

Trade Facilitation and Inclusive Growth in Asia and the Pacific



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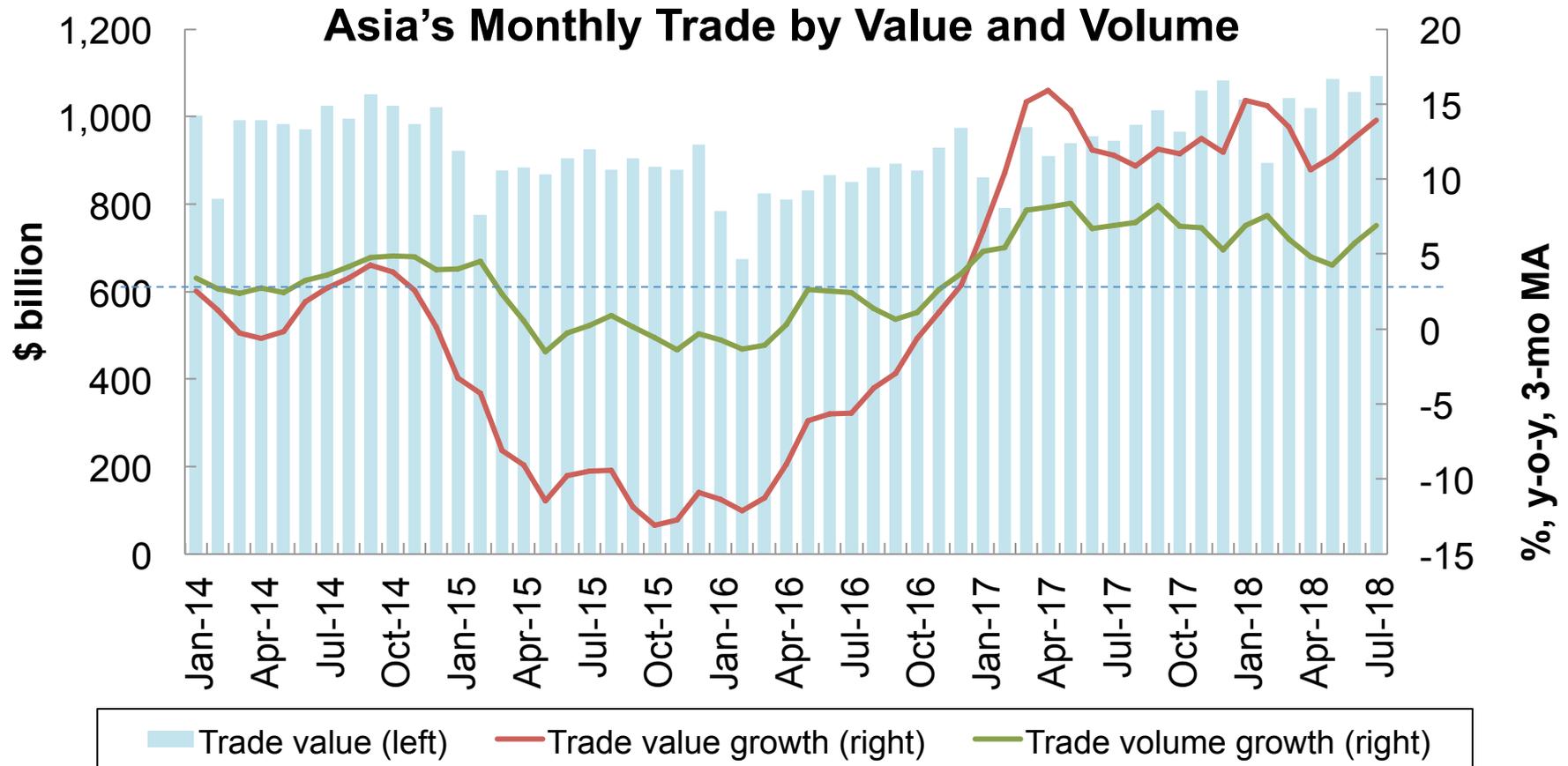
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Recent Trend in Asia's Trade

