

UAE to gain from WTO breakthrough: Comments in The National, Dec 7, 2013

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UAE to gain from WTO breakthrough in Bali on trade facilitation

The UAE will gain from an agreement to enact measures to facilitate global trade following a breakthrough in World Trade Organisation talks in Bali.

“The trade facilitation decision is a multinational deal to simplify customs procedures by reducing costs and improving their speed and efficiency,” the WTO said.

Nasser Saidi, a former chief economist at the Dubai International Financial Centre, said the GCC countries “will be beneficiaries since they rank highly in trade efficiency and logistics. They have modern ports and airports with the appropriate infrastructure to support trade in goods and services”.

The UAE, a trade and transportation hub, was ranked 17th – the highest in the Middle East – in the latest Logistics Performance Index on how efficient countries are at facilitating trade.

Mr Saidi, who is now an independent consultant, identified companies such as DP World, Emirates Airline and Etihad Airways as potential beneficiaries of an increase in global trade as a result of the Bali deal, estimated by some experts to be worth an extra US\$1 trillion for a world trade system of about \$18tn.

“These UAE companies and others, like Aramex, should be celebrating. They could lead the Arab world on this,” he said.

Although the Middle East would benefit from any general increase in overall global trade, the direct effects will be limited because energy products, the region's main export, has so far been left largely outside the remit of the WTO talks.

As strategic products subject to political pressures, oil and other energy products have been exempted from multinational trading rules. The majority of exports from the Middle East go to Asia, and most of it is oil and other energy products.

But an increase in global economic activities would increase demand for oil as new supplies begin to come onstream, limiting any downward pressure on energy prices.

Mr Saidi said the WTO measures on trade facilitation could also increase trade between Middle East countries. At 9 per cent of total regional trade, inter-Arab trade is the smallest of any of the WTO geographical regions.

The WTO said the objectives of the trade facilitation deal were to speed up customs procedures; make trade easier, faster and cheaper; provide clarity, efficiency and transparency; reduce bureaucracy and corruption and use technological advances.

It also has provisions on goods in transit, an issue of particular interest to landlocked countries seeking to trade through ports in neighbouring countries.

New measures adopted by the WTO to protect public stockholdings for food security could also affect the UAE, which has been increasing its investment in strategic food supplies in recent years.