

ICC BUSINESS WORLD TRADE AGENDA



TRADE FACILITATION

FACTSHEET

“Trade facilitation” means streamlining customs and administrative procedures for international trade transactions. The aim of a World Trade Organization (WTO) Agreement on Trade Facilitation is to ease border procedures and to facilitate the movement, release and clearance of goods.

A WTO trade facilitation agreement would increase trade opportunities by:

- Lowering transaction costs through harmonization, mutual recognition, and easier access to information
- Reducing time to deliver products to markets and customers
- Enhancing market access

Boost world economy by US\$1 trillion and create 21 million jobs

Greater trade efficiency could increase global trade in manufacturing by up to US\$ 377 billion a year and triple the benefits for consumers from tariff reductions. The gains would be from streamlining customs, reducing bribery and corruption, better infrastructure and more efficient cross-border services, and speeding up business through use of the Internet.

Significant improvements in trade facilitation could increase exports of developing countries by approximately US\$570 billion and exports of developed countries by US\$475 billion. Taken together this would translate into more than US\$1 trillion world export gains. Trade facilitation improvements could result in global job gains of 21 million, with developing countries gaining over 18 million jobs and developed countries increasing their workforce by 3 million.

Reduce the cost of doing business by at least 10%

Complicated border processes and excess red tape raise costs, which ultimately fall on businesses, consumers and national economies. Simply reducing this red tape by half would have the economic effect of removing all tariffs. The costs of trading across borders is estimated at US\$ 2 trillion. A WTO trade facilitation agreement that would remove these barriers to trade and cut red tape in half would reduce total trade costs by 10% in advanced economies and by 13-15.5% in developing economies.

Biggest winners: small- and medium-sized enterprises in developing countries

The gains from trade facilitation are most likely to benefit small- and medium-sized enterprises (SMEs) in developing countries because SMEs suffer more from higher trade administration costs than larger enterprises. SMEs make up the vast majority of the business sector especially in developing countries. The costs for SMEs from developing countries are made higher by the fact that they generally have less access to information and less experience with the customs authorities in developed countries. They are also seen as high-risk firms and flows involving developing economies are subject to numerous physical checks.

Recommendation

A WTO agreement on trade facilitation should be concluded by the 9th WTO Ministerial Conference in Bali, Indonesia in December 2013.

Source: “Payoff from the World Trade Agenda 2013”, Peterson Institute for International Economics, 2013



International Chamber of Commerce
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