

Trade Facilitation: A Review

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Abstract

Trade facilitation is a concept that considers the simplification, harmonisation, standardisation and modernisation of trade procedures. Its principle aim is to reduce transaction costs in international trade, especially those between business and government actors at the national border. This review of trade facilitation is based on edited extracts from Andrew Grainger's PhD Thesis "Trade Facilitation and Supply Chain Management: a case study at the interface between business and government". The concept of trade facilitation has received unprecedented attention over the last few years, especially in the context of supply chain security, customs modernisation, international trade systems, WTO trade negotiations, capacity building and market access type questions. Although there is a large community of practitioners with a strong interest in trade facilitation type questions, any academic or other rigorous and published research remains surprisingly scarce. However, it is possible to draw on a reasonably well documented practitioner's literature.

This review focuses on trade facilitation at the interface between business and government in the cross-border movement of goods. It provides: an overview of key concepts and ideas; a short history of trade facilitation and its institutions at the international, regional and national policy levels; an overview of trade facilitation recommendations; and an analysis of relevant academic and other more rigorously researched papers. The review concludes that although a body of research is slowly evolving, it remains patchy. Much of the complexities and dynamics inherent in international trade have yet to be mapped out. While trade facilitation as a topic is prescriptive in nature, very little work by researchers or practitioners has been conducted on how to implement trade facilitations programmes or give consideration to its drivers and their underlying interests. The focus of the trade facilitation literature is very much grounded in a "systems" metaphor which considers day-to-day operations without looking at the wider institutional forces at work. For the literature and its recommendations to be of relevance it needs to consider wider institutional variables as well as consider the question of how to implement trade facilitation.

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