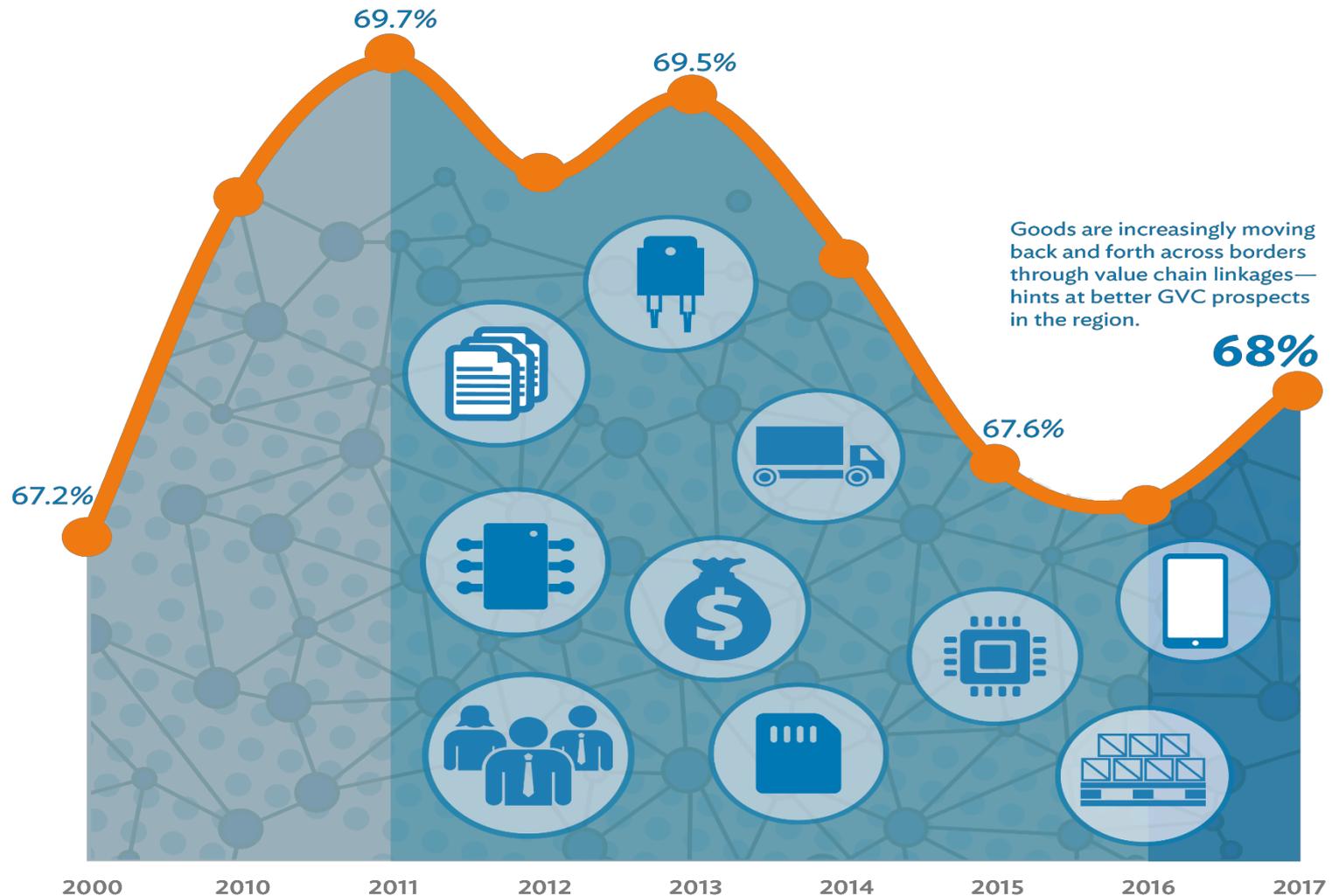


y-o-y = year-on-year, mo = month, MA = moving average

Note: Trade volume growth rates were computed using volume indices. For every period and trade flow type (i.e., imports and exports), the available data includes only an index for Japan and an aggregate index for selected Asian countries, which include People's Republic of China; Hong Kong, China; India; Indonesia; the Rep. of Korea; Malaysia; Pakistan; the Philippines; Singapore; Taipei, China; Thailand; and Viet Nam. To come up with an index for Asia, trade values were used as weights for the computations. On the other hand, trade value levels and growth rates were computed by aggregating import and export values of the same Asian economies.

