

General Conclusion

Many activities aim to facilitate trade. However, the concept of “trade facilitation” is usually restricted to a small set of trade costs components. Thus, transport costs are not part of it *per se*. As stressed in Chapter 1, despite the growing number of studies on the impact of trade facilitation, the frontiers of trade facilitation are still blurred. There is no universal definition. Nevertheless, a consensus towards an agreed definition has emerged from the WTO negotiations on trade facilitation since a couple of years.

Based on these latest developments, this dissertation has explored various areas covered by trade facilitation, particularly its narrowest dimensions. Chapter 2 reviewed the indicators commonly used in trade facilitation studies, what I call the traditional indicators. I show that these indicators suffer several technical issues and encompass various assumptions. Before using these indicators, these assumptions must be outlined. Beyond these issues, they often cover broad dimensions of trade facilitation. However, the time release studies and several case studies have shown that trade facilitation should be viewed under a disaggregated approach. Indeed, trade facilitation policies involve many actors, from Customs and other border agencies, to trade operators. It is essential to assess the potential bottlenecks all along the supply chain and the effectiveness of the import clearance system in order to provide the best fitted policies. In addition, these trade facilitation policies are embedded in a multilevel model: from international, to national and regional level. Chapter 3 explored the international arrangements related to trade facilitation. It pointed out the increasing use of dedicated provisions and the role of international conventions in the development of trade facilitation. These first chapters stressed that cooperation, both national and international, is an essential component of trade facilitation policies.

Chapter 4 developed a series of new indicators to measure various dimensions of trade facilitation. These draw on ninety-nine variables and cover twenty six OECD countries. They follow the WTO framework which relies on a narrow approach of trade facilitation and particularly on public prerogatives. As pointed out in many studies, the efficiency of the private sector, such as logistic operators, is a key link in the chain. However, public authorities have very little leverage on the private sector’s effectiveness. That is why the measure of trade facilitation should first focus on areas where public authorities may act. The Trade Facilitation Indicators aim to fill a gap in the literature by evaluating the impact that various narrow components of trade facilitation have

on trade. Preliminary insights showed up that several disparities remain across OECD countries. Among the different dimensions measured, information availability, advance rulings and formalities have the strongest impact on trade flows and trade costs. This confirms that trade facilitation can generate substantial benefits even in developed countries. This research also stressed that the impact of trade facilitation varies across sectors, with the strongest effects in the manufacturing sectors.

Chapter 5 studied several dimensions of trade facilitation by using data from an extended set of countries, based on numerous surveys provided by the Global Express Association. These surveys also follow the WTO negotiations framework. This world review showed that disparities are higher when we compare developed countries and developing countries despite some “catching up”. It also showed that each income group has different needs, confirming the need to expand the TFIs. I suggest two extended indicators for future research in order to assess the impact of such disparities. Preliminary insights showed that the country rankings are quite different than that of traditional global indexes. This illustrates the impact of measuring other dimensions of trade facilitation than the traditional broader ones. Chapter 6 reviewed the European Customs Union. It appears that even in this developed area which encompasses common regulations on Customs matters, many differences remain. The heterogeneity of its Members in terms of political will, trade patterns, information and communication technologies as well as cooperation issues, remains an impediment to the implementation of the European trade facilitation policy. Such issues have been progressively overcome, but they generate a lack of harmonization at the border in the short run. The European case study showed that implementation issues exist, yet countries face a large variety of issues according to their level of development. However, a proactive policy may overcome such difficulties. The development of a close cooperation at each level and the increasing use of information technologies are useful tools to pursue this path.

This seminal work has tried to design a set of narrow indicators to serve as a baseline for future research. Such indicators aim to measure various trade facilitation dimensions at a more disaggregated level than traditional indicators. It is important for policy makers to assess the effectiveness of the import process by going beyond global indexes such as provided by Doing Business. Previous literature suggests that formalities contribute significantly to trade costs. The results presented here confirm that policies aimed at reducing formalities significantly reduce the costs to trade. Interestingly these results also suggest that policies aimed at improving the availability of information lead to a similar reduction of trade costs. This can generate huge benefits without bearing such high implementation costs. Future research should improve the construction of these narrow indicators by taking into account developing countries particularities as well as firm heterogeneity. Indeed, these countries may face several particularities which are not covered by current TFIs. Moreover, the impact of trade facilitation dimensions seems different according to sectors, the type of goods and also the size of firms. Only few variables of the TFIs intend to measure these particularities, for example time sensitivity or the perishable nature of goods. However, due to a lack of responses

to these particular queries from the questionnaire, they have not been used to date. It may also be possible to reshape some variables in order to evaluate additional specificity. The literature relies on the traditional classifications used by Rauch (1999) or Djankov et al. (2006), but such dedicated indicators may provide new insights. Firm heterogeneity is also a hot topic. Many narrow dimensions such as information availability, involvement of traders, cooperation, advance rulings, or simplified procedures, may have a direct and stronger impact on SMEs. It is expected this impact will be positive at the extensive margin as SMEs do not yet participate much in international trade. Such outcome would be in line with Persson (2010) who pointed out the impact of trade facilitation policies at the extensive margin. The export promotion agencies are also under the spotlights in this area, as stressed by the french case study. However, to date, they are not taken into account as a trade facilitation policy *per se*, either by the academic community or institutions related to trade facilitation issues.

This dissertation does not explore implementation costs and sequencing issues of trade facilitation policies which, as noted by Duval (2006a), are particularly important in the success of a trade facilitation strategy. A lot of work remains in this area. Future research may also improve the methodology and overcome some technical issues related to the nature of our indicators and to the gravity models. Since the first release of our paper on the construction of trade facilitation indicators at the OECD, some improvements have already been made and many more are still possible. A seminal work of Novy (2008) has provided a simple theory-based methodology to assess comprehensive trade costs. The recent research of Duval and Utoktham (2011) relies on it and provides a good example of the possibility raised by this methodology to assess the impact of trade facilitation on trade costs. The TFIs may be tested by using their trade costs database, which is now publicly available. Finally, the gravity models are constantly stimulated by the improvement of econometric tools and gravity specifications will certainly be reshaped in the future.