

# The Enabling Trade Index 2014

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In December 2013, the 159 members of the World Trade Organisation (WTO) adopted the so-called “Bali Package” during the Ninth WTO Ministerial Conference. The culmination of nine years of negotiations, the package contains a series of measures to streamline trade, allow developing countries more options for providing food security, boost least-developed countries’ trade and help development more generally. The adoption of the package has instilled new momentum into the troubled multilateral trading system (MTS), at a time when international governance in general continues to struggle.

As part of the Bali Package, WTO members adopted the Trade Facilitation Agreement, which contains provisions for faster and more efficient customs procedures through effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It also contains provisions for technical assistance and capacity building (see Box 1).

Since the success in Bali, trade facilitation has been high on the agenda of governments, businesses and development partners. The heightened interest represents a window of opportunity for policymakers, especially in developing countries, to push through trade-enabling measures. As the conclusion of the full Doha Development Agenda remains a distant prospect and in absence of real progress in market access negotiations, these measures represent a way of reaping important benefits of trade. In this context, *The Global Enabling Trade Report* provides a tool for the international trade community to monitor progress on implementing these measures.

The measures include not only those related to market access, such as tariffs and nontariff barriers, but also those that facilitate trade at the more practical level, with more efficient border administration, better infrastructure and telecommunications and improved regulatory and security regimes that secure property rights and reduce transactions costs. The empirical literature offers ample evidence of the importance of these factors (see Box 2). For instance, research suggests that the quality of logistics, connectivity and border administration plays an equally, if not more important role than tariffs in determining bilateral trade costs (see Box 6).

Reducing trade barriers enables trade and thereby contributes to prosperity and welfare through various channels (see Box 2). It is one of the objectives of this *Report* to convey this important message. After much debate, the nexus between trade and growth, and in turn between growth and poverty reduction, is now widely accepted (Bhagwati, 2013). For the United Nations’ Open Working Group tasked with formulating the post-2015 sustainable development agenda, trade represents an important means of eradicating extreme poverty and achieving sustainability (United Nations,

## Box 1: The Bali Package and Potential Gains from Trade Facilitation

### GLOBAL AGENDA COUNCIL ON TRADE AND FOREIGN DIRECT INVESTMENT<sup>1</sup>

Following the founding of the General Agreement on Tariffs and Trade (GATT) in 1947, tariff and quota barriers to merchandise trade were slashed, while advances in transportation and communications eroded the real costs of moving goods across borders. These successes have turned the spotlight to less obvious impediments, especially administrative and logistical hassles. The crowning achievement of the Ninth WTO Ministerial Conference, held in Bali in December 2013, was the Trade Facilitation Agreement, aimed at reducing such hassles.

The agreement has two sections. Section I includes provisions for expediting the movement, release and clearance of goods. It clarifies and improves articles V, VIII and X of the GATT 1994 and is composed of thirteen articles that cover the following issues:

1. Publication and availability of information
2. Opportunity to comment, information before entry into force and consultation
3. Advance rulings
4. Appeal or review procedures
5. Other measures to enhance impartiality, non-discrimination and transparency
6. Disciplines on fees and charges imposed or on in connection with importation and exportation
7. Release and clearance of goods
8. Border agency cooperation
9. Movements of goods under customs control intended for import
10. Formalities connected with the importation and exportation and transit
11. Freedom of transit
12. Customs cooperation
13. Institutional arrangements

Section 2 includes special and differential treatment for developing and least-developed countries to implement the agreement. The extent and timing of implementation of each of the provisions is related to a country's implementation capacity. Accordingly, each country will decide which provisions to implement immediately after entry into force (Category A), after a transitional period (Category B) or after a transitional period and implementation capacity has been acquired through the provision of assistance and support to build capacity.

Based on calculations published by Hufbauer and Schott (2013), the agreement could deliver \$1 trillion of GDP gains to the world economy.

How does this claim stand up? Zaki (2014) offers the latest estimates, using a computable general equilibrium (CGE) framework to calculate the potential gains from trade facilitation.<sup>2</sup> The author's first step was to convert a country's administrative barriers, measured by the time required for imports and exports to clear the border, into an *ad valorem* tariff equivalent (AVE) figure. Unsurprisingly, crossing times weigh more heavily on the landed cost of imports (a simple average of 27.5% AVE) than on exports (14.4%). In terms of regions, the United States and some advanced Asian economies have the least red tape (less than 3% AVE), with the European Union not far behind (just over 5%). However, red tape costs exceed 25% in Sub-Saharan Africa and 30% in the Middle East.

According to Zaki's estimates, administrative AVEs exceed tariffs in nine of thirteen regions. Moreover, administrative costs are "iceberg costs"; that is, all the resources spent on overcoming administrative barriers are simply lost, rather than gathered in government coffers like a tariff. In light of these

**Table 1: Estimates of the gains by 2020 brought about by improved trade facilitation**

Country/Region	GDP gains*		Export gains <sup>†</sup>	
	Percent	US\$ billions	Percent	US\$ billions
Australia and New Zealand	1.29	7	8.00	8
Brazil	0.37	5	4.38	7
Canada	1.41	22	5.00	20
China	1.45	124	8.83	187
Egypt	2.24	5	8.83	2
European Union	2.04	348	10.60	629
India	0.91	21	9.56	35
Japan	-0.12	-6	2.10	15
Korea, Rep.	2.18	29	8.18	52
Mexico	2.47	33	11.79	49
Middle East	5.66	30	13.66	22
North Africa	4.44	15	11.21	14
Other Africa	7.28	47	22.28	46
Other Asia	7.97	283	16.18	211
Other Europe and Turkey	3.75	36	15.04	49
Other Latin America and the Caribbean	3.07	40	16.20	40
Russian Federation	2.83	35	7.88	25
South Africa	3.36	13	17.93	16
United States	0.55	90	3.90	61
Total	1.78	1,177	8.23	1,488

Sources: Zaki (2014), CEPII (2010) and World Bank (2013).

Note: All US\$ amounts expressed in 2005 prices.

\*Zaki (2014) reports welfare gains, which include net income transfers, rather than GDP gains. The two are close for most countries.

<sup>†</sup> Dollar export gains are calculated based on 2012 merchandise exports to GDP ratios from the World Development Indicators. The figures include intra-regional exports, where applicable.

two observations, it is not surprising that the author finds that halving trade facilitation costs could deliver nearly ten times the benefit as halving tariffs. In Table 1, we report Zaki's percentage gains and convert those gains into 2005 US\$.

Based on Zaki's estimates, ambitious improvements in trade facilitation could add nearly 1.8% to global GDP in the long run—some US\$ 1.2 trillion by 2020. Sub-Saharan African countries could see their exports rise by 22.3%, while Latin American and Asian exports grow by 16.2%. EU exports could increase by 10.6%, largely because many Eastern European countries are buried in red tape. Exports from the rest of the developed world increase modestly, with US and Japanese exports increasing by 3.9% and 2.1%, respectively.

#### Notes

- 1 See the About the Authors section at the end of the *Report* for the list of Council Members.
- 2 Earlier efforts at quantification are reported in Hufbauer and Schott (2013) and the World Bank and World Economic Forum (2013).

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## Box 2: The Gains of Trade-Enabling Measures

As countries and international negotiations increasingly focus on trade facilitation, researchers have turned their attention to assessing the impact of such trade-enabling measures on trade and welfare, generally finding a significant positive relationship.

The OECD's Moisé and Sorescu (2013) use sixteen Trade Facilitation Indicators (TFIs) to assess how improvements in different aspects of trade facilitation could lower trade costs and increase trade volumes. Their study is particularly useful as the TFIs largely mirror the articles of the Trade Facilitation Agreement adopted in Bali in December 2013 (still under negotiation at the time the paper was written). The authors find the following specific measures to have the largest overall impact on trade: improving information availability; expediting border formalities in terms of necessary documents, process automation and simplification of procedures; enhancing the transparency and the governance of customs authorities.

Hoekman and Shepherd (2013) focus on the distributional effects of trade facilitation, assessing whether large "lead" firms capture most of the benefits accruing to the actors operating along global value chains (GVC). This has important implications in terms of efficiency and equality, both within and across countries, since most "lead" firms are directly or indirectly controlled by large corporations based in developed countries. Using firm-level data from the World Bank Enterprise Surveys, the authors explore whether, in the presence of increased trade facilitation, the percentage of sales generated by direct exports increases more among larger firms (average time to export as indicated by firms has been used as a proxy for trade facilitation). According to their findings, trade facilitation benefits all actors within the global value chain, and there is no evidence of significant differences according to firm size.

The ongoing negotiation of the Transatlantic Trade and Investment Partnership (TTIP) and of the Trans-Pacific Partnership Agreement (TPPA) has also spurred further research on the potential impact of trade facilitation.

The Centre for Economic Policy Research (CEPR, 2013) estimated the potential economic gains given by the TTIP under different scenarios. The most comprehensive and ambitious version of the agreement, corresponding to a full elimination of tariffs, a 25% decrease of non-tariff barriers (NTBs) on both goods and services and a 50% reduction of NTBs on procurement, would result in a permanent increase of annual GDP of about US\$ 95 billion for the United States, US\$ 119 billion for the European Union and US\$ 99 billion for the rest of the world. The reduction of NTBs could account for as much as 80% of these economic gains.

Petri et al. (2011) have estimated that annual global GDP could increase by as much as US\$ 104 billion thanks to the implementation of the TPPA. This figure would increase

to US\$ 862 billion if trade liberalization went as far as establishing a Free Trade Area in Asia-Pacific. Vietnam, Hong Kong SAR, Russia and Malaysia would benefit the most from this scenario.

The gains of trade-enabling measures are multiple and far reaching, extending beyond trade and contributing to broader development objectives. These include:

- **Export competitiveness.** Reducing trade costs and lead times make local firms more competitive in international markets. This increases the likelihood that existing exporting firms will survive and that new firms will start exporting.
- **Private sector development and foreign direct investment.** Lower trade costs and entry barriers attract foreign direct investors, thus creating jobs and providing local producers and consumers with more and better products.
- **Market integration.** As trade costs fall, it is easier for economies to integrate regionally. And, unlike preferential trade agreements (PTA), which may under certain circumstances lead to trade diversion, most aspects of trade facilitation benefit every actor along the supply chain, be it domestic or foreign, within or outside the PTA.
- **Economic growth and employment.** Trade facilitation represents an opportunity to stimulate growth and employment through additional investment in transport and trade-related infrastructure.
- Finally, most trade-enabling measures have **positive spillover effects.** Improvements in one area can lead to improvement in others. For instance, reducing the number of documents required to trade goods is likely to reduce processing times and to limit room for corruption and discretionary measures. Automation of certain procedures or publishing on the Internet customs regulations will yield similar effects.

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2014). Since 2008, throughout the Great Recession and in its aftermath, trade has contributed to averting a deeper crisis, as countries around the world have resisted protectionism. Today, as the world is grappling with economic uncertainty, geopolitical upheaval, social tensions and humanitarian crises, trade remains a vector of peace, development, prosperity and opportunity.

## THE ENABLING TRADE INDEX

*The Global Enabling Trade Report (GETR)* series has been published by the World Economic Forum since 2008, initially on an annual basis, and biennially since 2010. From the beginning, the assessment has been based on the Enabling Trade Index (ETI). The index was developed within the context of the World Economic Forum's Enabling Trade program, with the help of leading academia and partner organizations and companies,

including A.P. Möller Maersk, AB Volvo, Agility, Brightstar Corp., Deutsche Post DHL, DNB ASA, Emirates Group, International Container Terminal Services Inc., Royal Vopak, Stena AB, Swiss International Airlines Ltd, Transnet SOC Ltd, UPS and Volkswagen AG.

The ETI assesses the extent to which economies have in place institutions, policies, infrastructures and services facilitating the free flow of goods over borders and to their destination. This set of trade-enabling factors are organized in four main categories (or subindexes): market access, border administration, infrastructure and operating environment. Thus, the scope of the ETI is much broader than trade facilitation as conceived by most international organizations (see Box 3).

### The ETI Framework

As a composite indicator, the ETI is a compilation of individual indicators into a single index, on the basis of the underlying ETI framework. The framework has evolved since its inception. This evolution has been driven by the availability of new indicators, feedback collected over the years, and evidence from theoretical and empirical literature.

The ETI framework captures the various dimensions of enabling trade, breaking them into four overall issue areas, called *subindexes*:

- A. Market access.** This subindex measures the extent and complexity of a country's tariff regime, as well as tariff barriers faced and preferences enjoyed by a country's exporters in foreign markets.
- B. Border administration.** This subindex assesses the quality, transparency and efficiency of border administration of a country.
- C. Infrastructure.** This subindex assesses the availability and quality of transport infrastructure of a country, associated services, and communication infrastructure, necessary to facilitate the movement of goods within the country and across the border.
- D. Operating environment.** This subindex measures the quality of key institutional factors impacting the business of importers and exporters active in a country.

These four areas are in turn subdivided into components, called *pillars*, that capture more specific aspects within their respective broad issue areas. Each of them is composed of a number of indicators. Figure 1 describes the ETI framework, while Appendix A at the end of this *Report* details the composition and computation of the ETI. The seven pillars each measure critical aspects of enabling trade.

The **Market access** subindex is composed of two pillars:

- **Pillar 1: Domestic market access (6 indicators).**  
The pillar assesses the level and complexity of a

country's tariff protection as a result of its trade policy. This component includes the effective trade-weighted average tariff applied by a country, the share of goods imported duty free and the complexity of the tariff regime, measured through tariff variance, the prevalence of tariff peaks and specific tariffs, and the number of distinct tariffs.

- **Pillar 2: Foreign market access (2 indicators).**  
The pillar assesses tariff barriers faced by a country's exporters in destination markets. It includes the average tariffs faced by the country as well as the margin of preference in destination markets negotiated through bilateral or regional trade agreements or granted in the form of trade preferences.

The **Border administration** subindex is composed of a single pillar:

- **Pillar 3: Efficiency and transparency of border administration (11 indicators).** The pillar assesses the efficiency and transparency of border administration. More specifically, it captures efficiency, transparency and costs associated with importing and exporting goods. It includes an assessment of the range and quality and comprehensiveness of key services offered by customs and related agencies, the average time, costs and number of documents required to, respectively, import and export goods. The pillar also assesses the time predictability of border procedures, as well as the transparency of the process, as measured by the availability and quality of information provided by border agencies and the prevalence of corruption.

The **Infrastructure** subindex is composed of three pillars:

- **Pillar 4: Availability and quality of transport infrastructure (7 indicators).** This pillar measures the availability and quality of domestic infrastructure for each of the four main modes of transport: road, air, railroad and sea port infrastructures. Air connectivity and sea line connectivity are also assessed.
- **Pillar 5: Availability and quality of transport services (6 indicators).** A necessary complement to the previous one, this pillar assesses the availability and quality of transport services, including the presence and competencies of shipping and logistics companies in the country, and the ease, cost and timeliness of shipment. In addition, this pillar includes a measure of postal efficiency.
- **Pillar 6: Availability and use of ICTs (7 indicators).**  
This pillar evaluates the availability and quality of information and communication technologies

### Box 3: Various Definitions of Trade Facilitation

All international organizations recognize that trade performance depends on many more factors than trade policy alone. This set of additional factors is often regrouped under the heading of *trade facilitation*. The scope of trade facilitation differs across organizations active in this field. The ETI takes a more holistic approach by considering all trade-enabling measures. For the sake of comparison, we summarize the approach of various international organisations to trade facilitation:

- **World Trade Organization.** The WTO defines trade facilitation as “the simplification and harmonisation of international trade procedures” covering the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade.” In the Doha Development Agenda, trade facilitation negotiations focus on freedom of transit, fees and formalities related to importing and exporting and transparency of trade regulations – which essentially relates to border procedures such as customs and port procedures and transport formalities.<sup>1</sup>
- **European Commission.** The Commission defines trade facilitation as the simplification and harmonization of international trade procedures including import and export procedures, which largely refer to the activities (practices and formalities) involved in collecting, presenting, communicating and processing the data required for the movement of goods in international trade.<sup>2</sup>
- **Organization for Economic Co-operation and Development.** For the OECD, trade facilitation is about streamlining and simplifying international trade procedures in order to allow for easier flow of goods and trade at both national and international level.<sup>3</sup>
- **United Nations Conference on Trade and Development.** For UNCTAD, any measure that eases a trade transaction and leads to time and cost reductions in the transaction cycle fits into the category of trade facilitation. The latter can be effected through more

efficient procedures and operations or through removing any deadweight economic loss and redundancies. It may cover measures regarding: (a) formalities, procedures and documents and the use of standard and electronic messages for trade transactions; (b) the physical movement of goods through improvements in services, the legal framework, and the transport and communications infrastructure, as well as the use of modern information technology tools by services providers and users; and (c) the timely discussion and dissemination of trade-related information to all concerned parties.<sup>4</sup>

- **World Customs Organization.** For the WCO trade facilitation amounts to the avoidance of unnecessary trade restrictiveness. This can be achieved by applying modern techniques and technologies, while improving the quality of controls in an internationally harmonized manner.<sup>5</sup>
- **World Bank.** The term *trade facilitation* refers to a series of complex, border and behind-border measures. Broadly defined, these measures include anything from institutional and regulatory reform to customs and port efficiency and are inherently far more intricate and costly to implement. The Bank’s areas of focus are: infrastructure investment; customs modernization and border-crossing environment; streamlining of documentary requirements and information flows; automation and electronic data interchange (EDI); ports efficiency; logistics and transport services; regulation and competitiveness; transit and multimode transport; and transport security.<sup>6</sup>

#### Notes

- 1 See [http://gtad.wto.org/trta\\_subcategory.aspx?cat=33121](http://gtad.wto.org/trta_subcategory.aspx?cat=33121).
- 2 See [http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/trade\\_facilitation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/trade_facilitation/index_en.htm).
- 3 See <http://www.oecd.org/tad/facilitation/whatistradefacilitation.htm>.
- 4 See [http://unctad.org/en/Docs/sdtetlb20051\\_en.pdf](http://unctad.org/en/Docs/sdtetlb20051_en.pdf).
- 5 See <http://www.wcoomd.org/en/topics/facilitation/overview/customs-procedures-and-facilitation.aspx>.
- 6 See <http://go.worldbank.org/QWGE7JNJG0>.

