

# THE RISE AND FALL OF BALI



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- SINCE 1980 TARIFFS HAVE BEEN REDUCED BY

300%

- WHILE WORLD TRADE HAS INCREASED BY

800%



- REDUCING SUPPLY CHAIN BARRIERS TO TRADE COULD INCREASE GDP UP TO SIX TIMES MORE THAN REMOVING TARIFFS.THEY HAVE BEEN UNDERMANAGED BY BOTH COUNTRIES AND COMPANIES




# EXAMPLES OF SUPPLY CHAIN BARRIERS

- MARKET ACCESS
- BORDER ADMINISTRATION
- TELECOM AND TRANSPORT INFRASTRUCTURE
- BUSINESS ENVIRONMENT



# POTENTIAL BENEFITS OF SUPPLY CHAIN IMPROVEMENTS (% PLUS)



	GDP	EXPORTS	IMPORTS
■ TOTAL	4.7	14.5	14.9
■ CHINA	7.6	30.6	33.8
■ INDIA	8	65.2	49.3
■ BRAZIL	3.6	29.7	73.9
■ RUSSIA	7.4	71	33
■ JAPAN	2	10.9	2.9
■ US	2.8	11.3	6.7
■ EU	4.5	1.7	6.1

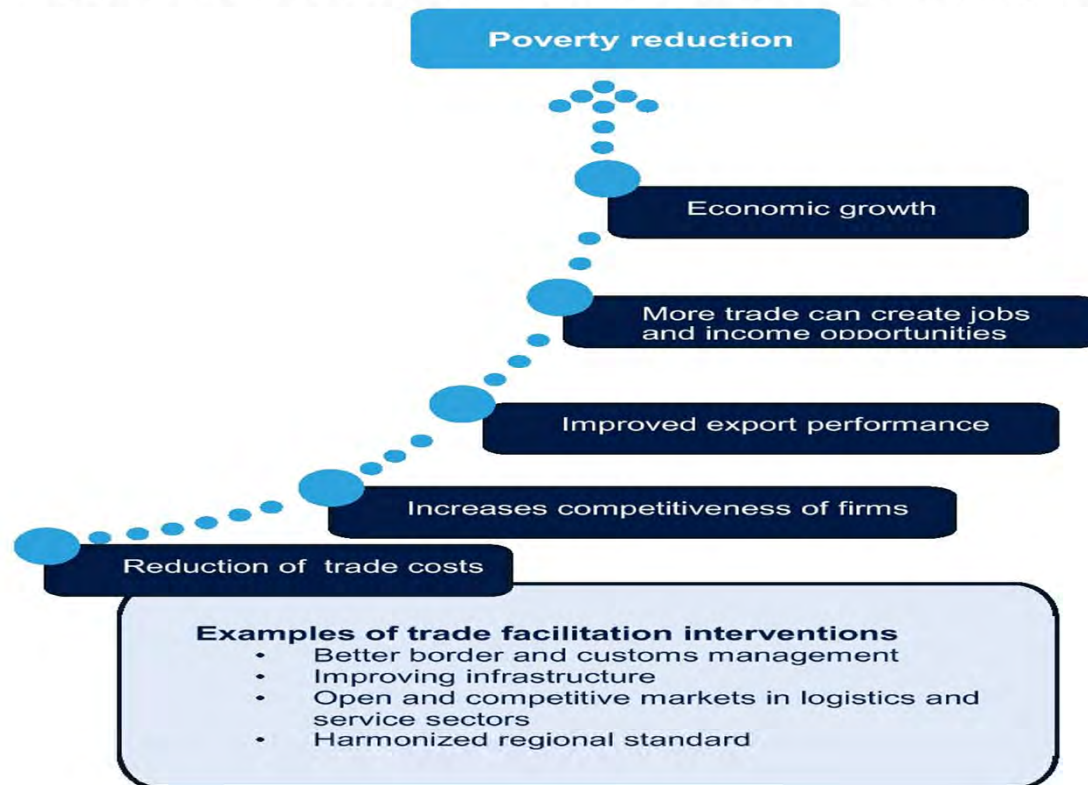
# TRADE FACILITATION

- Inefficient border procedures add costs to the very authorities whose job it is to control the borders. Over-zealous inspection can actually delay revenue collection . When authorities are intent on maximizing collection from import duties and their border taxes by checking every consignment that passes across the border, they cause queues to form at border points; with faster traffic flows, revenues could be collected more efficiently post-clearance from compliant traders.
- Trade facilitation aims at simplifying not only the documentation required to clear goods, but also the procedures employed by border agencies. Focusing on the biggest risks allows border agencies to speed up the flow of across the border, and increases the collection of duties.

