Aid for Trade and Trade Facilitation in Asia and the Pacific: Promoting Connectivity for Inclusive Growth

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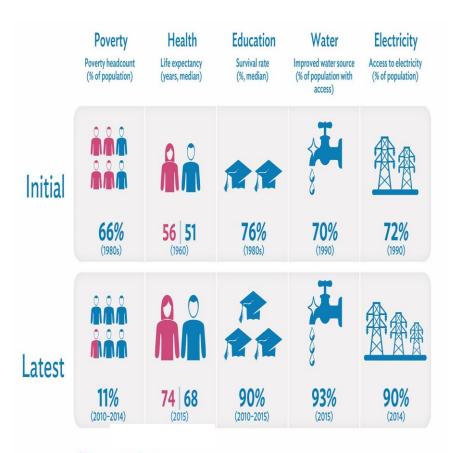
28 June 2018 | Miran Hotel, Tashkent, Uzbekistan

Key Messages

- Trade facilitation has emerged as a key instrument for further reducing trade costs.
- 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.
- Digitalization offers great potential to enhance trade facilitation implementation and further reduce trade costs in Asia and the Pacific.
- 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.
- Better targeted AfT can help facilitate trade and economic integration of geographically challenged economies into regional and global markets.



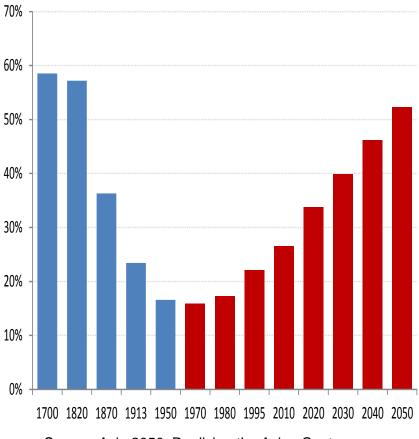
Development Progress in Asia



GNI = gross national income.

Notes: Poverty headcount is based on \$1.90 per day (2011 purchasing power parity) po Survival rate is for the last grade of primary education, both sexes. GNI is based on Atlas method, current \$. Source: ADB calculations using data from World Development Indicators, World Bank.

Asian Share of World GDP



Source: Asia 2050: Realizing the Asian Century

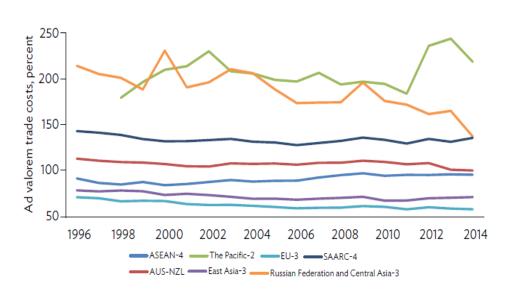


Trade as key driver of economic growth and poverty reduction in Asia



Reducing trade costs remains a priority

Trade Costs of Asia and Pacific Subregions with Large Developed Economies

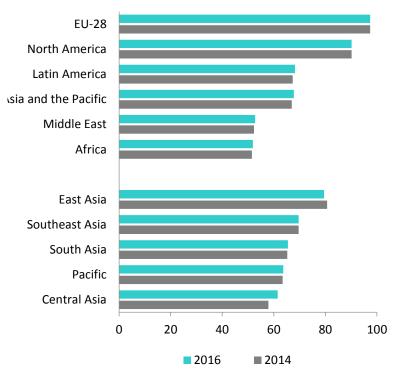


ASEAN-4 = Indonesia, Malaysia, Philippines, Thailand. AUS-NZL = Australia and New Zealand. East Asia-3 = People's Republic of China, Japan, the Republic of Korea; EU-3 = Germany, France, United Kingdom. Pacific-2 = Fiji and Papua New Guinea. Central Asia = Georgia, Kazakhstan, Kyrgyz Republic. SAARC-4 = Bangladesh, India, Pakistan, Sri Lanka.

Note: Trade costs shown are tariff equivalents, calculated as trade-weighted average trade costs of countries in each subregion with the three largest developed economies (Germany, Japan, and the United States).

Source: ESCAP. 2017.

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).



