



WORLD BANK GROUP

Business Ready (B-Ready)

Methodological Workshop

International Trade

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Outline

International Trade

1. Motivation

2. Indicators:

- a. Pillar I – Regulatory framework: Quality of regulations for international trade
- b. Pillar II – Public services: Quality of public services for the facilitation of international trade
- c. Pillar III – Efficiency: Efficiency of importing goods, exporting goods, and engaging in digital trade

3. Preliminary Topic Scoring

4. Data Sources

5. Parameters

6. Expert Screening and Selection

1. Motivation – why does International Trade matter?

- International trade can be a key driver of economic growth and vital to promoting private sector development.
- An open, nondiscriminatory, transparent, predictable, safe and efficient trading environment is vital for:
 - ✓ Increased competition, domestic firm specialization, and resource reallocation to the most productive firms
 - ✓ Increased innovation and efficiency
 - ✓ Creation of economies of scale
 - ✓ Access to cheaper and better intermediate inputs and services
 - ✓ Diversification and greater economic stability and resilience
 - ✓ Facilitated knowledge and technology transfers
 - ✓ Aggregate productivity and welfare growth
 - ✓ Lower compliance and transaction costs and increased participation by both small and large firms

2. Indicators – Outline



Regulatory framework

Quality of Regulations for International Trade

1. Good regulatory practices supporting international trade * + ^
2. Regulatory restrictions on international trade *



Public services

Quality of Public Services for the facilitation of International Trade

1. Digital and physical infrastructure *
2. Border management ^



Efficiency

Efficiency of importing goods, exporting goods, and engaging in Digital Trade

1. Compliance with import requirements
2. Compliance with export requirements
3. Compliance when exporting digitally ordered goods*

The * symbol denotes components that will cover the **adoption of digital technologies**. The + symbol denotes components that will cover **environmental sustainability**. The symbol ^ denotes components that will cover **gender**.

a. Pillar I – Quality of regulations for international trade

1.1	Good regulatory practices supporting international trade
1.1.1	Adequacy of the legal framework
1.1.2	Practices on digital and sustainable trade
1.1.3	Practices on international trade cooperation
1.2	Regulatory restrictions on international trade
1.2.1	Restrictions on international trade in goods
1.2.2	Restrictions on international trade in services
1.2.3	Restrictions on digital trade

a. Pillar I – Quality of regulations for international trade

What does it cover and why is it important?

Category 1.1 – Good regulatory practices supporting international trade

- This category assesses good regulatory practices pertaining to the adequacy of the legal framework, practices on international trade cooperation, and practices on digital and sustainable trade
- Good regulatory practices supporting international trade are fundamental to creating a fair, transparent, predictable and safe international trading environment.



Category 1.2 – Regulatory restrictions on international trade

- This category assesses regulatory restrictions pertaining to the areas of international trade in goods, services and digital trade.
- Regulatory restrictions can create market distortions that impede trade flows, lowering import penetration and export competitiveness for trade in goods, services and digital trade. However, they may be important to protect public safety, health, and the environment and to address market failures. Their imposition must be proportional to the objectives being pursued.



a. Pillar I – Quality of regulations for international trade

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
1.1	Good regulatory practices supporting international trade	28	24	25	49	45.4
1.1.1	Adequacy of the legal framework	11	11	11	22	20.37
1.1.2	Practices on digital and sustainable trade	10	6	10	16	14.81
1.1.3	Practices on international trade cooperation	7	7	4	11	10.19
1.2	Regulatory restrictions on international trade	34	25	34	59	54.6
1.2.1	Restrictions on international trade in goods	14	10	14	24	22.22
1.2.2	Restrictions on international trade in services	10	10	10	20	18.52
1.2.3	Restrictions on digital trade	10	5	10	15	13.89
Total		62	49	59	108	100

*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

b. Pillar II – Quality of public services for the facilitation of international trade

2.1	Digital and physical infrastructure
2.1.1	Transparency and availability of information
2.1.2	Electronic systems and interoperability of services
2.1.3	Trade Infrastructure
2.2	Border management
2.2.1	Risk management
2.2.2	Coordinated border management
2.2.3	Border agency programs

b. Pillar II – Quality of public services for the facilitation of international trade

What does it cover and why is it important?

