AID FOR TRADE IN ASIA AND THE PACIFIC
PROMOTING CONNECTIVITY FOR INCLUSIVE DEVELOPMENT

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Key Messages

- Aid for trade flows account for about 40% of total official development assistance to Asia in 2015. Globally, Asia is amongst the largest recipients of AfT.

- Fast growing e-commerce presents abundant growth opportunities for the region.

- Aid targeted at tradable services sectors can be an important catalyst in promoting inclusive economic growth and structural transformation.

- Promoting connectivity is a priority to expand trade in services and achieve inclusive growth in geographically challenged economies of Asia and the Pacific.

- AfT should target further improving infrastructure, building an enabling policy and regulatory environment to advance growth in services trade, and promote the integration of geographically challenged economies into regional and global markets.
Regional Trends in Aid for Trade and Trade Costs
AfT flows to Asia and the Pacific have been growing steadily

Official Development Assistance and Aid for Trade, 2002–2015 ($ million, %)

ODA = Official Development Assistance.
Note: Total aid for trade (AfT) is the sum of INF (aid for infrastructure), BPC (aid for building productive capacity) and TPR (trade policy and regulations and trade-related adjustment).
ADB's Aid-for-Trade Contribution by Subregion, 2002–2016

**ADB's Aid-for-Trade Contribution by Category, 2002–2016 ($ billion)**

![Graph showing commitments and disbursements by category from 2002 to 2016.](image)

Aid for trade enhances trade performance and helps reduce the burden of trade costs
Reducing trade costs remains a priority

Distance to ‘Best Performer Frontier’ in Trading Across Borders by Region and Asia’s Subregions, 2014 and 2016

Note: Asia includes developing economies only.
Trade, Inclusive Growth, and Employment for Women
Trade can deliver inclusive growth and quality jobs

Population below the $1.90 a Day Poverty Line, Asia and the Pacific (2011 PPP)

“Evidence is compelling that participation in global value chains generate more jobs for women”
“AfT can support targeted policies that increase opportunities for women”
The Digital Economy and Trade Connectivity
Fast growing e-commerce presents abundant growth opportunities for Asia and the Pacific
Technology can be leveraged to improve inclusiveness of trade-driven growth

Internet Users and Mobile Cellular and Fixed Broadband Subscriptions in Asia and the Pacific, 2000–2015 (per 100 people)

In order to unlock the potential of service trade and e-commerce in the region, it is imperative to take on the following measures:

- Institute legal, regulatory and institutional reforms
- Intensify regional efforts to modernize and harmonize regulations.
- Boost market access by removing barriers to digital trade.
- Improve the availability and quality of connectivity infrastructure
- Close data gaps and limitations
Mainstreaming gender into ICT initiatives can promote women’s entrepreneurial activities
Aid for Trade and Services
“Aid targeted at tradable services sectors can be an important catalyst in promoting inclusive economic growth and structural transformation.”
Asia takes the lion’s share of services AfT

Note: Services AfT include six aggregate sectors: transport and storage; communications; energy; banking and finance; business and other services; tourism.
Targeted AfT can boost trade in services

“Aid that enhances economic infrastructure and boosts productive capacity is positively correlated with services trade across the region.”

“Empirical analysis shows a significant impact of AfT on services trade across all subregions, most pronounced for South Asia and Southeast Asia.”
Integrated and coherent policies—together with more *trade liberalization and regulatory reform*—are critical for services trade.
Promoting Connectivity in the Sealocked Economies of the Pacific
Small size and remoteness are key bottlenecks to trade for Pacific countries
Improving the business environment and reducing trade costs remain as priorities

Ease of Doing Business Rankings (out of 190)

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<th>Country</th>
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Distance to Frontier in the Ease of Trading Across Borders

Note: Asia refers to developing Asia.
Aid for trade promotes growth and trade in services in geographically challenged economies…

… with the most pronounced impact on tourism services for sealocked economies

Mean services trade and AfT: aggregate services (geographically challenged economies, 2002-2014)
Sealocked economies can benefit from developing their tourism industries.

Some of the crucial actions for this include:

- establishing tourism linkages with the local economy
- enhancing tourism management capacity through institutional and human capacity development
- tapping private sector resources
- pursuing regional integration strategies
Policy Prescriptions

AfT should target

(i) further improving infrastructure

(ii) building an enabling policy and regulatory environment to advance growth in trade in services

(iii) promote the integration of geographically challenged economies into regional and global markets
Thank You!

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