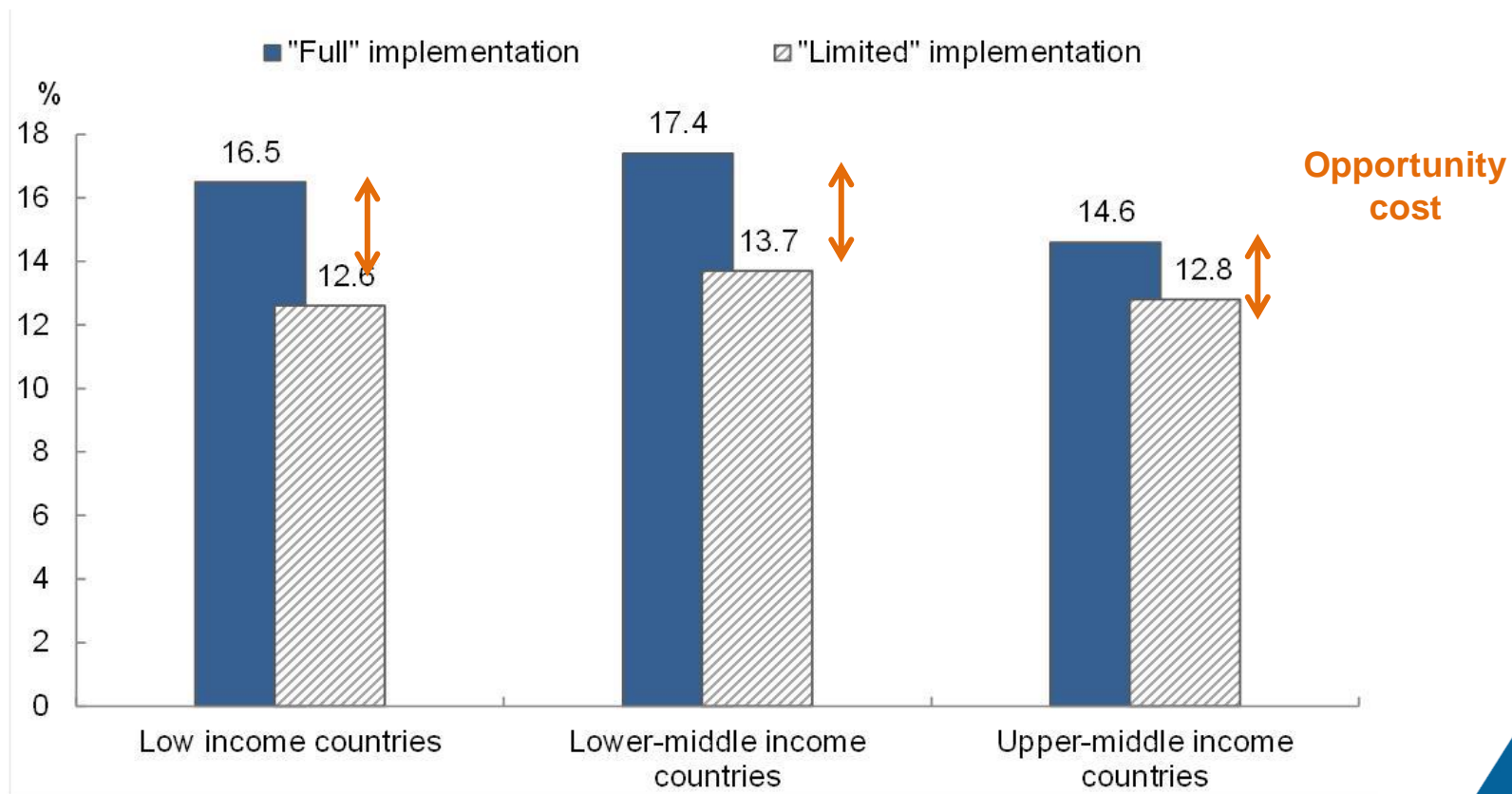
✓ calculations on the basis of distinct scenarios

