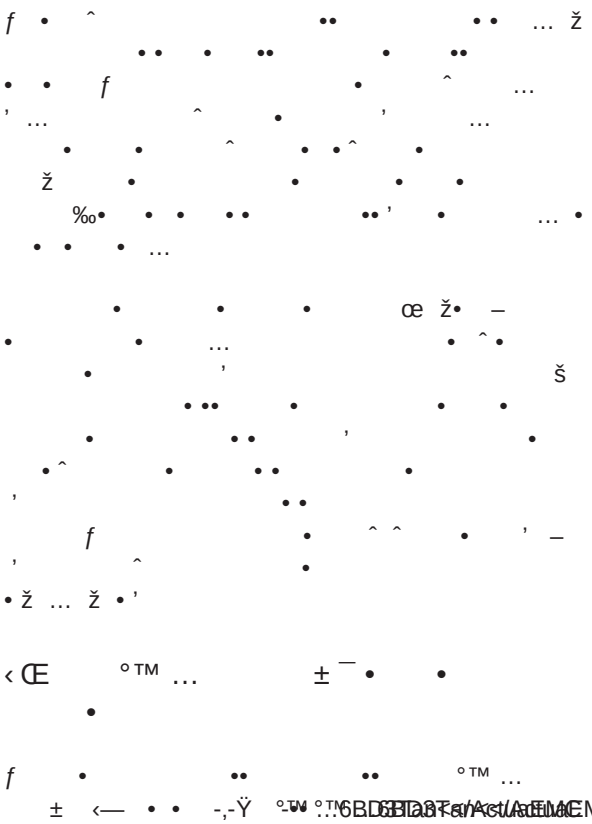
C.The theory and measurement of trade facilitation

This section first provides a conceptual framework for understanding the economic effects of trade facilitation – how improving trade procedures reduces trade costs, and how that in turn affects the pattern and volume of trade, the allocation of resources, and economic welfare. Given that trade facilitation can, in principle, be implemented unilaterally, this section examines the reasons why countries would want to include trade facilitation in a multilateral trade agreement. Finally, it examines the indicators – from narrower customs-related ones to broader regulatory and infrastructural areas – that have been developed to measure trade facilitation, and identifies what indicators can best be employed to estimate the economic benefits of implementing the WTO's Trade Facilitation Agreement.

Some key facts and findings

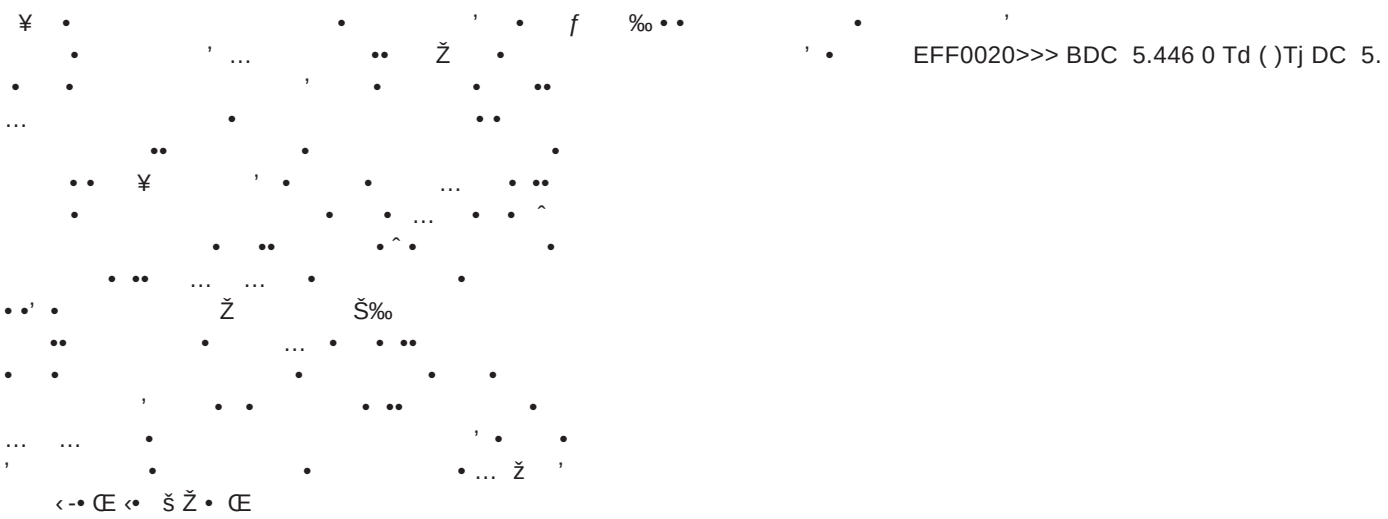
- Existing models of international trade, including recent ones that take into account the ways in which trade costs are compounded and magnified along supply chains, can be used to better understand the trade and economic effects of the Trade Facilitation Agreement (TFA). For example, the “iceberg” model of trade cost draws an analogy between the way trade costs reduce the value of goods to both exporter27 (r)-3 (h e) 2511 Tm75rrade8-9/MCID

