



AID FOR TRADE IN ASIA AND THE PACIFIC

PROMOTING CONNECTIVITY FOR INCLUSIVE DEVELOPMENT

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Key Messages

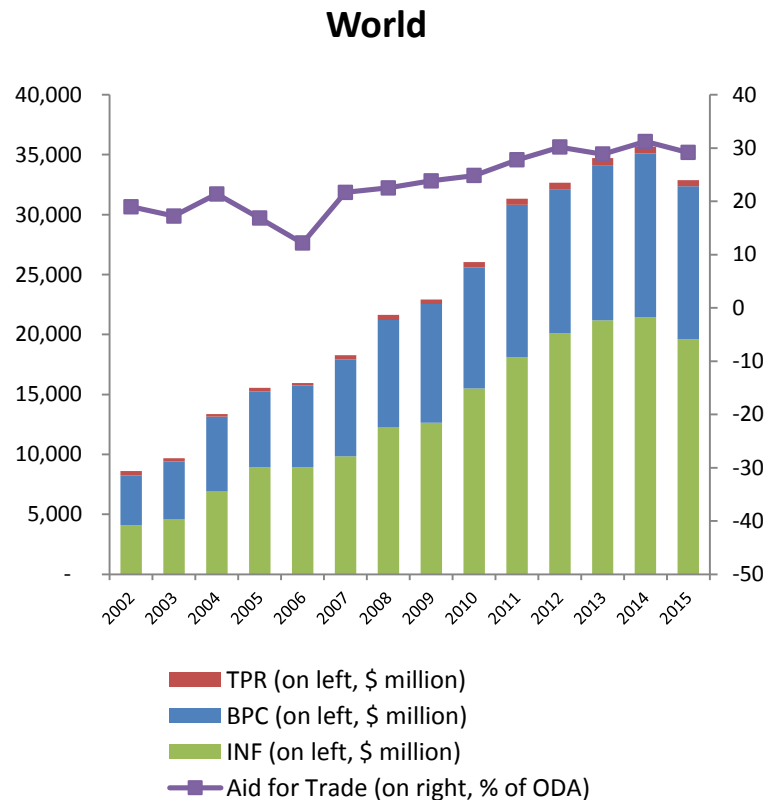
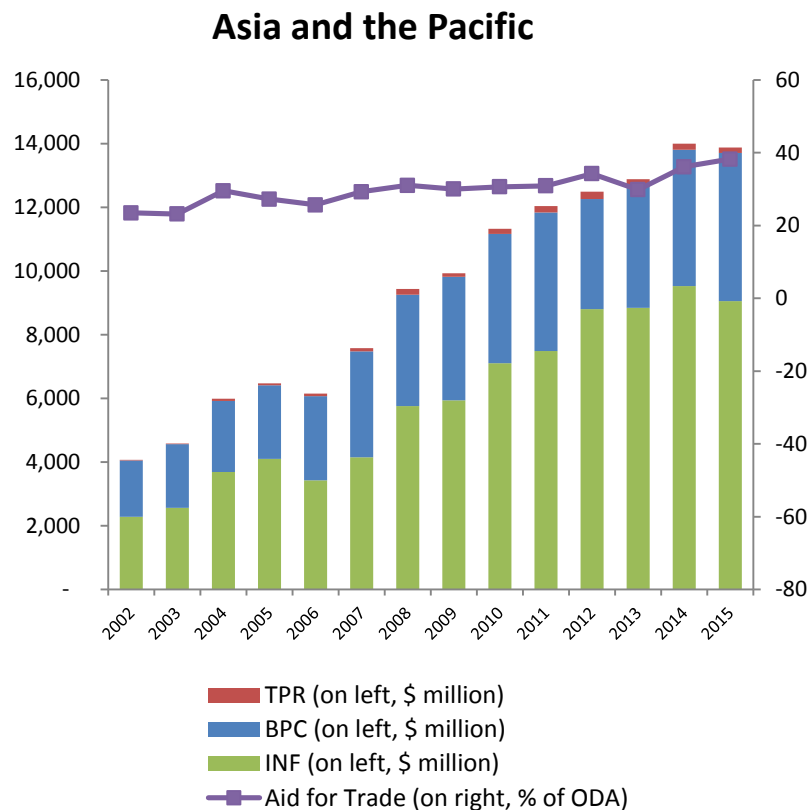
- Aid for trade flows account for about 40% of total official development assistance to Asia in 2015. Globally, Asia is amongst the largest recipients of AfT.
- Fast growing e-commerce presents abundant growth opportunities for the region.
- Aid targeted at tradable services sectors can be an important 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.

The background of the slide features a light blue and white color scheme. It includes several interlocking gears of various sizes, some of which contain stylized currency symbols like the Euro (€) and the Dollar (\$). In the background, a faint city skyline with several skyscrapers is visible. The overall aesthetic is clean and professional, suggesting a focus on economics and trade.

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, %)