(ICTs) in a country, as proxied by the use of mobile telephony and Internet by the population at large, by companies for business transactions, and by the government for interacting with citizens. It also takes into account the quality of Internet access, as broadband access has become the norm to fully leverage the potential of the Internet.

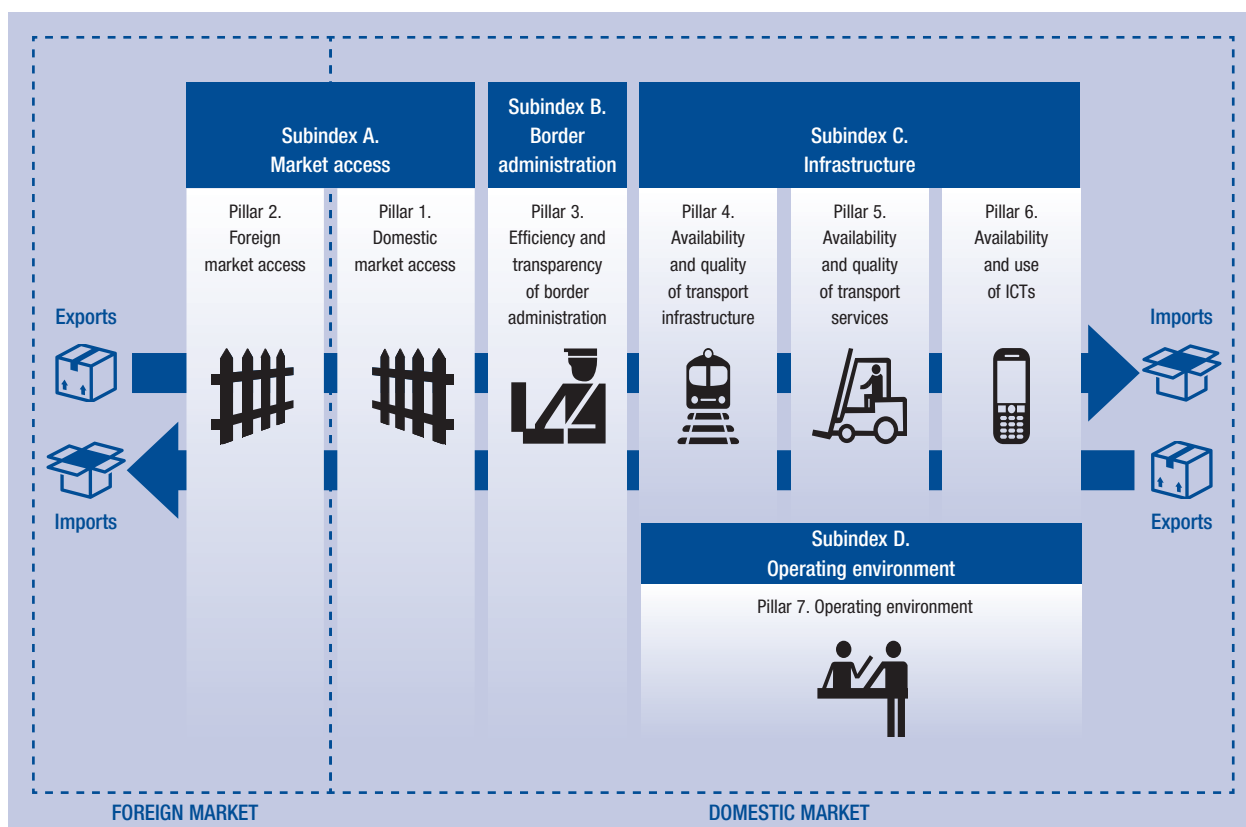
Finally, the **Operating environment** subindex is composed of a single pillar:

- **Pillar 7: Operating environment (17 indicators).** This pillar assesses the quality of a country’s operating environment, which significantly impacts the capacity of companies that export, import, trade and/or transport merchandise to do business. It

assesses a country’s level of protection of property rights; the quality and impartiality of its public institutions, including of the judiciary in commercial disputes; the availability of finance, including trade finance; its openness to foreign participation in terms of foreign investment and labour; as well as the level of physical security approximated by the incidence of crime and terrorism.

Pillar scores are computed as the arithmetic mean of the composing individual indicators, which are first transformed on a common scale ranging from 1 to 7, with 7 indicating the best possible outcome. Subindex scores correspond to the arithmetic means of the respective comprising pillars. Consequently, subindex and overall scores always range from 1 to 7.

Figure 1: The Enabling Trade Index Framework



Since the pilot edition in 2008, the methodology of the ETI has evolved. The framework was revamped in 2009 based on the feedback received. The methodology remained essentially unchanged in the two subsequent editions (2010 and 2012). For the 2014 edition—the fifth in the series—we have introduced a number of innovations and methodological changes to further improve the soundness of the framework and increase its relevance as a policy tool. As a result of this modernization effort, the results are not strictly comparable over time. While the four subindexes have been maintained, the number of pillars has been reduced from nine to seven. We have added a number of indicators, thus allowing for a more granular analysis, and excluded several, mostly within the operating environment subindex, that were not directly linked to enabling trade. We believe that the significant improvements to the methodology offset the costs associated with the loss of comparability over time.

Despite these latest improvements, it was not possible to fully cover some key concepts relevant to enabling trade due to a lack of data (see Box 4). We hope to fill these gaps in future editions of the ETI.

#### Data

The 56 indicators used in the ETI are sourced from various organizations, several of which provided guidance and support in designing the ETI framework, creating new indicators or providing privileged or

advanced access to their proprietary datasets. The International Trade Centre, the Global Express Association, the World Bank, the World Trade Organization and UNCTAD are among the long-standing partners of the project.<sup>1</sup>

In addition, 23 indicators, accounting for 36% of the ETI score, are derived from the World Economic Forum's Executive Opinion Survey (EOS).<sup>2</sup> The Forum has conducted the EOS annually for over 30 years, making it one of the longest-running and most extensive global surveys on the business environment.<sup>3</sup> The 2013 edition of the EOS gathered the opinion of 13,000 respondents from 148 economies. The EOS results are used in the computation of the Enabling Trade Index and other Forum indexes, including the Global Competitiveness Index, the Networked Readiness Index, the Travel & Tourism Competitiveness Index and the Gender Gap Index, as well as in a number of regional studies. In addition, the EOS data has long served a number of international and local organizations, government bodies, academia, as well as the private sector to inform policy work, strategies and investment decisions.

In terms of coverage, among the 7,728 individual data points used for the computation of the ETI 2014 (i.e. 138 economies times 56 individual indicators), only 102 (1.3%) are missing.

## Box 4. The Enabling Trade Index Framework: the Road Ahead

Governments and institutions increasingly recognize the importance of trade and trade facilitation to foster economic growth and welfare. However, negotiations and policies are too often based on partial, unreliable or outdated information. Gaps subsist in the availability of reliable and timely data for informing trade policies and assessing their impact. The lack of data is regretful not only for the purpose of this research, but in general for the analysis of trade policy and trade facilitation initiatives. By compiling a rich data set and making it readily available, we hope to contribute to filling this information gap. At the same time, we stress the importance of efforts to improve data quality, collection processes and statistical capacity. Below is a non-exhaustive list of concepts that we hope to cover or capture more accurately in future iterations of the ETI to further increase its relevance.

### Non-tariff measures

The absence of a comprehensive, rigorous and global measure of non-tariff measures (NTMs) is probably the most striking gap. The assessment of NTMs should not stop at the border, but also focus on behind-the-border measures, such as product standards, conformity assessment regulations and subsidies. The International Trade Centre (ITC) is engaged in an effort to collect data for the elaboration of an indicator on the presence of NTMs affecting international trade. Having to rely on surveys by experts in the field, the process is inevitably slow and extremely costly. The ITC is not yet in the position of providing an updated data set with a global coverage. The renewed interest for trade facilitation following the Bali agreement could encourage further efforts to collect comprehensive data on NTMs.

### Infrastructure and connectivity

Enabling trade goes beyond facilitating trade at the borders. Improving the quality of infrastructure and the connectivity with the rest of the world is fundamental in order to increase a country's integration into the global trade system and supply chains. Currently, indicators usually focus on narrow aspects of domestic infrastructure, without assessing the quality and depth of a country's connectivity (both domestic and international). The Air Connectivity Index (ACI) measures the extent to which a country is connected to the international air transport network (Arvis and Shepherd, 2011). The ACI is still a pilot, but when finalized it will be considered for inclusion in replacement of indicator 4.01, available international airline seats kilometres. A similar approach could be applied to other hub-and-spoke transport systems. The Transshipment Connectivity Index (TCI) and the Liner Shipping Connectivity Index (LSCI), produced by UNCTAD, represent an important step in this direction. The LSCI is included in the ETI as indicator 4.04.<sup>1</sup>

In 2013, the World Bank published a quantitative analysis of bilateral agreements for the liberalization of international road freight transport (Kunaka et al., 2013). The study

provides a methodological basis for future country-level assessments of the barriers and costs for cross-border freight cargo, and it could be applied to road transport and other modes of transport. This approach provides a good way for analysing governments' efforts to liberalize international transport services and therefore enable trade. It has the additional benefit of not being outcome-based. While the intensity of cross-border activities between two countries depends on a wide range of economic, political, geographic and cultural factors, analysing existing international agreements provides an indication of whether governments have set up a sound legal and regulatory framework for the provision of international transport services.

As for domestic connectivity – to the best of our knowledge – no organization has so far elaborated a comprehensive and coherent measure of the quality of infrastructure at the country level.<sup>2</sup> Consequently, we currently rely mostly on data from the Executive Opinion Survey, complemented in the case of road infrastructure by World Bank data on the percentage of paved roads within each country.

### Barriers to trade in services

An efficient, global market for services is a powerful enabler of merchandise trade. This applies not only to transportation services, but more generally to all professional services (which are among the most protected) as well as retail, telecommunications and finance. The World Bank and the OECD have recently launched the Services Trade Restrictions Database, compiling information on barriers to services trade for 103 countries and constructing Services Trade Restrictions Indexes (STRIs) at the country and country-sector level (Borchert et al., 2012). As coverage expands we hope to include data from the STRIs in the ETI.

### Notes

- 1 In consultation with UNCTAD, given the very high correlation between the LSCI and TCI, we decided to include only the LSCI in the ETI.
- 2 While aggregate measures of infrastructure quality exist for specific groups of countries, none of them covers a sufficient number of the 138 countries analysed by this report

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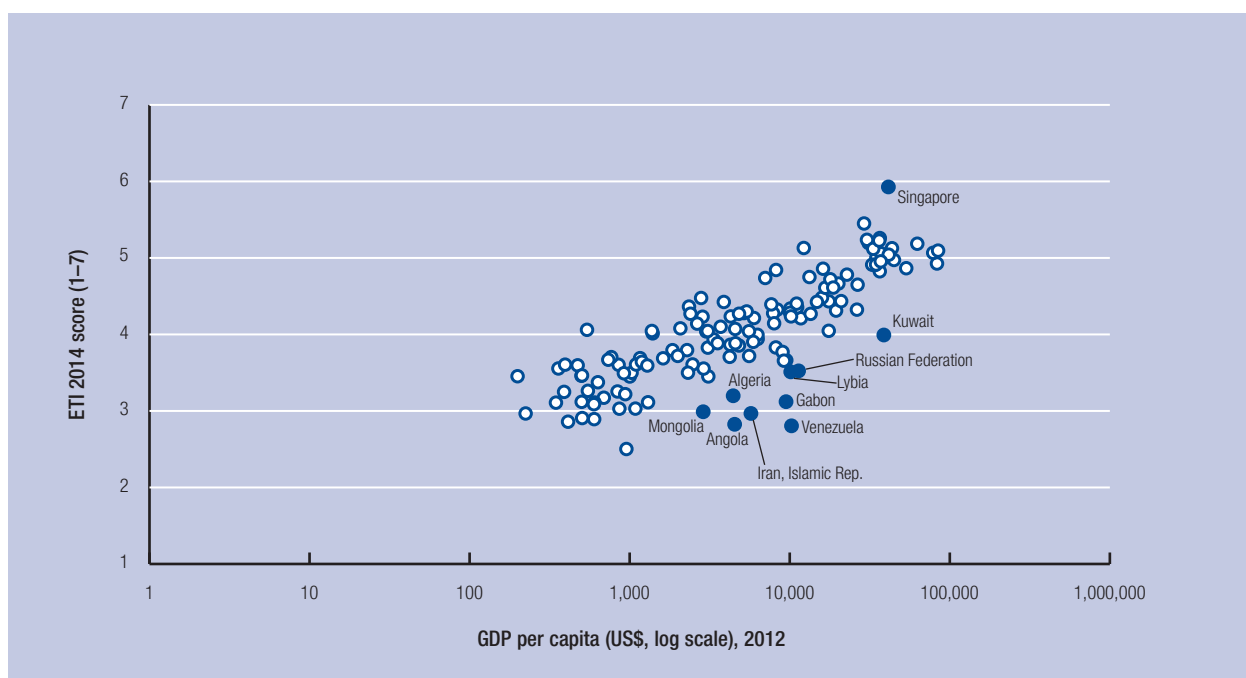
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## Country Coverage

For the 2014 edition, coverage increased from 132 to 138 economies, which together account for 98.8% of world GDP and 98.3% of world merchandise trade.<sup>4</sup> Bhutan, Gabon, Guinea, Lao PDR, Liberia, Libya, Malta and Myanmar are covered for the first time, while we had to exclude Syria and Tajikistan, two countries where

it was not possible to administer the EOS, which is a key data component of the ETI. Data availability is the key factor driving coverage expansion. Among the 138 economies, 85 (62%) have data for all 56 indicators. A further 40 (29%) are missing one or two data points across the entire Index. The remaining 13 economies are missing three or four data points.

Figure 2: GDP per capita and the Enabling Trade Index 2014



Sources: IMF, *World Economic Outlook* (October 2013 edition) and World Economic Forum.

## ENABLING TRADE INDEX 2014 RESULTS

Tables 1–5 present the rankings for the overall ETI, the four subindexes, and five of the seven pillars of the Enabling Trade Index. Rankings and scores for pillars 3 and 7 are not reported since they are the same as for the border administration subindex and the operating environment subindex, respectively.

