OECD Trade Facilitation Indicators: **Monitoring Policies up to 2025**

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OECD Trade Facilitation Indicators

MONITORING POLICIES UP TO 2025

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Table of contents

FIGURES

1 International Trade and Trade Facilitation Policies

Key messages

- **This note provides updates on the evolution of border process up to 2024. It shows progress on trade facilitation – through more efficient border processes – is occurring since 2022 in all regions as countries seek to ensure that global supply chains remain efficient, adaptable, and responsive to evolving patterns of trade.** New OECD Trade Facilitation Indicators (TFIs) data highlight that border bottlenecks and red tape were reduced on average by 3%-7% across regions: Asia – Pacific (4.4%), Europe and Central Asia (3.1%), The Americas (4.4%), Middle East and North Africa (4.7%), and Sub-Saharan Africa (6.5%).
- **Domestic and cross-border agency co-operation are the top areas of progress, yet remain the hardest to further improve**. Domestic border agency co-operation, shaped by a combination of institutional and regulatory reforms, not only enhanced efficiency within national borders but also served as a catalyst for stronger cross-border agency co-operation. Already the leading area of reform in 2022, domestic border agency co-operation laid the groundwork for increased coordination with trading partners, reinforcing integrated trade facilitation efforts. However, border agency co-operation began from a relatively limited baseline and holds the largest potential for further improvement.
- **Comprehensive and accessible trade-related information is increasingly available online.** Many economies worldwide have been enriching the information available online on advance rulings, fees and charges applied, penalty provisions, applicable trade-related legislation, as well as automated duties and fees databases, dedicated interactive webpages for companies and user manuals for new systems. Updating and enriching this information remains key to reduce administrative burdens and to help businesses anticipate and adapt to new policies.
- **Further efforts are needed to close the gaps between establishing regulatory frameworks for trade facilitation and their implementation in practice**, particularly when automating documents and processes. Certified trader programmes, post-clearance audits, and measures for perishable goods are at the forefront of streamlining border procedures. Better operational practices are needed, however, to capitalise on these improvements and to making trade documents and procedures more automated, faster, and easier.
- **Increasing efficiencies through simplified and streamlined border processes remains a critical issue for promoting competitiveness and economic growth through trade costs reductions**. As a result of more efficient border processes, trade costs are estimated to have declined by up to 5% over the last decade. The implementation of ambitious reforms could deliver up to 12 percentage points more in trade costs reductions. This also matters for sectors that are key for the digital and the green economy.

This note provides an overview of the efforts made to expedite the movement, release, and clearance of goods at the border in 163 economies. The OECD Trade Facilitation Indicators (TFIs) refer to a specific set of measures that streamline and simplify the technical and legal procedures for intermediate or final products to be traded internationally. The TFIs follow closely the structure of the WTO Trade Facilitation Agreement (TFA), providing a means to monitor progress in the implementation of the WTO TFA. In addition to tracking progress in the regulatory frameworks that support the implementation of the WTO TFA, the indicators can pinpoint progress and challenges in operational practices for trade facilitation.

Such policies proved to be essential during the COVID-19 pandemic and many other recent supply chain disruptions, with trade facilitation measures taken at the border making it possible for supply chains to continue delivering goods where they were needed.

The role of customs authorities and other border agencies is constantly evolving, as are the challenges and opportunities they face. The dynamic regulatory environment for trade, the growing parcel trade, and the increasing product safety and security concerns are setting new challenges for enforcement, co-operation with other agencies, and trade facilitation more broadly. Moreover, while digitalisation provides opportunities to address many of these challenges, its benefits are not automatic and will depend on border agencies' capabilities and the wider policy environment for digital trade.

Against this backdrop, the monitoring of trade facilitation reforms remains key. The OECD has been monitoring the state of play of the trade facilitation policy environment since 2013 and updates its Trade Facilitation Indicators (TFIs) biennially. This note sets out the key findings from the latest update of the TFIs, covering the period 2022-24.

2 Key Trends in Trade Facilitation

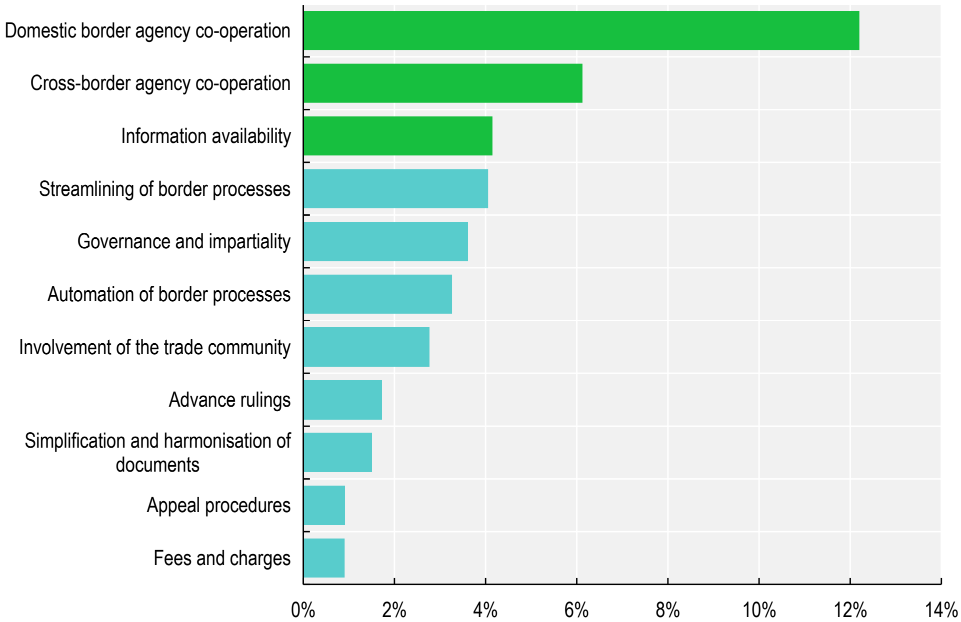
Border agency co-operation is the top area of progress, yet the hardest to further improve

Domestic and border agency co-operation are the trade facilitation areas which improved the most globally since 2022 (Figure 2.1). It has also served as a catalyst for stronger cross-border agency co-operation. Already the leading area of reform in 2022, domestic border agency co-operation laid the groundwork for increased coordination with trading partners, reinforcing integrated trade facilitation efforts. While border agency co-operation is the top area of progress, it began from a relatively limited baseline and remains the area with the largest potential for further improvement (Figure 2.2).

The streamlining of procedures and the availability of trade-related information are the other areas showing notable progress. Although the automation of border processes continues to improve, there is a slowdown in implementation due to interoperability challenges, regulatory fragmentation, and uneven adoption of digital standards across countries. Similar technical challenges affect areas of advance rulings, appeal procedures, fees, and charges.

Figure 2.1. Most improvements are in areas that enhance border agency co-operation and streamline trade-related processes

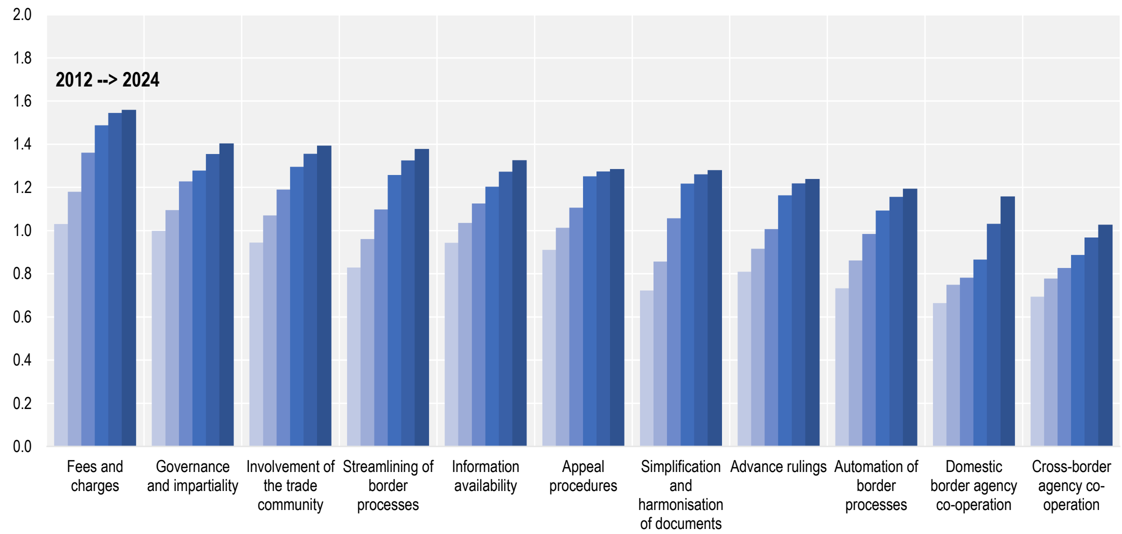
Percentage change (%) by TFI area, 2022-24