Source: ADB calculations using data from CEIC; and CPB Netherlands Bureau for Economic Policy Analysis, World Trade Monitor. <https://www.cpb.nl/en/data> (accessed September 2018).

Progress in Asia's GVC Participation



Note: The GVC participation rate is measured by the share of value-added contents of gross exports used for further processing through cross-border production networks. It is computed as the ratio of GVC exports (gross exports less domestic value added in final goods exports data from 2010 to 2017) to gross exports.
Sources: ADB calculations using data from 2010–2017 ADB Multi-regional Output Tables, and methodology by Wang Wei, and Zhu (2014).

Developing economies face much higher trade costs

**Intraregional and Extraregional Comprehensive Trade Costs
in the Asia and Pacific Region (Excluding Tariff Costs)
2010–2015 (%)**

Region	ASEAN-4	East Asia-3	Russian Federation and Central Asia-4	Pacific	SAARC-4	AUS-NZL	EU-3
ASEAN-4	76% (6.7%)						
East Asia-3	76% (4.1%)	51% (-2.9%)					
Russian Federation and Central Asia - 4	343% (5.4%)	167% (-9.9%)	116% (-0.9%)				
Pacific	172% (-9.0%)	173% (-3.1%)	370% (21.6%)	130% (-8.8%)			
SAARC-4	130% (3.5%)	123% (-2.1%)	302% (7.7%)	300% (-4.6%)	119% (12.9%)		
AUS-NZL	101% (2.9%)	87% (-5.4%)	341% (-4.9%)	82% (-8.9%)	136% (-6.7%)	51% (-4.9%)	
EU-3	105% (-3.4%)	84% (-3.4%)	150% (-7.1%)	204% (-7.1%)	113% (0.3%)	108% (-2.3%)	42% (-8.1%)
United States	86% (8.0%)	63% (0.4%)	174% (-3.5%)	161% (-5.4%)	112% (6.7%)	100% (2.9%)	67% (0.4%)

ASEAN-4 = Indonesia, Malaysia, Philippines, Thailand. East Asia-3 = People's Republic of China, Japan, the Republic of Korea. Central Asia = Georgia, Kazakhstan, Kyrgyz Republic. Pacific = Fiji, Papua New Guinea. SAARC = South Asian Association for Regional Cooperation; SAARC-4 = Bangladesh, India, Pakistan, Sri Lanka. AUS-NZL = Australia, New-Zealand. EU-3: Germany, France, United Kingdom.

Notes: Trade costs may be interpreted as tariff equivalents. Percentage changes in trade costs between 2004–2009 and 2010–2015 are in parentheses.

Source: ESCAP. 2017.

Impact of WTO TFA(+) implementation on trade costs in Asia and the Pacific

Asia and Pacific	WTO TFA (binding only)		WTO TFA (binding + non binding)		WTO TFA+ (binding + non binding + other paperless and cross-border paperless trade)	
	Partially implemented	Fully implemented	Partially implemented	Fully implemented	Partially implemented	Fully implemented
Overall TFI	-2.70%	-5.74%	-4.64%	-9.45%	-10.37%	-16.37%
Transparency	-0.81%	-1.74%	-1.29%	-3.27%	-1.29%	-3.27%
Formalities	-1.67%	-2.93%	-2.26%	-4.00%	-2.26%	-4.00%
Institution	-0.41%	-1.35%	-0.41%	-1.35%	-1.37%	-2.44%
Paperless and cross- border paperless	-	-	-1.39%	-2.24%	-6.73%	-9.26%

TFI = trade facilitation implementation. WTO TFA = World Trade Organization Trade Facilitation Agreement.