### General Trends

Not unexpectedly, advanced economies are better at enabling trade than developing countries. They dominate the ETI rankings, with 17 advanced economies among the top 20. These countries typically enjoy lower trade costs not only because their tariffs are low, but also because economic development itself is intimately associated with enhanced capabilities in administration, infrastructure and telecommunications and regulation. As developing countries take on a more prominent role in the global economy and are becoming the drivers of international trade, these issues are bound to assume increasing significance.

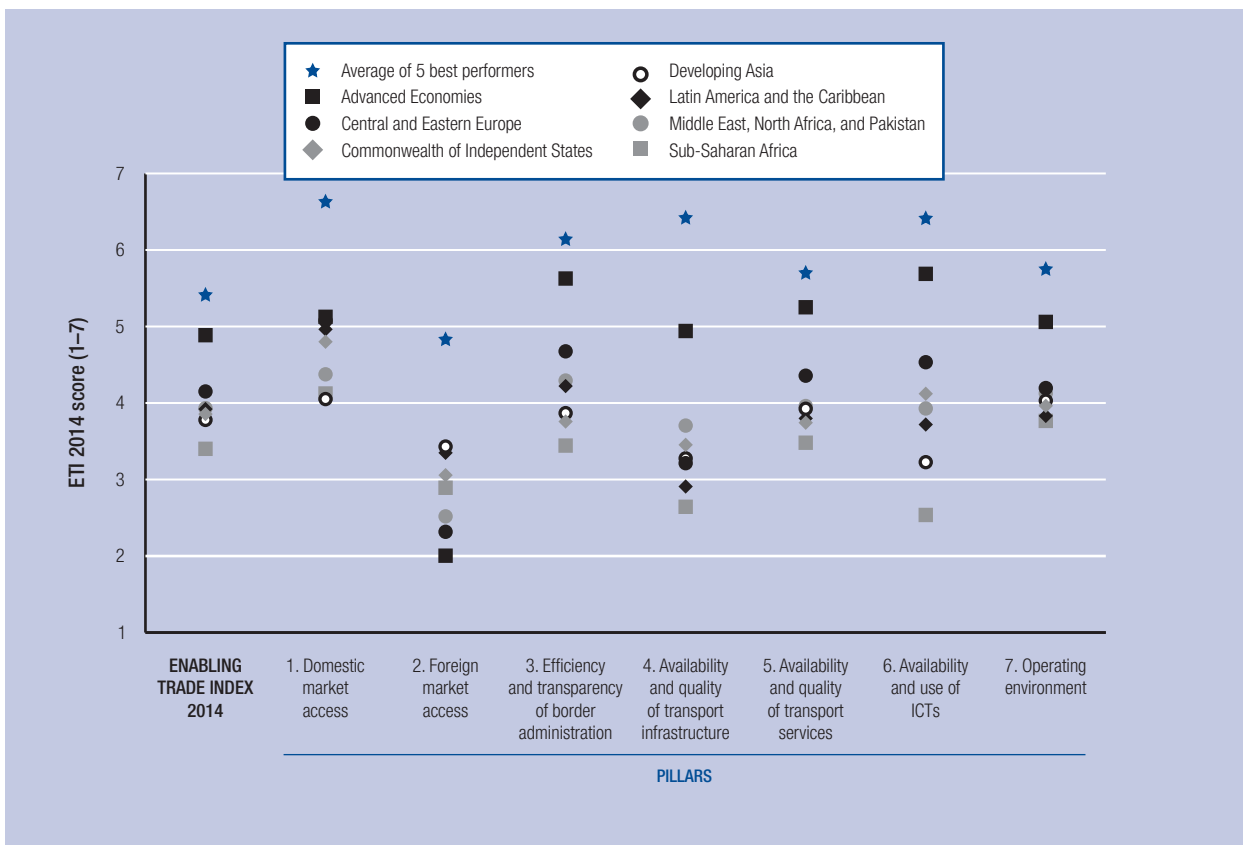
Performance in the ETI largely mirrors the position on the development ladder. A higher level of income is typically associated with a higher ETI score (see Figure 2). High-income countries perform systematically better across the different pillars, with the noteworthy exception of the foreign market access pillar, where the relation is inverted (see Figure 4). Expectedly, low-income countries typically enjoy better market access conditions abroad, notably through preferential trade agreements.<sup>5</sup> In other pillars, the gap between advanced economies and the developing world remains large.

Despite the strength of the relationship between income and performance in the ETI, there are exceptions. More open economies (as measured by the sum of merchandise imports and exports, divided by GDP) perform better, all else being equal. Global trade hubs like Singapore, Hong Kong SAR, the Netherlands, the UAE and Taiwan, as well as certain export-led economies such as Malaysia, Thailand, Vietnam and Cambodia, typically do better than most of the other, more closed economies at a similar stage of development. Figure 2 also reveals that commodity-rich countries perform, on average, much worse than other nations with a similar level of income. Among the 29 countries where mineral products account for more than 50% of total exports, 21 score below their respective income group averages.<sup>6</sup> In addition, in the four lowest-ranked countries in the ETI (Guinea, Angola, Venezuela and Chad, which ranks last) and 14 of the bottom 20, the share of mineral products in total exports is above 70%. And the worst performers in Latin America (Venezuela), Developing Asia (Mongolia), Middle East and North Africa (Iran), and Sub-Saharan Africa (Chad) have a share above 70%.

Within the developing world, differences across regions are relatively small, although some patterns emerge (see Figure 3). Central and Eastern Europe outperforms the other regions by a small margin in five of the seven pillars of the index. The region is dominated by Eastern members of the EU, namely Latvia (41st), Lithuania (44th), and Poland (45th). At the other end of the spectrum, the Sub-Saharan Africa region, home

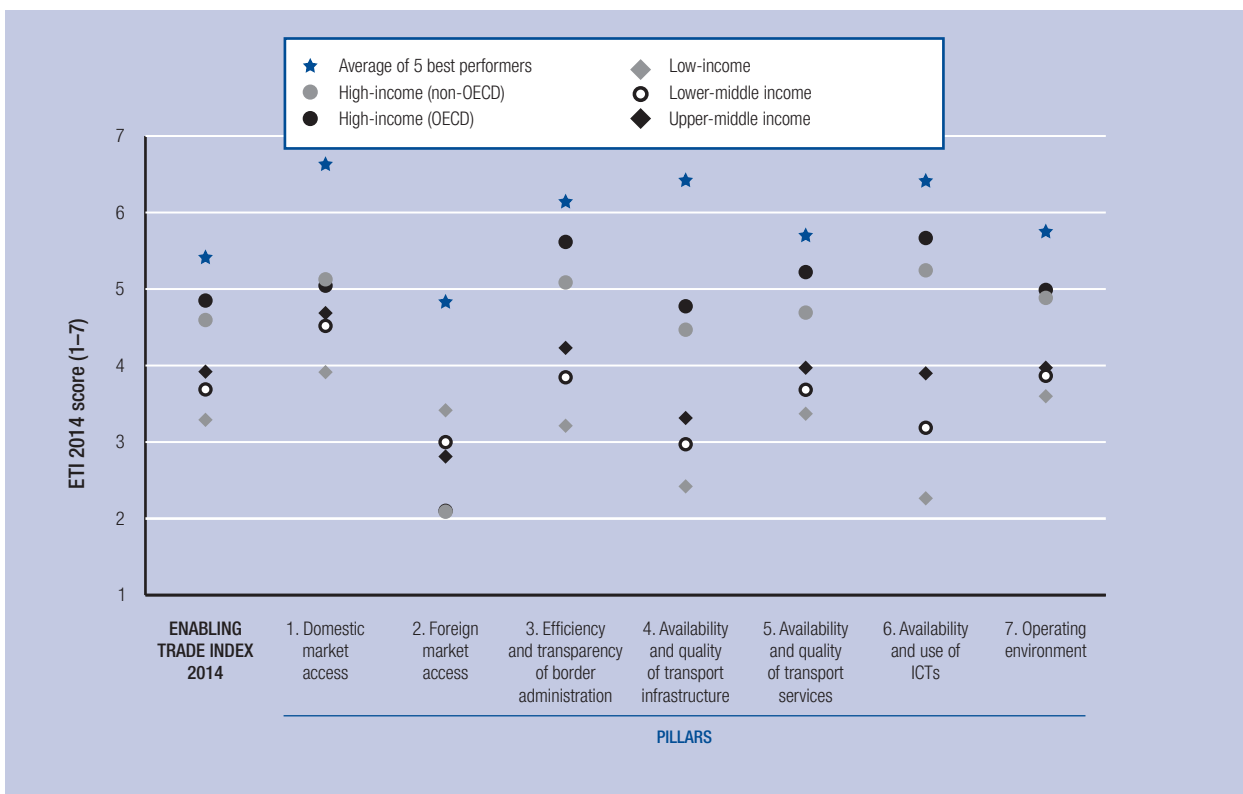


Figure 3: The Enabling Trade Index 2014: Regional averages and best performers



Note: Based on IMF classification (see Table 1).

Figure 4: The Enabling Trade Index 2014: Income group averages and best performers



Note: Based on World Bank classification (see Table 1).

Table 1: The Enabling Trade Index 2014 rankings

Country / Economy	Rank	Score (1–7)	Region*	Income†	Country / Economy	Rank	Score (1–7)	Region*	Income†
Singapore	1	5.9	ADV	HIC	Bulgaria	70	4.0	CEE	UMC
Hong Kong SAR	2	5.5	ADV	HIC	El Salvador	71	4.0	CAC	LMC
Netherlands	3	5.3	ADV	HIC-OECD	Vietnam	72	4.0	DA	LMC
New Zealand	4	5.2	ADV	HIC-OECD	Colombia	73	4.0	SA	UMC
Finland	5	5.2	ADV	HIC-OECD	Kuwait	74	4.0	MENAP	HIC
United Kingdom	6	5.2	ADV	HIC-OECD	Romania	75	3.9	CEE	UMC
Switzerland	7	5.2	ADV	HIC-OECD	Tunisia	76	3.9	MENAP	UMC
Chile	8	5.1	SA	HIC-OECD	Azerbaijan	77	3.9	CIS	UMC
Sweden	9	5.1	ADV	HIC-OECD	Bosnia and Herzegovina	78	3.9	CEE	UMC
Germany	10	5.1	ADV	HIC-OECD	Dominican Republic	79	3.9	CAC	UMC
Luxembourg	11	5.1	ADV	HIC-OECD	Jamaica	80	3.9	CAC	UMC
Norway	12	5.1	ADV	HIC-OECD	Namibia	81	3.9	SSA	UMC
Japan	13	5.1	ADV	HIC-OECD	Lebanon	82	3.8	MENAP	UMC
Canada	14	5.0	ADV	HIC-OECD	Ukraine	83	3.8	CIS	LMC
United States	15	5.0	ADV	HIC-OECD	Sri Lanka	84	3.8	DA	LMC
United Arab Emirates	16	5.0	MENAP	HIC	Honduras	85	3.8	CAC	LMC
Denmark	17	5.0	ADV	HIC-OECD	Brazil	86	3.8	SA	UMC
Austria	18	5.0	ADV	HIC-OECD	Bolivia	87	3.7	SA	LMC
Qatar	19	4.9	MENAP	HIC	Botswana	88	3.7	SSA	UMC
Belgium	20	4.9	ADV	HIC-OECD	Serbia	89	3.7	CEE	UMC
France	21	4.9	ADV	HIC-OECD	Kenya	90	3.7	SSA	LIC
Iceland	22	4.9	ADV	HIC-OECD	Zambia	91	3.7	SSA	LMC
Australia	23	4.9	ADV	HIC-OECD	Moldova	92	3.7	CIS	LMC
Taiwan, China	24	4.9	ADV	HIC	Cambodia	93	3.7	DA	LIC
Malaysia	25	4.8	DA	UMC	Kazakhstan	94	3.7	CIS	UMC
Ireland	26	4.8	ADV	HIC-OECD	Argentina	95	3.7	SA	UMC
Spain	27	4.8	ADV	HIC-OECD	India	96	3.6	DA	LMC
Estonia	28	4.8	ADV	HIC-OECD	Egypt	97	3.6	MENAP	LMC
Mauritius	29	4.7	SSA	UMC	Lao PDR	98	3.6	DA	LMC
Korea, Rep.	30	4.7	ADV	HIC-OECD	Gambia, The	99	3.6	SSA	LIC
Oman	31	4.7	MENAP	HIC	Senegal	100	3.6	SSA	LMC
Israel	32	4.7	ADV	HIC-OECD	Uganda	101	3.6	SSA	LIC
Bahrain	33	4.6	MENAP	HIC	Ghana	102	3.6	SSA	LMC
Malta	34	4.6	ADV	HIC	Madagascar	103	3.6	SSA	LIC
Portugal	35	4.5	ADV	HIC-OECD	Guyana	104	3.6	SA	LMC
Georgia	36	4.5	CIS	LMC	Russian Federation	105	3.5	CIS	HIC
Cyprus	37	4.4	ADV	HIC	Libya	106	3.5	MENAP	UMC
Slovenia	38	4.4	ADV	HIC-OECD	Bhutan	107	3.5	DA	LMC
Czech Republic	39	4.4	ADV	HIC-OECD	Lesotho	108	3.5	SSA	LMC
Jordan	40	4.4	MENAP	UMC	Kyrgyz Republic	109	3.5	CIS	LIC
Latvia	41	4.4	CEE	HIC	Mozambique	110	3.5	SSA	LIC
Costa Rica	42	4.4	CAC	UMC	Tanzania	111	3.5	SSA	LIC
Morocco	43	4.4	MENAP	LMC	Malawi	112	3.5	SSA	LIC
Lithuania	44	4.4	CEE	HIC	Paraguay	113	3.5	SA	LMC
Poland	45	4.3	CEE	HIC-OECD	Pakistan	114	3.5	MENAP	LMC
Turkey	46	4.3	CEE	UMC	Bangladesh	115	3.4	DA	LIC
Italy	47	4.3	ADV	HIC-OECD	Nepal	116	3.3	DA	LIC
Saudi Arabia	48	4.3	MENAP	HIC	Côte d'Ivoire	117	3.3	SSA	LMC
Montenegro	49	4.3	CEE	UMC	Ethiopia	118	3.2	SSA	LIC
Hungary	50	4.3	CEE	UMC	Cameroon	119	3.2	SSA	LMC
Peru	51	4.3	SA	UMC	Algeria	120	3.2	MENAP	UMC
Panama	52	4.3	CAC	UMC	Myanmar	121	3.2	DA	LIC
Armenia	53	4.3	CIS	LMC	Gabon	122	3.1	SSA	UMC
China	54	4.3	DA	UMC	Mali	123	3.1	SSA	LIC
Slovak Republic	55	4.3	ADV	HIC-OECD	Nigeria	124	3.1	SSA	LMC
Croatia	56	4.2	CEE	HIC	Haiti	125	3.1	CAC	LIC
Thailand	57	4.2	DA	UMC	Liberia	126	3.1	SSA	LIC
Indonesia	58	4.2	DA	LMC	Benin	127	3.1	SSA	LIC
South Africa	59	4.2	SSA	UMC	Yemen	128	3.0	MENAP	LMC
Uruguay	60	4.2	SA	HIC	Mauritania	129	3.0	MENAP	LMC
Mexico	61	4.1	CAC	UMC	Mongolia	130	3.0	DA	LMC
Guatemala	62	4.1	CAC	LMC	Iran, Islamic Rep.	131	3.0	MENAP	UMC
Macedonia, FYR	63	4.1	CEE	UMC	Burundi	132	3.0	SSA	LIC
Philippines	64	4.1	DA	LMC	Burkina Faso	133	2.9	SSA	LIC
Ecuador	65	4.1	SA	UMC	Zimbabwe	134	2.9	SSA	LIC
Rwanda	66	4.1	SSA	LIC	Guinea	135	2.9	SSA	LIC
Greece	67	4.0	ADV	HIC-OECD	Angola	136	2.8	SSA	UMC
Nicaragua	68	4.0	CAC	LMC	Venezuela	137	2.8	SA	UMC
Albania	69	4.0	CEE	UMC	Chad	138	2.5	SSA	LIC

\* Region (adapted from IMF classification): ADV = Advanced economies; CAC = Central America and the Caribbean; CEE = Central and Eastern Europe; CIS = Commonwealth of Independent States; DA = Developing Asia; MENAP = Middle East, North Africa, and Pakistan; SA = South America; and SSA = Sub-Saharan Africa.

† Income group (World Bank classification): HIC-OECD = High income OECD; HIC = Other high income; UMC = Upper-middle income; LMC = Lower-middle income; and LIC = Low income.