Impacts on trade costs

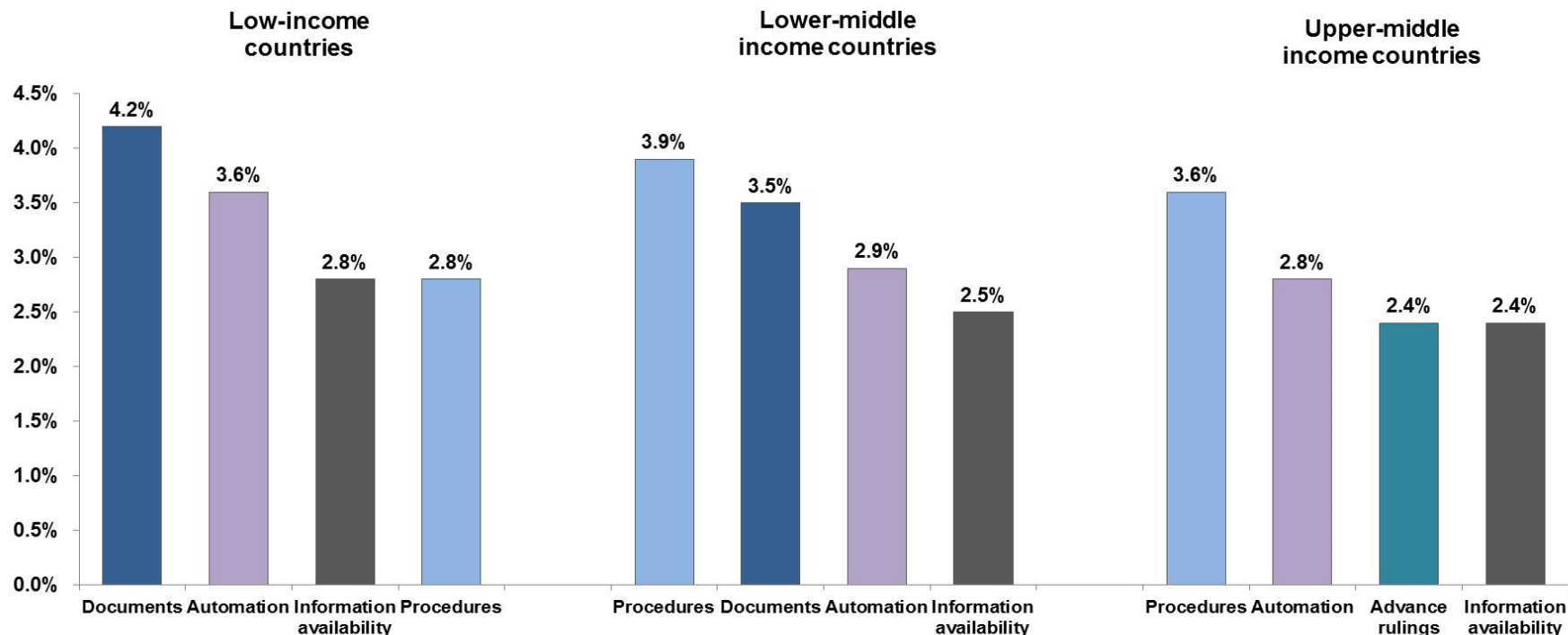
trade costs: include all factors that drive a wedge between the producer price in an exporting country and the consumer price in an importing country



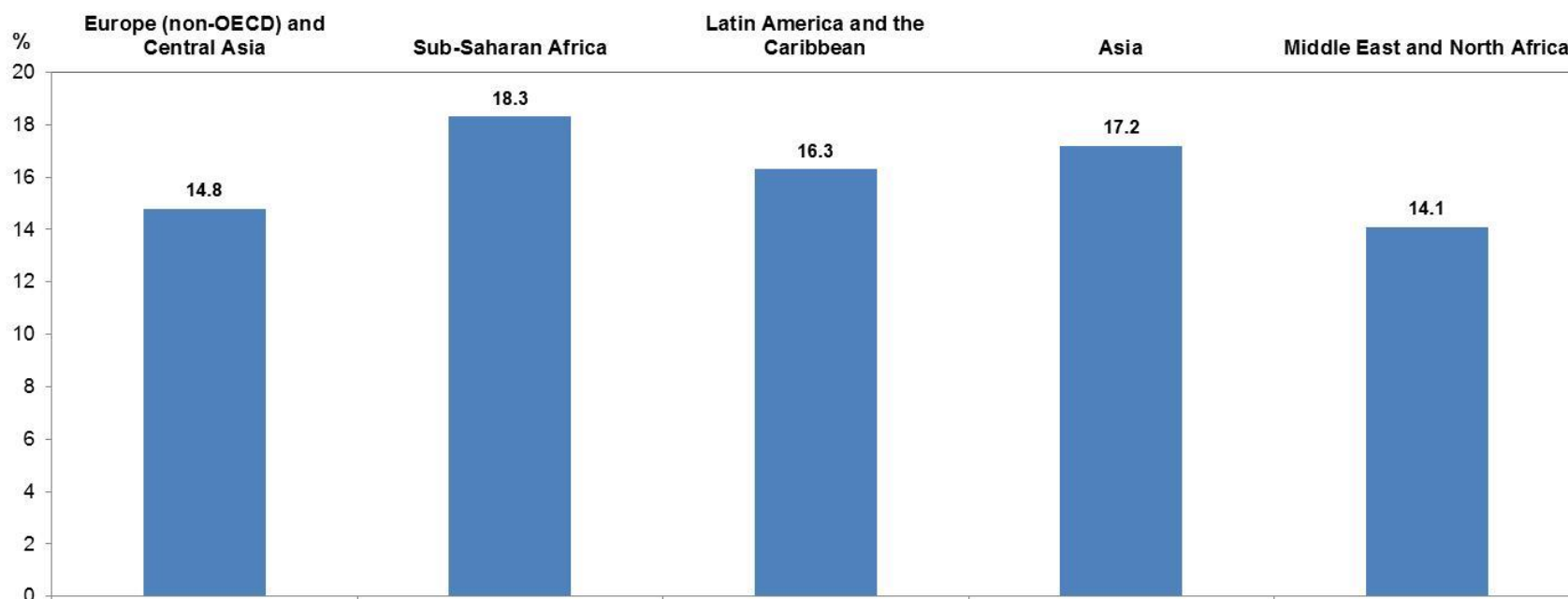
Potential Trade Cost Reductions from the TFA Implementation by Income Group