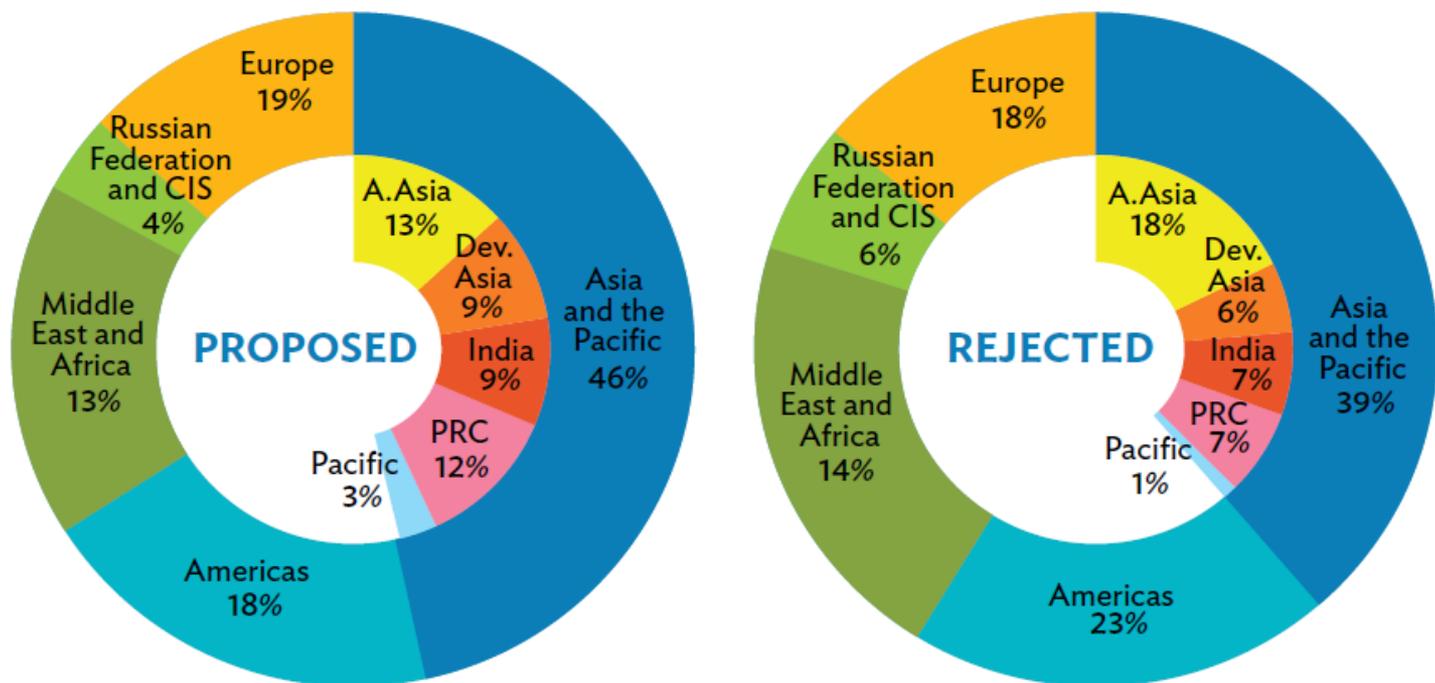
Note: See appendix for nature and relationships between selected trade facilitation measures considered and the WTO TFA provisions

Source: ADB and ESCAP (2017)

Emerging economies continue to face the greatest shortfalls of trade finance

- Asia and the Pacific is the largest source of both trade finance proposals and rejections.