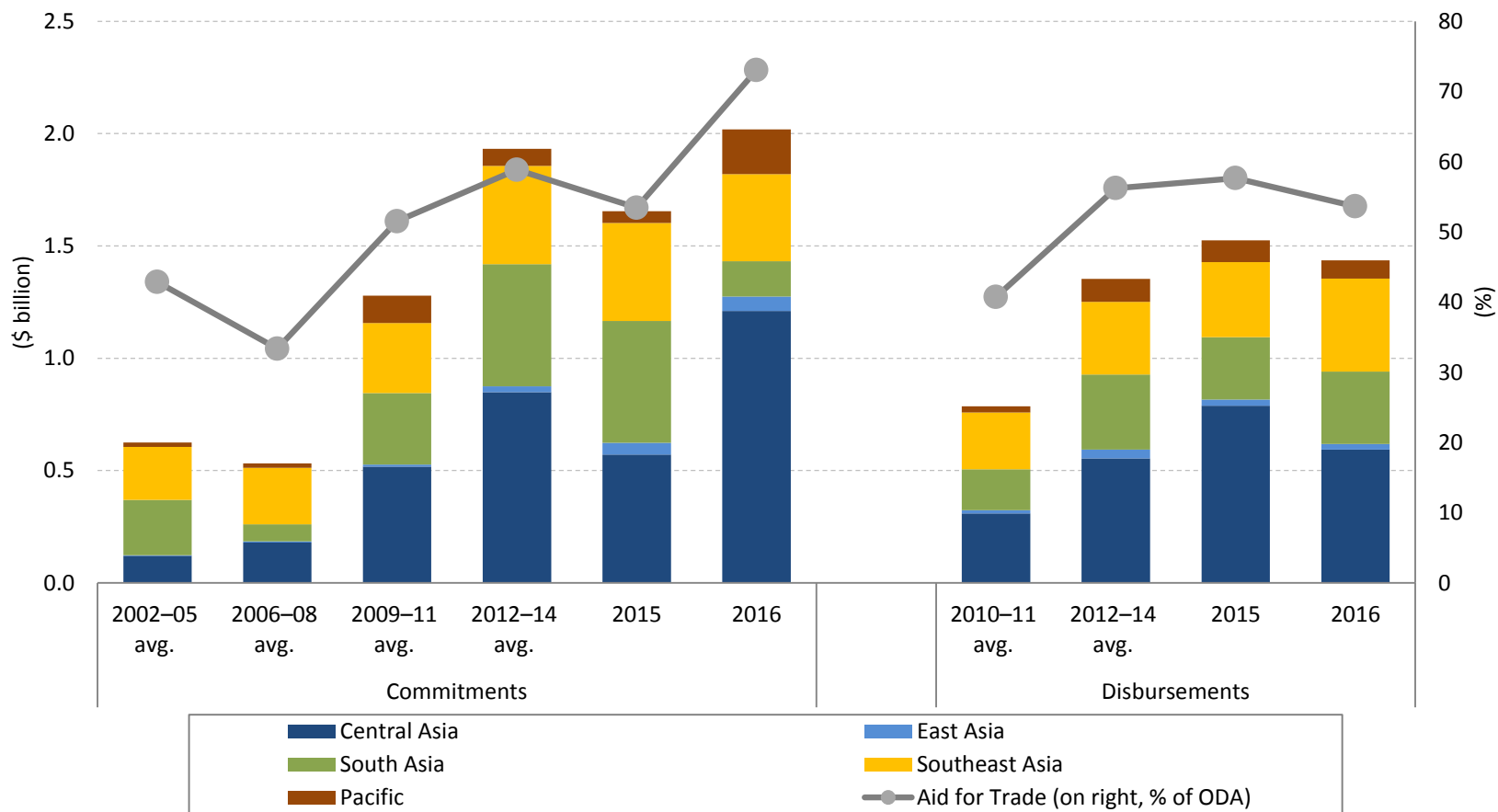


ODA = Official Development Assistance.

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).

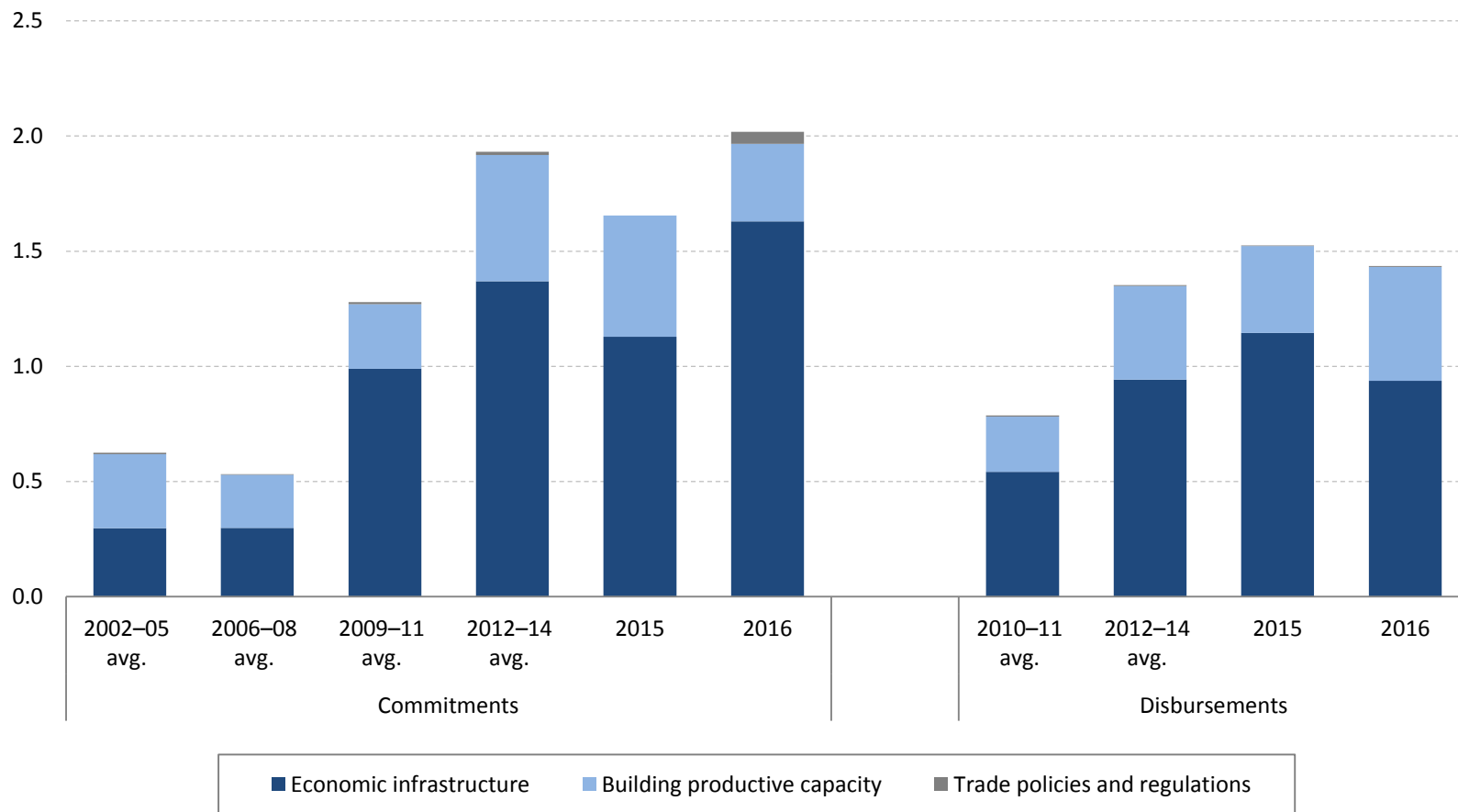
Source: ADB calculations using data from OECD. Creditor Reporting System. <http://www.oecd.org/> (accessed April 2017).