Note: The figure shows the percentage change between 2022-24 by trade facilitation area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 2.2. While border agency co-operation is the top area of progress, it began from a relatively limited baseline and remains the area with the largest potential for further improvement

2 = maximum performance that can be achieved by area, 2012-24



Note: The figure shows the global average by area between 2012 and 2024.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

A combination of institutional and regulatory reforms is driving improvements in border agency co-operation

Countries have been scaling up investments in domestic border agency co-operation introduced since the COVID-19 pandemic, when flexible approaches helped adapt border processes and facilitate trade of selected goods. The increasing pressure from global supply chain disruptions and evolving patterns of trade have accelerated the need to formalise previously informal or sector-specific taskforces. This is reflected in:

- Advances in the institutional mechanisms that support inter-agency co-ordination domestically by establishing a permanent technical Secretariat and increasing the number of relevant agencies. These structures also meet regularly to develop strategy and oversee implementation of domestic border agency co-operation, while proceedings are increasingly being made publicly available, albeit at various levels of comprehensiveness.
- Advances in regulatory frameworks that allow more agencies to delegate control to another agency involved in the management of cross-border trade, particularly Customs, as well as to share intelligence with a view to improving risk management efficiency and to managing certified trader (Authorised Operators, AOs) programmes.

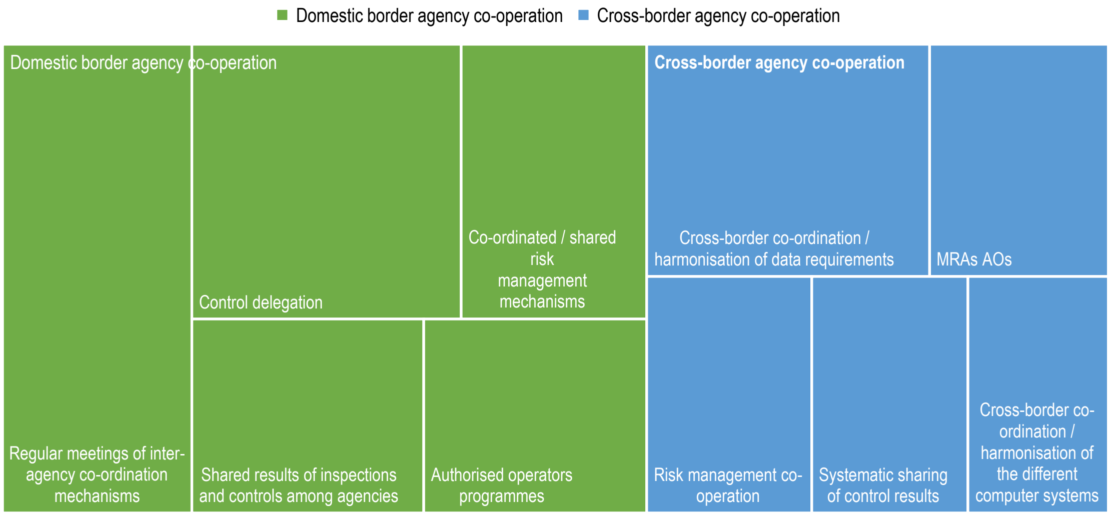
Cross-border agency co-operation mirrors the enhanced domestic co-operation on risk management and certified trader systems. Examples of reforms include:

- Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand have been operationalising the ASEAN Authorised Economic Operator (AEO) Mutual Recognition Arrangement (AAMRA), signed in September 2023. Under the AAMRA, certified AEOs are set to benefit from expedited customs clearance, reduced documentation requirements, and priority treatment during inspections.

- In Central America, the advancement of the Central American Digital Trade Platform (PDCC) has been enhancing co-ordination of data requirements and IT systems across countries in the region such as Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. In addition, 11 economies in Latin America and the Caribbean (Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Dominican Republic, Guatemala, Paraguay, Peru, and Uruguay) have been operationalising a regional arrangement for AEOs set up in 2022.
- In the Central Asia region, the development of trade and transport corridors – such as the Middle Corridor (Trans-Caspian International Transport Route) or the China-Kyrgyz Republic-Uzbekistan railway for multimodal freight transport – has also been a stepping stone towards better co-ordination of data requirements and IT systems.
- In the European Union area, efforts have focused on strengthening capacities on risk management co-operation. This followed the launch of the Common Customs Risk Management System 2 (CRMS2), a comprehensive upgrade designed to bolster the real-time exchange of risk-related information among customs administrations in the EU, Norway and Switzerland. CRMS2 addresses a broad spectrum of risks, including health hazards from counterfeit medical products, intellectual property rights infringements, and environmental and product safety concerns. By enabling instant alerts – such as Risk Information Forms (RIFs) – to be shared across various customs offices, CRMS2 increased inter-agency synergies in terms of shared risk profiling of traders or goods, or of risk analysis and exchange of the results thereof.

Cross-border agency co-operation is largely driven by the improved co-ordination mechanisms between Customs agencies. This includes those mechanisms that are linked to the co-ordination of data requirements and IT systems (Figure 2.3).

Figure 2.3. Institutional and regulatory frameworks together with risk management and digitalisation measures are driving improvements in domestic and cross-border agency co-operation



Note: The size of the individual squares highlights the contribution of the showcased measures to the improvement in the areas of domestic and cross-border agency co-operation, respectively.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Efforts to involve more agencies in these mechanisms were less successful domestically than hoped for due to interoperability challenges between agencies' systems and the challenges to fully integrate other relevant border agencies (e.g. sanitary and phytosanitary agencies, health agencies, licensing agencies, environmental agencies, product standards and other regulatory agencies, security and counterfeit prevention agencies) in systems such as Single Windows. Similar challenges are encountered in risk management systems; these continue to improve for Customs agencies but there is less of an uptake by other agencies, which implies that silos continue to exist between different enforcement domains.

Improved systems for certified traders, post-clearance audits and perishable goods are at the forefront of streamlining border procedures

Measures accelerating trade flows while ensuring regulatory compliance are driving progress in streamlining border procedures. This includes improvements in the systems for certified traders, post-clearance audits (PCAs), and perishable goods.

- More economies are not only introducing certified trader programmes, but are increasing focus on the certification time, costs, and benefits granted.
- Post-Clearance Audits have shifted the focus from time-consuming border inspections to risk-based, post-release compliance checks. Standard policies and procedures are increasingly ensuring the conduct of PCAs in a transparent and risk-based manner.
- Priority lanes, storage facilities, and fast-track clearance for food and pharmaceuticals are increasingly ensuring that time-sensitive shipments reach markets before spoilage.

Improved operational practices are needed to make trade documents and procedures faster and easier

Further progress in automation of border processes is limited due to the lagging implementation of regulatory frameworks as well as interoperability issues. Implementation gaps are most notable in pre-arrival processing, certified trader programmes, PCAs, where the share of trade transactions covered in practice remains low in many countries.

That said, some of the digital solutions implemented during COVID-19 in several economies continued to be integrated in existing customs and border management systems. This includes digital certificates and signatures (e.g. Cambodia, Indonesia); functions for the release of goods subject to conditions (i.e. guarantees) in the automated processing system (e.g. Kyrgyz Republic, Lesotho, Romania, Sierra Leone, Togo); and integration of electronic payment with the declaration/cargo processing systems (e.g. Costa Rica).

Asia-Pacific and Europe and Central Asia regions are at the forefront of legal and regulatory reforms to digitalise border processes. For instance, since 2024, APEC economies have been carrying out work on mapping the challenges and gaps to adopting or maintaining a legal framework that considers UNCITRAL Model Law on Electronic Transferable Records (MLETR).

More comprehensive and accessible information is available online

Businesses engaging in international trade require real-time, transparent, and easily accessible information in order to remain compliant. Many economies worldwide have been enriching the information available online on advance rulings, fees and charges applied, penalty provisions, applicable trade-related legislation, as well as automated duties and fees databases, dedicated interactive webpages for professional users / companies, and user manuals for new systems. Since 2022, several countries have implemented or upgraded their Trade Information Portals (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in Central Asia; Vanuatu and Tuvalu in Asia-Pacific; Uganda in Sub-Saharan Africa) to enhance transparency and efficiency in international trade. These portals provide comprehensive, user-friendly platforms that consolidate all relevant trade-related information, simplifying the process for businesses to navigate export-import regulations.