WTO trade facilitation agreement. Some of this reluctance has been linked to concerns that other outstanding issues from the Uruguay Round have not been sufficiently progressed to justify new rules in other areas. Other concerns, however, have related to fears about the costs of implementing trade facilitation commitments.

There was strong support from industry groups for rapid conclusion of the agreement in its current form, citing OECD estimates of a reduction in trade transaction costs of 13%-15.5% in developing countries (Business Standard, 2013). The World Bank has estimated the costs of implementing the measures likely to be covered by a trade facilitation agreement at as little as \$7 million-\$11 million in the countries covered by the study (World Bank, 2013). And a study by Rippel has argued that the costs of not implementing the agreement may be far higher than the immediate implementation costs, in terms of how trade facilitation can contribute to reaching development goals, as figure 3 illustrates:

**Figure 3: How trade facilitation can contribute to reaching development goals**



Source: Rippel, 2011.

## EXECUTIVE SUMMARY

Contrary to many observers, we do not abandon the Doha Development Round as a lost cause. Instead, this report takes a fresh look, and assesses the potential payoffs from seven agreements that could be concluded in 2013 and ratified in 2014. We variously use three metrics to quantify potential payoffs for the world: export gains, jobs supported, and GDP gains (or losses averted). The concept of “jobs supported” through larger exports of goods and services is not equivalent to “jobs added,” since two-way trade expansion generally affects the composition of a nation’s employment rather than its absolute level, shifting the labor force from less to more productive sectors of the economy. That said, increased trade means more jobs in the export sector and export jobs are generally better paid than jobs in other sectors of the economy.

The table below summarizes our findings of the potential payoffs for the world. These payoffs are broad estimates and represent permanent annual static gains for the world economy.

### Potential long-term payoffs from the world trade agenda

Agenda topic	Export gains (billions)	Export jobs supported (millions)	GDP increase (\$ billions)
Trade facilitation	1 043	20,6	960
International services	1 129	8,6	1 039
International digital economy	178	3,7	147
DFQF market access	8	0,7	7
Agricultural subsidies	5	0,1	5
Food export controls*	n.a.	n.a.	45
Environmental goods and services	10	0,3	9
Total	2 374	34,1	2 212