Potential Trade Costs Reductions for the “Top” Sets of Measures



Impact on trade costs potential reductions by regions

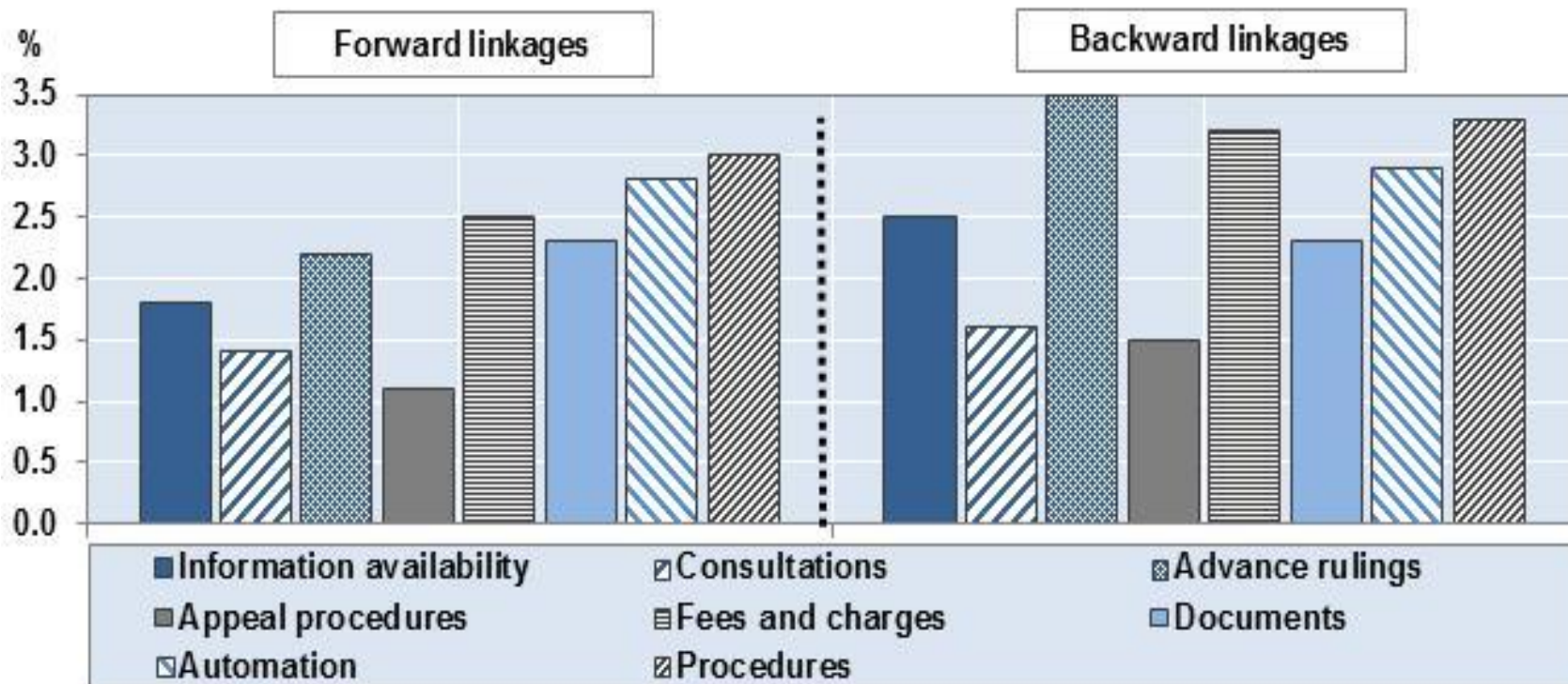


TF contribution to the operation of supply chains

- Effects of specific trade facilitation measures on the supply and demand-side of the value chain activity
 - ✓ **supply side** (forward linkages): interconnection of a particular sector with those ‘downstream’ sectors to which it sells its output
 - ✓ **demand side** (backward linkages): interconnection of a particular sector with those ‘upstream’ sectors from which it purchases inputs

TF contribution to the operation of supply chains

Potential increases in value-added trade from an increase in TFIs of 0.1 (%)