ADB's Aid-for-Trade Contribution by Subregion, 2002–2016



Source: ADB calculations using data from OECD. Creditor Reporting System (accessed 25 January 2018).

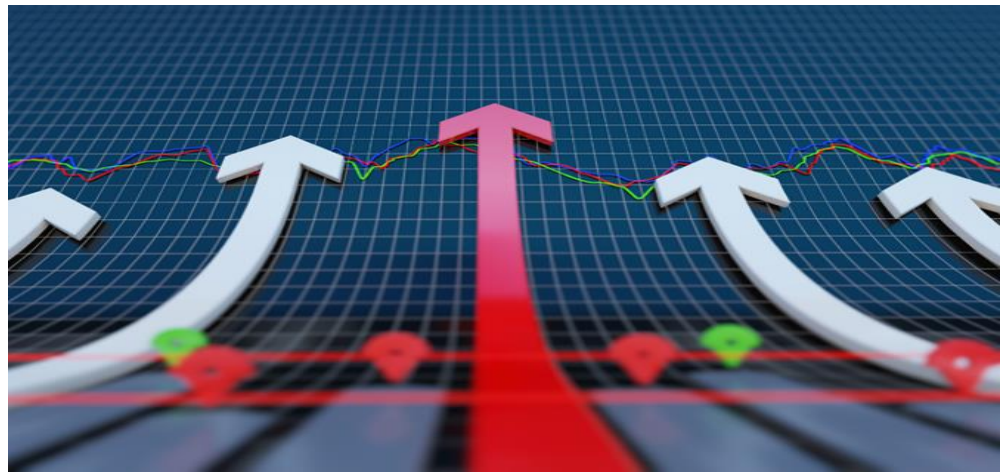
ADB's Aid-for-Trade Contribution by Category, 2002–2016 (\$ billion)



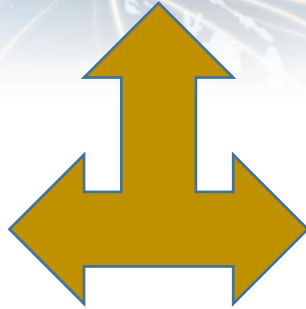
Source: ADB calculations using data from OECD. Creditor Reporting System (accessed 25 January 2018).



Aid for trade enhances trade performance and helps reduce the burden of trade costs



