

From Trade Preferences to Trade Facilitation: Taking Stock of the Issues

Maria Persson-
Lund University
Research Institute of Industrial Economics (IFN)

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The objective of the paper is clear and the structure is correct.

In the first part, the author explains what is the meaning of trade preferences and their limitations to improve better integration between EU and developing countries. It would be better if the author includes a section with a review of empirical work that analyzes the impact of trade preferences to improve trade between EU and developing countries and show the results for each one before starting with section 2.1 *why some preferences may not work*.

For the section 3.2 Why are Inefficient Trade Procedures Costly?

In first paragraph the author explain that trade procedures can be considered as transaction cost that could be direct or indirect cost. Direct transaction costs are related to providing information and documentation or direct charges for trade-related services and indirect transaction costs are related to time delays.

In second and third paragraph author explains also transaction cost can be sunk, fixed and variable cost. The explanation of sunk and fixed costs is appropriate. For variable costs, probably it would be better if the author avoids explaining variable cost using time delays examples. Time delays do not depend always on the size of shipment, but on other factors, although it may be related in some cases with the size of shipment. For example it would be better talk about more complex administration procedures related to customs declarations for bigger than for smaller quantities.

It would be better if author explain the transaction costs as follow:

1. Transaction costs
 - 1.1. Direct costs
 - 1.1.1. Sunk
 - 1.1.2. Fixed
 - 1.1.3. Variable
 - 1.2. Indirect costs
 - 1.2.1. Time Delays

[...] The direct costs include compliance costs associated with providing information and documentation or direct charges for trade-related services. Indirect costs include time delays due to inefficient procedures [...] Author could continue: On the other hand, it is sometimes more helpful differentiate these direct costs between sunk, fixed or variable.

Second paragraph can explain *sunk, fixed or variable*.

And third paragraph can explain now indirect cost with time delays. .

3.3 Economic Effects of Trade Facilitation

Effects on Trade in the Context of European Integration

[...] Wilson et al. (2006) focus on trade facilitation in the new EU members from the enlargements in 2004 and 2007 (plus Turkey). Persson (2008) investigates the probable effects of trade facilitation within the framework of the Economic Partnership Agreements which are in the process of replacing the previous trade preferences offered by the EU to ACP countries.

It would be better if the author adds the results obtained for each author.

For Annex

It would be a good idea to include a table in the annex with a review of the empirical works analyzing preferences with EU and Developing countries and studies doing it, but including trade facilitation to compare their results.