Advance rulings, appeal processes and fees systems require technical improvements to work better

Many countries still face technical shortcomings in systems of advance rulings, appeal procedures, and fees and charges. Advance rulings often lack digital accessibility and standardisation, making it difficult for businesses to obtain clear guidance before shipments. Challenges also exist in terms of the possibility to request a review of an advance ruling or its revocation / modification as well as the motivation of the refusal to issue an advance ruling. Appeal procedures can often be slow and complex, discouraging traders from contesting certain decisions. Additionally, fees and charges are often unclear or inconsistently applied, thereby increasing trade costs and uncertainty.

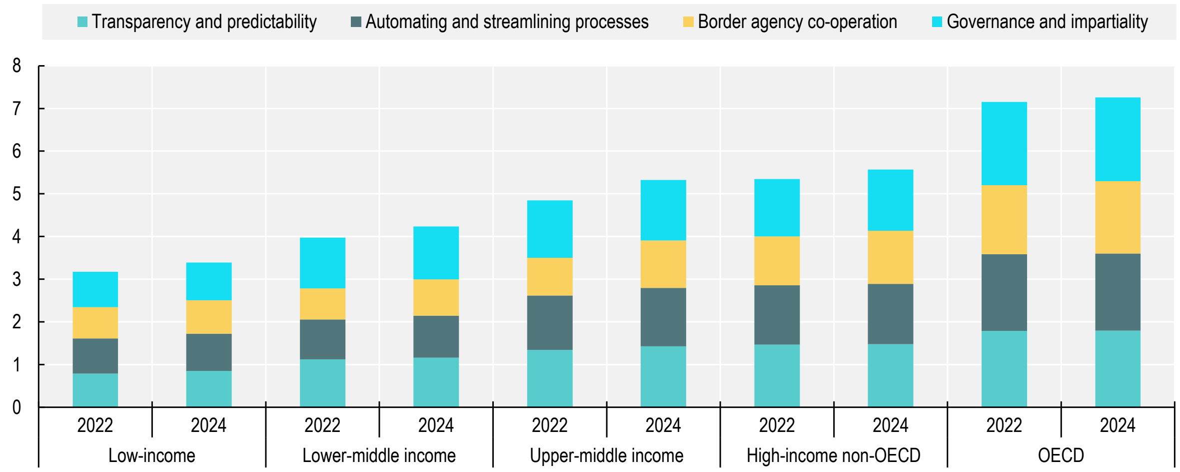
3 TFIs Performance: Regional Highlights

Progress on trade facilitation is occurring across all country income groups and regions as countries try to ensure that global supply chains remain efficient, adaptable, and responsive to evolving patterns of trade.

Low-income and lower-middle income economies continue to improve their performance, particularly in areas of transparency and predictability, and streamlining of border processes. Upper-middle income economies have made the greatest progress among country income groups (Figure 3.1). The timeline for TFA Category C measures (i.e. TFA measures which can be implemented after a transitional period and upon the receipt of technical assistance and support for capacity building) due for implementation continues well into the 2040s (WTO, 2025[1]), underscoring the need for continued and targeted trade facilitation reforms.

Figure 3.1. Middle-income economies are recording the highest progress in the average trade facilitation performance

2 = maximum performance that can be achieved by area

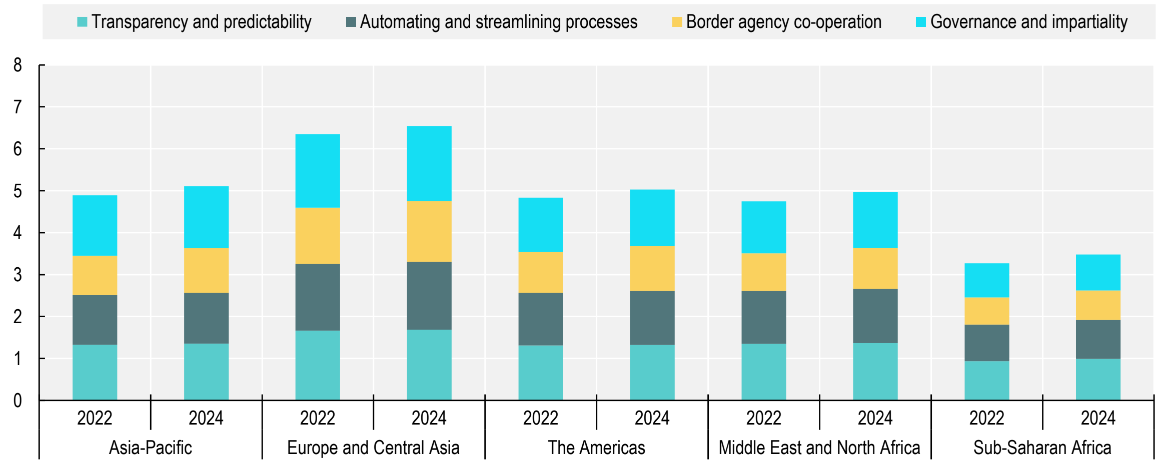


Note: Transparency and predictability is the average of indicators TFIs A, B, C, D, E. Automating and streamlining processes is the average of TFIs F, G, and H. Border agency co-operation is the average of TFIs I and J. Income groups based on World Bank income classification.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

The reduction in border bottlenecks and red tape are also notable across all regions covered. Improvements since 2022 in the overall trade facilitation environment are on average in the range of 3%-7% across regions: Asia–Pacific (4.4%), Europe and Central Asia (3.1%), The Americas (4.4%), Middle East and North Africa (4.7%), and Sub-Saharan Africa (6.5%) (Figure 3.2).

Figure 3.2. Progress is occurring in all regions

2 = maximum performance that can be achieved by area



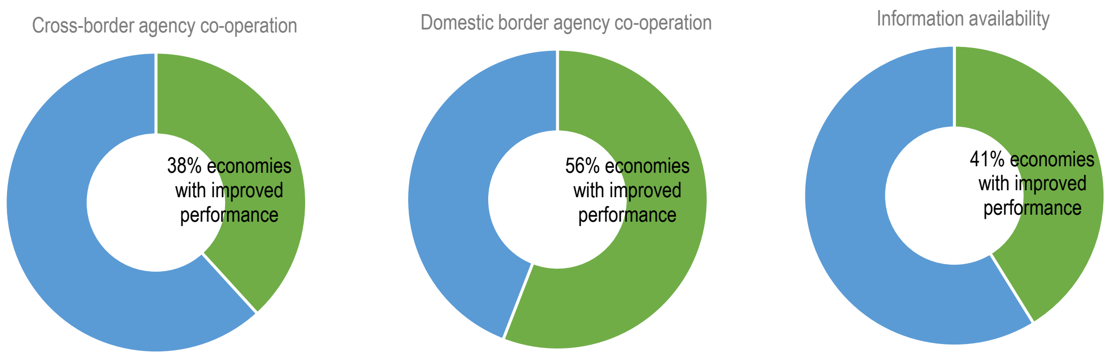
Note: Transparency and predictability is the average of indicators TFIs A, B, C, D, E. Automating and streamlining processes is the average of TFIs F, G, and H. Border agency co-operation is the average of TFIs I and J. The Americas region includes economies in North America, Central America, and South America. Regional groups based on World Bank regional classifications.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Asia-Pacific

- Leading reformers in the Asia-Pacific region in 2024 are: Lao PDR; Kiribati; Cambodia; Maldives; Tonga; Vanuatu; The Philippines; Thailand; Indonesia; Myanmar; Viet Nam.
- Leading performers in the region in 2024 are: Hong Kong, China; Japan; Singapore; Korea; Australia; New Zealand; The People's Republic of China (hereafter "China"); Malaysia; Thailand; India.
- Almost one in two economies in the Asia-Pacific region improved its performance in areas of domestic border agency co-operation and information availability, while about one in three economies improved its performance in cross-border agency co-operation.
- Areas where performance is most heterogeneous in this region are advance rulings, automation, and cross-border agency co-operation.