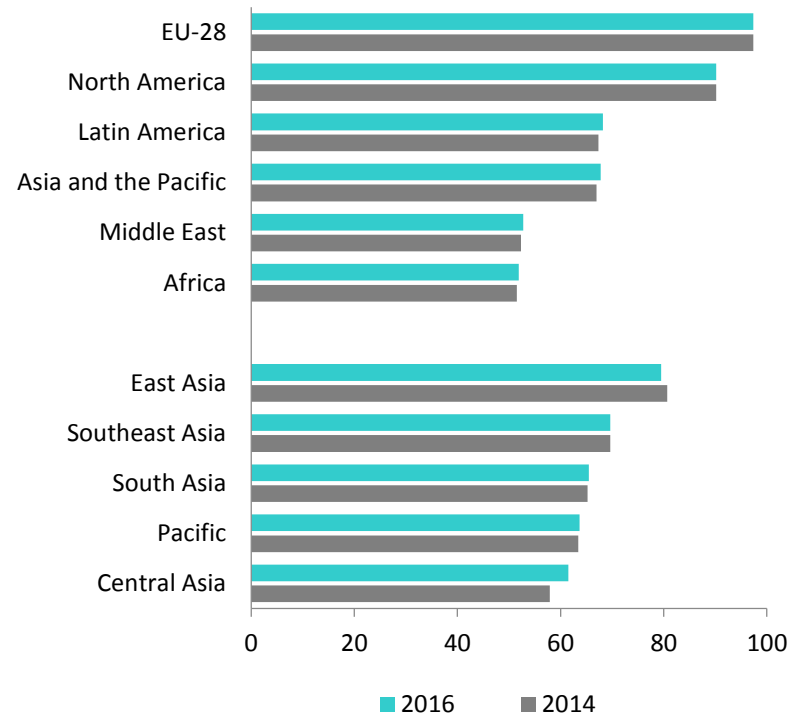
Reducing trade costs remains a priority



Regulatory
reform



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

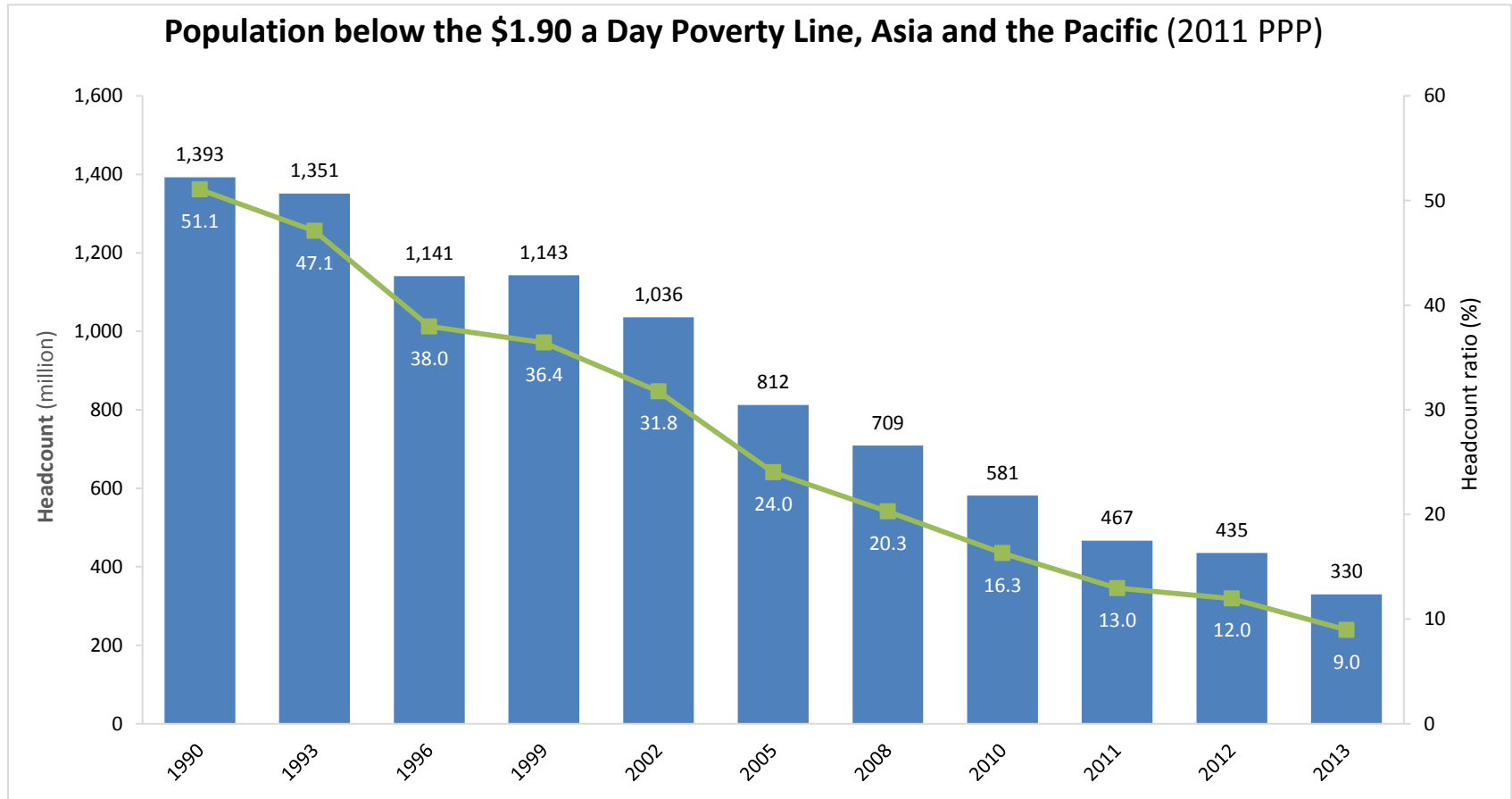


Note: Asia includes developing economies only.
Source: ADB calculations using data from World Bank. *Doing Business* Database. <http://doingbusiness.org> (accessed March 2017).

The background features a light blue and white color scheme. On the right side, there are several interlocking gears of various sizes. Some of the gears contain symbols: a dollar sign (\$), a yen sign (¥), and a pound sign (£). In the background, behind the gears, a faint city skyline with several skyscrapers is visible. The overall aesthetic is clean and professional, suggesting a focus on economics and global trade.

Trade, Inclusive Growth, and Employment for Women

Trade can deliver inclusive growth and quality jobs



Source: ADB estimates using World Bank. PovcalNet Database. <http://iresearch.worldbank.org/PovcalNet/home.aspx> (accessed 4 October 2016).

“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 background of the slide is a light blue gradient. On the right side, there is a graphic of several interlocking gears of different sizes. Some of the gears have symbols on them, including a dollar sign (\$) and a yen sign (¥). In the background, behind the gears, a city skyline with several skyscrapers is visible, rendered in a light, semi-transparent style.

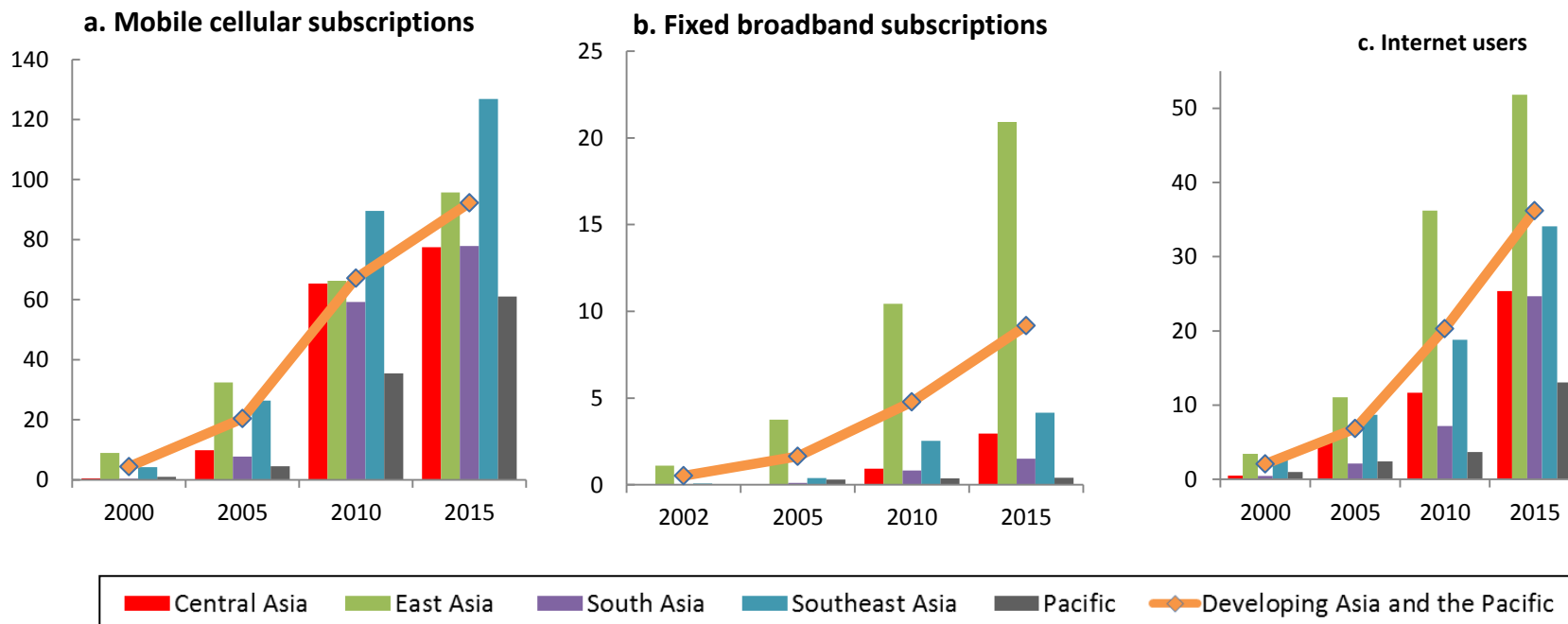
The Digital Economy and Trade Connectivity