Proposed and Rejected Trade Finance Transactions

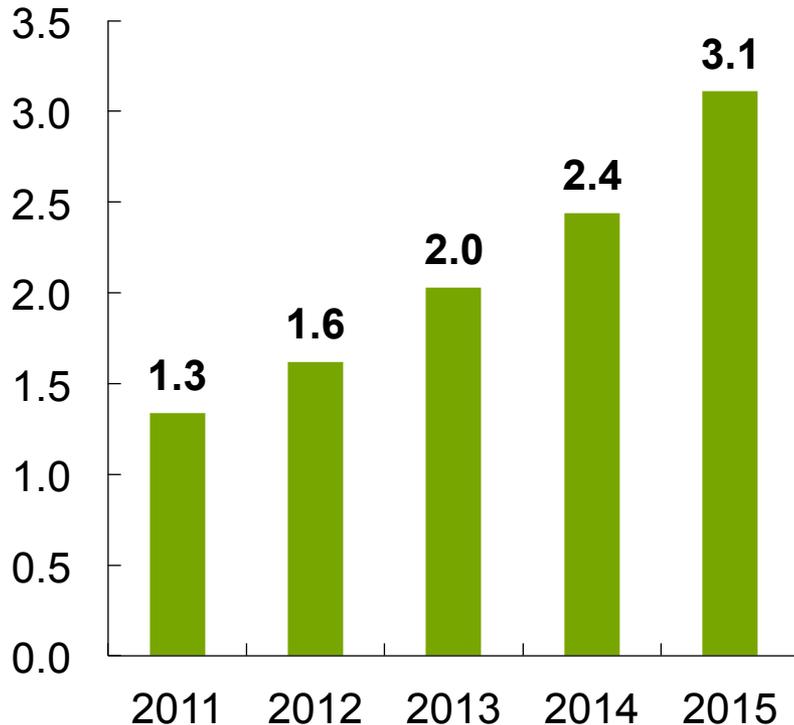


A.Asia= Advanced Asia (Hong Kong, China; Japan; the Republic of Korea; and Singapore); CIS= Commonwealth of Independent States; Dev. Asia= Developing Asia excluding the PRC and India; PRC= People's Republic of China.

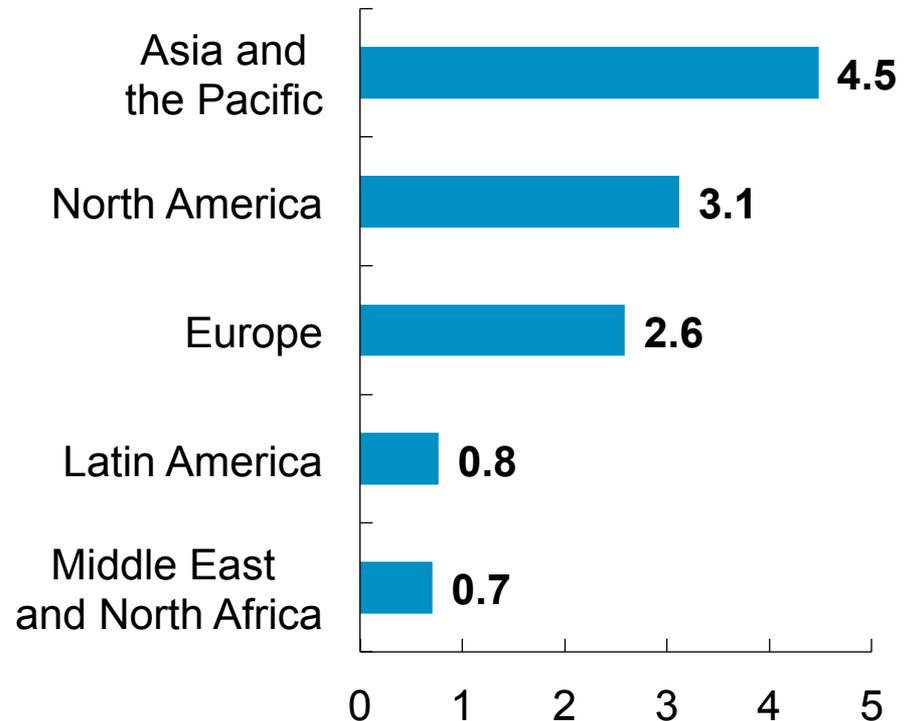
Source: The 2017 Trade Finance Gaps, Growth, and Jobs Survey

It is also the largest as % of GDP

Global E-commerce (% of GDP)



Regional E-commerce, 2015 (% of GDP)



GDP = gross domestic product.

Note: Business-to-Consumer (B2C) e-commerce covers any contract for the sale of goods and/or services, fully or partially concluded by a technique for distance communication. Values refer to the total of goods and services sold through B2C transactions as a percentage of GDP.

Source: Ecommerce Foundation (2016).

E-commerce boosts efficiency, enhances market access for businesses and consumers, and generates spillover effects

To unlock the potential of digital trade and e-commerce, it is imperative to take on the following measures:



Enhance affordability of and access to ICT



Institute legal, regulatory and institutional reforms



Improve logistics and delivery infrastructure



Intensify regional efforts to modernize and harmonize regulations



Broaden the e-payment availability and options

Way Forward

- Given the transnational benefits of trade facilitation, concerted efforts from nations, subregions, and region are required.
- WTO TFA significantly reduces trade costs and offers a great opportunity to bring all member countries under a uniform agenda.
- Important to maintain an open dialogue with public and private parties to share experience in each domain.
- Identifying and addressing challenges SMEs are facing is critical for inclusive growth.
- Leveraging emerging innovative technologies has potentials to increase participation in regional and global value chains for small firms, and promoting inclusive growth.



Thank you