n.a. = not applicable

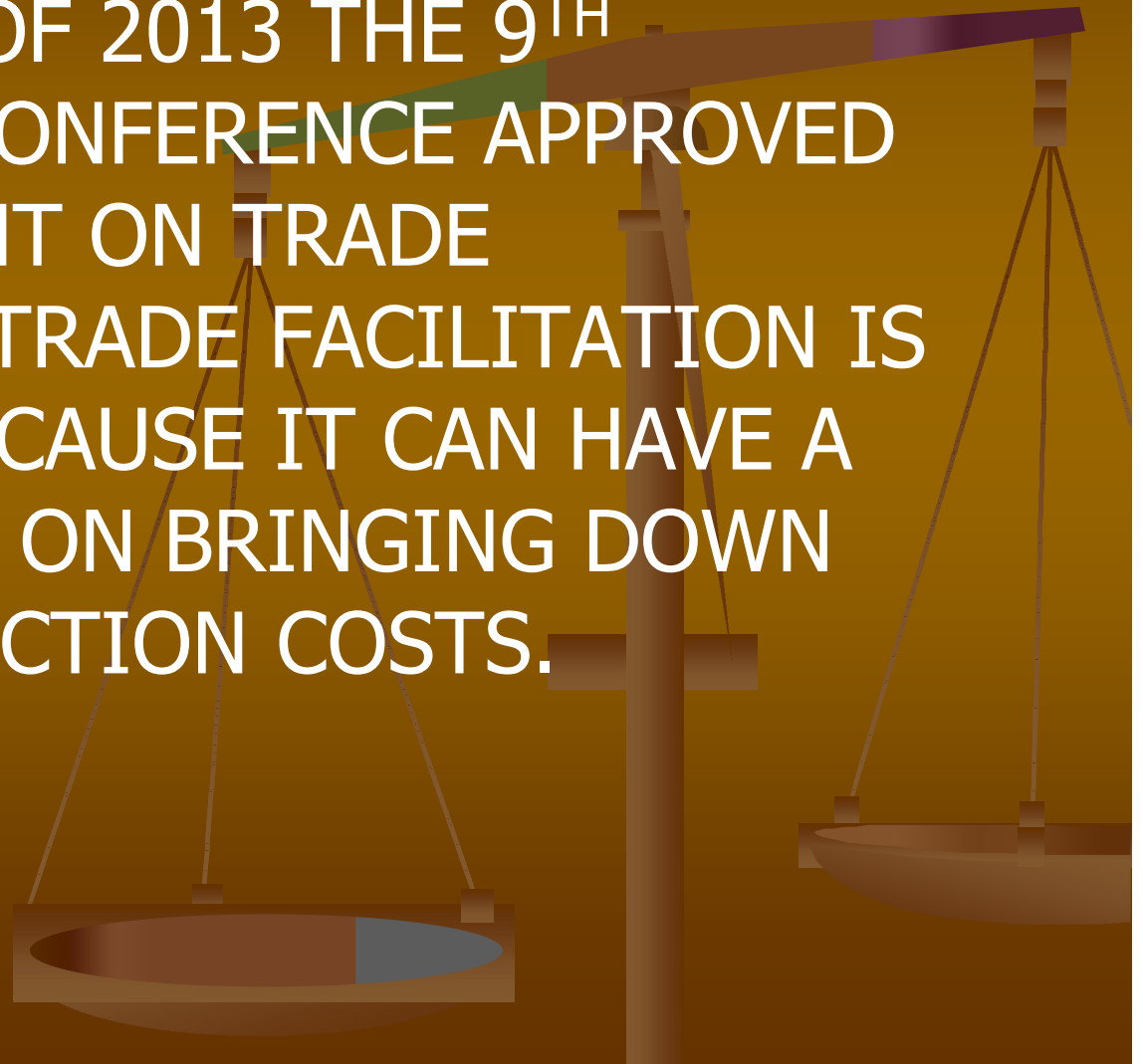
\*GDP gains calculated as losses averted.

Source: Authors’ calculations.

If all seven agreements were ratified, the total global export gains over the medium term might exceed \$2 trillion; total global jobs supported by export expansion could number 34 million; and