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)



Note: For fixed broadband subscriptions, 2002 reported the required (earliest year) data for the largest number of constituent countries in each subregion. Source: World Bank. World Development Indicators. <http://www.data.worldbank.org> (accessed April 2017).

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.

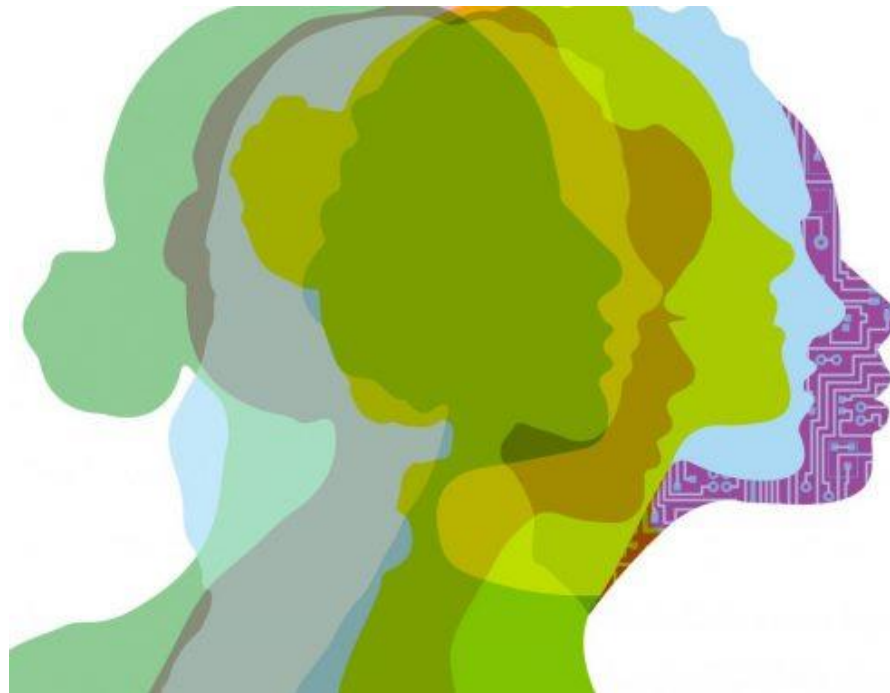


- ✓ Improve the availability and quality of connectivity infrastructure



- ✓ Close data gaps and limitations

Mainstreaming gender into ICT initiatives can promote women's entrepreneurial activities



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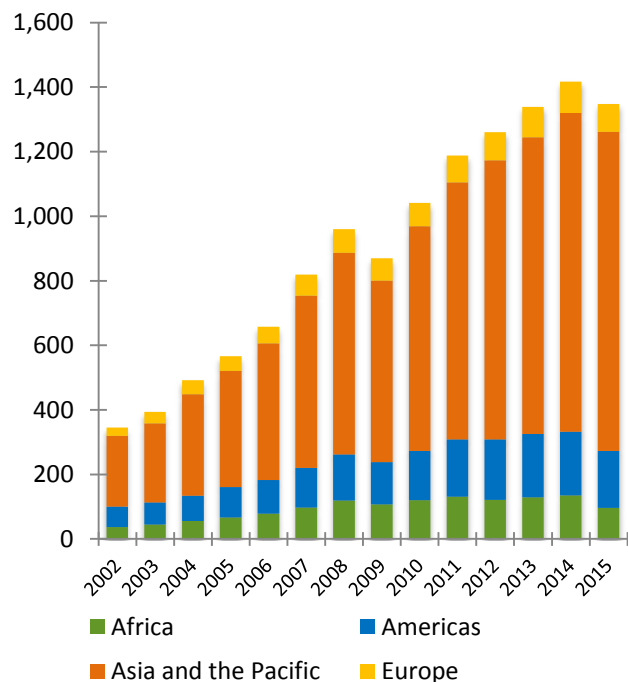
Aid for Trade and Services

