Trade Facilitation and the Doha Agenda: What Matters for Development

The establishment of a mechanism to coordinate and monitor the progress of trade facilitation efforts complements the success of a new agreement on trade facilitation in the Doha Development Agenda. Better coordination among donors to channel aid-for-trade funds more effectively to recipient countries can help ensure that new trade-related assistance is most effective in meeting the goals of reducing barriers and expanding trade.

New disciplines in the World Trade Organization on trade facilitation can be helpful in increasing transparency, lowering trade costs, and expanding trade opportunities for all members. The much larger agenda, however, is outside of the WTO framework and mandate. Sustained progress in development requires continued progress at the national level in ensuring the rule of law, removing barriers to trade, investing in regulatory reform, and upgrading infrastructure to lower trade costs. New aid-for-trade facilitation, tied to concrete and achievable goals, can also support progress (Finger and Wilson 2006).

Increasing the Capacity to Participate

The Uruguay Round of WTO negotiations went beyond regulations aimed specifically at international trade, and into behind-the-border institutions and regulations, such as technical and sanitary standards and protection of international property. Although these matters affect international trade, they are anchored in the institutional structures of domestic economies. Agreements in these areas are therefore different from traditional agreements to reduce or eliminate barriers, and require that countries’ regulations be held to a common standard. Furthermore, implementation of the obligations often requires programs of institution building that may involve significant investment in facilities, equipment, and staff training. Such investment exceeds the annual development budget of many poorer WTO members. Without additional help from the developed world, developing countries would risk finding themselves in breach of legal obligations they could not fulfill.

In addressing new talks on trade facilitation, the WTO—in conjunction with the World Bank, UNCTAD, OECD, WCO, and IMF—piloted a project to assess each developing member’s trade facilitation needs through a self-assessment process. According to the official project description (WTO 2007), needs assessments will be conducted by the recipient member on a voluntary basis with guidance provided by the Secretariat. The resulting report will detail information on technical assistance requirements of recipient members and will provide a basis for the eventual implementation of any results of WTO negotiations. An initial pilot assessment was carried out for Zambia in February/March 2007, and an official first round of assessments is currently underway (WTO Press 2007).

Aid-for-Trade in the Development Context

Although formalizing trade capacity assessments may prove useful in increasing accountability among developing members for the aid they receive, diverting resources to the creation of an entirely new monitoring platform within the WTO would likely be inefficient. Furthermore, attempts to bring trade facilitation assistance within the WTO negotiation framework (by making aid conditional on binding implementation commitments) may prove ineffective given the amount
of aid-for-trade that is being supplied to countries by donors and multilateral institutions.

Over the past seven years, the amount of technical assistance and capacity building to help developing countries has increased by 50 percent. The World Bank Group alone provided aid-for-trade averaging USD3.1 billion a year to low-income countries during 2002 to 2005. In addition to the concessional loans and grants given to low-income countries, the World Bank Group has provided an increasing amount of nonconcessional loans to middle-income countries; in 2007, it lent USD4.9 billion for trade-related assistance (World Bank 2008).

CHART 1: TRADE-RELATED AID FROM ALL DONORS 2003-2005, (MILL USS)

Aside from lending, the World Bank Group’s recent work program in trade facilitation has included development of trade facilitation indicators, supply-chain efficiency indicators, and trade cost indicators.

Going Forward

In light of the amount of resources allocated to trade facilitation and trade capacity monitoring by other institutions, it may be more efficient for the WTO to conduct basic assessments of needs through already-established review and assessment procedures, such as the Trade Policy Review Mechanism. Doing so would be less unwieldy than creating an entirely new platform, and the WTO would have its own unique assessment mechanism, which, some might argue, would provide for a greater sense of accountability among members in meeting obligations. What is most important is that the decided platform should allow for early detection of any and all possible implementation delays with respect to trade facilitation reforms.

A new agreement at the WTO would have the potential to increase transparency and also strengthen developing members’ institutions involved in border control and customs. Moreover, targeted new aid-for-trade facilitation—in the broader development context—provided to countries that demonstrate the capacity to absorb and benefit from such new assistance could compliment and bolster the energy that a new WTO agreement promises.

Further Reading


World Bank PRESS RELEASE
Press/2008/121/PREM
“World Bank Group President Announces More Aid for Trade.”


World Trade Organization PRESS RELEASE
Press/493 24 September 2007
“The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu Offers CHF62,000 to the WTO Development Programme.”

World Trade Organization PRESS RELEASE
Press/492 24 September 2007
“The United Kingdom Offers GBP200,000 to the WTO Development Programme.”

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1 The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors. They do not necessarily represent the view of the World Bank, its Executive Directors, or the countries they represent.

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