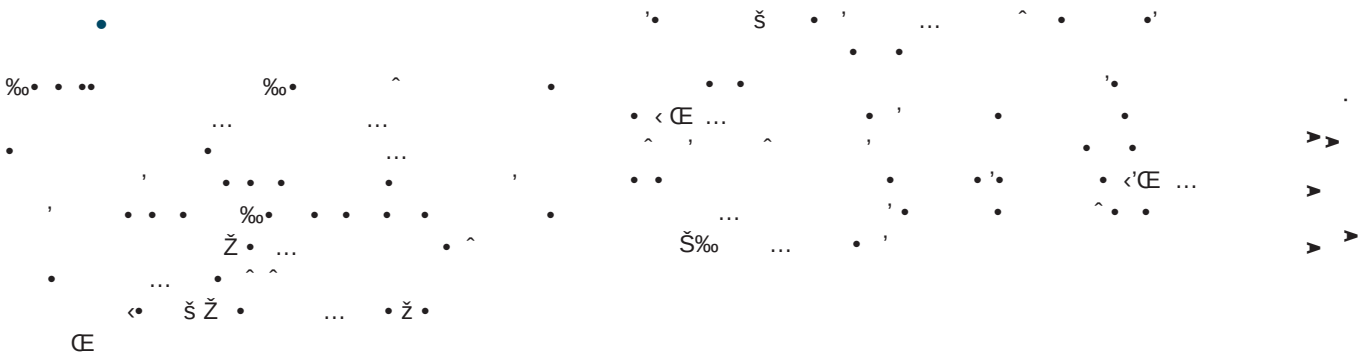


• • ^ • • •

EM-3M-MC(523EM-3u2 .8/Span5)-182701/20an262EM6-262ex39-0EM03u2 0l87Spau0MC8.60 E72.7262EM056 27325 EM-3u2

‰• • • … •


EFF0020>>> BDC 5.446 0 Td ( )Tj DC 5.