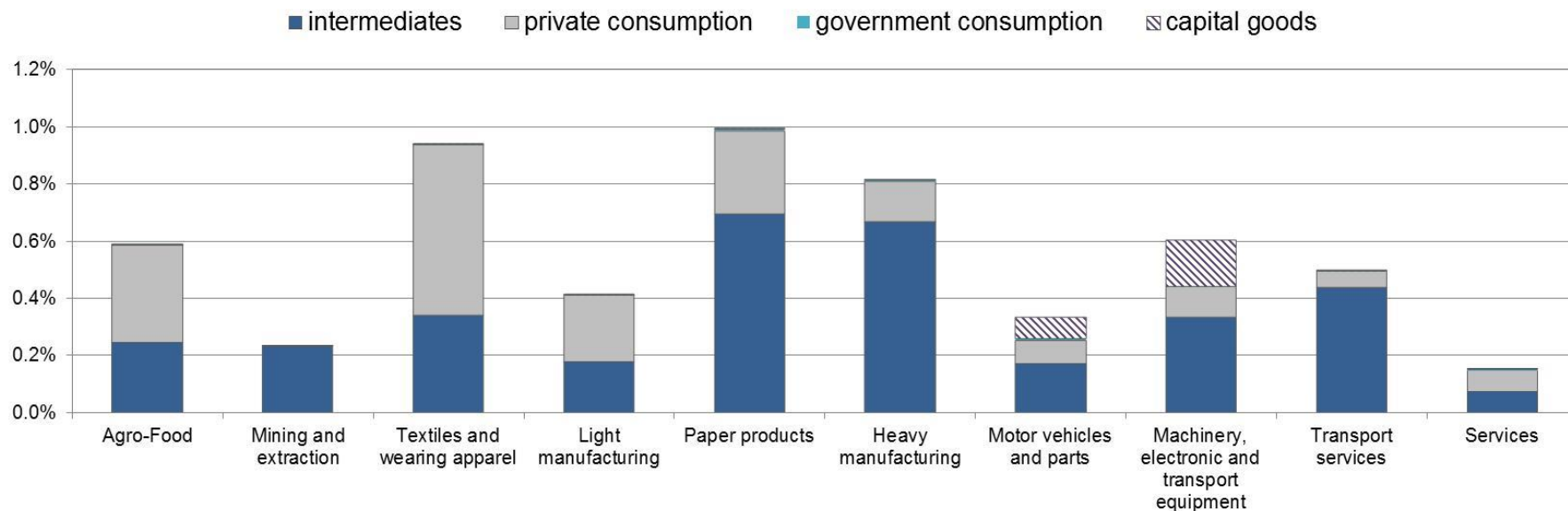


Economy-wide effects

- Testing the impacts of TFIs in an **economy-wide setting**: captures how different sectors inside an economy are linked, how multiple economies are connected to each other, and how resources are allocated across all economic activities
- Short-term and long-term perspective
 - ✓ trade facilitation as an efficiency trigger through faster clearance times
 - ✓ long-term impacts on resources allocation and production

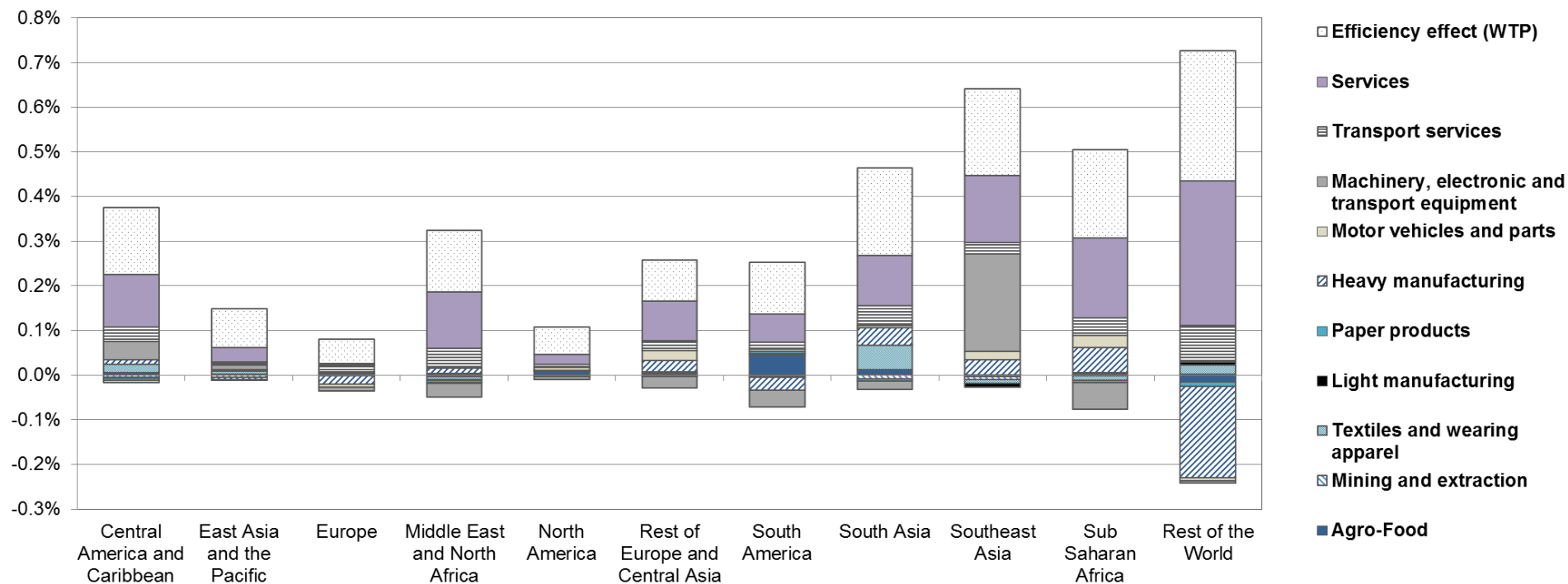
Economy-wide effects: Trade

Trade effects by commodity (% changes by end use categories, short term)