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

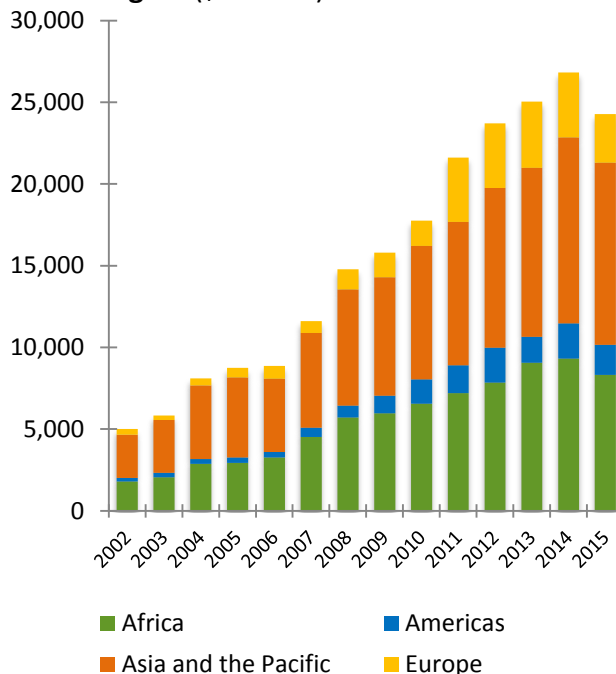


Asia takes the lion's share of services AfT

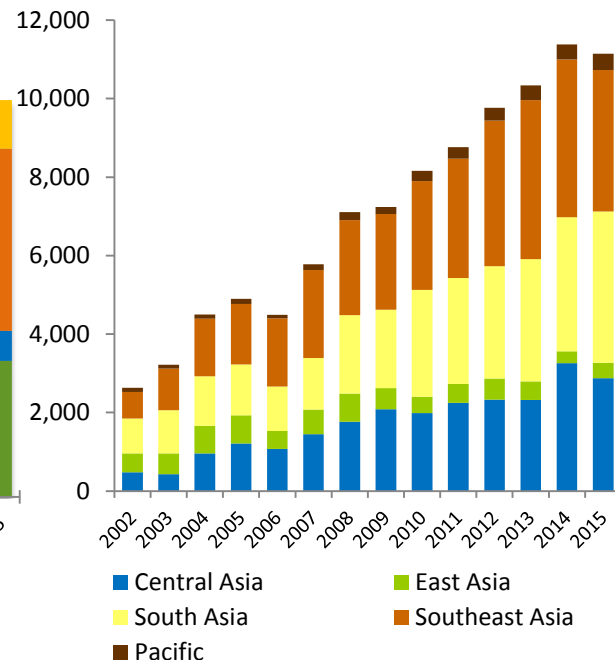
Services Trade by Region (\$ billion)



Global Aid for Trade in Services by Region (\$ million)



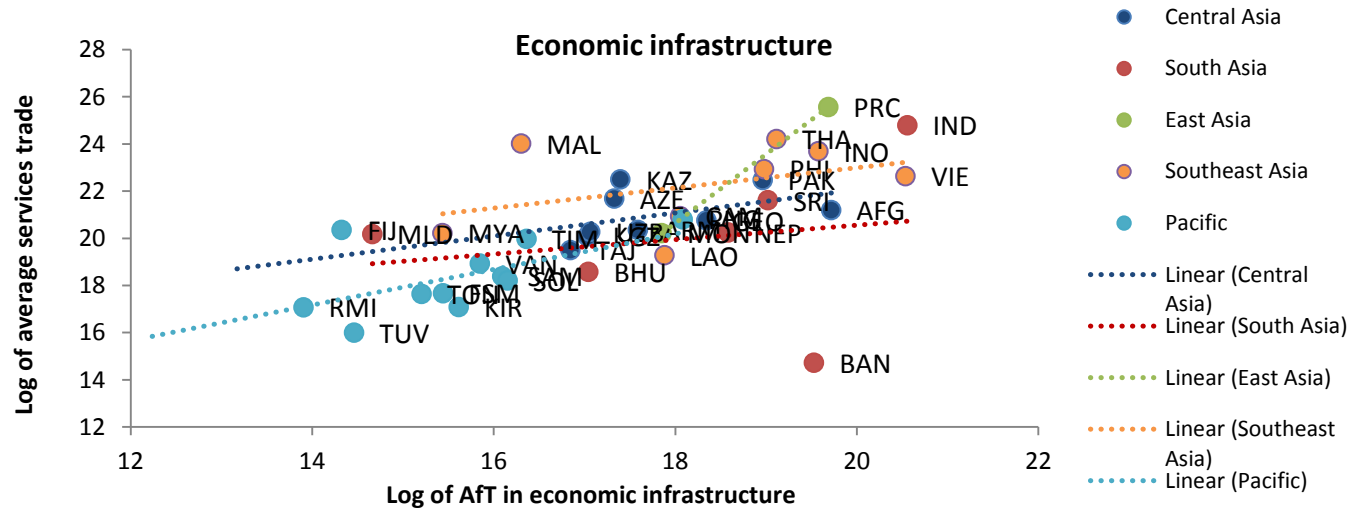
Distribution of Aid for Trade in Services in Asia and the Pacific (\$ million)



Note: Services AfT include six aggregate sectors: transport and storage; communications; energy; banking and finance; business and other services; tourism.
 Source: ADB calculations using data from OECD. Creditor Reporting System. <http://www.oecd.org/> (accessed April 2017). UNComtrade. <https://comtrade.un.org/> (accessed June 2017).

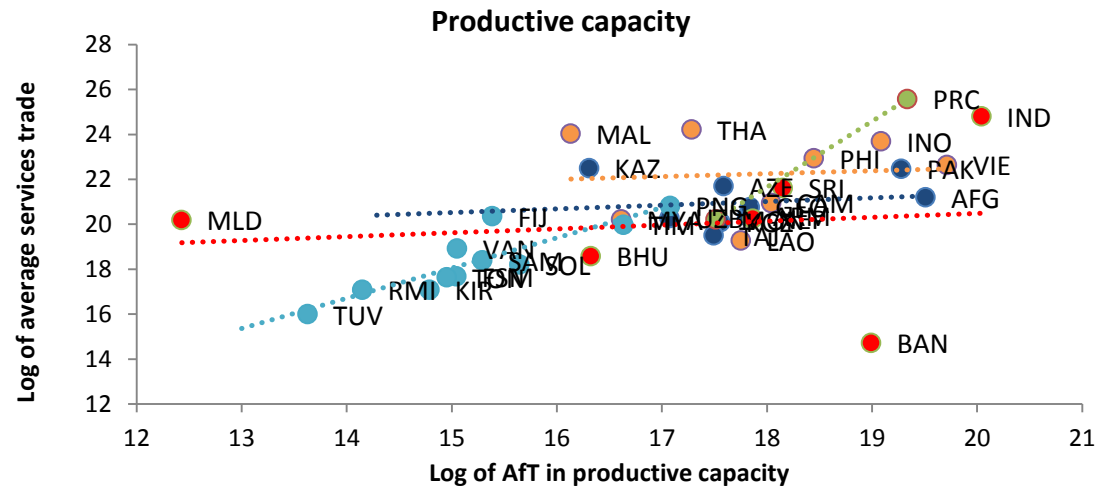
Targeted AfT can boost trade in services