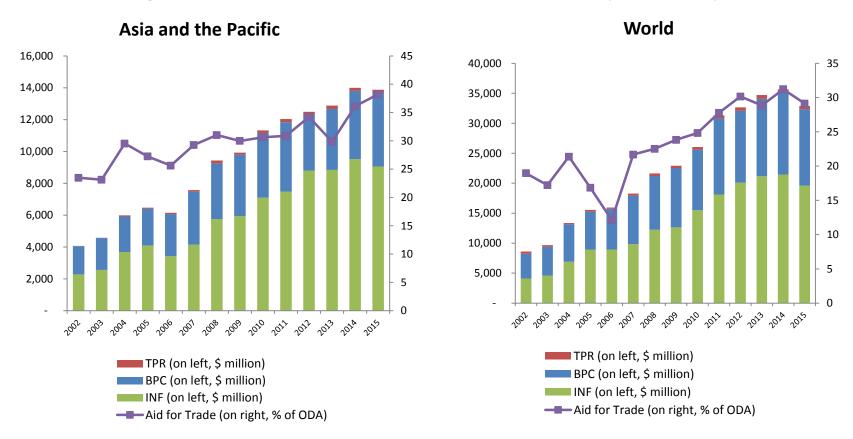
Benefits of trade and trade facilitation

Almost everyone stands to gain from lower trade transaction 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.

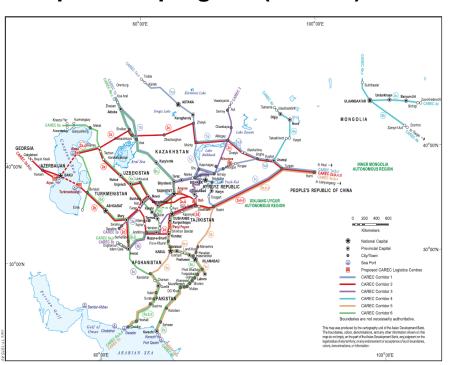
Note: Total aid for trade (AfT) is the sum of INF (aid for infrastructure), BPC (aid for building productive capacity) and TPR (trade policy and regulations and trade-related adjustment).

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

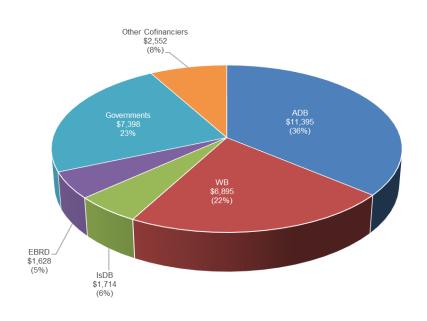


ADB support for aid for trade and trade facilitation

Central Asia Regional Economic Cooperation program (CAREC)



Amount of CAREC Investments by Financier (\$ million)





Note: Figures as of 31 December 2017. Source: https://www.carecprogram.org/

ADB support for trade-related infrastructure



Hairatan (Northern Uzbekistan) to Mazare-Sharif (Afghanistan) Railway Project

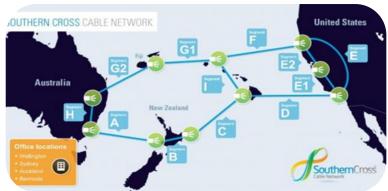
e-GP System Access Diagram



Instituting e-Government Procurement in Nepal



Cambodia: Greater Mekong Subregion Transmission Project



Tonga's High-Speed Revolution

(via the Southern Cross Cable Network)