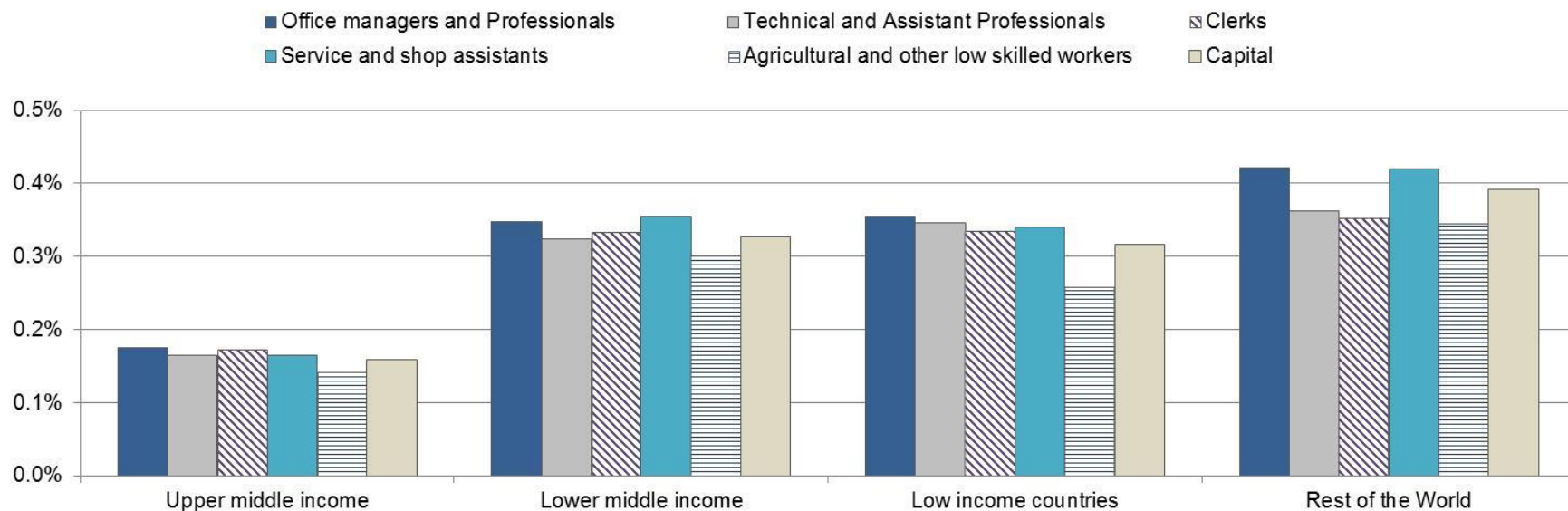
Economy-wide effects: Production

Production effects by geographical region and sector (% change to base, long term)