Services Trade and AfT: Asia and the Pacific (average 2002–2015)



“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



The background features a light blue and white color scheme. On the right side, there is a vertical strip containing a city skyline with several skyscrapers. Overlaid on this and extending across the right side are several large, semi-transparent gears of various sizes. Some of the gears contain stylized symbols, including a dollar sign (\$) and a yen sign (¥).

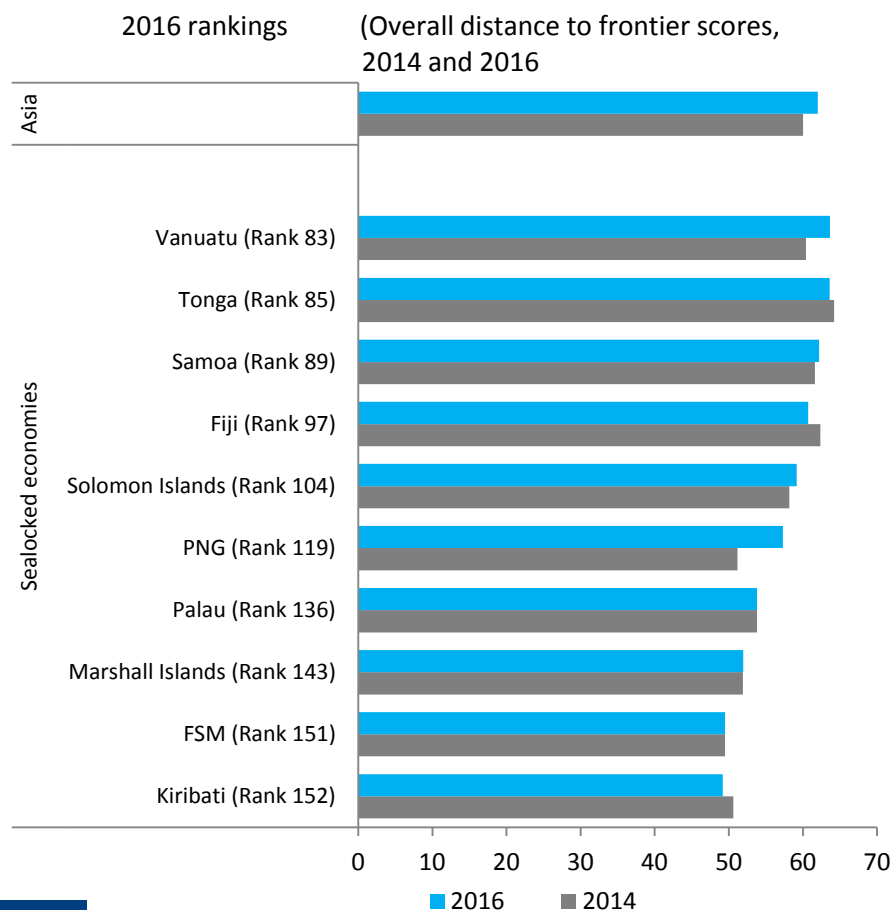
Promoting Connectivity in the Sealocked Economies of the Pacific

Small size and remoteness are key bottlenecks to trade for Pacific countries

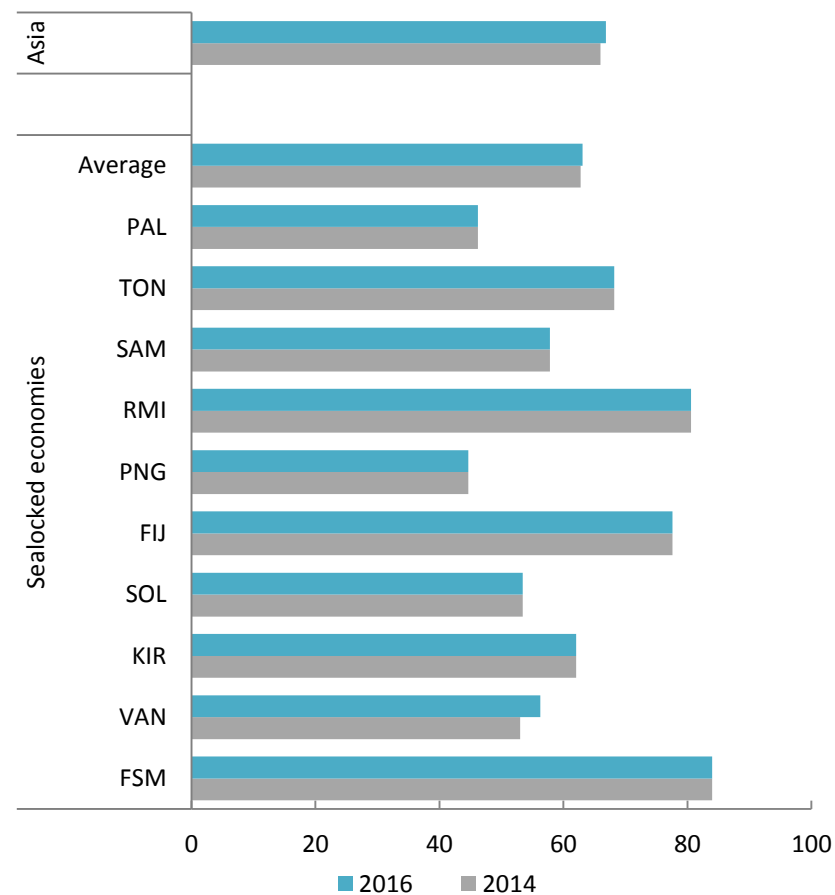


Improving the business environment and reducing trade costs remain as priorities

Ease of Doing Business Rankings (out of 190)



