



Trade

Trade Competitiveness

The World Bank Group helps governments design and implement policies to maximize their trade competitiveness in both goods and services. The approach encompasses the full set of policies that shape individual firms' capacities and incentives to import and export. The work aims to help governments reap the gains from openness to trade, regional integration, and to manage both adjustment costs and external shocks.

Context

Trade policies can have critical impacts on the international competitiveness of developing countries. Trade has taken on a central role in the development strategies of many countries. As countries become increasingly integrated into the global economy through open trade policies, this openness needs to be complemented by a range of other policies to ensure sustained export growth and diversification.

Growing recognition of this reality has resulted in a broader "trade competitiveness" agenda aimed at addressing supply-side constraints to investment and trade expansion in an integrated manner, while at the same time ensuring an open trade regime. In this context, goods and services are increasingly seen as two interdependent dimensions of a country's trade competitiveness. There is a growing recognition that services inputs are critical in determining a country's capacity to compete in international trade in goods. As well as focusing on exploiting global opportunities, many governments see regional integration as a central element of trade competitiveness.

Non-tariff measures (NTMs) have also become a central focus of the international trade agenda. Trade policy has increasingly moved from a focus on barriers at the border (traditional obstacles such as tariffs and quotas), to behind the border (NTMs), and increasingly to "borderless" issues (including proliferation of private regulations and standards or distortion of competition). Many governments are interested in understanding the nature and

potential impact of NTMs, other regulatory barriers, and borderless barriers on trade, competitiveness, consumer welfare, economic growth, and the poor.

What we offer

We provide a suite of diagnostic tools, policy advice, and capacity building to help governments build a framework for improving their trade competitiveness. This includes:

- Trade competitiveness diagnostics in goods, services and GVCs.
- Trade policy diagnostics.
- NTM identification and assessment.
- Assessments of regional trade integration.
- Actionable policy recommendations for trade reform.
- Regulatory assessments on services trade and investment.
- Support to international and regional trade negotiations that aim to create larger, integrated markets for goods and services trade.

This work often paves the way for further support from the World Bank Group or other development partners to address a country's key constraints to trade competitiveness with lending and other financial interventions, technical assistance, or advisory work in more focused areas.

The **diagnostic tools** used have been developed and applied through extensive experience engaging with developing country governments. They are based on quantitative analysis at the country, sector, and firm levels, and complemented with qualitative field-assessments. Options available to client governments not only combine micro- and macroeconomic tools, but also incorporate service sector performance both directly and indirectly to provide a comprehensive treatment of trade competitiveness. The methodological approaches utilize both publicly available data and non-public data, for example, firm-level balance sheets and customs data. The tools are complemented by other analytical products to address current account, labor, poverty, and connectivity issues.

Policy recommendations are prioritized and based on an understanding of the unique circumstances each developing country faces.

Relevant publications

[Diagnostic Trade Integration Studies](#)

[Trade Competitiveness Diagnostic Toolkit](#)

[Valuing Services in Trade: A Toolkit for Competitiveness Diagnostics](#)

[Regulatory Assessment on Services Trade and Investment Services linkages and the value added content of trade](#)

[Streamlining Non-Tariff Measures: A Toolkit for Policymakers](#)

[Preferential Trade Agreement Policies for Development: A Handbook](#)

[Let Workers Move: Using Bilateral Labor Agreements to Increase Trade in Services](#)

[The Internal Geography of Trade: Lagging Regions and Global Markets](#)

[Trade Policy and Food Security](#)

Our work in action

An assessment of trade competitiveness in **Pakistan** informed World Bank Group-supported import tariff reform. This led to ongoing reforms to streamline the import tariff schedule and eliminate key distortionary exceptions.

An assessment for **FYR Macedonia** addressed aggregate trade performance and firm-level developments and determinants. Testing of the effectiveness of innovation, access to finance, quality standards, and human capital in driving firm trade paved the way for a \$50 million World Bank Development Policy Loan on competitiveness.

In **Belarus**, a services trade performance analysis illustrated the potential role of services as a generator of new export opportunities, as a source of value-added input into other economic activities, and as a key determinant of competitiveness for the overall economy.

An Accelerated Program of Economic Integration (APEI) is backing up regional financing to assist **Malawi, Mauritius, Mozambique, Seychelles, and Zambia** in implementing their commitments to liberalize regional trade and improve the business climate for trade and investment.

The **Association of Southeast Asian Nations (ASEAN)** countries used the World Bank Group NTM toolkit as the cornerstone of a work program to streamline NTMs in the region, supporting closer regional integration.

In partnership with the European Commission we evaluated the European Union's customs union with **Turkey** in light of the EU-US Transatlantic Trade and Investment Partnership negotiations, and made proposals to make the EU-Turkey customs union work better.

For further information

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