Figure 3.3. Asia-Pacific: Top areas of reform, 2024

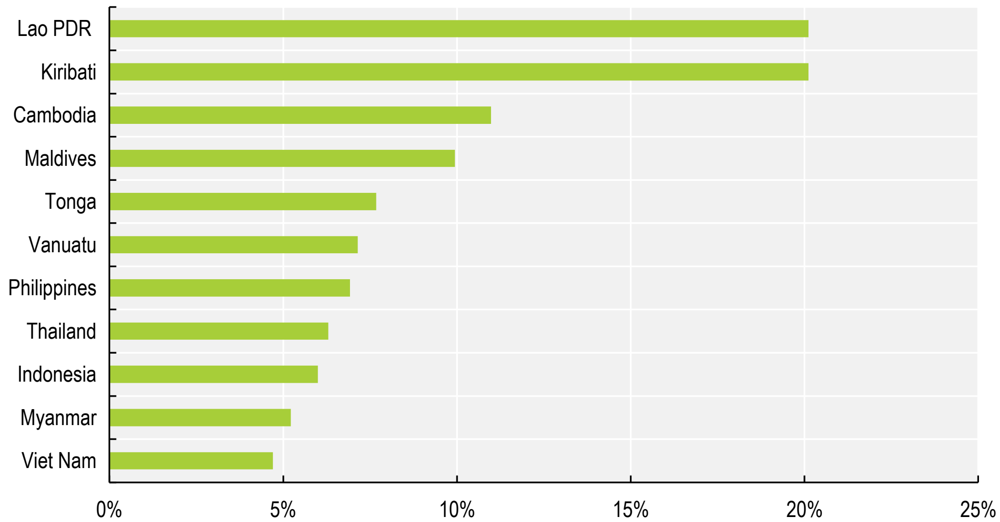
Share of economies in regional group (%)



Note: The chart shows the share of economies in the regional group that improved their performance for each area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.4. Asia-Pacific: Leading reformers, 2022-24

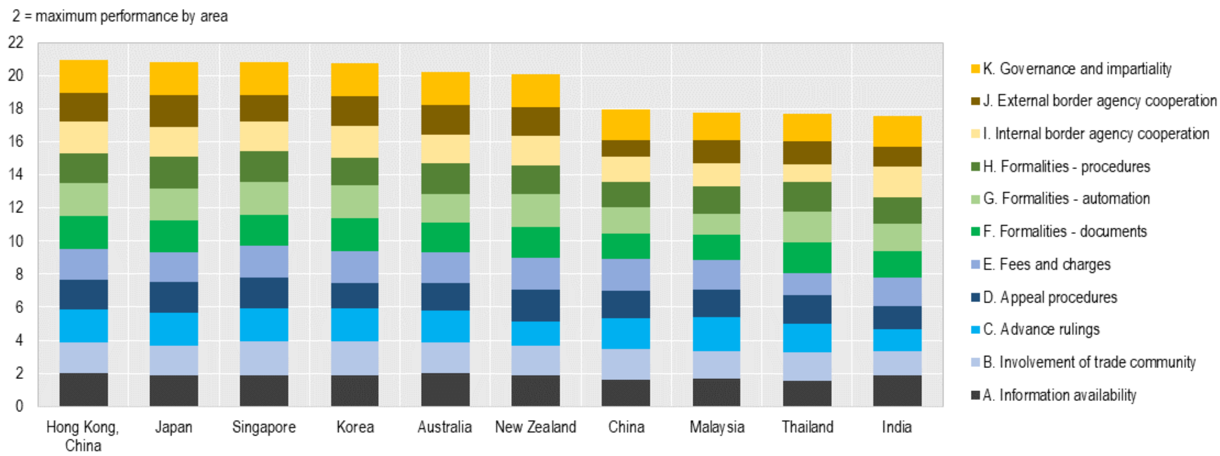
Percentage change (%) average trade facilitation performance



Note: The figure highlights the percentage change between the average trade facilitation performance in 2022-24 compared to 2020-22.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.5. Asia-Pacific: Leading performers, 2024

2 = maximum performance that can be achieved by area



Note: The database covers 33 economies in the Asia-Pacific region.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

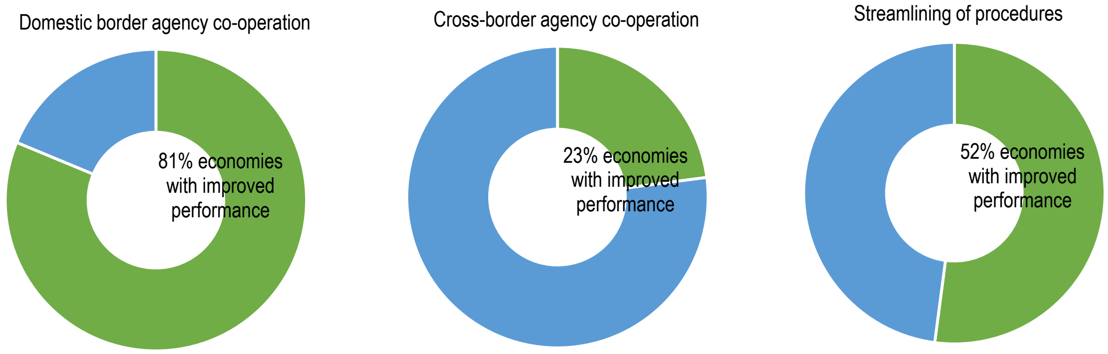
Europe and Central Asia

- Leading reformers in the Europe and Central Asia region in 2024 are: Uzbekistan; Kyrgyz Republic; Tajikistan; Kazakhstan; Serbia; Romania; Montenegro; Moldova; Bosnia and Herzegovina; North Macedonia.
- Leading performers in the region in 2024 are: Netherlands; Sweden; Norway; Croatia; Portugal; Denmark; United Kingdom; Luxembourg; Finland; Estonia.

- More than three-quarters of economies in the Europe and Central Asia region improved their performance in domestic border agency co-operation, almost a quarter of economies improved their performance in cross-border agency co-operation, and one in three economies improved its performance in streamlining of processes.
- Areas where performance is most heterogeneous in the region are cross-border agency co-operation, simplification and harmonisation of documents, and domestic border agency co-operation.

Figure 3.6. Europe and Central Asia: Top areas of reform

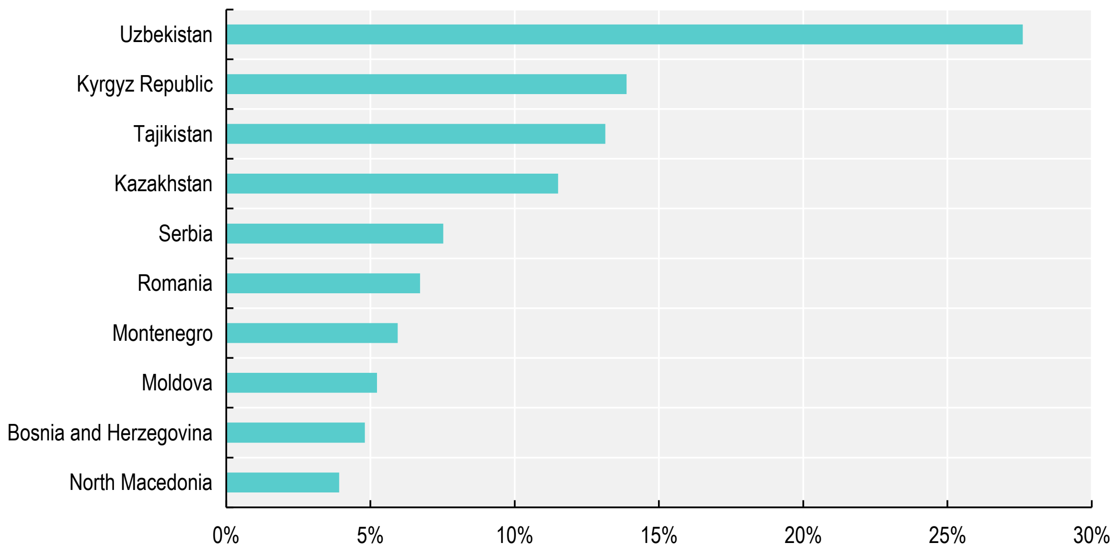
Share of economies in regional group (%)



Note: The chart shows the share of economies in the regional group that improved their performance for each area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.7. Europe and Central Asia: Leading reformers, 2022-24