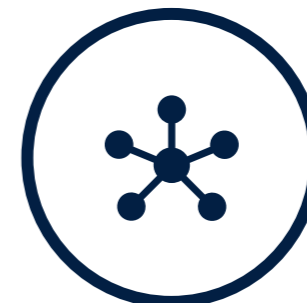
Category 2.1 – Digital and physical infrastructure

- This category assesses the implementation of trade facilitation measures on transparency and availability of information, electronic systems and interoperability of services, and physical trade infrastructure.
- These trade facilitation efforts enhance the transparency, accountability, and efficiency of the clearance process. They can reduce compliance and transaction costs for firms and increase their participation in international trade and improve overall competitiveness of firms.



Category 2.2 – Border management

- This category assesses the implementation of trade facilitation measures on risk management, coordinated border management, and border agency programs.
- These trade facilitation efforts enable the efficient allocation of public resources and can reduce compliance and transaction costs for firms. They improve the overall competitiveness of firms, while also increasing safety, security and revenues.



b. Pillar II – Quality of public services for the facilitation of international trade

Preliminary Scoring

		No. of indicators	FFP*	SBP*	Total Points	Rescaled Points
2.1	Digital and physical infrastructure	27	27	27	54	51.92
2.1.1	Transparency and availability of information	11	11	11	22	21.15
2.1.2	Electronic systems and interoperability of services	10	10	10	20	19.23
2.1.3	Trade Infrastructure	6	6	6	12	11.54
2.2	Border management	25	25	25	50	48.08
2.2.1	Risk management	8	8	8	16	15.38
2.2.2	Coordinated border management	10	10	10	20	19.23
2.2.3	Border agency programs	7	7	7	14	13.46
Total		52	52	52	104	100

*Scoring will consider the perspectives of entrepreneurs (firm flexibility points) and broader public interests (social benefits points).

c. Pillar III – Efficiency of importing goods, exporting goods, and engaging in digital trade

3.1	Compliance with export requirements
3.1.1	Total time to comply with export requirements
3.1.2	Total cost to comply with export requirements
3.2	Compliance with import requirements
3.2.1	Total time to comply with import requirements
3.2.2	Total cost to comply with import requirements
3.3	Compliance when exporting digitally ordered goods
3.3.1	Total time when exporting digitally ordered goods
3.3.2	Total cost when exporting digitally ordered goods

c. Pillar III – Efficiency of importing goods, exporting goods, and engaging in digital trade

What does it cover and why is it important?

Category 3.1 – Compliance with export requirements

- This category assesses the time and cost borne by the private sector when directly exporting goods.
- Increased time and costs of compliance may hinder firms' ability to access the global market, representing a substantial barrier to trade in goods.



Category 3.2 – Compliance with import requirements

- This category assesses the time and cost borne by the private sector when directly importing goods.
- Increased time and costs of compliance may hinder firms' ability to access the global market, representing a substantial barrier to trade in goods.



Category 3.3 – Compliance when exporting digitally ordered goods

- This category assesses the time and cost associated with exporting digitally ordered goods.
- Increased time and costs of compliance may hinder firms' ability to access the global digital market, representing a substantial barrier to digital trade.



c. Pillar III – Efficiency of importing goods, exporting goods, and engaging in digital trade

Preliminary Scoring

		No. of indicators	Rescaled Points*
3.1	Compliance with export requirements	2	33.3
3.1.1	Total time to comply with export requirements	1	16.7
3.1.2	Total cost to comply with export requirements	1	16.7
3.2	Compliance with import requirements	2	33.3
3.2.1	Total time to comply with import requirements	1	16.7
3.2.2	Total cost to comply with import requirements	1	16.7
3.3	Compliance when exporting digitally ordered goods	2	33.3
3.3.1	Total time when exporting digitally ordered goods	1	16.7
3.3.2	Total cost when exporting digitally ordered goods	1	16.7
Total		6	100

*Scoring on Pillar III will consider the perspectives of entrepreneurs (firm flexibility points) only. For each indicator, scoring is calculated using the distance-to-frontier approach. Each category in Pillar III has the same weight. Within each category, each subcategory also has the same weight.

