CHAPTER 6

Contributed by the Organisation for Economic Co-operation and Development

Abstract: This chapter highlights the importance of trade costs for the participation of developing countries in Global and Regional Value Chains. It considers in particular the role of di erent trade facilitation aspects such as border procedures and quality of infrastructure and shows how developing countries can reduce trade costs through those two speci c areas. It discusses then how regional co-operation can be an e ective strategy to promote integration into value chains by addressing regional bottlenecks. In addition it reviews multi-country and regional aid for trade initiatives highlighting some of the projects which are yielding good results and others which have not seen as much progress.

Figure 6.2 Average intra and extra-regional participation in GVCs across regions in 2011

Source:

What determines participation and what is the role of trade costs?

Figure 6.3 Relative contributions of non-policy and policy factors in participation ratio

Source:

TABLE 6.2 Question to Recipients of Aid for Trade on sources of Trade Costs: What are the most important sources of trade costs for the export?

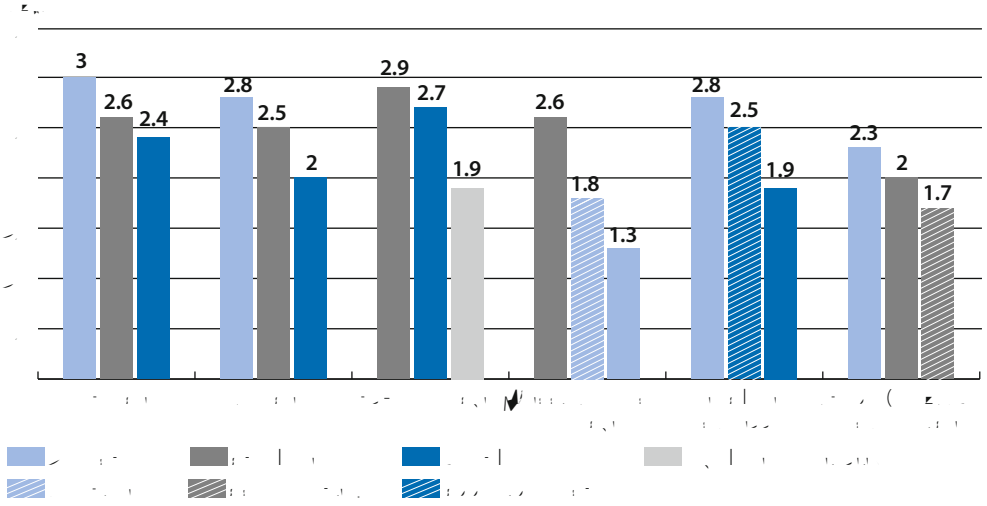
Answer options	Goods	Services
Border procedures (trade facilitation)	83.3%	
[illegible]	[illegible]	
Non-Tariff Measures (including standards)	79.2%	
Transport infrastructure	80.6%	68.1%
Network infrastructure (ICT, power, telecoms)	[illegible]	77.8%
[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]
[illegible]		[illegible]

Source: [illegible]

[illegible]

Source: [illegible]

Fi u re 6.8 Potential red u ction in trade costs b y re ional ro u pin (%)



Source:

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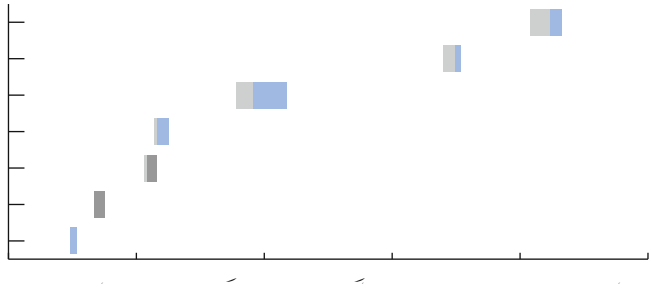
REGIONAL INITIATIVES ON TRADE FACILITATION

Re ional A enda on aid-for-trade facilitation

Figure 6.9 Aid flows for trade facilitation and infrastructure from 2004-13 by regions



BOX 6.6 Brazil's forei n trade mappin

Source: OECD-WTO case studies, 2015

REGIONAL CO-OPERATION

In Asia

REFERENCES

World Bank Policy Research Working Pape

IDS Bulletin

World Bank Policy Research Working Paper

Review of World Economics Weltwirtschaftliches Archiv

Journal of International Economics

ANNEX 6A.1 Drivers of participation by income groups in EORA

FORWARD

	Total		High-income		Middle-income		Low-income	
	I	II	I	II	I	II	I	II
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]