**Table 2: Market access subindex rankings**

## Market access subindex

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Chile	5.5	70	United States	3.5	1	Hong Kong SAR	7.0	46	Spain	4.9
2	Singapore	5.5	71	Switzerland	3.5	1	Libya	7.0	46	Sweden	4.9
3	Mauritius	5.3	72	Bahrain	3.5	3	Singapore	7.0	46	United Kingdom	4.9
4	Peru	5.0	73	Panama	3.5	4	Mauritius	6.1	73	Uganda	4.9
5	Libya	4.8	74	Australia	3.4	5	New Zealand	6.1	74	United Arab Emirates	4.9
6	El Salvador	4.7	75	Austria	3.4	6	Nicaragua	6.0	75	Malaysia	4.8
7	Nicaragua	4.7	75	Belgium	3.4	7	Georgia	6.0	76	Vietnam	4.8
8	Costa Rica	4.7	75	Bulgaria	3.4	8	Guatemala	6.0	77	Bahrain	4.8
9	Armenia	4.6	75	Cyprus	3.4	9	Chile	5.9	78	Dominican Republic	4.7
10	Honduras	4.6	75	Czech Republic	3.4	10	Qatar	5.9	79	Yemen	4.7
11	Philippines	4.6	75	Denmark	3.4	11	Albania	5.9	80	Saudi Arabia	4.7
12	Guatemala	4.6	75	Estonia	3.4	12	Armenia	5.8	81	Burundi	4.7
13	Georgia	4.6	75	Finland	3.4	13	Peru	5.8	82	Kyrgyz Republic	4.7
14	Uganda	4.5	75	France	3.4	14	El Salvador	5.7	83	Bolivia	4.7
15	Malawi	4.5	75	Germany	3.4	15	Montenegro	5.7	84	Kenya	4.6
16	Colombia	4.5	75	Greece	3.4	16	Canada	5.7	85	Switzerland	4.6
17	Albania	4.4	75	Hungary	3.4	17	Honduras	5.7	86	Panama	4.6
18	Mexico	4.4	75	Ireland	3.4	18	Australia	5.6	87	Tanzania	4.6
19	Rwanda	4.4	75	Italy	3.4	19	Philippines	5.6	88	Kuwait	4.5
20	Indonesia	4.4	75	Latvia	3.4	20	Costa Rica	5.5	89	Mozambique	4.5
21	Iceland	4.3	75	Lithuania	3.4	21	Iceland	5.5	90	Argentina	4.4
22	New Zealand	4.3	75	Luxembourg	3.4	22	Ukraine	5.5	91	Madagascar	4.4
23	Zambia	4.3	75	Malta	3.4	23	Macedonia, FYR	5.5	92	Mongolia	4.4
24	Madagascar	4.3	75	Netherlands	3.4	24	Botswana	5.4	93	Jamaica	4.4
25	Myanmar	4.3	75	Poland	3.4	25	Namibia	5.4	94	Sri Lanka	4.4
26	Bolivia	4.3	75	Portugal	3.4	26	Indonesia	5.4	95	Azerbaijan	4.3
27	Moldova	4.3	75	Romania	3.4	27	United States	5.3	96	Jordan	4.3
28	Macedonia, FYR	4.3	75	Slovak Republic	3.4	28	Japan	5.3	97	Myanmar	4.3
29	Mozambique	4.2	75	Slovenia	3.4	29	Israel	5.3	98	China	4.2
30	Ecuador	4.2	75	Spain	3.4	30	Bosnia and Herzegovina	5.3	99	Tunisia	4.2
31	Tanzania	4.2	75	Sweden	3.4	31	Croatia	5.2	100	Morocco	4.2
32	Kyrgyz Republic	4.2	75	United Kingdom	3.4	32	Oman	5.2	101	Lebanon	4.1
33	Montenegro	4.2	102	Bhutan	3.4	33	Mexico	5.2	102	Lesotho	4.1
34	Vietnam	4.2	103	Egypt	3.3	34	Turkey	5.1	103	Haiti	4.1
35	Uruguay	4.1	104	Sri Lanka	3.3	35	Ecuador	5.1	104	Korea, Rep.	4.1
36	Cambodia	4.1	105	Saudi Arabia	3.3	36	Colombia	5.1	105	Mali	4.1
37	Hong Kong SAR	4.1	106	Mauritania	3.3	37	Paraguay	5.1	106	Ghana	4.0
38	Ukraine	4.1	107	Angola	3.3	38	Moldova	5.0	107	Serbia	4.0
39	Lao PDR	4.1	108	Kazakhstan	3.2	39	Zambia	5.0	108	Brazil	4.0
40	Malaysia	4.0	109	United Arab Emirates	3.2	40	Taiwan, China	5.0	109	Bhutan	3.9
41	Canada	4.0	110	Brazil	3.2	41	Norway	5.0	110	Burkina Faso	3.8
42	Kenya	4.0	111	Japan	3.2	42	Rwanda	5.0	111	Guyana	3.8
43	Jordan	4.0	112	Serbia	3.2	43	South Africa	5.0	112	Kazakhstan	3.8
44	Burundi	4.0	113	Kuwait	3.2	44	Uruguay	4.9	113	Thailand	3.7
45	Bosnia and Herzegovina	4.0	114	Ethiopia	3.2	45	Malawi	4.9	114	Senegal	3.6
46	Namibia	4.0	115	Senegal	3.1	46	Austria	4.9	115	Côte d'Ivoire	3.6
47	Lesotho	3.9	116	Mali	3.1	46	Belgium	4.9	116	Angola	3.6
48	Haiti	3.9	117	Cameroon	3.1	46	Bulgaria	4.9	117	Benin	3.5
49	Israel	3.9	118	Burkina Faso	3.1	46	Cyprus	4.9	118	Mauritania	3.5
50	Croatia	3.9	119	China	3.1	46	Czech Republic	4.9	119	Guinea	3.5
51	Thailand	3.9	120	Korea, Rep.	3.1	46	Denmark	4.9	120	Venezuela	3.5
52	Tunisia	3.9	121	Taiwan, China	3.0	46	Estonia	4.9	121	Lao PDR	3.4
53	Morocco	3.8	122	Ghana	3.0	46	Finland	4.9	122	Nigeria	3.4
54	Oman	3.8	123	Chad	3.0	46	France	4.9	123	Algeria	3.4
55	Argentina	3.8	124	Benin	3.0	46	Germany	4.9	124	Ethiopia	3.4
56	Norway	3.8	125	Côte d'Ivoire	2.9	46	Greece	4.9	125	Cameroon	3.4
57	Bangladesh	3.8	126	Mongolia	2.9	46	Hungary	4.9	126	Bangladesh	3.4
58	Jamaica	3.8	127	Venezuela	2.9	46	Ireland	4.9	127	Russian Federation	3.3
59	Qatar	3.8	128	Algeria	2.8	46	Italy	4.9	128	Egypt	3.3
60	Lebanon	3.8	129	Gambia, The	2.8	46	Latvia	4.9	129	Liberia	3.3
61	Nepal	3.7	130	Zimbabwe	2.8	46	Lithuania	4.9	130	Gambia, The	3.2
62	Turkey	3.7	131	Guinea	2.8	46	Luxembourg	4.9	131	Pakistan	3.2
63	Botswana	3.7	132	Russian Federation	2.8	46	Malta	4.9	132	Gabon	3.0
64	Paraguay	3.6	133	Pakistan	2.7	46	Netherlands	4.9	133	Cambodia	2.9
65	Yemen	3.6	134	Gabon	2.5	46	Poland	4.9	134	Chad	2.9
66	Azerbaijan	3.6	135	Nigeria	2.5	46	Portugal	4.9	135	India	2.9
67	Dominican Republic	3.6	136	India	2.4	46	Romania	4.9	136	Nepal	2.8
68	Guyana	3.6	137	Liberia	2.2	46	Slovak Republic	4.9	137	Zimbabwe	2.4
69	South Africa	3.6	138	Iran, Islamic Rep.	1.9	46	Slovenia	4.9	138	Iran, Islamic Rep.	2.4

(Cont'd.)

**Table 2: Market access subindex rankings (cont'd.)**

Pillar 2: Foreign market access

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Cambodia	5.3	70	Dominican Republic	2.5
2	Chile	5.1	71	Switzerland	2.5
3	Nepal	4.7	72	Oman	2.5
4	Lao PDR	4.7	73	Israel	2.4
5	Mauritius	4.5	74	Benin	2.4
6	Myanmar	4.4	75	Gambia, The	2.4
7	Bangladesh	4.2	76	Canada	2.4
8	Madagascar	4.2	77	Brazil	2.4
9	Peru	4.2	78	Panama	2.4
10	Uganda	4.2	79	Serbia	2.3
11	Malawi	4.1	80	Turkey	2.3
12	Thailand	4.0	81	Burkina Faso	2.3
13	Singapore	3.9	82	Algeria	2.3
14	Mozambique	3.9	83	Côte d'Ivoire	2.3
15	Bolivia	3.9	84	Russian Federation	2.2
16	Costa Rica	3.9	85	Sri Lanka	2.2
17	Tanzania	3.9	86	Venezuela	2.2
18	Colombia	3.8	87	Bahrain	2.2
19	Kyrgyz Republic	3.8	88	Paraguay	2.2
20	Rwanda	3.8	89	Pakistan	2.2
21	El Salvador	3.7	90	Mali	2.2
22	Haiti	3.7	91	South Africa	2.2
23	Lesotho	3.7	92	Guinea	2.1
24	Jordan	3.6	93	Korea, Rep.	2.0
25	Zambia	3.6	94	India	2.0
26	Philippines	3.6	95	Ghana	2.0
27	Honduras	3.6	96	Gabon	1.9
28	Vietnam	3.6	97	Austria	1.9
29	Mexico	3.5	97	Belgium	1.9
30	Nicaragua	3.5	97	Bulgaria	1.9
31	Tunisia	3.5	97	Cyprus	1.9
32	Morocco	3.5	97	Czech Republic	1.9
33	Moldova	3.5	97	Denmark	1.9
34	Armenia	3.5	97	Estonia	1.9
35	Lebanon	3.4	97	Finland	1.9
36	Ecuador	3.4	97	France	1.9
37	Indonesia	3.4	97	Germany	1.9
38	Kenya	3.3	97	Greece	1.9
39	Egypt	3.3	97	Hungary	1.9
40	Guyana	3.3	97	Ireland	1.9
41	Uruguay	3.3	97	Italy	1.9
42	Malaysia	3.3	97	Latvia	1.9
43	Burundi	3.3	97	Lithuania	1.9
44	Argentina	3.2	97	Luxembourg	1.9
45	Jamaica	3.2	97	Malta	1.9
46	Iceland	3.2	97	Netherlands	1.9
47	Guatemala	3.2	97	Poland	1.9
48	Zimbabwe	3.2	97	Portugal	1.9
49	Georgia	3.2	97	Romania	1.9
50	Macedonia, FYR	3.1	97	Slovak Republic	1.9
51	Chad	3.1	97	Slovenia	1.9
52	Mauritania	3.0	97	Spain	1.9
53	Albania	3.0	97	Sweden	1.9
54	Ethiopia	2.9	97	United Kingdom	1.9
55	Angola	2.9	124	Botswana	1.9
56	Azerbaijan	2.9	125	China	1.9
57	Bhutan	2.8	126	Kuwait	1.8
58	Cameroon	2.8	127	Saudi Arabia	1.8
59	Kazakhstan	2.7	128	United States	1.7
60	Montenegro	2.7	129	Qatar	1.7
61	Ukraine	2.7	130	United Arab Emirates	1.6
62	Bosnia and Herzegovina	2.7	131	Nigeria	1.5
63	Norway	2.6	132	Mongolia	1.4
64	Senegal	2.6	133	Iran, Islamic Rep.	1.4
65	New Zealand	2.6	134	Australia	1.2
66	Libya	2.6	135	Hong Kong SAR	1.2
67	Yemen	2.5	136	Liberia	1.1
68	Croatia	2.5	137	Taiwan, China	1.1
69	Namibia	2.5	138	Japan	1.1

**Table 3: Border administration subindex rankings**

Pillar 3: Efficiency and transparency of border administration\*

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Singapore	6.3	70	Albania	4.4
2	Finland	6.2	71	Philippines	4.3
3	Sweden	6.2	72	Pakistan	4.3
4	Netherlands	6.1	73	Armenia	4.3
5	Japan	6.0	74	India	4.2
6	New Zealand	6.0	75	Senegal	4.2
7	United Kingdom	6.0	76	Jamaica	4.2
8	Estonia	5.9	77	Lebanon	4.2
9	Denmark	5.9	78	Serbia	4.2
10	Austria	5.8	79	Tunisia	4.2
11	Hong Kong SAR	5.8	80	Brazil	4.2
12	Switzerland	5.8	81	Gambia, The	4.1
13	Germany	5.8	82	Honduras	4.1
14	Ireland	5.8	83	Ghana	4.1
15	Luxembourg	5.8	84	El Salvador	4.1
16	Norway	5.8	85	Macedonia, FYR	4.0
17	United Arab Emirates	5.7	86	Vietnam	4.0
18	Taiwan, China	5.7	87	Sri Lanka	4.0
19	Korea, Rep.	5.7	88	Guyana	3.9
20	Canada	5.7	89	Rwanda	3.9
21	United States	5.7	90	Bosnia and Herzegovina	3.9
22	Australia	5.6	91	Madagascar	3.8
23	Belgium	5.6	92	Namibia	3.8
24	Iceland	5.6	93	Bolivia	3.8
25	Spain	5.6	94	Azerbaijan	3.8
26	Chile	5.6	95	Liberia	3.7
27	France	5.6	96	Argentina	3.7
28	Slovenia	5.4	97	Nigeria	3.7
29	Israel	5.4	98	Algeria	3.7
30	Latvia	5.3	99	Gabon	3.7
31	Poland	5.2	100	Ukraine	3.6
32	Malta	5.2	101	Kenya	3.6
33	Malaysia	5.2	102	Bhutan	3.6
34	Lithuania	5.2	103	Russian Federation	3.6
35	Georgia	5.2	104	Lesotho	3.6
36	Qatar	5.2	105	Mozambique	3.6
37	Czech Republic	5.1	106	Côte d'Ivoire	3.5
38	Hungary	5.1	107	Botswana	3.5
39	Jordan	5.1	108	Cambodia	3.4
40	Oman	5.1	109	Egypt	3.4
41	Bahrain	5.1	110	Ethiopia	3.4
42	Cyprus	5.1	111	Tanzania	3.4
43	Portugal	5.0	112	Benin	3.4
44	Turkey	4.9	113	Libya	3.4
45	Morocco	4.9	114	Lao PDR	3.4
46	Costa Rica	4.9	115	Uganda	3.3
47	Italy	4.9	116	Moldova	3.3
48	China	4.9	117	Myanmar	3.3
49	South Africa	4.8	118	Kyrgyz Republic	3.3
50	Slovak Republic	4.8	119	Iran, Islamic Rep.	3.3
51	Peru	4.7	120	Paraguay	3.3
52	Saudi Arabia	4.7	121	Cameroon	3.2
53	Mauritius	4.7	122	Guinea	3.2
54	Montenegro	4.7	123	Bangladesh	3.2
55	Panama	4.7	124	Yemen	3.2
56	Thailand	4.7	125	Nepal	3.1
57	Bulgaria	4.7	126	Haiti	3.1
58	Romania	4.6	127	Kazakhstan	3.0
59	Greece	4.6	128	Mauritania	3.0
60	Nicaragua	4.6	129	Zambia	3.0
61	Guatemala	4.6	130	Malawi	3.0
62	Mexico	4.6	131	Angola	2.8
63	Dominican Republic	4.6	132	Mali	2.7
64	Ecuador	4.5	133	Venezuela	2.7
65	Croatia	4.5	134	Zimbabwe	2.5
66	Kuwait	4.5	135	Burkina Faso	2.4
67	Uruguay	4.5	136	Burundi	2.4
68	Colombia	4.4	137	Mongolia	2.4
69	Indonesia	4.4	138	Chad	2.1

\* Since this subindex is made up of only one pillar, data for this subindex and pillar 3 are identical.