Economy-wide effects: Wages

Labour income evolution in the long run

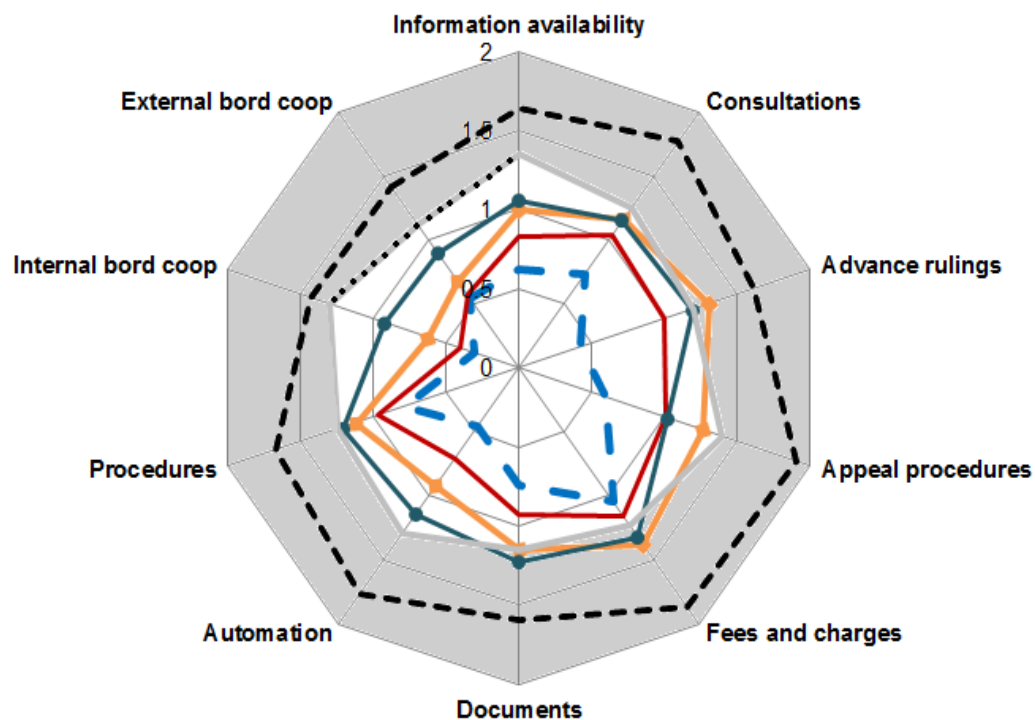


C.ii. The monitoring function of the TFIs

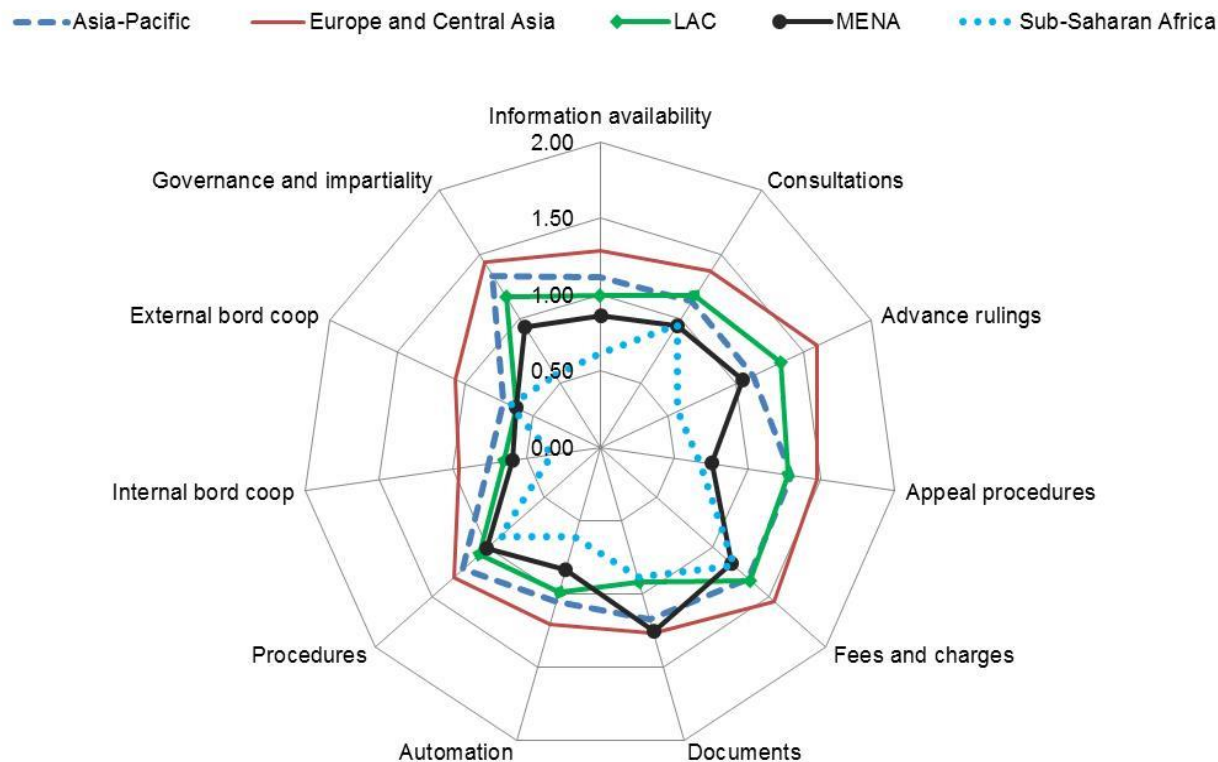
- ✓ Comparisons by income group
- ✓ Comparisons by geographical group
- ✓ Comparisons among regional grouping members
- ✓ Exploring the state of play by TF measure
- ✓ Performance evolution over time
- ✓ Monitoring of TFA provisions' implementation

TFIs 2017: income groupings

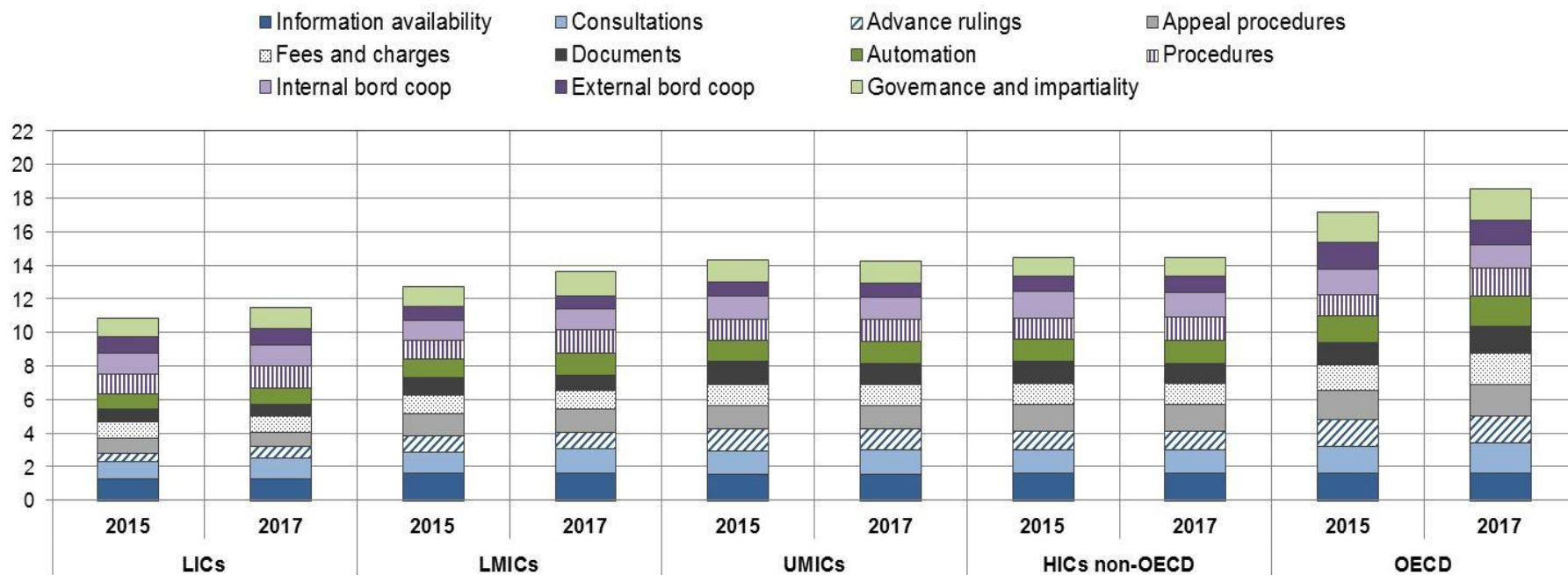
— LICs — LMICs — UMICs — HICs non-OECD - - - OECD — TFA mandatory (worldwide average)