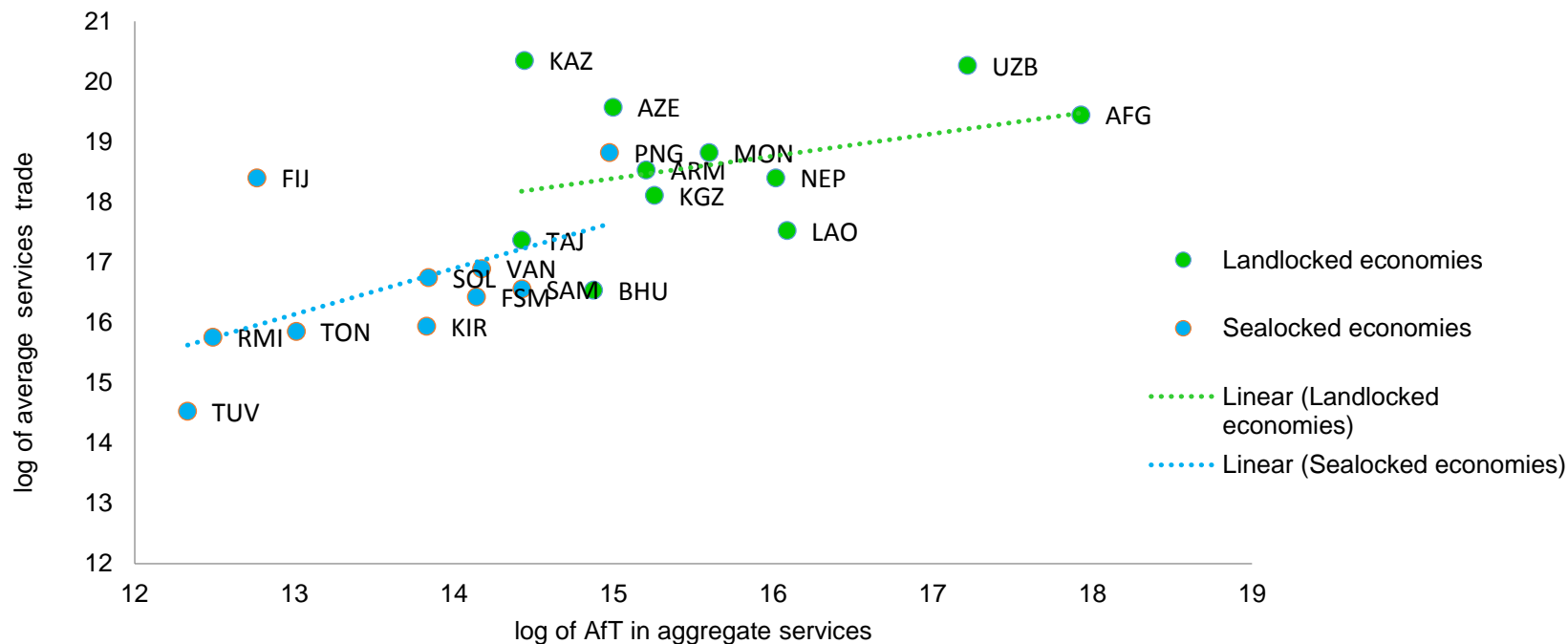
Distance to Frontier in the Ease of Trading Across Borders



Aid for trade promotes growth and trade in services in geographically challenged economies...

... with the most pronounced impact on tourism services for sealoaked economies

Mean services trade and AfT: aggregate services
(geographically challenged economies, 2002-2014)



Sealocked economies can benefit from developing their tourism industries.

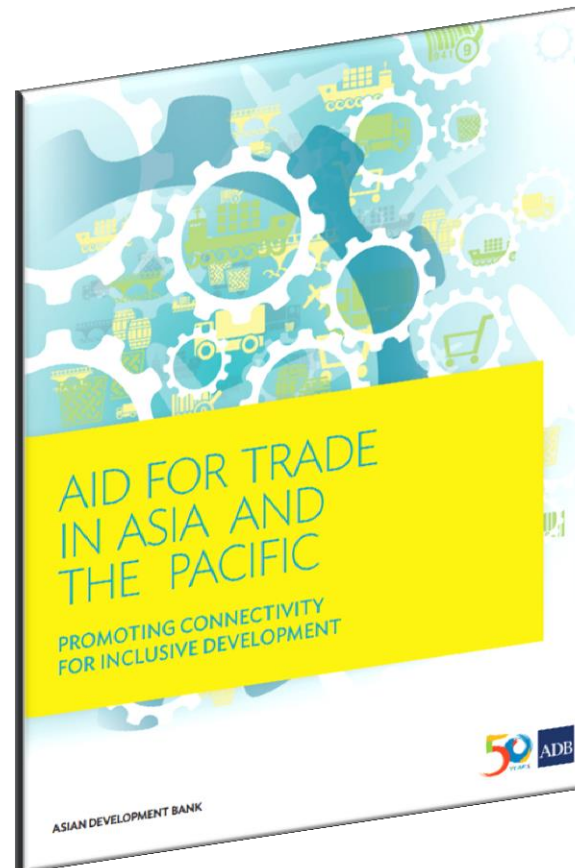
Some of the crucial actions for this include:

- 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



Thank You!

Download at: <https://www.adb.org/sites/default/files/publication/329166/aid-trade-asia-pacific-2.pdf>





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