Table 4: Infrastructure subindex rankings

## Infrastructure subindex

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Singapore	6.1	70	El Salvador	3.8
2	Hong Kong SAR	6.0	71	Georgia	3.8
3	Netherlands	6.0	72	Dominican Republic	3.7
4	United Kingdom	6.0	73	Armenia	3.7
5	Japan	5.9	74	Lebanon	3.7
6	Germany	5.9	75	Jamaica	3.7
7	Korea, Rep.	5.8	76	Argentina	3.7
8	United States	5.8	77	Tunisia	3.7
9	France	5.8	78	Guatemala	3.7
10	United Arab Emirates	5.8	79	Uruguay	3.6
11	Switzerland	5.7	80	Macedonia, FYR	3.6
12	Spain	5.6	81	Ecuador	3.6
13	Luxembourg	5.6	82	Namibia	3.5
14	Finland	5.5	83	Sri Lanka	3.5
15	Taiwan, China	5.5	84	Colombia	3.5
16	Denmark	5.5	85	Costa Rica	3.5
17	Sweden	5.5	86	Botswana	3.5
18	Belgium	5.4	87	Moldova	3.5
19	Austria	5.3	88	Bosnia and Herzegovina	3.4
20	Australia	5.2	89	Philippines	3.4
21	Norway	5.2	90	Albania	3.4
22	Canada	5.2	91	Peru	3.4
23	Malaysia	5.1	92	Iran, Islamic Rep.	3.4
24	Qatar	5.1	93	Kenya	3.3
25	New Zealand	5.0	94	Pakistan	3.3
26	Portugal	5.0	95	Ghana	3.2
27	Ireland	4.9	96	Rwanda	3.1
28	Czech Republic	4.9	97	Paraguay	3.1
29	Bahrain	4.9	98	Mali	3.1
30	Iceland	4.8	99	Gambia, The	3.1
31	Malta	4.8	100	Venezuela	3.1
32	Italy	4.8	101	Cambodia	3.1
33	Israel	4.8	102	Senegal	3.1
34	Estonia	4.6	103	Mongolia	3.0
35	Slovenia	4.6	104	Kyrgyz Republic	3.0
36	China	4.6	105	Bolivia	3.0
37	Saudi Arabia	4.5	106	Honduras	3.0
38	Oman	4.5	107	Zimbabwe	3.0
39	Lithuania	4.5	108	Côte d'Ivoire	3.0
40	Slovak Republic	4.4	109	Bhutan	3.0
41	Latvia	4.4	110	Nigeria	2.9
42	Croatia	4.4	111	Nicaragua	2.9
43	Hungary	4.4	112	Algeria	2.9
44	Chile	4.4	113	Zambia	2.9
45	Panama	4.3	114	Guyana	2.9
46	Thailand	4.3	115	Lao PDR	2.9
47	Turkey	4.3	116	Ethiopia	2.8
48	Cyprus	4.3	117	Lesotho	2.8
49	Poland	4.3	118	Libya	2.8
50	Morocco	4.2	119	Bangladesh	2.8
51	Greece	4.2	120	Uganda	2.7
52	Russian Federation	4.2	121	Malawi	2.7
53	Kazakhstan	4.2	122	Burkina Faso	2.7
54	South Africa	4.2	123	Nepal	2.7
55	Bulgaria	4.1	124	Gabon	2.7
56	Mauritius	4.1	125	Cameroon	2.6
57	Kuwait	4.1	126	Benin	2.6
58	Egypt	4.0	127	Tanzania	2.5
59	Jordan	3.9	128	Mauritania	2.5
60	Vietnam	3.9	129	Madagascar	2.5
61	Ukraine	3.9	130	Liberia	2.5
62	Azerbaijan	3.9	131	Yemen	2.5
63	Mexico	3.9	132	Mozambique	2.4
64	Indonesia	3.9	133	Burundi	2.4
65	Montenegro	3.9	134	Angola	2.3
66	Brazil	3.9	135	Haiti	2.2
67	India	3.8	136	Myanmar	2.1
68	Romania	3.8	137	Guinea	2.1
69	Serbia	3.8	138	Chad	2.1

## Pillar 4: Availability and quality of transport infrastructure

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	United Arab Emirates	6.5	70	Tunisia	3.4
2	Singapore	6.5	71	Bulgaria	3.3
3	Hong Kong SAR	6.5	72	Guatemala	3.3
4	France	6.3	73	Latvia	3.3
5	Germany	6.3	74	Vietnam	3.3
6	Spain	6.1	75	El Salvador	3.3
7	Japan	6.0	76	Poland	3.3
8	United States	6.0	77	Rwanda	3.2
9	Netherlands	6.0	78	Estonia	3.2
10	United Kingdom	5.9	79	Botswana	3.1
11	Korea, Rep.	5.7	80	Ecuador	3.1
12	Switzerland	5.7	81	Montenegro	3.1
13	Taiwan, China	5.4	82	Macedonia, FYR	3.0
14	Malaysia	5.3	83	Gambia, The	3.0
15	Belgium	5.2	84	Mali	3.0
16	China	5.1	85	Kenya	2.9
17	Luxembourg	5.0	86	Moldova	2.9
18	Austria	5.0	87	Zimbabwe	2.8
19	Canada	4.9	88	Senegal	2.8
20	Finland	4.8	89	Bosnia and Herzegovina	2.8
21	Portugal	4.8	90	Bhutan	2.8
22	Italy	4.8	91	Lao PDR	2.8
23	Denmark	4.8	92	Algeria	2.7
24	Australia	4.5	93	Ethiopia	2.7
25	Czech Republic	4.5	94	Ghana	2.7
26	Turkey	4.5	95	Argentina	2.7
27	Oman	4.4	96	Philippines	2.7
28	Thailand	4.4	97	Lesotho	2.7
29	Malta	4.4	98	Zambia	2.7
30	Qatar	4.4	99	Romania	2.7
31	Panama	4.4	100	Malawi	2.7
32	Bahrain	4.4	101	Peru	2.7
33	Ireland	4.3	102	Brazil	2.7
34	India	4.3	103	Serbia	2.6
35	Sweden	4.3	104	Honduras	2.6
36	Morocco	4.3	105	Kyrgyz Republic	2.6
37	Mauritius	4.2	106	Côte d'Ivoire	2.6
38	Saudi Arabia	4.1	107	Uruguay	2.6
39	New Zealand	4.1	108	Nicaragua	2.6
40	Israel	4.0	109	Libya	2.6
41	Cyprus	4.0	110	Bolivia	2.5
42	Russian Federation	3.9	111	Paraguay	2.5
43	Slovenia	3.9	112	Colombia	2.5
44	Norway	3.9	113	Cambodia	2.5
45	Azerbaijan	3.9	114	Cameroon	2.5
46	Jamaica	3.9	115	Uganda	2.4
47	Lebanon	3.8	116	Albania	2.4
48	South Africa	3.8	117	Costa Rica	2.4
49	Egypt	3.8	118	Guyana	2.4
50	Iceland	3.8	119	Nigeria	2.4
51	Croatia	3.8	120	Bangladesh	2.3
52	Slovak Republic	3.8	121	Nepal	2.3
53	Dominican Republic	3.7	122	Burundi	2.3
54	Jordan	3.7	123	Burkina Faso	2.3
55	Ukraine	3.7	124	Madagascar	2.3
56	Georgia	3.7	125	Mongolia	2.3
57	Kuwait	3.6	126	Mozambique	2.3
58	Mexico	3.6	127	Venezuela	2.2
59	Lithuania	3.6	128	Tanzania	2.2
60	Indonesia	3.6	129	Gabon	2.2
61	Kazakhstan	3.6	130	Mauritania	2.1
62	Sri Lanka	3.6	131	Yemen	2.1
63	Greece	3.5	132	Liberia	2.1
64	Chile	3.5	133	Benin	2.1
65	Iran, Islamic Rep.	3.5	134	Angola	2.1
66	Hungary	3.4	135	Haiti	1.9
67	Pakistan	3.4	136	Chad	1.9
68	Namibia	3.4	137	Guinea	1.9
69	Armenia	3.4	138	Myanmar	1.8

(Cont'd.)

**Table 4: Infrastructure subindex rankings (cont'd.)**

Pillar 5: Availability and quality of transport services

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Singapore	5.7	70	Guatemala	4.0
2	Netherlands	5.7	71	Ecuador	4.0
3	Germany	5.7	72	Egypt	4.0
4	Japan	5.7	73	Argentina	4.0
5	Hong Kong SAR	5.7	74	Albania	3.9
6	Belgium	5.7	75	Kuwait	3.9
7	Sweden	5.6	76	Armenia	3.9
8	Switzerland	5.6	77	Peru	3.9
9	United Kingdom	5.6	78	Pakistan	3.9
10	Luxembourg	5.6	79	Sri Lanka	3.9
11	United States	5.5	80	Tunisia	3.9
12	Taiwan, China	5.5	81	Jamaica	3.9
13	Canada	5.4	82	Russian Federation	3.8
14	Norway	5.4	83	Costa Rica	3.8
15	France	5.4	84	Philippines	3.8
16	Spain	5.4	85	Dominican Republic	3.8
17	Finland	5.4	86	Ethiopia	3.8
18	Korea, Rep.	5.4	87	Bosnia and Herzegovina	3.8
19	Ireland	5.3	88	Colombia	3.7
20	Australia	5.3	89	Uruguay	3.7
21	Denmark	5.3	90	Iran, Islamic Rep.	3.7
22	Qatar	5.3	91	Moldova	3.7
23	Austria	5.2	92	Nigeria	3.7
24	Portugal	5.2	93	Uganda	3.7
25	New Zealand	5.2	94	Malawi	3.6
26	Malaysia	5.1	95	Lebanon	3.6
27	United Arab Emirates	5.1	96	Nicaragua	3.6
28	Iceland	5.0	97	Cambodia	3.6
29	Czech Republic	5.0	98	Côte d'Ivoire	3.6
30	Slovenia	4.9	99	Georgia	3.6
31	China	4.8	100	Macedonia, FYR	3.6
32	Latvia	4.8	101	Azerbaijan	3.6
33	Israel	4.8	102	Ghana	3.6
34	Italy	4.8	103	Bangladesh	3.6
35	Hungary	4.7	104	Senegal	3.6
36	Turkey	4.7	105	Burkina Faso	3.6
37	Estonia	4.7	106	Botswana	3.5
38	Poland	4.7	107	Lao PDR	3.5
39	Thailand	4.7	108	Paraguay	3.5
40	Malta	4.6	109	Guyana	3.5
41	Slovak Republic	4.6	110	Gambia, The	3.5
42	Lithuania	4.6	111	Mali	3.5
43	Chile	4.6	112	Bhutan	3.4
44	Saudi Arabia	4.5	113	Zambia	3.4
45	Cyprus	4.5	114	Bolivia	3.4
46	Bahrain	4.5	115	Algeria	3.4
47	Romania	4.5	116	Nepal	3.4
48	Croatia	4.5	117	Liberia	3.4
49	South Africa	4.5	118	Honduras	3.3
50	Vietnam	4.4	119	Burundi	3.3
51	Bulgaria	4.4	120	Lesotho	3.3
52	Panama	4.4	121	Venezuela	3.3
53	Morocco	4.3	122	Benin	3.3
54	Greece	4.3	123	Madagascar	3.2
55	Serbia	4.3	124	Yemen	3.2
56	Oman	4.3	125	Cameroon	3.2
57	India	4.3	126	Zimbabwe	3.2
58	Indonesia	4.3	127	Tanzania	3.1
59	Mexico	4.2	128	Kyrgyz Republic	3.1
60	Brazil	4.2	129	Mongolia	3.0
61	Ukraine	4.2	130	Chad	3.0
62	Jordan	4.2	131	Guinea	3.0
63	El Salvador	4.1	132	Mozambique	2.9
64	Kenya	4.1	133	Myanmar	2.9
65	Kazakhstan	4.1	134	Angola	2.9
66	Montenegro	4.1	135	Gabon	2.9
67	Mauritius	4.0	136	Mauritania	2.8
68	Namibia	4.0	137	Libya	2.8
69	Rwanda	4.0	138	Haiti	2.7

Pillar 6: Availability and use of ICTs

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Sweden	6.5	70	Ukraine	3.9
2	United Kingdom	6.4	71	Thailand	3.9
3	Finland	6.4	72	Armenia	3.8
4	Netherlands	6.4	73	Mexico	3.8
5	Denmark	6.4	74	Albania	3.8
6	Korea, Rep.	6.4	75	Turkey	3.8
7	Norway	6.4	76	Tunisia	3.8
8	Singapore	6.2	77	Moldova	3.8
9	Luxembourg	6.1	78	Mongolia	3.8
10	Japan	6.0	79	Bosnia and Herzegovina	3.8
11	Hong Kong SAR	6.0	80	Ecuador	3.8
12	Estonia	6.0	81	Indonesia	3.7
13	United States	5.9	82	China	3.7
14	Switzerland	5.9	83	Dominican Republic	3.7
15	Australia	5.9	84	Botswana	3.7
16	New Zealand	5.8	85	Philippines	3.7
17	Bahrain	5.8	86	Guatemala	3.7
18	Austria	5.8	87	Venezuela	3.7
19	Taiwan, China	5.7	88	Lebanon	3.6
20	Iceland	5.7	89	Peru	3.6
21	Germany	5.7	90	Kyrgyz Republic	3.4
22	France	5.7	91	Jamaica	3.4
23	United Arab Emirates	5.6	92	Paraguay	3.4
24	Israel	5.6	93	Ghana	3.1
25	Qatar	5.6	94	Bolivia	3.1
26	Belgium	5.4	95	Cambodia	3.1
27	Malta	5.4	96	Namibia	3.1
28	Canada	5.3	97	Sri Lanka	3.1
29	Spain	5.3	98	Honduras	3.0
30	Lithuania	5.2	99	Kenya	3.0
31	Czech Republic	5.2	100	Libya	3.0
32	Latvia	5.2	101	Zimbabwe	3.0
33	Ireland	5.2	102	Gabon	3.0
34	Hungary	5.1	103	Iran, Islamic Rep.	2.9
35	Slovenia	5.0	104	India	2.9
36	Chile	5.0	105	Senegal	2.9
37	Portugal	5.0	106	Mali	2.8
38	Malaysia	5.0	107	Nigeria	2.8
39	Croatia	5.0	108	Guyana	2.8
40	Saudi Arabia	5.0	109	Gambia, The	2.8
41	Poland	4.9	110	Côte d'Ivoire	2.7
42	Kazakhstan	4.9	111	Nicaragua	2.7
43	Slovak Republic	4.9	112	Bhutan	2.6
44	Russian Federation	4.9	113	Mauritania	2.6
45	Italy	4.9	114	Zambia	2.6
46	Greece	4.8	115	Algeria	2.6
47	Oman	4.7	116	Pakistan	2.5
48	Brazil	4.7	117	Benin	2.4
49	Bulgaria	4.7	118	Bangladesh	2.4
50	Uruguay	4.6	119	Lesotho	2.4
51	Kuwait	4.6	120	Nepal	2.3
52	Montenegro	4.5	121	Cameroon	2.3
53	Cyprus	4.5	122	Lao PDR	2.3
54	Serbia	4.4	123	Tanzania	2.2
55	Argentina	4.4	124	Rwanda	2.2
56	Colombia	4.3	125	Burkina Faso	2.2
57	Panama	4.3	126	Yemen	2.1
58	Macedonia, FYR	4.3	127	Uganda	2.1
59	Romania	4.3	128	Mozambique	2.0
60	Egypt	4.2	129	Angola	2.0
61	Azerbaijan	4.2	130	Madagascar	2.0
62	Costa Rica	4.2	131	Ethiopia	2.0
63	South Africa	4.2	132	Liberia	2.0
64	Vietnam	4.1	133	Haiti	1.9
65	Morocco	4.1	134	Malawi	1.9
66	Mauritius	4.1	135	Myanmar	1.6
67	Jordan	4.0	136	Guinea	1.5
68	Georgia	4.0	137	Burundi	1.5
69	El Salvador	4.0	138	Chad	1.5