3. Preliminary Topic Scoring

Pillar	Title	No. of indicators	FFP	SBP	Total Points	Rescaled Points	Weight
I	Regulatory framework: Quality of regulations for International Trade	62	49	59	108	100	0.33
II	Public services: Quality of public services for the facilitation of International Trade	52	52	52	104	100	0.33
III	Efficiency: Efficiency of importing goods, exporting goods, and engaging in Digital Trade	6	100	n.a.	100	100	0.33

4. Data Sources

Data collection sources:

Pillar I

- **Private sector experts:** Trade economists, trade lawyers, trade consultants, trade managers, other trade experts

Pillar II

- **Private sector experts:** Freight forwarders, customs brokers, clearing agents, shipping line agents, trade consultants, trade managers

Pillar III

- **Enterprise Surveys:** A representative sample of companies is surveyed within each economy to capture efficiency indicators.

5. Parameters for expert consultations

General Parameters

Geographic nature

Coastal, island, or landlocked



The possibilities available for development of trade infrastructure and supply of services vary depending on the geographic nature of an economy.

Service sectors

Subsectors within Logistics, freight transport, and financial services



Regulations in trade services vary at the services sub-sector level. Logistics, freight transport, and financial services play a crucial role as inputs and facilitators of international trade in goods.

Specific Parameters

Agricultural product chapters

HS chapters 01-HS 24



Selection of HS2 Agriculture chapters that are more susceptible to non-tariff measures provides relevance and comparability to the indicators on regulatory restrictions on international trade.¹

Manufactured product chapters

HS 50-HS 67 and HS 84-HS 89



Selection of HS2 Manufactured chapters that are more susceptible to non-tariff measures provides relevance and comparability to the indicators on regulatory restrictions on international trade.

Traded Products

Most imported manufactured and agricultural products by total import value between 2015 and 2019 at HS 6-digit level (UN COMTRADE).



Trade regulations vary according to the specific product. There is no available global data on HS-8 or HS-10 digit level.

Traded Environmental Goods

HS 854140, HS 901380, HS 847989, HS 903289, and HS 903180



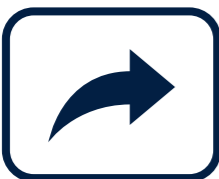
Top 5 products traded worldwide within APEC list of environmental goods.

5. Parameters for expert consultations

Specific Parameters (cont.)

Trading partners

Main trading partners of an economy between 2015 and 2019. In the context of trade cooperation and public services, the trading partner(s) refer(s) to an economy's top 3 trading partners in goods (UNCOMTRADRE) and services imports (OECD). Also in public services, it refers to the main trading partner of the economy or the main trading partner sharing a land border (UNCOMTRADE).



Incentives for trade cooperation and external coordination with other trading partners may vary depending on their relevance. In addition, measuring the top 3 trading partners in trade cooperation mitigates the possibility of no agreements with main partners which are unwilling to cooperate.

WTO Membership

An economy's status for WTO membership (Member, Observer, or none).



The non-notification of PTAs to the WTO can only be imposed on WTO members.

Main Border

Main border by transportation mode: air, sea and/or land)



The selection of the main border depends on the mode of transportation, which is linked to geographic nature. Availability of public services and operational efficiency may vary depending on the mode of transportation, and the specific border.

Transportation freight

Type of transportation freight sub-sector by geographic nature (air freight, sea freight and/or road freight)



The selection of the transportation freight sub-sector depends on the geographic nature.

6. Expert Screening and Selection

Relevant expert professions:

- Lawyers, economists, consultants, managers, trade professionals.

Relevant areas of specialization:

- International trade law, domestic regulations on trade in goods and services, documentary requirements and procedures required for exporting, importing or transiting goods digital trade.

Assessment of experts' knowledge and experience related to international trade and associated regulations, services, and processes:

- Knowledge of the laws and regulations affecting international and domestic trade in goods, services and digital trade; experience with documentary and compliance requirements and procedures required for exporting, importing or transiting goods.



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Thank you

Q&A

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