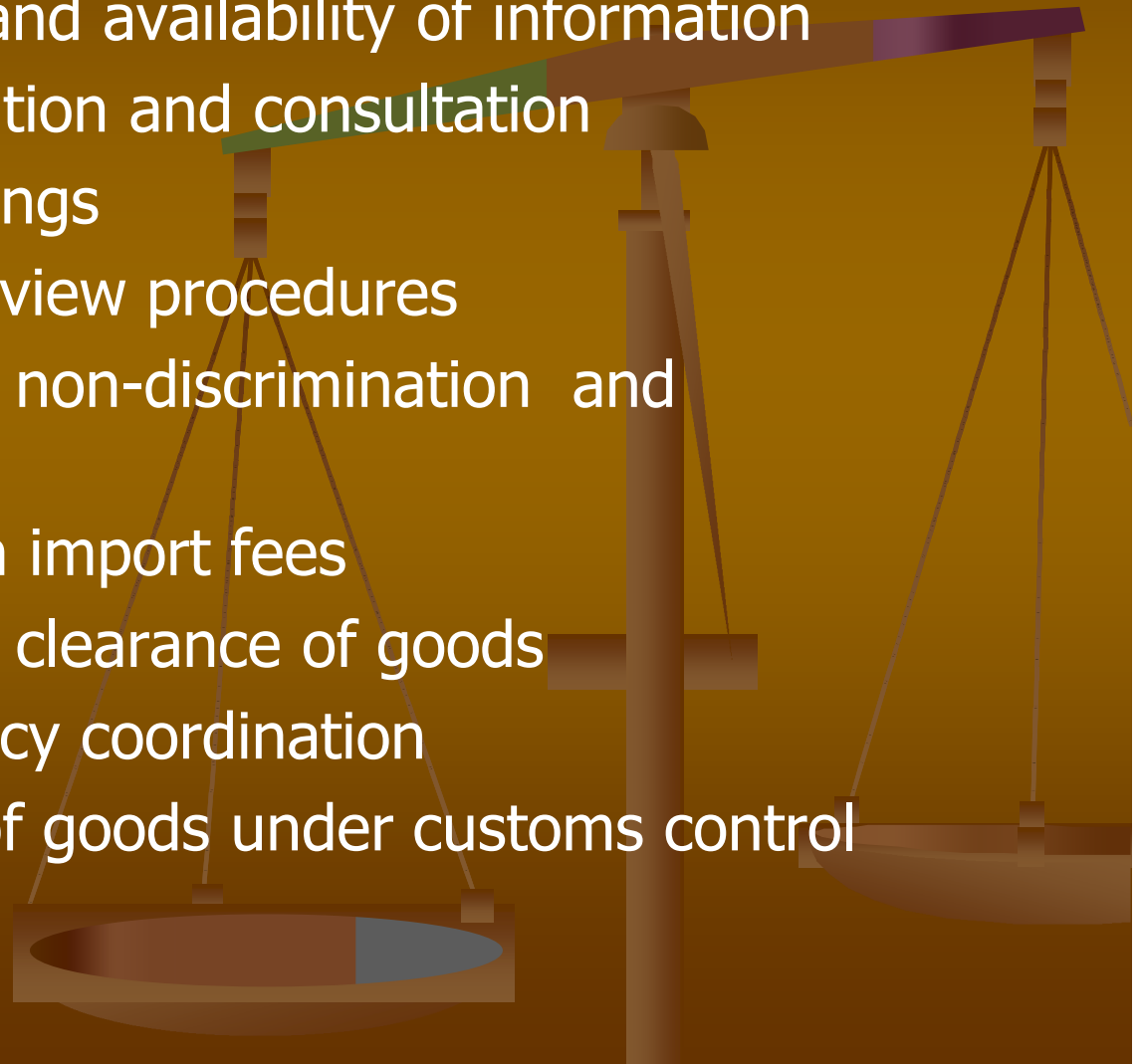
# WTO BALI TRADE FACILITATION AGREEMENT

- IN DECEMBER OF 2013 THE 9<sup>TH</sup> MINISTERIAL CONFERENCE APPROVED THE AGREEMENT ON TRADE FACILITATION. TRADE FACILITATION IS IMPORTANT BECAUSE IT CAN HAVE A MAJOR IMPACT ON BRINGING DOWN TRADE TRANSACTION COSTS.