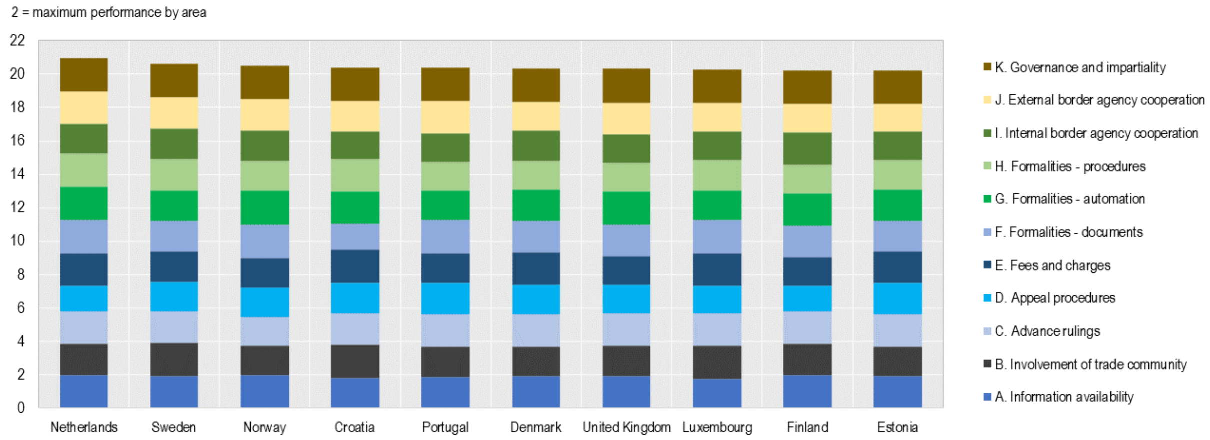
Percentage change (%) average trade facilitation performance



Note: The figure highlights the percentage change between the average trade facilitation performance in 2022-24 compared to 2020-22.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.8. Europe and Central Asia: Leading performers, 2024

2 = maximum performance that can be achieved by area



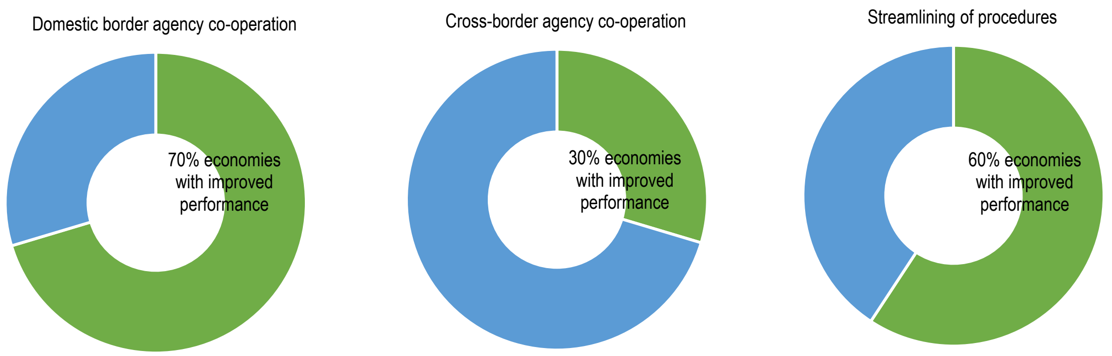
Note: The database covers 48 economies in the Europe and Central Asia region.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

The Americas

- Leading reformers in The Americas region in 2024 are: Jamaica; Nicaragua; Guatemala; Ecuador; Costa Rica; El Salvador; Honduras; Dominican Republic; Trinidad and Tobago; Paraguay.
- Leading performers in the region in 2024 are: United States; Canada; Costa Rica; Chile; Mexico; Colombia; Peru; Brazil; Panama; Uruguay.
- Around two-thirds of economies in The Americas region improved their performance in domestic border agency co-operation and streamlining of procedures, while one in three economies improved its performance in cross-border agency co-operation.
- Areas where performance is most heterogeneous in the region are advance rulings, cross-border agency co-operation, and automation.

Figure 3.9. The Americas: Top areas of reform, 2024

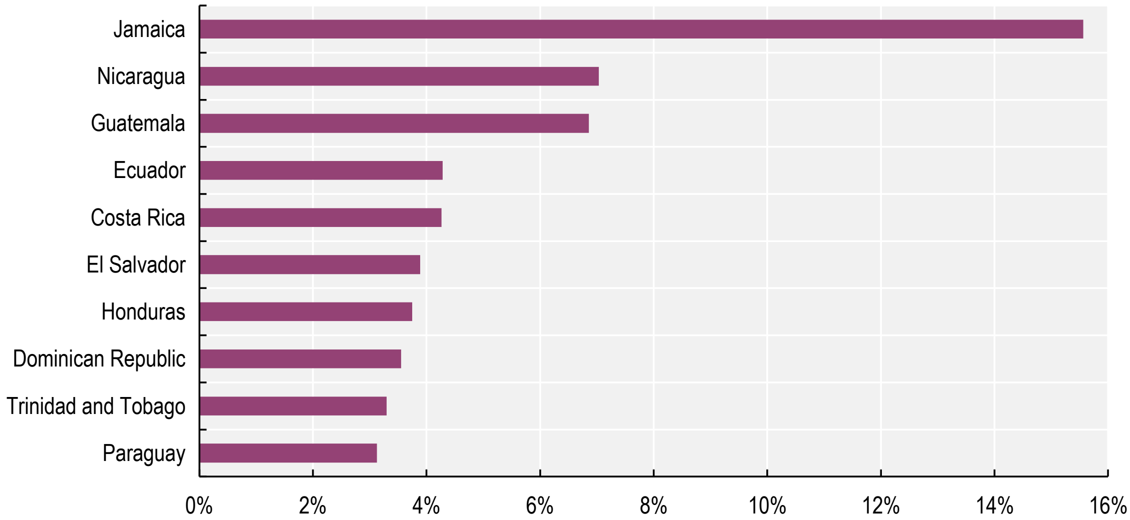
Share of economies in regional group (%)



Note: The chart shows the share of economies in the regional group that improved their performance for each area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI .

Figure 3.10. The Americas: Leading reformers, 2022-24

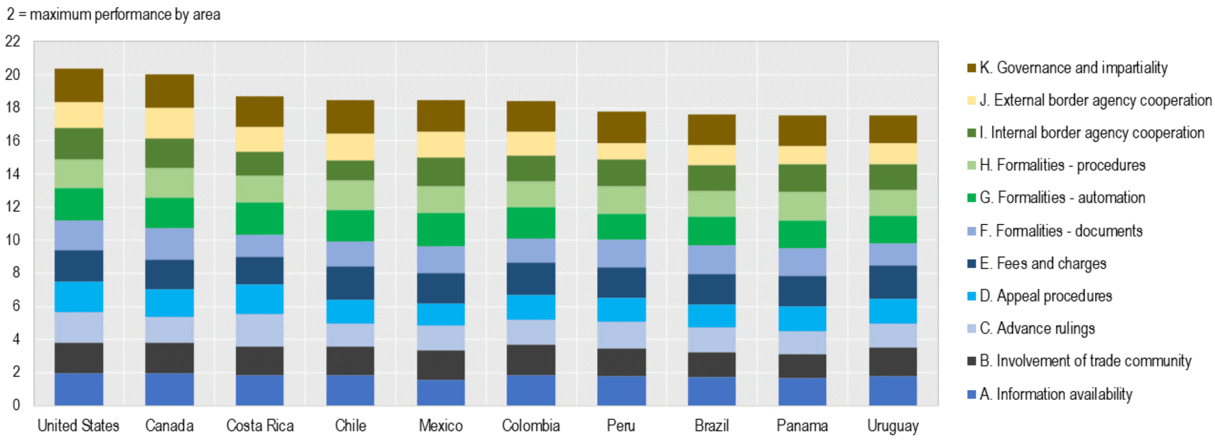
Percentage change (%) average trade facilitation performance



Note: The figure highlights the percentage change between the average trade facilitation performance in 2022-24 compared to 2020-22.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.11. The Americas: Leading performers, 2024

