

# F. Conclusions

Although traditional trade barriers such as tariffs have come down, and innovations in transportation and communications technology have shrunk the world, the world is still a long way from being a single market. The world is still a long way from being a single market.

show that implementation of the TFA will increase the probability of SMEs exporting and, compared to large firms, will see a far greater rise in the share of their sales that go into the export market.

The TFA will help developing countries attract more foreign direct investment (FDI). Companies making foreign investment decisions typically take the efficiency of trade procedures into account. Implementation of the TFA could be interpreted by foreign investors as a signal of improvement in the overall investment climate, which would induce inward FDI flows even in those sectors in the domestic economy that are not highly dependent on trade. This report has found a positive and statistically significant link between trade facilitation and inward FDI flows using a dataset covering 141 countries over a 10-year period (2004-13).

Many LDCs are dependent on customs duties and other taxes collected at the border for their revenues, which can constitute up to 45 per cent of LDCs' government revenues. Inefficient trade procedures reduce the volume of goods passing through customs and result in foregone revenues, which, in the cases of a number of African countries, are equivalent to 5 per cent of their GDP. Furthermore, there is evidence to show that the likelihood of engaging in fraudulent practices at the border is higher the longer the time needed to clear goods. By simplifying trade procedures and reducing the time to move goods across borders, the TFA will increase the volume of goods flowing through customs, reduce the scope for corruption and increase the amount of revenue collected.

Given the magnitudes of estimated trade gains, the benefits of the TFA are likely to far outweigh the cost of implementation. Nevertheless, implementation still poses a challenge to resource-strapped developings 2