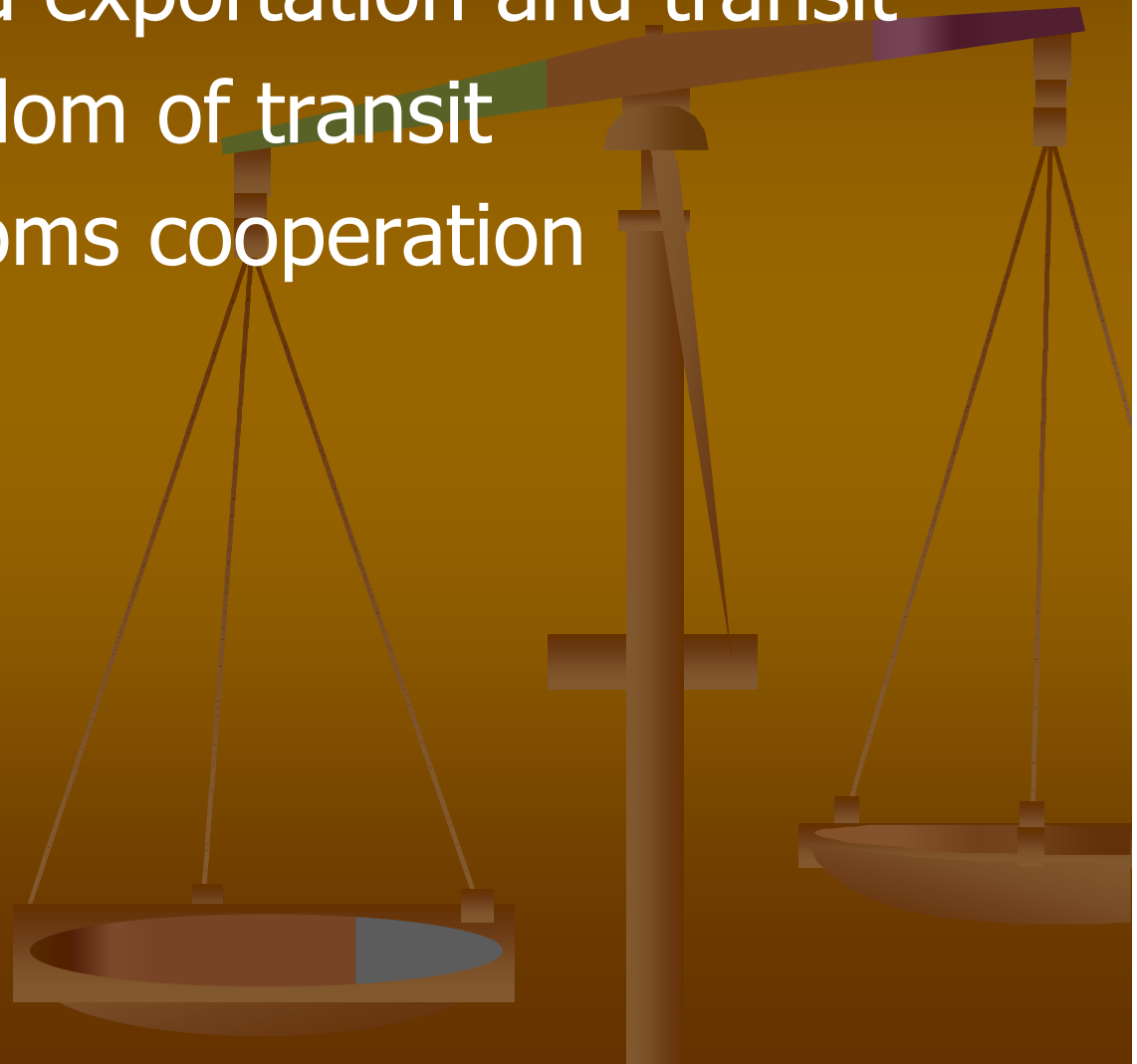


# PROVISIONS OF BALI AGREEMENT

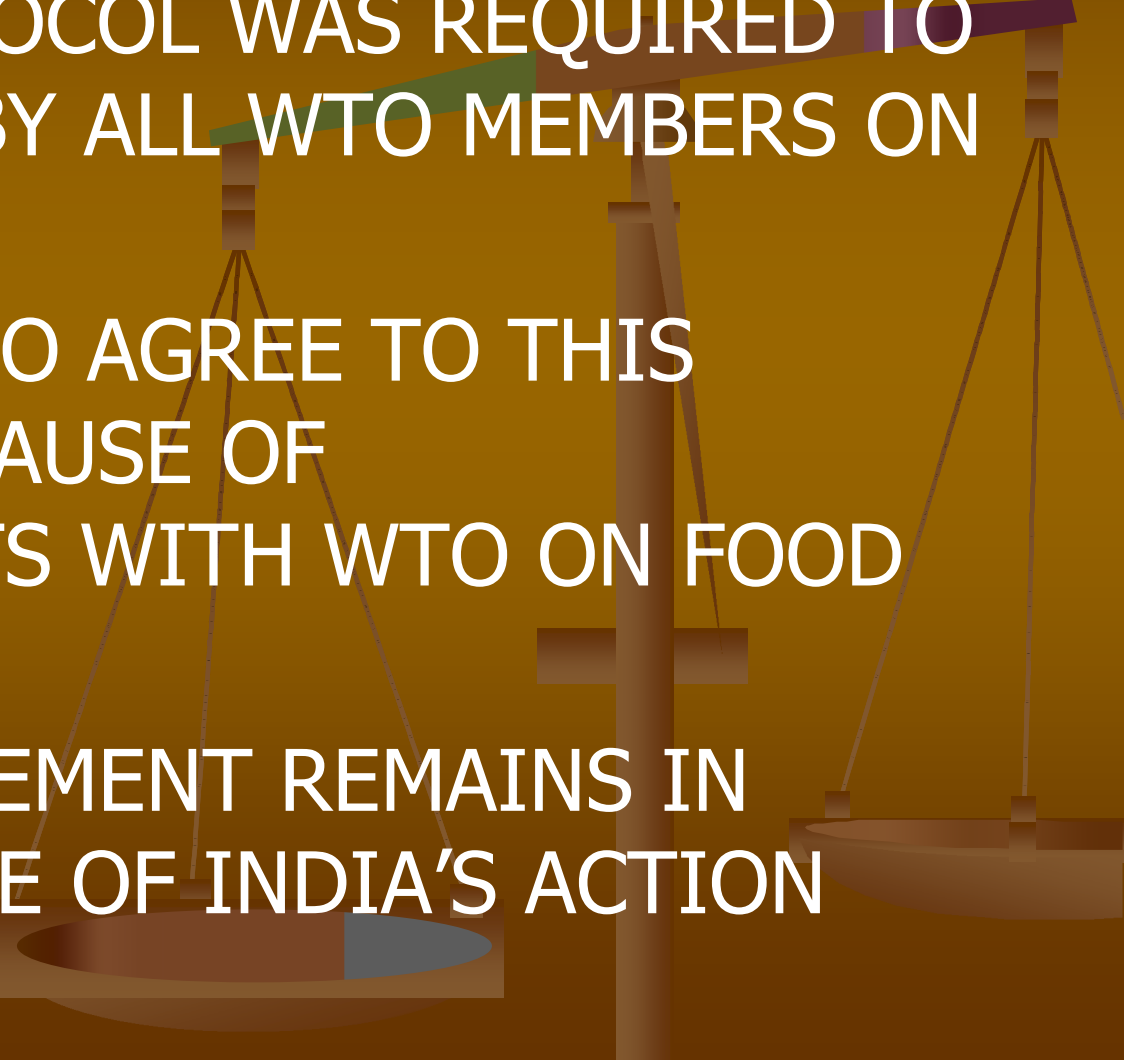
- Article 1 Publication and availability of information
- Article 2 Prior publication and consultation
- Article 3 Advance rulings
- Article 4 Appeal or review procedures
- Article 5 Impartiality, non-discrimination and transparency
- Article 6 Discipline on import fees
- Article 7 Release and clearance of goods
- Article 8 Border agency coordination
- Article 9 Movement of goods under customs control



- Article 10 Formalities connected with importation and exportation and transit
- Article 11 Freedom of transit
- Article 12 Customs cooperation



# India fails to agree to Bali Protocol

- THE BALI PROTOCOL WAS REQUIRED TO BE APPROVED BY ALL WTO MEMBERS ON JULY 31, 2014
  - INDIA FAILED TO AGREE TO THIS PROTOCOL BECAUSE OF DISAGREEMENTS WITH WTO ON FOOD SUBSIDIES
  - THE BALI AGREEMENT REMAINS IN DOUBT BECAUSE OF INDIA'S ACTION
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# Russian Logistics Huge Opportunities for Savings

- Russia spends about 20% of its GDP on Logistics , while China spends 15% and the EU and US 7%.
- If Russia reduced its Logistics cost to the worldwide average of 11% it could add about 180 billion dollars to its GDP





Thank You

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