2 = maximum performance that can be achieved by area



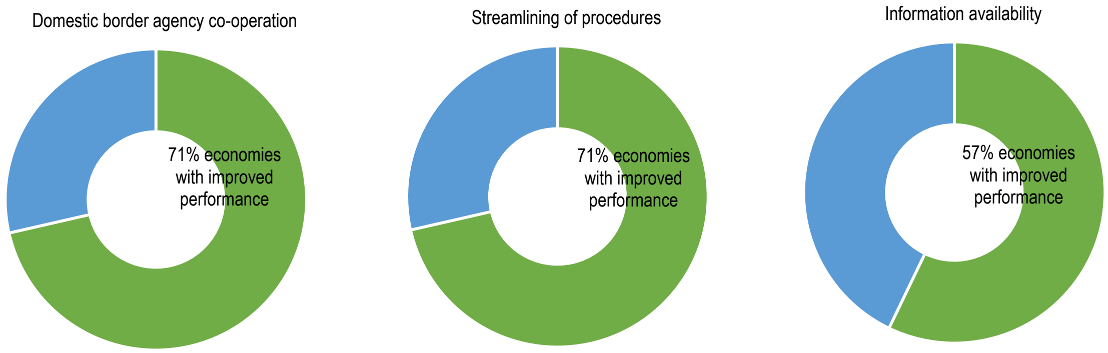
Note: The database covers 29 economies in The Americas region.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Middle East and North Africa

- Leading reformers in the Middle East and North Africa region in 2024 are: Jordan; Kuwait; Qatar; Tunisia; United Arab Emirates; Saudi Arabia; Israel; Oman; Egypt; Morocco.
- Leading performers in the region in 2024 are: Israel; Oman; Morocco; United Arab Emirates; Qatar; Saudi Arabia; Tunisia; Bahrain; Egypt; Jordan.
- Around two-thirds of economies in the Middle East and North Africa region improved their performance in domestic border agency co-operation, streamlining of procedures, and information availability.
- Areas where performance is most heterogeneous in the region are automation, cross-border agency co-operation, and involvement of the trade community.

Figure 3.12. Middle East and North Africa: Top areas of reform, 2024

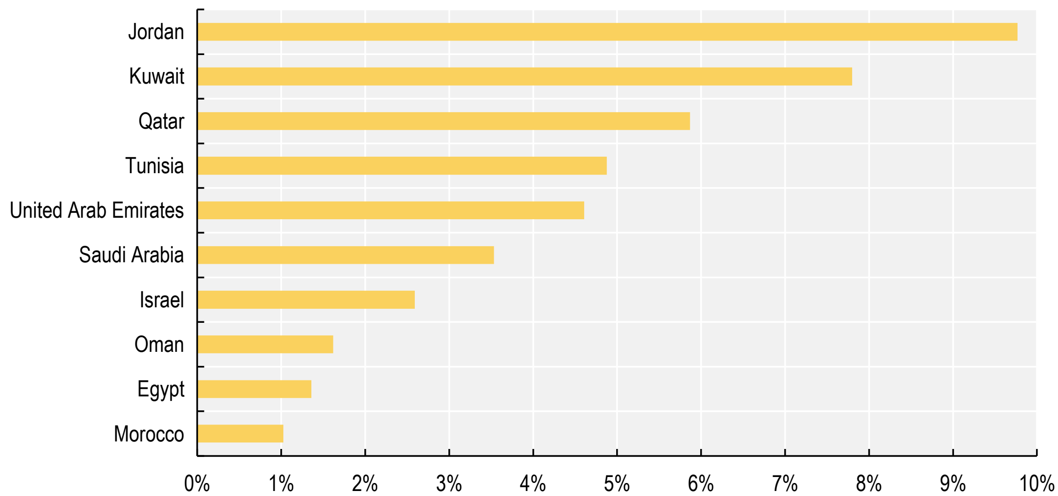
Share of economies in regional group (%)



Note: The chart shows the share of economies in the regional group that improved their performance for each area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.13. Middle East and North Africa: Leading reformers, 2022-24

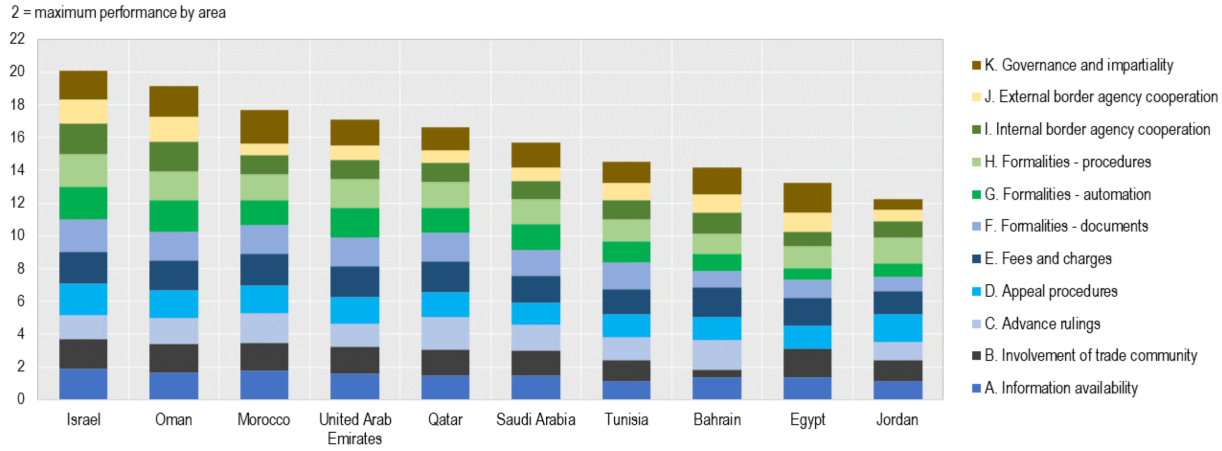
Percentage change (%) average trade facilitation performance



Note: The figure highlights the percentage change between the average trade facilitation performance in 2022-24 compared to 2020-22.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.14. Middle East and North Africa: Leading performers, 2024

2 = maximum performance that can be achieved by area



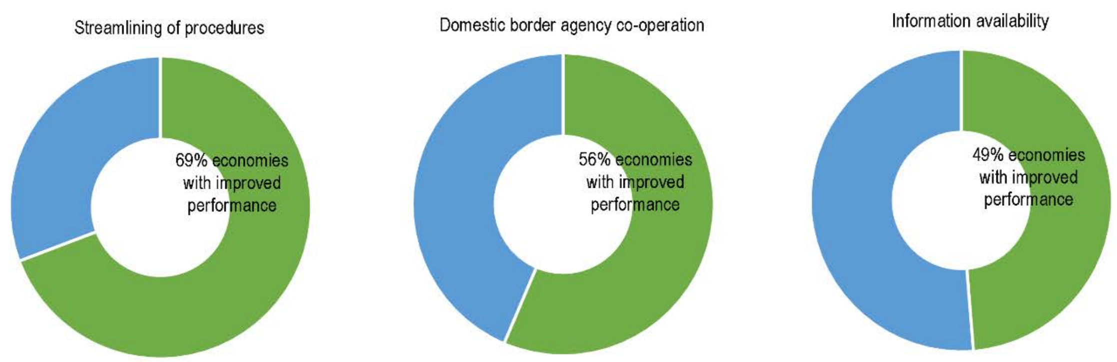
Note: The database covers 14 economies in the Middle East and North Africa region.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Sub-Saharan Africa

- Leading reformers in the Sub-Saharan Africa region in 2024 are: Sierra Leone; Ethiopia; Rwanda; Namibia; Zambia; Côte d'Ivoire; Togo; Ghana; The Gambia; Benin.
- Leading performers in the region in 2024 are: Mauritius; South Africa; Kenya; Senegal; Rwanda; Botswana; Benin; Cameroon; Namibia; Tanzania.
- Around two-thirds of economies in the Sub-Saharan Africa region improved their performance in streamlining of procedures, while around one in two economies improved its performance in domestic border agency co-operation and information availability.
- Areas where performance is most heterogeneous in the region are advance rulings, cross-border agency co-operation, and automation.