TFIs 2017: regional groupings



Income groups, comparing 2015 and 2017





Another way to engage with them

- The “Compare your Country” TFI web-tool
 - ✓ performs comparisons with
 - your own country’s past performance
 - your neighbours or trading partners
 - country groups of interest (geographical, income, or economic partnership groups)
 - ✓ allows worldwide comparisons by measure (forthcoming)
- The TFI Policy Simulator
 - ✓ highlights the key measures driving the performance of a selected country in a specific indicator
 - ✓ simulates and tests the effects of potential policy reforms



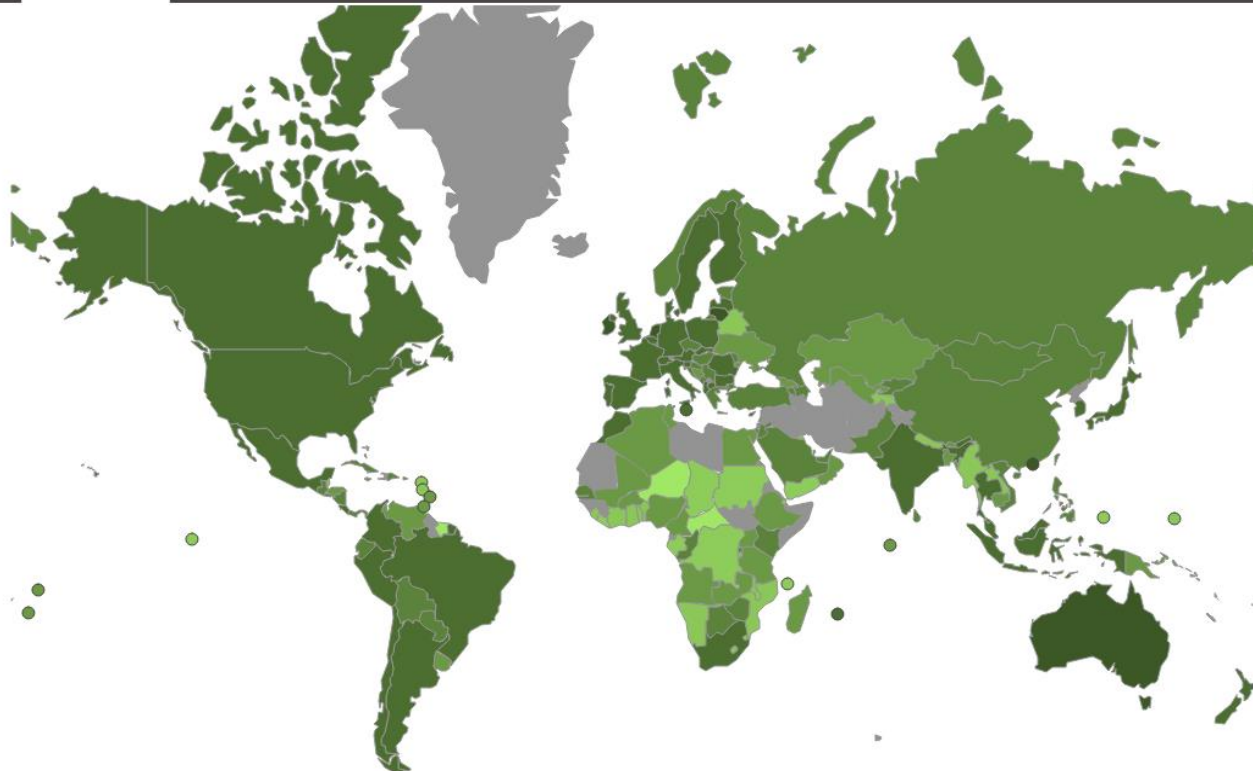
Compare your Country

» Compare your country

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Trade Facilitation Indicators

Overview



Average trade facilitation performance
0 2

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 OECD



Compare your Country

» Compare your country

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Trade Facilitation Indicators

Overview



Indonesia - Country note

Performance

Areas for Action

Definitions

Get PDF

Trade facilitation performance

Indonesia matches best performance across the sample as regards information availability and fees and charges. Indonesia also exceeds the average performance of lower middle income countries in all TFI areas apart from internal border agency cooperation. Performance has improved between 2013 and 2015 in all TFI areas apart from the simplification and harmonisation of documents and internal border agency cooperation.

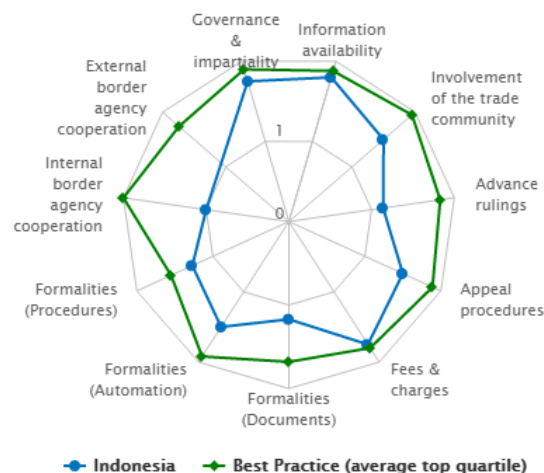
Performance in the area of simplification and harmonisation of documents is stable, while on internal border agency cooperation some ground was lost. Overall TFI performance continues to be below best performance.