Promoting inclusive growth through technology





Technological Innovation in Trade Facilitation









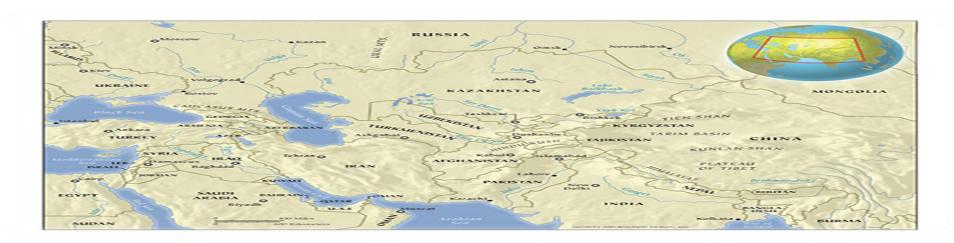




Targeted aid interventions can promote inclusive growth

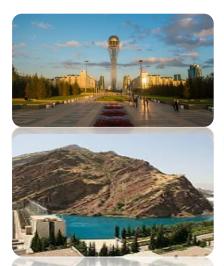


The case of landlocked Central Asian economies







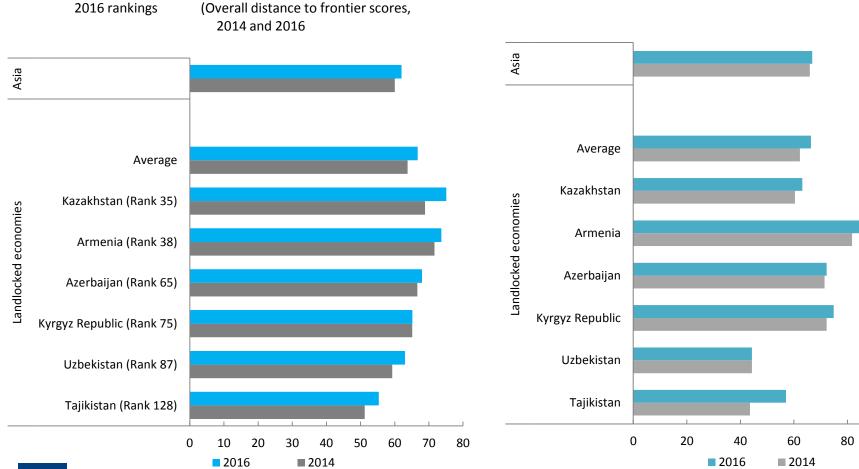




Improving the business environment and reducing trade costs remain as priorities

Ease of Doing Business Rankings (out of 190)

Distance to Frontier in the Ease of Trading Across Borders





Note: Asia refers to developing Asia.

Source: World Bank. Doing Business Database (accessed March 2017).

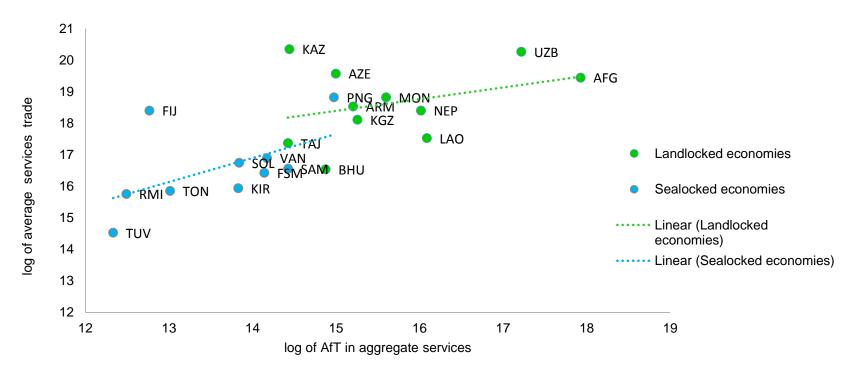
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Aid for trade promotes growth and trade in services in geographically challenged economies...

... with the most pronounced impact on business services for landlocked economies

Mean services trade and AfT: aggregate services

(geographically challenged economies, 2002-2014)





The CAREC Trade Policy Strategic Action Plan recognizes the expansion of trade in services as a core policy goal to help reduce barriers faced by landlocked Central Asian economies.

Some crucial actions for promoting services exports include:

- developing human capital for skilled services
- enhancing cultural endowments that attract tourists
- improving infrastructure (especially telecommunications networks that facilitate service delivery)
- raising institutional quality

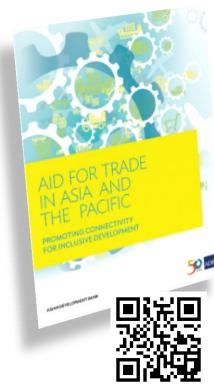




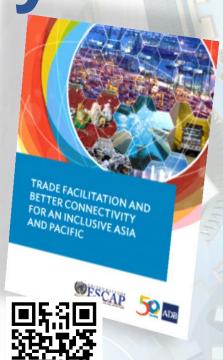




Thank you!



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