Figure 3.15. Sub-Saharan Africa: Top areas of reform, 2024

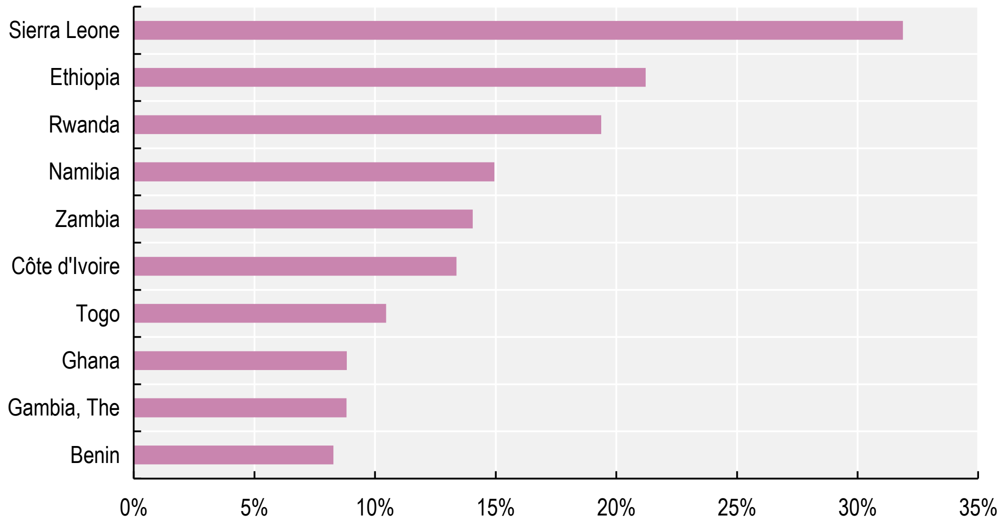
Share of economies in regional group (%)



Note: The chart shows the share of economies in the regional group that improved their performance for each area.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.16. Sub-Saharan Africa: Leading reformers, 2022-24

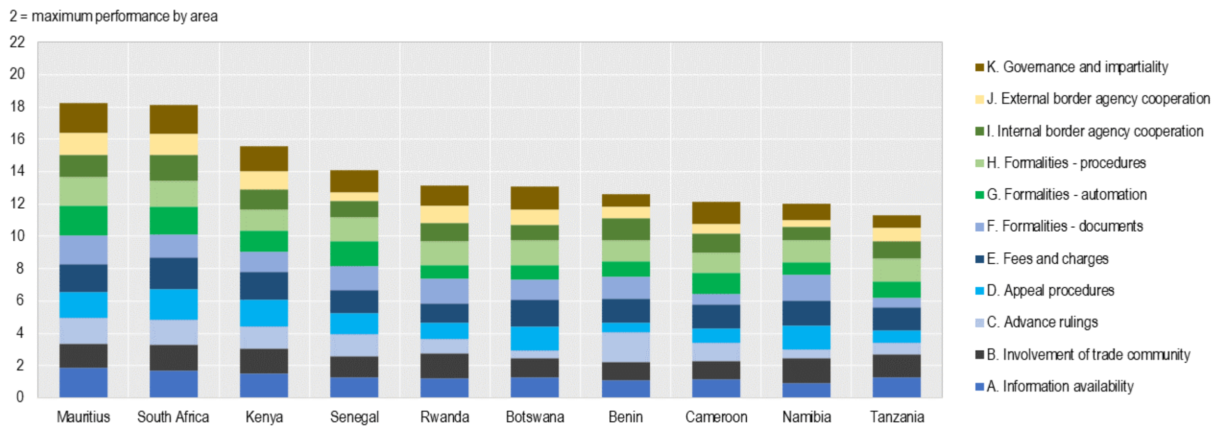
Percentage change (%) average trade facilitation performance



Note: The figure highlights the percentage change between the average trade facilitation performance in 2022-24 compared to 2020-22.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

Figure 3.17. Sub-Saharan Africa: Leading performers, 2024

2 = maximum performance that can be achieved by area



Note: The database covers 39 economies in the Sub-Saharan Africa region.
Source: OECD TFIs database, 2025 (https://sim.oecd.org/default.ashx?ds=TFI).

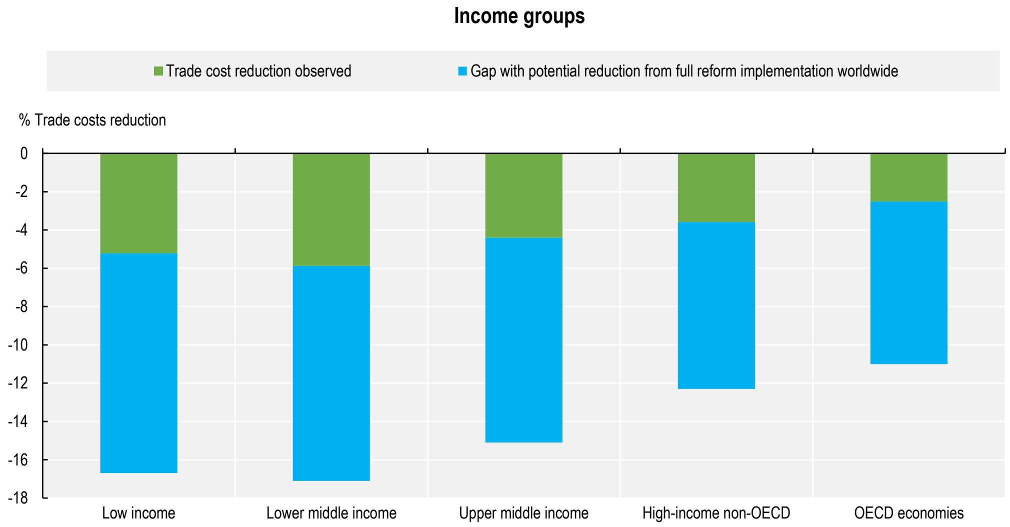
4 Further Trade Facilitation Reforms are Critical to Promote Competitiveness

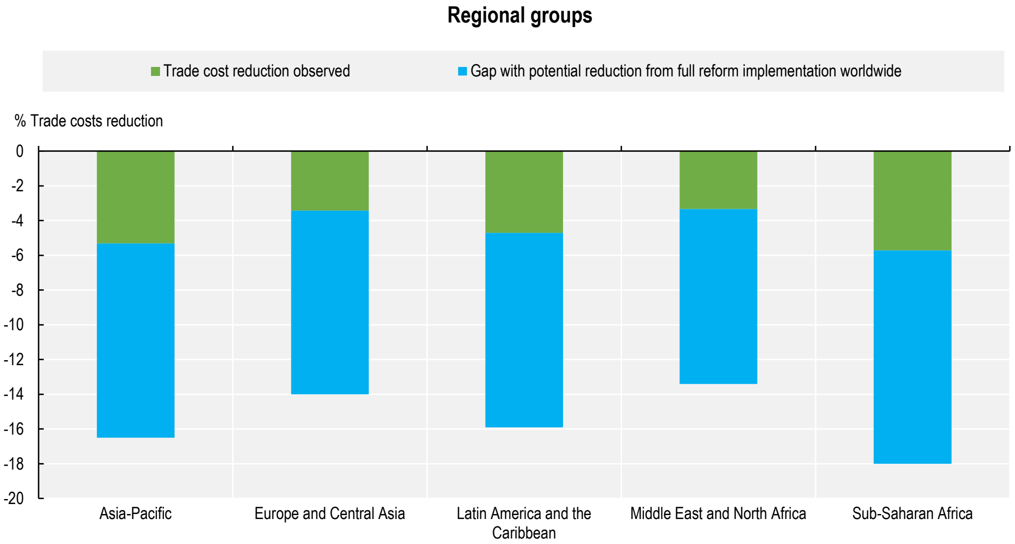
Trade facilitation reforms since the conclusion of the TFA are estimated to have helped to reduce trade costs by almost 5% on average worldwide (Figure 4.1). Impacts from reductions in border bottlenecks and red tape are strongest for developing countries, particularly low-income and lower-middle income economies for which trade costs remain the highest, and for manufacturing sectors as chemicals, electrical equipment, machinery, paper and wood products, and textiles.

At a regional level, the strongest impacts are in Sub-Saharan Africa and Asia-Pacific regions, with up to 6% decreases in trade costs resulting from trade facilitation reforms. They are followed by Latin America and the Caribbean with 4.7%, Europe and Central Asia with 3.4%, and Middle East and North Africa with more than 3.3%.

Further trade facilitation reforms are critical for promoting competitiveness and economic growth through trade costs reductions. Continuing to improve the efficiency of border processes can deliver up to 12 percentage points more in trade costs reductions than those experienced so far across the regions covered (Figure 4.1).