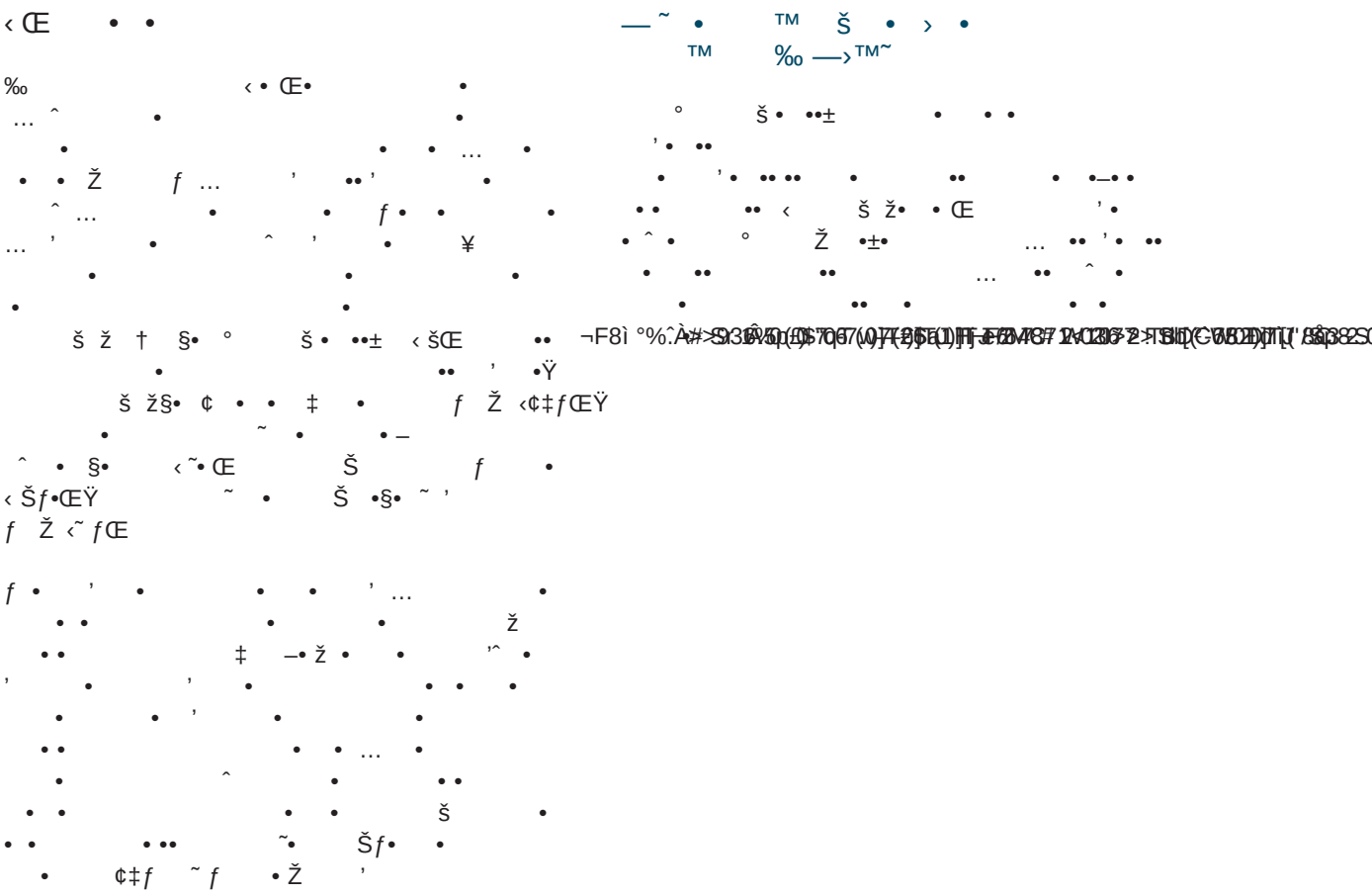


Table C.3: List of indicators and indexes *(continued)*

	Indicators	Index
Š ƒ • ‹ Šƒ•Œ	Œ ƒ • ˆ ' ‹ ŒŸ Œ ƒ ˆ ˆ• •• ‹'ŒŸ Œ ‰ ˆ • ‹ ŒŸ Œ ‰ • ‹ ŒŸ Œ Š • • ‹ ŒŸ Œ Š • • ¯ • • ‹ ŒŸ ,Œ Š • • ¯ ‰ • ‹ ŒŸ •Œ Š • • ¯ ‡ • ‹ ŒŸ -Œ • ¯ ƒ ‹ ŒŸ •Œ • ¯ ˜Ž ‹®ŒŸ Œ • • • ‹žŒŸ Œ † ˆ • ‹ ŒŸ Œ • • • ‹•ŒŸ Œ • • • ‹ ŒŸ Œ • • ‹ ŒŸ Œ • • • ‹ Œ	• ' • -,ˆ ' • ˆ ' • ˆ ' • • • °• ' ± • • • • ‹• ©•£ ‹ • Œ ©•£ • ‹ • ŒŒ
˜ ' ƒ Ž ‹˜ ƒŒ	Š –• Ž • •• • ˆ •' Œ • • • ž ••Ÿ Œ Š • ž ••Ÿ Œ¯ • ' • • Ÿ Œ‰ˆ ' ¥ • • Ÿ Œ‰ˆ ' ¥ • • ˆ •Ÿ Œ ‰ˆ ' • ƒ• •Ÿ ,Œ ˆ • • ˆ • • • ' Ž •' Œ ˆ	