**Table 5: Operating environment subindex rankings**

Pillar 7: Operating environment

Rank	Country/Economy	Score (1–7)	Rank	Country/Economy	Score (1–7)
1	Hong Kong SAR	5.8	70	Namibia	4.1
2	Singapore	5.8	71	Ghana	4.1
3	Finland	5.8	72	Bhutan	4.1
4	Qatar	5.7	73	India	4.1
5	Switzerland	5.7	74	Cambodia	4.1
6	Luxembourg	5.6	75	Thailand	4.1
7	New Zealand	5.6	76	Tunisia	4.0
8	Netherlands	5.5	77	Senegal	4.0
9	Sweden	5.5	78	Liberia	4.0
10	Norway	5.5	79	Greece	4.0
11	United Kingdom	5.4	80	Peru	4.0
12	Germany	5.4	81	Vietnam	4.0
13	United Arab Emirates	5.3	82	Philippines	4.0
14	Austria	5.3	83	Bulgaria	4.0
15	Canada	5.2	84	Romania	3.9
16	Belgium	5.2	85	Albania	3.9
17	Oman	5.2	86	Nicaragua	3.9
18	Taiwan, China	5.2	87	Cameroon	3.9
19	Australia	5.2	88	Ecuador	3.9
20	Ireland	5.1	89	Kenya	3.9
21	Denmark	5.1	90	Brazil	3.9
22	Japan	5.1	91	Guyana	3.8
23	Estonia	5.1	92	Jamaica	3.8
24	United States	5.0	93	Paraguay	3.8
25	Chile	5.0	94	Guatemala	3.8
26	Malta	5.0	95	Uganda	3.8
27	Malaysia	5.0	96	Bolivia	3.8
28	Bahrain	5.0	97	Mexico	3.8
29	Cyprus	5.0	98	Lesotho	3.7
30	France	4.9	99	Bangladesh	3.7
31	Iceland	4.8	100	Moldova	3.7
32	Mauritius	4.8	101	Tanzania	3.7
33	Rwanda	4.8	102	Lebanon	3.7
34	Saudi Arabia	4.7	103	Ukraine	3.7
35	Jordan	4.6	104	Serbia	3.7
36	Uruguay	4.6	105	Mongolia	3.7
37	China	4.6	106	Egypt	3.7
38	Panama	4.6	107	Gabon	3.6
39	Portugal	4.6	108	Malawi	3.6
40	Israel	4.5	109	Mozambique	3.6
41	Spain	4.5	110	Dominican Republic	3.6
42	Zambia	4.5	111	Côte d'Ivoire	3.6
43	Macedonia, FYR	4.5	112	Colombia	3.6
44	Latvia	4.5	113	Nepal	3.5
45	Morocco	4.5	114	El Salvador	3.5
46	Costa Rica	4.5	115	Ethiopia	3.5
47	Armenia	4.4	116	Pakistan	3.5
48	Georgia	4.4	117	Madagascar	3.5
49	Slovak Republic	4.4	118	Mali	3.5
50	Poland	4.4	119	Russian Federation	3.5
51	Montenegro	4.4	120	Honduras	3.5
52	Gambia, The	4.4	121	Kyrgyz Republic	3.4
53	Sri Lanka	4.4	122	Burkina Faso	3.4
54	Lithuania	4.4	123	Benin	3.4
55	Korea, Rep.	4.3	124	Argentina	3.4
56	Turkey	4.3	125	Iran, Islamic Rep.	3.4
57	South Africa	4.3	126	Zimbabwe	3.3
58	Azerbaijan	4.3	127	Mauritania	3.3
59	Slovenia	4.3	128	Nigeria	3.3
60	Czech Republic	4.3	129	Guinea	3.3
61	Indonesia	4.2	130	Algeria	3.3
62	Botswana	4.2	131	Haiti	3.3
63	Kuwait	4.2	132	Libya	3.1
64	Bosnia and Herzegovina	4.2	133	Burundi	3.1
65	Italy	4.2	134	Myanmar	2.9
66	Hungary	4.2	135	Angola	2.9
67	Kazakhstan	4.2	136	Yemen	2.9
68	Lao PDR	4.2	137	Chad	2.8
69	Croatia	4.1	138	Venezuela	2.6

\* Since this subindex is made up of only one pillar, data for this subindex and pillar 7 are identical.

to two-thirds of the world's least-developed countries, obtains the lowest average score in six of the seven pillars of the index. Only three countries, Mauritius (29th), South Africa (59th) and Rwanda (66th), of the 30 covered in this region, feature in the first half of the overall ETI ranking.

Average performances necessarily conceal significant differences within groups. Figure 5 shows the performance gap in the overall ETI between the highest- and lowest- ranked economies, as well as the median ETI rank in each region. The diagram reveals the existence of regional champions: Chile (8th overall) in Latin America and the Caribbean; the UAE (16th) in the Middle East, North Africa, and Pakistan region; Malaysia (25th) in Developing Asia; Mauritius in Sub-Saharan Africa; Georgia in the CIS region and Latvia in Central and Eastern Europe.<sup>7</sup> In the case of Chile, the UAE, Malaysia and Mauritius, more than 100 places separate them from the lowest-ranked economy of their respective regions.

While such vast disparities necessarily represent a major obstacle to South-South trade, the fact that certain emerging and developing countries have managed to rise to the level of advanced economies is encouraging. In challenging environments and despite adverse factors, policies, targeted investments and other measures aimed at enabling trade can make a difference. These should primarily be targeted at those areas where relatively small investments can quickly generate sizeable gains. Border administration is therefore an area of choice for reforms towards enabling trade (see Box 5). Improving information disclosure or making it possible to clear shipments via electronic data interchange is relatively easy to implement. Regional cooperation, sharing of good practices adapted to the regional context, capacity building and technical assistance programmes are critical enablers for generating such quick wins.

Transport infrastructure (pillar 4) is one of the areas where the performance gaps between advanced economies and the rest of the world are the widest (see Figure 4). Transport infrastructure is far more costly and time-consuming to deploy and upgrade than improving border administration. However, the benefits extend well beyond enhancing a country's capacity to fully reap the benefits of trade. Improved transport infrastructure helps create new business opportunities, connect producers and consumers, and reduce time to market. It is a critical driver of human development, competitiveness and growth.

Digital connectivity (pillar 6) can go a long way in filling critical information gaps. The use of information and communication technologies (ICTs) by border and customs agencies results in enormous productivity gains, which benefits government and businesses. They also help connect producers and customers along supply chains. Indeed, according to the pool of

### Box 5: Border Administration: The Low-Hanging Fruit of Enabling Trade

Improving the efficiency and transparency of border administration is at the core of the Agreement on Trade Facilitation adopted in Bali. This aspect is often perceived as a quick win for boosting trade, as the benefits significantly outweigh the cost of the necessary reforms.

When studying the dispersion of results across the four main dimensions of the Enabling Trade Index 2014, the border administration subindex scores exhibit the largest standard deviation (equal to 1.0, same as for the infrastructure subindex scores) and the biggest score differential between the best- (Singapore) and worst- (Chad) performing economies. This suggests huge scope for improvement in this area in developing countries. These have the most to gain from a speedy ratification and effective implementation of the trade facilitation agreement adopted in Bali, whereas advanced economies already operate at a very high level of efficiency and transparency.

For a more granular analysis, Table 1 reports the performance of selected country groups on the border administration pillar and its eleven indicators, expressed as a ratio of the group average value to the best score on each indicator. The gaps are the widest in the Global Express Association's Customs Services Index, a survey of the quality of information and services provided by agencies; in the World Bank's indicator capturing the efficiency of the clearance process; and in terms of irregular payments. The number of procedures required to import and to export goods also varies greatly.

But there is a silver lining amidst this mixed picture. Compared with other indicators in the ETI (within the market access, infrastructure and operating environment subindexes),

modernizing border administration is relatively less costly and less time-consuming. It is also politically easier, because less controversial, as attested by the Bali agreement adopted at a tumultuous time for international governance. Therefore, above all, it requires political will. But it also requires upgrading the capacity and skills of personnel and agencies. Indeed, the Bali Package stresses the importance of technical assistance and capacity building programmes in achieving successful implementation of the agreement.

Moreover, improvements on a specific indicator of the border administration pillar are likely to have a positive spillover effect on other indicators of this pillar. For instance, reducing paperwork and red tape reduces room for discretionary measures and irregular payments throughout the importing/exporting process. Improving border administration brings fiscal advantages for the government, by bringing down the costs associated with collecting duties, thus increasing profit margins.

In addition, there are examples of economies performing relatively well (above the sample average) on the border administration pillar, despite struggling on other ETI indicators assessing broader institutional aspects. Such is the case in a number of Latin American countries: Mexico ranks 62nd on the border administration pillar and 97th on the operating environment pillar; Dominican Republic ranks 63rd and 110th, respectively; Colombia, 68th and 112th. Elsewhere, Korea ranks 19th in terms of border administration, but a low 55th on the operating environment and Georgia ranks 35th and 71st, respectively. This suggests it is possible to reform border administration amidst a challenging overall environment.

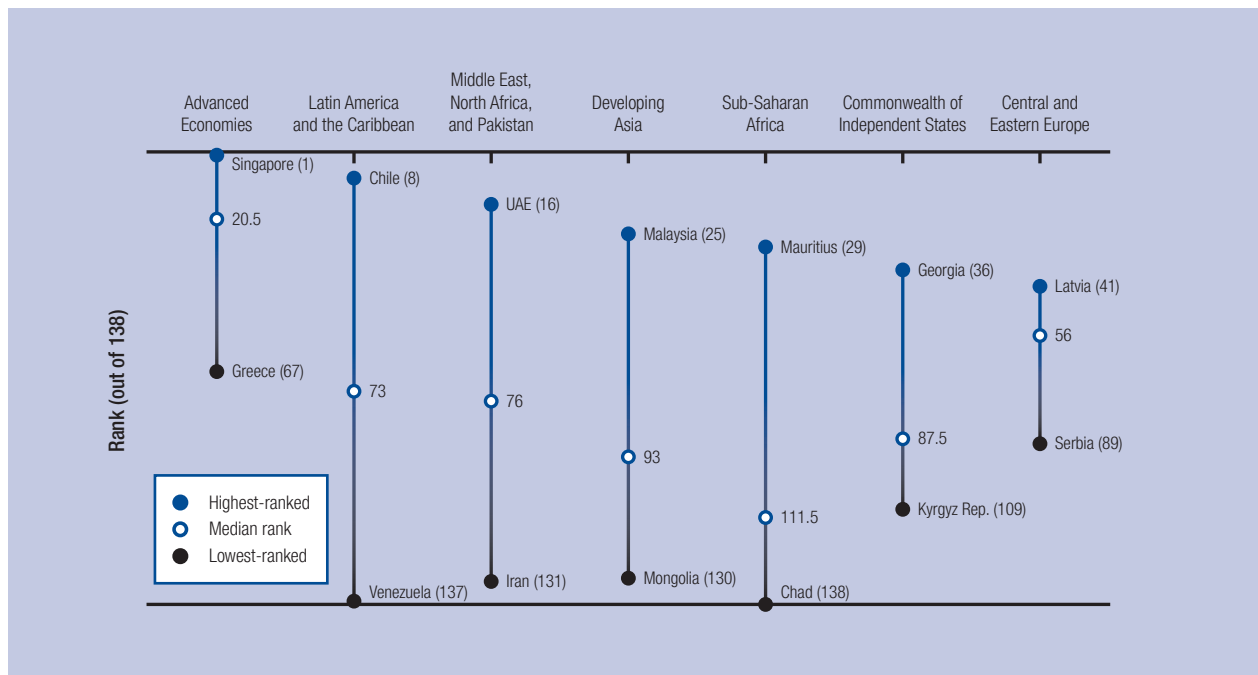
**Table 1: Border administration: performance gap between selected groups and best performers in pillar components**

Scores correspond to the ratio of group average values to best performing economy's values

Group	PILLAR 3: BORDER ADMINISTRATION	Customs services index	Efficiency of the clearance process	No. of days to import	No. of documents to import	Cost to import	No. of days to export	No. of documents to export	Cost to export	Irregular payments in exports and imports	Time predictability of import procedures	Customs transparency index
<b>INCOME GROUP</b>												
High-income: OECD	0.8	0.8	0.8	0.9	0.8	0.9	0.9	0.8	0.9	0.7	0.7	0.9
High-income: non OECD	0.7	0.6	0.6	0.9	0.6	0.9	0.9	0.6	0.9	0.7	0.7	0.8
Upper-middle income	0.5	0.4	0.4	0.8	0.6	0.9	0.8	0.5	0.8	0.4	0.4	0.8
Lower-middle income	0.4	0.4	0.3	0.8	0.4	0.9	0.8	0.4	0.9	0.3	0.4	0.7
Low income	0.3	0.3	0.3	0.6	0.3	0.7	0.6	0.4	0.7	0.2	0.3	0.5
<b>REGION</b>												
Advanced Economies	0.8	0.7	0.8	0.9	0.8	0.9	0.9	0.8	0.9	0.7	0.8	0.9
Central and Eastern Europe	0.6	0.5	0.5	0.9	0.6	0.9	0.9	0.6	0.9	0.5	0.5	0.8
MENAP	0.5	0.5	0.4	0.8	0.5	0.9	0.9	0.5	0.9	0.4	0.4	0.8
Latin America & Caribbean	0.5	0.4	0.4	0.8	0.6	0.9	0.8	0.6	0.8	0.3	0.4	0.8
Developing Asia	0.4	0.4	0.4	0.8	0.4	0.9	0.8	0.4	0.9	0.3	0.4	0.6
CIS	0.4	0.4	0.3	0.7	0.4	0.7	0.6	0.4	0.6	0.3	0.4	0.8
Sub-Saharan Africa	0.3	0.3	0.3	0.7	0.4	0.7	0.7	0.4	0.7	0.3	0.4	0.6
<b>SELECTED AGREEMENTS</b>												
EU 28	0.8	0.7	0.7	0.9	0.8	0.9	0.9	0.8	0.9	0.7	0.7	0.9
GGC	0.7	0.5	0.5	0.9	0.5	0.9	0.9	0.6	0.9	0.7	0.6	0.8
ASEAN	0.5	0.5	0.5	0.8	0.5	1.0	0.8	0.5	0.9	0.2	0.5	0.5
SACU	0.4	0.6	0.3	0.8	0.6	0.8	0.8	0.5	0.7	0.5	0.5	1.0
SAFTA	0.4	0.3	0.3	0.7	0.3	0.9	0.7	0.3	0.9	0.2	0.4	0.7
MERCOSUR	0.4	0.3	0.3	0.7	0.4	0.8	0.7	0.5	0.7	0.3	0.3	0.7
<b>Best Performer</b>	Singapore	Singapore	Norway	Singapore	Multiple	Singapore	Multiple	Multiple	Malaysia	New Zealand	Finland	Multiple



Figure 5: The Enabling Trade Index 2014: Intra-regional performance gaps



Note: Based on IMF classification (see Table 1).

some 13,000 business executives who participated in the Executive Opinion Survey 2013, at the global level, identifying potential buyers is the most problematic factor for exporting. The benefits to society of improved ICT infrastructure are considerable. It facilitates the delivery of basic services, including education and financial services, creates new business models, and improves the transparency and accountability of administrations, thus contributing to better governance, to name just a few.

Yet the digital divide remains profound between advanced economies and the rest of the world (see Figure 4). Although mobile telephony is ubiquitous in most parts of the world, the capacity to fully leverage ICTs remains extremely limited in vast swaths of the developing world, owing to the lack of skills, infrastructure and equipment, digital content, affordability and political will (World Economic Forum, 2013). As of 2012, only one in ten individuals in Sub-Saharan Africa used the Internet on a regular basis, and there was less than one broadband Internet subscription per 100 population. The situation is slightly better in Developing Asia, the second-worst performing region in the ICTs pillar. Most governments and administrations have yet to adopt new technology. Not surprisingly, businesses are the most prompt at adopting new technologies. Due to advances in innovation, more competition and ever-falling costs and tariffs, one can expect the uptake in ICTs worldwide to increase rapidly in the coming years.

### Country Highlights

As a complement to the rankings tables, Table 6 reports the 10 best-performing economies on the overall Enabling Trade Index and the seven pillars, illustrating the quality and consistency of their performance across the index. The table also lists the top 5 by pillar. Below, we describe the performance of selected countries listed by region and by rank.<sup>8</sup>

#### Asia and the Pacific

For the fourth consecutive edition, **Singapore** ranks 1st in the ETI. The level and consistency of Singapore's performance is outstanding. As shown in Table 6, Singapore leads in two pillars (border administration and transport services), features in the top 5 of three more and ranks 8th and 13th in the remaining two. As a result, the score differential with second-ranked Hong Kong SAR is 0.5 points, which is considerable by ETI standards. One of the world's leading trading platforms, the total value of merchandise exported to and imported from Singapore represented 2.9 times its GDP in 2012. A champion of government efficiency, Singapore's excellent performance in terms of border administration is reflected in the top result achieved by the country on the related pillar (Singapore ranks in the top 3 on 10 of the 11 indicators composing the border administration pillar). Singapore established the world's first national single window for trade (TradeNet) in 1989, bringing together more than 35 border agencies. As a result of this focus on efficiency, Singapore Customs estimated

### Box 6: Logistics Inefficiencies a Primary Source of Trade Costs

JEAN-FRANÇOIS ARVIS (World Bank) and BEN SHEPHERD (Developing Trade Consultants Ltd.)