[compare with best practice](#)

[compare by income group](#)

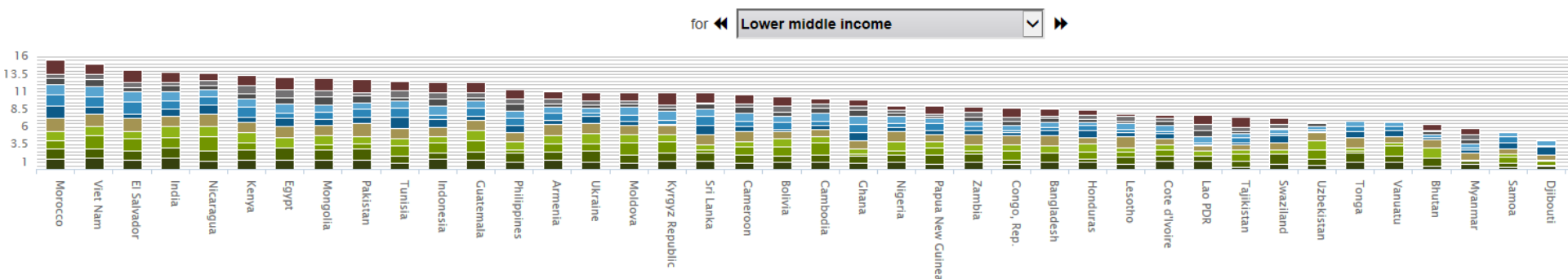
[compare by region](#)

Country performance, latest available year.
2 = best performance that can be achieved.



TFI Policy Simulator

Trade Facilitation Indicators Simulator



Click here to view the table once you have selected a group and a country

Select a group and country to start the Policy Simulator.

Lower middle income

Choose a country

View table

About the TFIs

To help governments improve their border procedures, reduce trade costs, boost trade flows and reap greater benefits from international trade, the OECD has developed a set of Trade Facilitation Indicators (TFIs) that identify areas for action and enable the potential impact of reforms to be assessed. Estimates based on the indicators provide a basis for governments to prioritise trade facilitation actions and mobilise technical assistance and capacity-building efforts for developing countries in a more targeted way.

The OECD TFIs also allow countries to identify their strengths and weaknesses in trade facilitation. They measure the actual extent to which countries have introduced and implemented trade facilitation measures in absolute terms, but also their performance relative to others, using a series of quantitative measures on key areas of the border process.

The TFIs take values from 0 to 2, where 2 designates the best performance that can be achieved. They are calculated on the basis of information in the TFIs database.

TFIs Home

Interactive Tools

- » Compare your country
- » Policy simulator
- » Aid for Trade facilitation

Analysis and Methodology

Methodology and reports

TFI Policy Simulator

Trade Facilitation Indicators Simulator

Lower middle income for Cameroon compared to Best practice [Reset](#)

Cameroon

10.558

c Best practice

17.211

Share This

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Lower middle income measures	Search a measure	Search	Cancel	Answers	Scores	Values	Best practice
▶ A Information availability					18	0.9	1.571
▶ B Involvement of the trade community					8	1.143	1.625
▶ C Advance rulings					8	1.143	1.636
▶ D Appeal procedures					7	0.778	1.615
▶ E Fees and charges					20	1.429	1.714
▶ F Formalities - documents					6	0.75	1.667
▶ G Formalities - automation					8	0.615	1.615
▶ H Formalities - procedures					34	1.214	1.514
▶ I Internal border agency co-operation					9	0.818	1.182
▶ J External border agency co-operation					6	0.545	1.182
▶ K Governance and impartiality					11	1.222	1.889

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Click on each of the 11 policy areas to see the detailed list of measures

TFI Policy Simulator

Trade Facilitation Indicators Simulator

Lower middle income for Cameroon compared to Best practice [Reset](#)

Cameroon

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Best practice

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H.91 Single Window				<input type="radio"/> [0,1] <input type="radio"/> 1 <input checked="" type="radio"/> (1,2]	2	0.057	0.029
H.92 Publication of Average Release Times				<input checked="" type="radio"/> [0,1] <input type="radio"/> (1,2]	0	0	0.057
H.93 Average clearance time				<input checked="" type="radio"/> [0,1] <input type="radio"/> 1 <input type="radio"/> (1,2]	0	0	0.057
H.94 Procedures allowing for the pre-arrival processing of goods				<input type="radio"/> [0,1] <input type="radio"/> 1 <input checked="" type="radio"/> (1,2]	2	0.057	0.057
H.95 Percentage of pre-arrival processing				<input type="radio"/> [0,1] <input type="radio"/> 1 <input checked="" type="radio"/> (1,2]	2	0.057	0.029
H.96 Percent of goods undergoing physical inspections				<div>28.62</div> <div></div>	0	0	0.057
H.97 Perishable goods treated differently than non-perishable goods with regards to physical inspections - regarding timeliness				<input type="radio"/> [0,1] <input checked="" type="radio"/> 1 <input type="radio"/> (1,2]	1	0.029	0.029
H.98 Percentage of physical inspections for perishable goods				<input type="radio"/> [0,1] <input type="radio"/> 1 <input type="radio"/> (1,2]			0.057

Click on each measure to see the description

Click on each measure to see the description

Contact us

We look forward to hearing from you!



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www.oecd.org/tad

You can reach us via e-mail by sending your message to the following address:

tad.contact@oecd.org

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