Figure 4.1. Trade costs reductions associated to trade facilitation reforms a decade after the conclusion of the WTO TFA (2012-22): What has happened so far and looking ahead





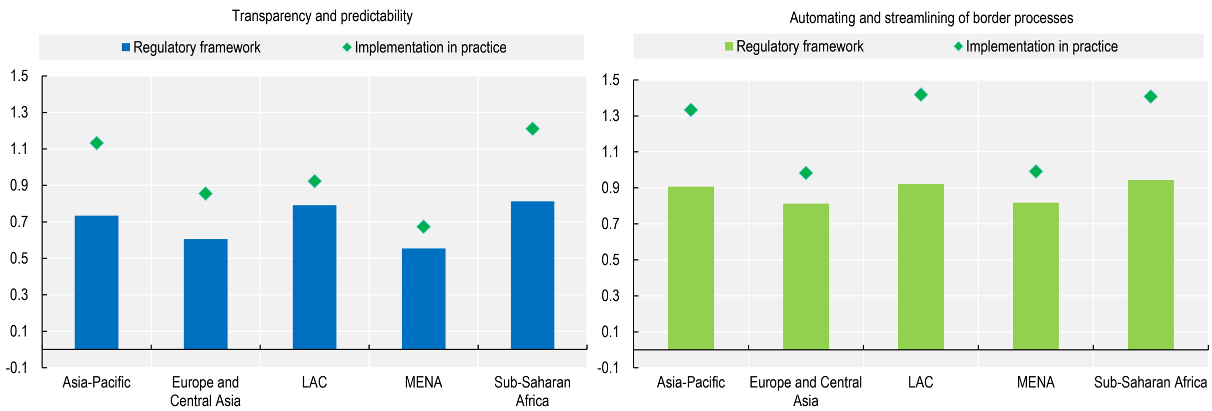
Note: The figure presents the trade cost implications of fully implementing trade facilitation reforms as measured by the TFIs. Analysis using trade costs (manufacturing and agriculture) from the UNESCAP – World Bank database for the period 2012-22.
Source: Calculations based on methodology in Sorescu and Bollig (2022[2]).

Improvements in operational practices matter most. On average, a 1% improvement in implementation in practice (such as the proportion of trade transactions that can be processed in advance or the coverage of authorised operator programmes) can enhance trade by 1.2% (Figure 4.2). This implies that it is not only important to introduce the laws and regulations to make tools such as pre-arrival processing, Authorised Operators (AOs), post-clearance audits or Single Windows accessible to traders, but to ensure that in practice they gradually cover larger shares of trade transactions.

Improving operational practices in transparency matters almost as much as improving them for automation tools. This highlights that accompanying the introduction of new or adjusted regulations with more time between publication and their entry into force or with user manuals is linked to increasing the share of trade processes and documents that can be lodged electronically.

Figure 4.2. The trade flow response to improving operational practices is stronger than the implementation of regulatory frameworks

Percentage improvement from a 1% improvement in trade facilitation areas



Note: The figure shows the coefficients of the TFI variables (by category: regulatory framework and operational practices) regressed against trade flows, controlling for other variables. Estimates use trade flows based on the USITC ITPD-E database for the period 2012-19.
Source: Calculations based on methodology in Sorescu and Bollig (2022[2]).

5 Implications: Trade facilitation for New Challenges and Opportunities

- Further reforms to border agency co-operation are essential to strengthen international co-operation in trade facilitation and to help border agencies facilitate the smooth flow of goods while ensuring compliance with evolving trade regulations, security risks, and economic policies.
- Closing the gap between the establishment of regulatory frameworks and their implementation in practice is key to unlocking greater costs savings, boosting trade flows, and strengthening economic resilience in an increasingly complex trade landscape. By minimising delays, lowering compliance burdens, and increasing supply chain efficiency, these reforms enhance global competitiveness for businesses of all sizes and the ability to seize opportunities from the digital and green economy.
- The automation and streamlining of procedures matter for resilience because they ensure that global supply chains remain efficient, adaptable, and responsive to disruptions. Seamless trade procedures allow businesses to quickly reroute goods, adjust inventory flows, and maintain access to essential inputs during supply chain disruptions.
- The regulatory environment underpinning trade facilitation at the border is increasingly intertwined with the broader regulatory environment for digital trade. The digitalisation of trade-related documents and processes requires for digitalisation efforts to extend beyond border formalities to all stages of trade transactions. In addition, growing volumes of cross-border parcels require effective trade facilitation policies that balance reducing of administrative costs with managing security risks.
- Investment in transparency measures is a priority. These measures are relevant for the ability to adapt in a context of policy and regulatory changes, including during crises or as part of the digital and green transformations.

6 About the Trade Facilitation Indicators

The **eleven TFIs** are composed of several specific, precise, and fact-based variables related to existing administrative processes at the border and their implementation in practice (e.g. the average time between publication and entry into force of new or adjusted trade-related regulations, the proportion of trade transactions that can be processed in advance to the arrival of goods at the border, or the coverage of certified trader programmes). The indicators take values between zero and two, with two indicating the best trade facilitation policy environment which can be achieved.

The TFIs mirror the substantive provisions covered by Section I of the TFA, spanning TFA Article 1 (Publication and Availability of Information) through to Article 12 (Customs Co-operation). An additional OECD indicator going beyond the scope of the TFA has been added to capture elements of good governance and impartiality of border administrations.

The indicators can support policymakers in developed and developing countries alike to assess the state of their trade facilitation efforts, pinpoint challenges, and identify opportunities for progress.

The TFIs cover four main policy areas.

- **Transparency and predictability**, which includes:
    - *TFI (A) Information availability* – publication of customs and trade-related regulations and information, feedback mechanisms, and specific functions for businesses (dedicated webpages/portals, user manuals etc.).
    - *TFI (B) Involvement of the trade community* – structures, guidelines, and frameworks for consultations with stakeholders.
    - *TFI (C) Advance rulings* – the rules and processes applying to prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods.
    - *TFI (D) Appeal procedures* – the possibility and modalities to appeal administrative decisions by border agencies.
    - *TFI (E) Fees and charges* – disciplines on the fees and charges imposed on imports and exports.
- **Automating and streamlining procedures**, which includes:
    - *TFI (F) Documents* – harmonisation and simplification of trade-related documents, in accordance with international standards.
    - *TFI (G) Automation* – aspects such as the electronic exchange of data and use of automated risk management.
    - *TFI (H) Procedures* – aspects such as the streamlining of border control (inspections, clearance), implementation of trade single windows, or certified trader programmes.

- **Border agency co-operation**, which includes:
  - *TFI (I) Internal border agency co-operation* – institutional frameworks, mechanisms, and IT systems for domestic co-operation between various border agencies.
  - *TFI (J) External border agency co-operation* – institutional frameworks, mechanisms, and IT systems for co-operation between various border agencies with neighbouring economies and other trading partners.
- **Governance and impartiality**, which includes:
  - *TFI (K) Governance and impartiality* – transparency of customs structures and functions, as well as accountability and ethics policies.

The approach taken to scoring in the TFIs is to transform qualitative regulatory information into a multiple binary scheme where the top score (2) corresponds to the best performance: variables representing measures within each of the 11 aggregate TFIs are coded with 0, 1, or 2. These seek to reflect not only the regulatory framework in the concerned countries but also delve – to the extent possible – into the state of implementation of various trade facilitation measures.

Where variables depend on numerical answers, these are broken down on thresholds to which 0/1/2 scores are applied. A scoring system that assigns discrete numerical values according to some metric of performance requires determining thresholds for what is best, worst or in between. In most cases, there are “natural” thresholds, as for example for a variable such as the “Establishment of a national Customs website”. Thus, a country without a customs website will be assigned a score of 0; a country with a customs website will be assigned 1; and a country with a customs website which makes available a minimum set of information related to import or export procedures in one of the official WTO languages will be assigned a 2. In the cases where no natural thresholds can be identified, in order to reconcile the complexity of trade facilitation policies and implementation with the multiple binary scoring scheme, non-binary measures are broken down to multiple thresholds: if the variable is numerical in nature (e.g. percentage of trade transactions covered by pre-arrival processing; percentage of post-clearance audits; percentage of physical inspections; share of traders covered by certified trader programmes etc.), the score can be determined by its percentile rank (e.g. below the 30th percentile of the country sample, between the 30^{th} and 70^{th} percentiles, above the 70^{th} percentile of the country sample).

The TFIs are derived by aggregating variables across each of the 11 composite areas. There are no hierarchies between variables. Within one aggregate indicator, variables are given equal weights. The TFIs represent a compromise between the comprehensive handling of the issues under review and the risk of including in the set certain variables for which the country coverage is incomplete.

References

Sorescu, S. and C. Bollig (2022), "Trade facilitation reforms worldwide: State of play in 2022", *OECD Trade Policy Papers, No. 263, OECD Publishing, Paris*, https://doi.org/10.1787/ce7af2ce-en. [2]

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OECD