

Bilateral Trade Costs Analysis of Policy Barriers for Growth Oriented Strategies in Exports

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Abstract : Economies consistently engage in trade across borders and face tariff, non-tariff barriers and other quotas that constitute trade costs. The trade costs imposed by policy barriers on exports are considered an impediment in the export growth rate. This work aims to measure over-year trends in total and bilateral trade costs and their trends in relevance to policy barriers (tariff and non-tariff). The analysis through the micro-founded theoretically based gravity model showed that the total trade costs have a general decreasing trend in the world while in the case of developing countries, the rate by which these trends decline is very low. Bilateral trade cost estimates associated with the policy barriers represent that the non-tariff barriers in a developing country have a major role in sustaining the high trade costs as compared to the tariff barriers. This ultimately leads to a low net declining rate. This work emphasizes that for developing countries the non-tariff barriers are a major factor that renders their exports and to be uncompetitive in the world market.

Keywords : trade costs, policy barriers, tariff barriers, non-tariff barriers, trade policies, export growth

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