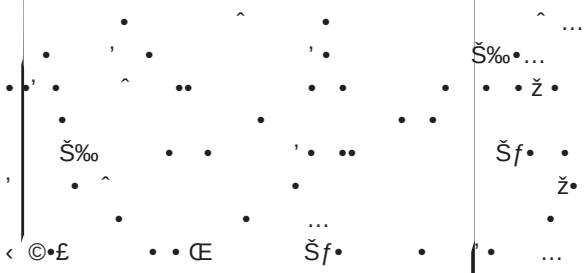
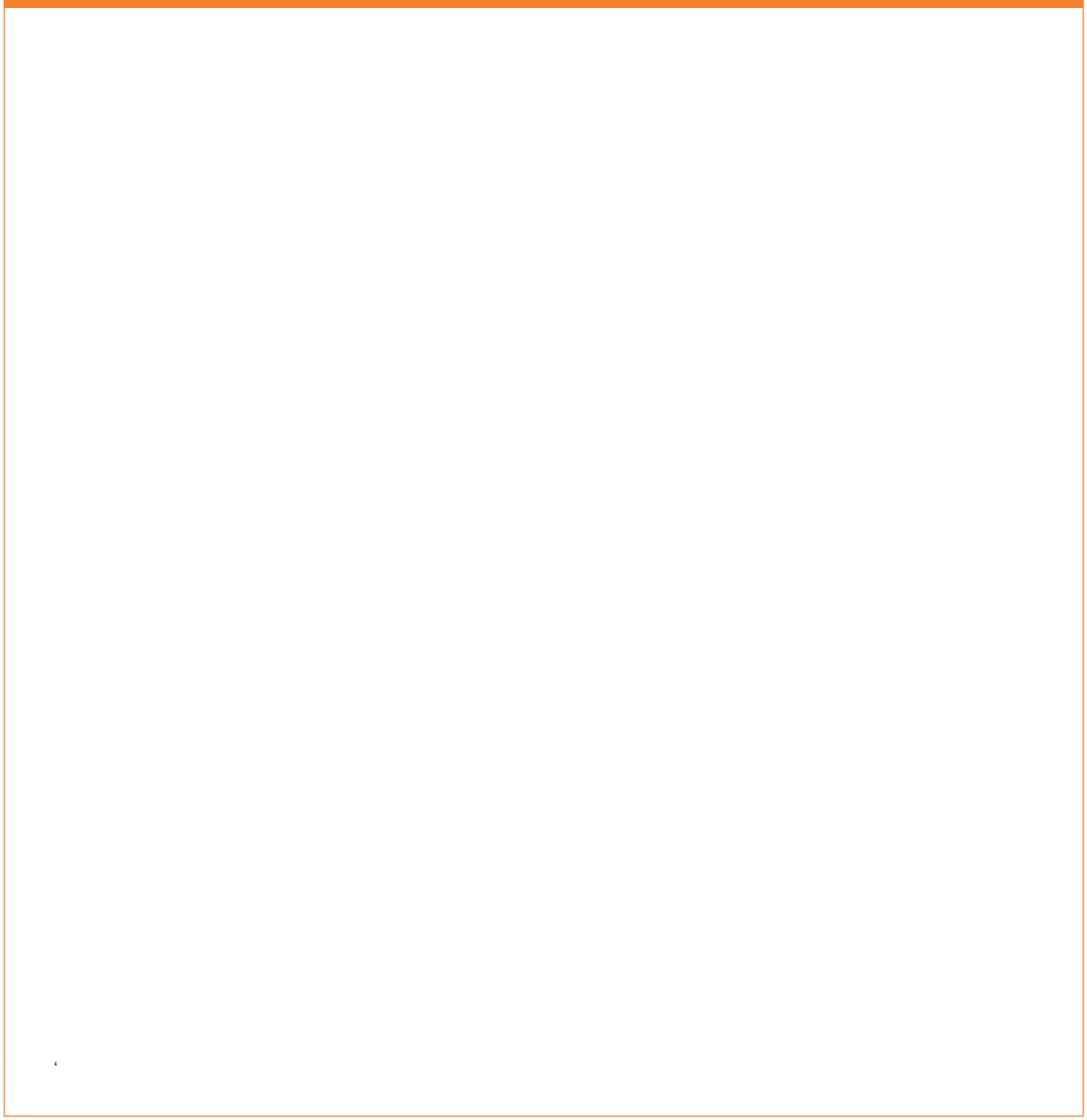


Table C.5: Correlation

Figure C.3: Average TFIs, Enabling Trade Index and Logistics Performance Index (latest available year)



Endnotes

• ˆ •• œ •• •
ž ’ ‹ •• Œ œ •• • ‹ ••,Œ• … Ž •
… ˆ – • •

• ’ • ” ‹ •• Ÿ ••Œ
š … ª ’ • ‹ • Œ

š … ‹---Ÿ •• Œ ‹ • Œ

• • •• • ’• •

€ •–• ‹--•Ÿ ••,Œ• • •
‹--•Œ• ’ ‹-•,Œ• ‹ • Œ

• ’• ˜ ’ .9 (Tm [( )-13.7255)-2449]TJ /SpanualText<FE7)Tj EMCb47261<FEFF0020>>> BDC ( )Tj EMC [(6415 622.6215 5911.6 (')-17.6 (336x