Bilateral trade costs capture all factors that drive a wedge between the price of goods at the factory or farm gate in the exporting country and the price paid by a consumer in the importing country. They, therefore, include factors such as distance, supply chain inefficiencies, tariff and non-tariff barriers. Lower trade costs make a country more competitive, and contribute to its global and regional integration.

The UNESCAP-World Bank bilateral trade costs database (Arvis et al., 2013) gives trade costs by pair of countries for the manufacturing and the agricultural sectors. The authors estimate the breakdown of trade costs by source of cost (see Figure 1). Expectedly, distance is a major source of trade costs, but logistics performance and connectivity are at least as important, and more so than tariffs. Developing countries face much higher trade costs in part due to the importance of policy in addressing the sources of trade costs. For example, regulation of transport and distribution markets, as well as trade policy measures, affect the level of trade costs, and are often more restrictive in developing countries than in developed ones.

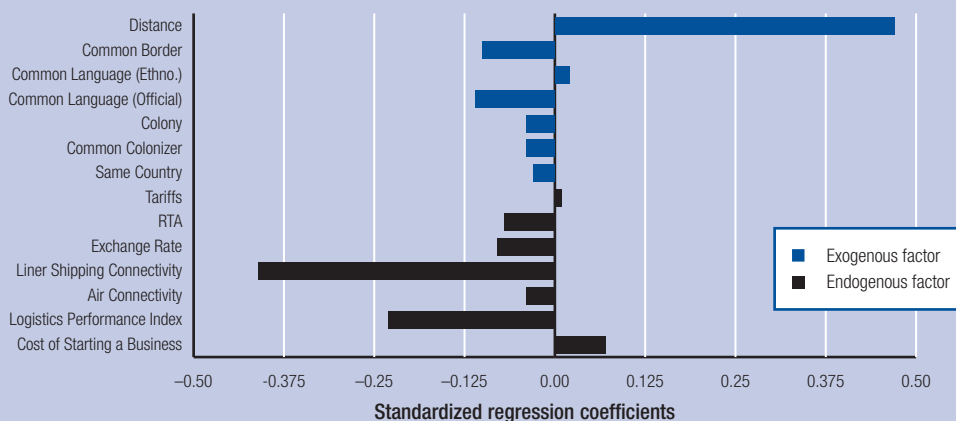
Some trade costs are exogenous, in the sense that they are largely outside a country's control. Geographical remoteness is an example. Other types of trade costs are endogenous, which means that they are primarily related to national policies. This means that policy reforms can do much to reduce trade costs and boost trade integration, especially measures that improve connectivity and logistics performance.

The Enabling Trade Index (ETI) captures most of the policy measures that influence trade costs. Expectedly, economies with a higher ETI score experience much lower trade costs (see Figure 2), in large part due to these enabling policies. The effect is quite strong—on average, a one-point increase in the ETI score is associated with a reduction of 40% in trade costs.

#### Reference

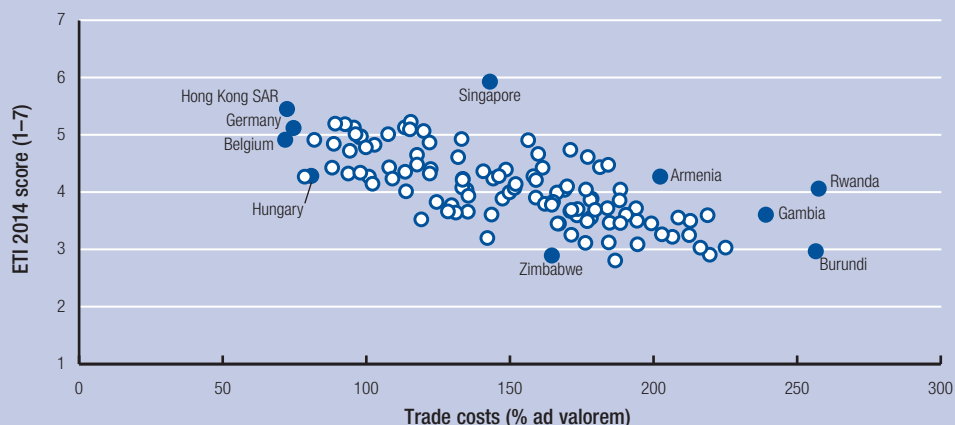
Arvis, J.-F., Y. Duval, B. Shepherd, and C. Utoktham. 2013. "Trade Costs in the Developing World." Policy Research Working Paper No. 6309, World Bank. Access the UNESCAP-World Bank trade costs database at <http://data.worldbank.org/data-catalog/trade-costs-dataset>.

Figure 1: Relative impact of different sources of trade costs



Source: Arvis et al, 2013.  
 Note: For each component, the represented score corresponds to the group average value to the best performing economy's value.

Figure 2: Relationship between the Enabling Trade Index, 2014, and average trade costs, 2010



Sources: Arvis et al, 2013, and World Economic Forum.  
 Note: Only the 115 economies included both in the ETI and the trade costs database are represented.

Table 6: Performance of the ETI 2014 top 10 countries and presence in the top 5 by pillar

Country/Economy	OVERALL ETI	1. Domestic market access	2. Foreign market access	3. Efficiency and transparency of border administration	4. Availability and quality of transport infrastructure	5. Availability and quality of transport services	6. Availability and use of ICTs	7. Operating environment	Number of times in top 5
Singapore	1	3	13	1	2	1	8	2	5
Hong Kong SAR	2	1	135	11	3	5	11	1	4
Netherlands	3	46	97	4	9	2	4	8	3
New Zealand	4	5	65	6	39	25	16	7	1
Finland	5	46	97	2	20	17	3	3	3
United Kingdom	6	46	97	7	10	9	2	11	1
Switzerland	7	85	71	12	12	8	14	5	1
Chile	8	9	2	26	64	43	36	25	1
Sweden	9	46	97	3	35	7	1	9	2
Germany	10	46	97	13	5	3	21	12	2
Japan	13	—	—	5	—	4	—	—	2
United Arab Emirates	16	—	—	—	1	—	—	—	1
Denmark	17	—	—	—	—	—	5	—	1
Qatar	19	—	—	—	—	—	—	4	1
France	21	—	—	—	4	—	—	—	1
Mauritius	29	4	5	—	—	—	—	—	2
Cambodia	93	—	1	—	—	—	—	—	1
Lao PDR	98	—	4	—	—	—	—	—	1
Libya	106	1	—	—	—	—	—	—	1
Nepal	116	—	3	—	—	—	—	—	1

that in 2012, the cost per Singaporean dollar of duty it collected was a mere 1.15 cents, a margin of 98.9%.<sup>9</sup>

**Hong Kong SAR** ranks 2nd overall for the fourth edition in a row, as a result of an excellent performance across the board. The territory is arguably the world's most open market: it does not levy any customs tariff on imports or exports. There is also no tariff quota or surcharge, no value-added taxes or general services taxes. Hong Kong's exporters do not enjoy a similar level of openness abroad. They face on average among the highest tariffs in the world (135th). Hong Kong ranks 39th in terms of GDP but is the world's 9th largest exporter. The volume of merchandise traded through the territory amounted to four times its GDP in 2012. In general, Hong Kong offers the world's friendliest operating environment for traders and businesses. It boasts world-class transport infrastructure, combined with excellent logistics and transport services. These features contribute to making Hong Kong one of the most connected places on the planet.

**Japan** ranks 15th overall in the ETI and 3rd in Asia behind the two frontrunners. While the country's performance is strong overall, it is uneven across the different areas. Japan ranks 5th in the border administration pillar and in the top 10 of each of the three infrastructure-related pillars. In particular, it places 4th for the availability of transport and logistics services. By contrast, Japan ranks last in the foreign market access pillar. Its exporters face tariffs of 6% on average—one of the highest rates among the 138 economies studied (133rd) - and enjoy almost no preferential treatment

(138th). Domestically, Japan applies relatively low tariffs, but this is undermined by the complexity of its tariff regime (103rd). The country's operating environment is favourable (22nd), but certainly not to the same degree as Singapore or Hong Kong SAR. Red tape (75th) and limited openness to foreign participation (66th)—in particular, for hiring foreign labour (109th)—are the country's two main weaknesses within this pillar.

Far below its neighbour New Zealand (4th), **Australia** ranks 23rd overall, as a result of a very consistent performance across the indicators of the index. The country ranks no better than 15th—in ICT use—but no lower than 24th—in transport infrastructure—in six of the seven pillars. However, Australia is penalized by a low score in the foreign market access pillar (134th), reflecting the high tariffs faced abroad by Australian exporters. The country possesses excellent transport infrastructure overall, but port (40th) and railroad (32nd) infrastructures are strained by the boom in exports of various minerals, including coal and iron ore, of which the country is the world's largest exporter, resulting in bottlenecks. Border administration (22nd) is very efficient, although room for improvement remains in terms of the cost and number of documents required to import and export. The fees associated with shipping a container from Australia (US\$ 1,170) are approximately US\$ 300 more than in New Zealand and almost three times as much as in Singapore.

**Malaysia** (25th) ranks second within ASEAN, behind Singapore. It is the best-performing country in the Developing Asia region, almost 30 places ahead of

second-best China (54th). In a region afflicted by red tape, corruption and lack of infrastructure, Malaysia is an outlier. It ranks a remarkable 14th for the availability and quality of transport infrastructure. Maritime connectivity is among the world's best (5th), far behind leading China, but almost on par with Hong Kong SAR (2nd), Singapore (3rd), and Korea (4th). The measures by Malaysia's government to streamline and simplify regulations across its administration are having a positive impact on the efficiency of border administration. As a result, fees for exporting a container from Malaysia are the lowest in the world, according to the World Bank. Yet, the time and paperwork it takes to export remain significantly higher than in neighbouring Singapore, and corruption is present throughout the process.

The performance of **Korea** (30th) is uneven. The country ranks 5th on the infrastructure subindex of the ETI, owing to its outstanding level of digital readiness (6th) and world-class transport infrastructure (10th). The government is a world leader in e-government, and ICTs are ubiquitous across the entire society. This partly explains the excellent level of efficiency and transparency observed in border administration (19th). Yet Korea is penalized for low marks earned in the market access subindex (120th) and, to a lesser extent, for the quality of its operating environment (55th). Various aspects of the institutional framework, from red tape to the judiciary, as well as the access to finance (82nd), and the inward-looking nature of certain regulations, remain problematic.

At 54th, **China** is the best performing of the BRICS economies, a few notches ahead of South Africa (59th). The world's largest exporter—China accounted for some 11% of all merchandise exports in 2012, significantly more than the United States and Germany—boasts good transport infrastructure by regional standards. While transport infrastructure has served China's formidable exporting machine, other barriers certainly have been slowing it down. Clearing customs remains cumbersome in many ways, requiring significant paperwork. Consequently, China ranks 48th in border administration, thus suggesting much room for improvement. In addition, China still lags in terms of digital connectivity (82nd), although the situation is improving fast. The country's performance is further weakened by relatively high tariff rates (114th) and the complexity of its tariff schedule (57th), as well as the high tariff barriers faced by Chinese exporters (125th).

**Indonesia** ranks 58th on the Enabling Trade Index—4th in ASEAN behind Singapore, Malaysia (25th) and Thailand (57th). Indonesia's tariff regime offers relatively favourable conditions of access to its domestic market (26th) and abroad, Indonesian exporters enjoy some of the lowest tariff rates in the world (8th).

The **Philippines** ranks 64th on the ETI, and 5th within ASEAN. The country does well on the domestic market access (19th) and foreign market access (26th) pillars, but room for improvement remains with respect

to the other five pillars of the index. It ranks in the bottom half of the ETI sample in all of them. Border administration (71st) is mired by corruption and red tape, two factors also contributing to weakening the general operating environment (82nd). Like many countries in the region, the Philippines' biggest weakness is the lack of adequate transport infrastructure (96th). The shortcomings are the most severe in the airport (105th) and port (107th) infrastructure. To make things worse, the availability and quality of associated logistics services remains largely insufficient (84th).

**India** ranks 96th on the overall ETI ranking. Among the BRICS economies, it lags far behind China and South Africa and trails Brazil by a few notches, but is 9 places ahead of the Russian Federation. Access to India's domestic market is made difficult by high tariff barriers (135th). At 12.4%, average applied tariffs are among the world's highest, with a low 10% share of duty-free imports. The tariff regime is complex and characterized by a high quantity of distinct tariffs and vast tariff dispersion across tariff lines. Abroad, Indian exporters face relatively high tariffs and benefit from almost no preferences. Thanks to good maritime and air connectivity, and its extensive rail network, India ranks a satisfactory 34th on the transport infrastructure pillar. But India must invest massively to develop and upgrade its infrastructure in order to respond to the needs created by the development of the manufacturing sector in the decades to come. The sector accounts only for 14% of GDP in an economy largely dominated by low value-added services and agriculture. In addition, ICT use remains limited by international standards (104th). The Indian administration is far from leveraging ICTs to their full extent. Red tape and corruption in connection with border administration (74th) lead to inefficiencies, delays and lack of predictability. India's first position—along with several other countries—on the customs transparency index helps brighten the picture in this category.

### **Europe and Central Asia**

Rounding out the top 3, the **Netherlands** features in the top 10 of five pillars. The country boasts the best port infrastructure in the world, and the rest of its transport and ICT infrastructures are top-notch, earning the country the 3rd rank on the infrastructure subindex. The transparency and efficiency of its border administration are excellent, even though exporting to and importing from the country is costly on average, much more than in Singapore, Hong Kong SAR and most economies in East and Southeast Asia. Its overall performance on the ETI is weakened by a low mark on the market access subindex (75th).

The **United Kingdom**, leveraging its world-class border administration and infrastructure, ranks 6th in this year's report. In particular, the United Kingdom ranks 2nd on the availability and use of ICTs and 1st in terms of Internet use for business-to-consumer transactions. Transport services can rely on good

logistics competence (5th), tracing and tracking ability (5th) and timeliness of shipments in reaching destinations (7th). Customs procedures are efficient and transparent, although the cost to export and import remains high (51st and 48th, respectively). The United Kingdom's operating environment can leverage a strong protection of property rights (4th) and on a judicial system that is efficient and transparent in settling commercial disputes (1st). In line with other advanced economies, market access remains the main weak spot in the United Kingdom's ability to enable trade. Domestic market access is discouraged by the high complexity of the tariff structure, while high tariffs faced and low margin of preference in destination markets impairs British firms' opportunities to export.

**Germany** places 10th in the 2014 edition of the Enabling Trade Index. The country's strong performance is based on excellent transport infrastructure facilities (5th) across all modes of transport, efficient border administration and an operating environment for business that is based on strong protection of property rights and high levels of accountability and efficiency within the public administration. The country also excels in terms of logistics services (3rd). The sector is highly competent and excels in terms of timeliness and ease of arranging shipments as well as their affordability. Despite this very positive assessment, there is room for improvement in some selected areas. Foreign direct investment and hiring of foreign labour remain constrained by restrictive regulations. In light of the rising importance of movement of people and capital for trade performance, these factors are likely to undermine Germany's future performance if unaddressed. As with other EU economies, the country also suffers from a highly complex tariff structure, which primarily affects agricultural products.

**France** ranks 21st in this year's ranking. Like other advanced economies, it experiences tariff restrictions in accessing foreign markets as well as domestically. In particular, the country faces high tariffs in destination markets and has a very low margin of preference over competitors. High complexity of the tariff structure (110th, together with other EU countries) discourages importing foreign products into the country. France can leverage a world-class transport infrastructure (4th in terms of availability and quality of transport infrastructure) and efficient transport services (15th). Border administration is generally efficient and transparent: France ranks 1st in terms of number of documents to import and export (only two documents are required), although the cost to import and export remains high (79th and 83rd, respectively). Finally, government bureaucracy and regulation impair an overall good operating environment: France ranks 120th for ease of compliance with government regulation and ease of hiring foreign labour.

