

NOTHING ELEMENTARY ABOUT ECONOMICS

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"OK class, welcome to the first day of your 10th grade economics class. Everyone take out your Principles of Economics book. I know you have never had economics before, but I want you to read chapters one through 20 and be prepared to take your final exam in May. Until then, good luck!"

Think back to your high school years: Can you even imagine this happening in your Econ class? The concepts of economics are ones you do not simply define or read over -- you need explanation, examples, and practice to comprehend and understand.

Remember sitting there flipping through your economics book at the beginning of class and thinking how intimidating it all looked? You spent many nights laboriously doing homework, trying to understand supply and demand curves, attending tutoring sessions, organizing study groups, and asking numerous questions. You started at the beginning and built on your knowledge, working your way from supply and demand to the terms of trade.

In the developed world, we often take for granted how these economic concepts, taught to us from the age of 15, are not "common sense" to the majority of countries around the world.

Today it is not simply Econ 101 we are talking about, but international trade laws and regulations. Many people in the developed countries do not understand the intricacies and technicalities of trade agreements.

Now imagine a developing country, with little or no background in these concepts, sitting down with numerous books filled with technical regulation after technical regulation trying to disseminate the information and make some sense out of it all.

These are also concepts that require explanation, practice, and training.

No time-out available to learn the concepts

The problem is many of these countries do not get a year-long course taught by a teacher ready at any moment to explain the concepts in great detail, answer questions, and correct their homework. They also do not have years of experience enabling them to comprehend these advanced levels of trade regulations.

A number of developed countries are up in arms because some developing countries like Kenya, speaking on behalf of the African group (representing 22 countries), have applied for another extension postponing implementation of the Customs Valuation Agreement.

They are asking for an extension on the grounds that the developed countries have not lived up to their commitment under Article 20.3 of the Agreement to "furnish technical assistance to developing country members by drawing up programs of

technical assistance which may include training of personnel, assistance in preparing implementation measures and advice on the application of the provisions of this Agreement."

Contrary to what some may think, these countries are willing and able to understand these concepts, but it requires more than giving them a copy of the regulations and simply telling them what it means. It requires capacity building.

Simply stated, this means going into a country and coordinating a training effort that teaches the country at every level how to understand the concepts and implement the regulations successfully. This training will in turn prepare these countries for the next level of agreements and negotiations.

One of the main areas where capacity building is most necessary is in trade facilitation.

Trade facilitation, often neglected in trade talks because of its lack of sex appeal, is one of the most vital, on-the-ground processes of international trade, from inspections to licensing to duties; these are the nuts and bolts of trade -- getting your product across the border.

Included in past WTO agreements are a number of regulations covering trade facilitation. The problem is that many countries are not fully complying with all of these laws because of their lack of training and knowledge of these ideas and concepts.

Customs procedures pose a challenge

For instance, harmonizing all customs procedures would entail understanding what all other developed countries are using and how to coordinate and create these procedures.

This may not seem difficult to us, but for a small country that has about one-tenth of the experience of importing and exporting goods, located in a remoter area with very primitive infrastructure, it seems a little presumptuous to expect them to harmonize and adopt all of these technical rules and regulations with no comprehensive training or basic principles upon which to build.

The European Union has stated in a submission to the World Trade Organization on capacity building in trade facilitation, that, "It would not be sufficient to demand WTO commitments, however desirable in themselves, if the means were lacking to implement them."

Both the EU and the United States have submitted proposals to the WTO regarding the next round of negotiations on trade facilitation to include an examination of existing programs of assistance and a needs assessment to improve basic trade facilitation environments of all WTO members.

Guidance and advice from numerous agencies

This will include working with a number of organizations like the International Monetary Fund, the United Nations Council on Trade and Development, the World Customs Organization, and

the World Bank to successfully coordinate these training efforts that are all currently working in specific areas that often overlap with little coordination.

Instead of complaining about these countries not implementing 300 pages of trade agreements, get out there and find out why they aren't implementing them. As we head into another WTO Round many more issues will be brought to the table.

The problem is, if there are still a number of issues left on the plate from the last round, should we be giving everyone another helping? Shouldn't we take a look at what is there and try to get that digested before offering more to countries that have not digested the Uruguay Round?

Until we sit down and offer capacity-building strategies to all countries currently unable to successfully implement existing WTO regulations, they may just get up and leave the table!

Since we all had the opportunity to take that Econ 101, we should give everyone else a chance to take Trade Facilitation 101.