

Foreword

Trade facilitation – transparent, predictable and straightforward border procedures that expedite the movement of goods – promises large gains domestically and globally. In a globalised world, where production is spread across countries and goods cross borders many times before reaching consumers, trade facilitation is essential to lowering trade costs and increasing economic welfare. Efficient border procedures allow firms to reduce losses of perishables, cut inventory costs, be more responsive to changing consumer preferences, and participate in time-sensitive global value chains. The OECD Trade Facilitation Indicators (TFIs) provide a powerful tool to assess these gains and to monitor worldwide efforts to improve border procedures, reduce trade costs, boost trade flows, and contribute to inclusive growth. They are the most precisely targeted instrument for monitoring and benchmarking country performance on trade facilitation across more than 160 countries.

The TFIs show that implementation of the WTO Trade Facilitation Agreement (TFA) is well underway, but progress is uneven and some significant challenges remain, in particular regarding domestic and cross-border agency co-operation. Technical and financial assistance is playing an important role in enabling implementation. The TFA is expected to reduce trade costs between 12% and 18%, and to increase world trade. Developing and emerging economies are likely to benefit the most from reduced import and export costs and faster delivery times, leading to efficient participation in time-sensitive global value chains.

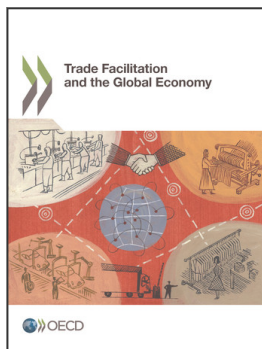
Beyond the obvious effects on trade and production, trade facilitation is critical for inclusiveness. Lowering trade costs is disproportionately more significant for small firms, increasing opportunities for start-ups generally and for female entrepreneurs in particular to move from the informal to formal economy, and to grow their businesses. Implementing the TFA also contributes to reducing opportunities for illicit trade, bribery, and corruption that stifle entrepreneurship. The importance of trade facilitation in removing layers of additional costs becomes even more important in the digital era, with growing numbers of parcels crossing international borders, both raising demand and creating new challenges for government controls and facilitation.

The TFA, and its early success, represent a promising approach for future multilateral trade reform, providing flexibilities for adjusting implementation in line with country capacities, underpinned by technical and, where necessary, financial support. In brief, the TFA is a compelling example of effective international co-operation.



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