**Turkey** occupies the 46th position, a good result among large emerging markets. The environment for exporters and importers in Turkey is characterized by good transport infrastructure (26th), in particular for air transport, well-developed logistics services (36th) and easy access to domestic markets (34th). The strong performance of the country on these elements allows it to benefit from its proximity to large markets. Further developing trade in Turkey would necessitate addressing some of the challenges the country is facing with respect to access in target markets, which remains more restricted than for most other economies (80th). The country could also benefit from more use of ICTs, in particular mobile telephony and the Internet. The government could play a leading role in promoting ICTs by putting more public services online (76th). Last, and not least, physical security remains fragile and represents a cost factor for trading companies.

Ranked 47th for enabling trade across borders, **Italy** remains one of the poorest performers among advanced economies (32nd out of 34, followed by the Slovak Republic and Greece). This is in spite of Italy's role as the 10th largest trader in the world and 2nd largest manufacturing economy in Europe. A poor operating environment continues to be Italy's weak spot. Access to finance is especially problematic, with the country ranking 111th worldwide. Availability of trade finance services is poor (115th) and businesses have indicated this as the most problematic factor for exporting. In recent years, the government has failed to reform the banking and financial sector, where balance sheets are increasingly burdened by non-performing loans and some banks need fresh capital. In line with other advanced economies, Italy suffers from restricted access to foreign markets, due to high tariffs faced and a low margin of preference. In line with other EU members, the country's tariff structure is complex (110th), which increases the transaction costs of importing final products and inputs for production. The quality of Italian transport services and infrastructure is substantially in line with other advanced economies, with postal and intermodal transport services as the main competitive disadvantages. Finally, Italy lags behind other advanced economies in the availability and use of ICTs. In particular, poor use of ICTs by businesses and government and low percentage of individuals using the Internet are competitive disadvantages.

The **Russian Federation** occupies a low 105th position, thus enabling trade to a lesser degree than other BRICS economies. The country is also less export-oriented than other large emerging markets, primarily relying on energy exports. Export diversification would enable the country to put growth on a more stable footing. Some factors supportive of diversifying exports are in place. The country has solid infrastructure networks (42nd) in place and takes advantage of the availability of ICTs. At the same time, trade performance

remains limited by the high and complex domestic tariffs (127th) as well as restricted access to markets abroad (84th). The Russian Federation's recent accession to the WTO should help the country in this respect. Reforms to the operating environment could significantly improve its trade performance, in particular given the country's strong human capital base. Better protection of property rights, more efficient and transparent public administration, less restrictive regulations to hire foreign labour and to invest from abroad as well as improvements to the overall physical security would enable the country to take advantage of its remarkable potential.

### **Latin America and Caribbean**

**Chile** enters the top ten of this year's report, ranking 8th. The country has come a long way in the last years, improving its trade policy and reaching the top position in terms of market access (1st). In particular, the country enjoys very good access to destination markets (2nd) due to an average tariff faced of 3.5% (lowest rate worldwide). Access to domestic market is also facilitated by a very simple tariff structure (3rd worldwide) consisting of only two distinct tariffs, zero tariff peaks and specific tariffs, and almost no tariff dispersion. Infrastructure remains a weak spot for the country, ranking 64th in terms of availability and use of transport infrastructure. Border administration is rather efficient and transparent, and the country's operating environment benefits from good openness to foreign participation, with an efficient regulation on foreign direct investments (FDIs) (10th). However, protection of property, and in particular intellectual property rights, could be improved.

One of the best performing countries in Central America and the Caribbean, **Panama** ranks 52nd in this year's report. Poor foreign market access burdens the country's performance and constitutes the main competitive disadvantage vis-à-vis its neighbours. Infrastructure is one of Panama's strengths; it ranks 5th for quality of air transport infrastructure and 6th for quality of port infrastructure. Transport mode change is also efficient as well as border procedures. Exporting and importing requires only three documents (3rd) and the cost to export amounts to US\$ 625 per container (14th worldwide). Panama's operating environment benefits from top-level access to finance (7th), good protection of property rights (35th) and openness to foreign participation and FDIs. Availability and use of transport services and ICTs are also above regional average, although broadband connectivity remains low and the quality of government online services poor.

**Mexico** ranks 61st in this year's report, performing slightly better than the rest of Central America and the Caribbean. Market access is one of the country's competitive advantages: it ranks, respectively, 33rd and 29th in terms of domestic and foreign market access. A vast majority (83.7%) of imports enter the

Mexican market free of duty (ranked 16th). Border administration is generally in line with the rest of Central America. Only four documents are necessary to export and import (16th and 11th respectively). Transport infrastructure, particularly railroads, should be improved, as well as postal services' efficiency. Low efficiency and accountability of public institutions (128th) and poor physical security (130th) plague Mexico's operating environment. The country has one of the highest homicide rates in the world, making protection from crime and violence for businesses very costly. Businesses have also identified corruption, crime and theft as some of the most problematic factors for importing. Notwithstanding the weaknesses of public institutions, Mexico remains open to foreign participation: the country ranks 44th for business impact of regulations on FDIs and 26th in terms of openness to multilateral trade rules.

Ranked 86th in this year's *Report*, **Brazil's** performance leaves room for improvement. Market access is generally poor and below the South American average. Access to the domestic market is restricted by high tariff rates (117th) and a low share of imports free of duty (33.1%, ranked 99th). These shortcomings are only partially offset by the simplicity of the tariff structure, characterized by the lowest presence of specific tariff in the sample and few tariff peaks (25th). Infrastructure development is of utmost importance. Brazil's domestic infrastructure ranks low across all modes of transport, although the country's market size (it is the 7th largest economy and 5th most populous country in the world) allows maintaining good air and liner shipping connectivity with the rest of the world. Transport mode change is also particularly inefficient. Availability and use of ICTs are two of Brazil's competitive advantages and are significantly better than in the rest of South America. In particular, mobile phone connectivity is good, as is Internet use by businesses and government. Finally, Brazil's operating environment continues to be characterized by high levels of corruption and complicated government regulations. Physical security is also one of Brazil's weak spots (103rd), with one of the highest homicide rates in the world and high business costs of crime and violence.

At 95th position, **Argentina** occupies a rather low place in the ETI. Measures to enhance trade would allow the country to spur economic growth by enabling Argentina to participate in cross-border value chains. Argentina enjoys good market access conditions in major export markets, and importers benefit from a simple, albeit relatively high, domestic tariffs. Other advantages include high levels of ICT connectivity, which could enable Argentinean traders to connect easily. Enabling trade and the participation in cross-border supply chains in Argentina will require progress on two fronts. One is border administration, which remains burdensome and is ranked 96th overall. Export and

import procedures are costly and lengthy in international comparison and require many steps to be taken. A simplification of these administrative requirements—for example, by stronger reliance on ICTs for administrative procedures—could significantly improve the profitability of exports. More prevalent use of ICTs could equally help increase the transparency and accountability of these transactions, thereby reducing opportunities for corruption related to importing and exporting. The second area where Argentina is disadvantaged is the overall operating environment. Insufficient protection of property rights, difficult access to finance (including trade finance) and restrictive rules and regulations governing FDIs are important impediments to developing trade in the country. The increasing share of trade taking place in cross-border supply chains raises the importance of the business environment for trade performance, and Argentina will have to address some of these challenges if it wishes to further benefit from international trade.

### **Middle East and North Africa**

The **United Arab Emirates** occupies the 16th place on this year's edition of the ETI and leads the Middle East and North Africa region. The country's success in establishing a logistics, trade and tourism hub in the region is reflected in its solid positioning on the ETI, which is buoyed by strong performance in terms of transport infrastructure, where the country is second to none. The UAE also boasts a very efficient border administration system and an operating environment that is very conducive to trade with easy accessible finance and ease of hiring foreign labour. Further enabling trade in the UAE will require further strengthening of logistics services (27th) and efforts to reduce the tariff burden faced by UAE exporters abroad. Certain aspects of public institutions would also merit additional attention; for example, judicial efficiency and impartiality and protection of property rights.

**Saudi Arabia** comes in at 48th in the ETI sample. Importers and exporters benefit from a fairly sound operating environment (34th) and from fairly good transport infrastructure (38th), in particular when it comes to the quality of air transport (24th) and seaport facilities (19th). The country also has a fairly simple tariff regime (29th) and benefits from prevalent use of new technologies for business-to-business transactions (23rd) and the provision of government services (19th). The country's performance could be improved through efforts to reform border administration in order to make the clearance process more efficient (54th) and more predictable (46th). World Bank data<sup>10</sup> indicates that although the number of procedures and time necessary to clear goods at the border remained unchanged, the costs associated with the clearance process have increased significantly over the past two years.<sup>11</sup> Increasing and diversifying its export performance will be important for Saudi Arabia in order to stabilize growth, create employment and reduce reliance

on the energy sector. One area of focus for the country should be to review the trade barriers its exporters face abroad and to look into initiating international agreements to reduce this burden.

### **North America**

**Canada** comes in 14th in this year's ranking. The country performs rather homogeneously across all dimensions of trade facilitation, but suffers from high faced tariffs and a low margin of preference in destination markets. Exporting and importing goods across borders is also particularly expensive, with the country ranking respectively 95th and 106th in terms of cost to export and cost to import. With 89.4% of imports entering the country free of duty, Canada's domestic market is one of the most accessible among advanced economies (4th out of 34). Nonetheless, businesses have identified high tariffs and burdensome import procedures as the two most problematic factors for importing. Limited openness to multilateral trade rules and difficulties in hiring foreign labour are among the competitive disadvantages of Canada's operating environment.

Ranked 15th in this year's report, the **United States** is the world's main trader of manufactured goods, accounting for 10.49% of world trade. The country can leverage good border administration and infrastructure. Customs are generally efficient and transparent, and exporting and importing procedures require, respectively, only 6 and 5 days (1st and 2nd respectively). Costs remain high, however, especially for importing (US\$ 1,315 per container). Transport connectivity and infrastructure are two of the country's competitive advantages, mainly due to good connections with the rest of the world. Good logistics competences (7th) and tracking and tracing ability (2nd) characterize the United States' transport services. ICTs are also one of the country's competitive assets, with a high number of active mobile broadband subscriptions (8th) and extensive use of Internet for business-to-consumer transactions (3rd). The United States also ranks 1st for quality of government online services. However, market access remains one of the country's weak spots, in line with most other advanced economies. High complexity of the domestic tariff structure discourages imports while local firms face one of the highest tariff rates in destination markets (130th) and a low margin of preference. Deepening international trade policy initiatives could help to address these shortcomings.

### **Sub-Saharan Africa**

**Mauritius** remains the best performer on the African continent at 29th position. The country is one of the success stories in terms of trade development in Africa and its strong trade performance is reflected in the results it achieves on the ETI. Access to domestic markets is almost completely free, with very low tariff rates (0.8%, on average), and Mauritius also benefits from a high margin of preference on tariffs in target

markets. Infrastructure is fairly good and the overall business environment is conducive to trade, with rules and regulations that are open to FDIs, fairly good levels of physical security, and an impartial and efficient judicial system. At the same time, room for improvement remains in terms of the availability of quality logistics services in the country. Advanced logistics services, such as tracking and tracing consignments or reliability in terms of timeliness, are not prevalent in the country. Despite the open economy, some sectors remain protected by tariff peaks and specific tariffs, which makes it difficult to navigate the tariff regime for exporters.

**South Africa's** assessment on the ETI results in a rank of 59th, and its performance on most of the indicators is consistent with this overall rank. The areas that stand out positively include the quality of infrastructure in certain modes of transport, in particular for air and sea. The country also benefits from well-protected property rights (18th) and ease of access to finance for businesses (15th), including the ability to trade finance (24th). At the same time, some challenges remain to be addressed. These include the dismal security situation (123rd), which imposes additional costs on businesses operating and trading in the country. The tariff structure for imports is highly complex (92nd) and average tariffs are fairly high in international comparison (74th). Last but not least, the efficiency of border administration could be improved as procedures to import and export goods are lengthy and costly.

**Nigeria** occupies a low 124th position, which is illustrative of a significant number of challenges faced by the country. As African economies continue to grow, demand is set to increase and African economies should be well positioned to take advantage of these new potential export opportunities. For Nigeria to take more advantage of exports for its development, the country will have to identify ways to reduce the high trade barriers exporters face in target markets. Nigeria's market is very open, yet many non-tariff barriers are hindering trade development. These include underdeveloped infrastructure across all modes of transport, insufficiently available and costly transport services and low use of ICTs. The country is also struggling with challenges related to the overall business environment. Physical security imposes significant costs on foreign and local businesses and is a major deterrent to foreign direct investment in the country. The governance framework, as far as it pertains to trade (property rights, impartiality and efficiency of the judiciary and transparency), is also in need of strengthening.

## CONCLUSION

The agreement on trade facilitation at the Bali WTO ministerial meeting created renewed momentum for enabling trade and removing many of the trade barriers assessed by the Enabling Trade Index, such as the

cumbersome border procedures, burdensome customs clearance or lack of transparency on regulations. As countries wish to seize the momentum created by the favourable environment, the Enabling Trade Index can provide a tool for identifying strengths and weaknesses and tracking progress in enabling trade.

Three types of trade barriers stand out among the measures assessed by the ETI. Two of them, measures to reform border administration and enhancing the quality and efficiency of logistics services, have received much attention recently, as they bear the promise of considerable gains at limited cost. Thirdly, although tariff barriers have, on average, diminished in importance as they have come down through consecutive rounds of trade liberalization over the past decades, the complexity of tariff regimes, in particular in advanced economies still presents an important obstacle to international trade.

Our results show that various and significant trade barriers persist, particularly in the developing world. The good news is that some of these barriers can be removed relatively quickly, at a low cost and using limited political capital. Our findings point to a number of success stories, ranging from Chile to Mauritius and Malaysia. They also highlight the weaknesses of several large emerging economies, such as Brazil, India, Russia and Nigeria, where trade is impeded by red tape, pervasive corruption, inadequate infrastructure and low levels of security, to name a few issues. The mediocre performance of these countries on the Enabling Trade Index suggests that they are failing to put in place the reforms needed to enable trade and step up to the next stage of their development.

By ranking countries according to the barriers to trade they have in place, *The Global Enabling Trade Report* provides key information on one specific set of measures that could enable countries to further benefit from trade in this new and rapidly changing global environment. The *Report* is intended to be a motivator for change and a foundation for dialogue, by providing a yardstick of the extent to which countries have in place the factors that facilitate the free flow of goods and by identifying areas where improvements are most needed.

## NOTES

- 1 See the Acknowledgments section at the end of this *Report* for a list of data partner organizations.
- 2 The contribution of Survey indicators to the overall ETI is calculated as the sum of individual weights, which depend on the placement in the Index. The contribution is calculated as the weight of the individual indicator within the component it belongs to, multiplied by the weight in the ETI of that component.
- 3 See Browne et al. (2013) for more information about the Executive Opinion Survey process and data.
- 4 Estimates based on the International Monetary Fund's World Economic Outlook (October 2013 edition) and on the World Trade Organization's *Time Series on Merchandise and Commercial Services Database* (retrieved November 8th, 2013), respectively.



- 5 For example, the general scheme of preference (GSP), GSP+, and Everything But Arms (EBA) arrangements of the European Union for selected developing countries, the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Partnership Act (CBTPA) of the United States.
- 6 Mineral products comprise crude oil and gas, metal ores and other minerals as well as petroleum products, liquefied gas, coal, and precious stones. The figures cited here are averages of annual shares over the period 2007-2011 and come from the International Trade Centre.
- 7 Georgia officially withdrew from the CIS on August 18, 2009, but the International Monetary Fund includes it in the CIS group for reasons of geography and similarities in economic structure.
- 8 The selection comprises the top 3 performing economies, the 19 countries member of the G20 (the 20th member is the European Union), the regional champions, and those countries where the World Economic Forum has a regional event in 2014.
- 9 According to Singapore Customs Yearly Revenue Statistics (accessed March 7, 2014) available at <http://www.customs.gov.sg/topNav/pub/Statistics.htm>.
- 10 World Bank's Doing Business historical database.
- 11 For example, the cost to export a container has increased from 765 USD in 2011 to 1055 USD in 2013.

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