

## **ROLE OF ENTREPRENEURSHIP IN BUILDING A GLOBAL VILLAGE: TRADE, TAX, AND BORDER**

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### **ABSTRACT**

Globalization refers to the growth of countries resulting from increasing trade, finance, people, and ideas into one global market. Global trade and cross-border investment flows are the main elements of this global integration. Free trade is the best economic strategy for all nations of the world. No single government has the natural resources, infrastructure, and human capital in sufficient quantity and quality to realize the standard of living developed countries have become accustomed to and to which developing countries aspire. So we trade. The main economic benefits of free trade arise from the differences between trading partners, which allow each country to compete in the global market according to its underlying financial strengths. Low labor costs, access to cheap capital, a highly skilled labor force, and determining all the variables play a vital role in what comparative advantage one country has over another in the global market, thus gaining a presumption of business success. The trade process and technological progress, primarily driven by the dynamics of trade, is the root of all productivity gains—indeed, the basis of the wealth of nations. This trade growth did not happen by accident; it resulted from visionary political leadership in economies that sustained a 50-year commitment to reducing the barriers that separated the nations of the world and integrating communities and nations in the international market. World trade is constantly evolving; each trade agreement is transitioning to the next, resulting in greater work freedom. Trade is highly competitive and complex, never more so than during the economic downturn the world has experienced since 2008. Companies

implementing protectionist measures impose costs that include higher prices for goods and services for consumers and producers and lower productivity and wages. For workers. The new jobs that would be created in an open and fast-growing economy never materialize, and economic stagnation replaces growth in societies that condemn themselves to backwardness. The world reaped the benefits of booming trade for six decades. This expansion stalled during the 2008–2009 recession. It can turn a temporary setback into a long-term change. This would damage the growth of the world economy for decades. If leaders remain faithful to the vision of global trade

**Keywords:** globalization, free trade, economic growth, cross-border investment flows, reduction of barriers, business assumptions.

Globalization describes how nations, businesses, and people become more interconnected and interdependent worldwide through increased economic integration and communication, cultural diffusion (especially Western culture), and travel. It's not a new phenomenon, and it's not something we should necessarily fear or protest against. Forty years ago, many of us in the public health community was passionate globalists concerned with international inequalities and the unfair burden of disease borne by many of the world's poor. We wanted to share our wealth and our democracy. We wanted to learn from and support the emancipating popular movements that arose due to post-colonial struggles. We wanted to travel and meet people from other cultures. We wanted a global village. This is the kind of globalization we can still embrace. Our populist protests against contemporary globalization have mistakenly received the media moniker of "anti-globalization." We are not anti-globalists; we are democratic globalists. Herein lies the snag for critics of globalization, for what we have today is not so much a global village as a worldwide marketplace, where our former expressions of dignity and justice seem obscene or archaic due to the dictates of capital and economic selfishness.

## **INTRODUCTION**

Discussing the nuances of contemporary globalization is beyond the scope of this article. There is evidence of its health benefits (e.g., gender empowerment and technology sharing) as well as its health risks (i.e., rising income inequality and environmental degradation and lackluster poverty reduction results). The article will instead focus on one of the instruments contributing to the triumph of the global market over the global village: the imposition of binding "free trade" rules, primarily through the World Trade Organization (WTO).

This reflection is at the intersection of two development-related issues that are usually addressed separately. On the one hand, development and security form a nexus that researchers have widely explored for more than 20 years. On the other hand, recently, there has been a connection between development and taxation. In Africa, there is a strong emphasis on raising more revenue to invest in poverty reduction sustainably. Despite the ambitious targets (an average increase in the tax/GDP ratio of 4 percentage points), the results have been somewhat disappointing for two main reasons: (i) instability and insecurity have spread across Africa, hampering tax collection; ii) a top-down reform approach that does not take into account the need for incentives for employees and therefore may lead to limited results.

Trade taxes continue to account for 30 to 50 percent of total government revenue in Africa, so the role of customs is crucial for security and revenue collection. It usually focuses on a top-down approach to customs reform, seeing the fragile environment as an opportunity to start with a blank page to establish a new institution. The literature on security, Customs and trade are scarce; field

observations in these remote conflict-prone areas are even rarer.

As discussed in the next section, customs officers operating at the borders are invisible as part of the state. Either reflection is politically oriented – led at the state level, linking instability and state building through the relationships between taxation, revenue collection, and security (and sometimes the role of foreign aid in this context); or a more sociological one that aims to describe the reality of border governance, demonstrating "hybrid" governance from the end-user perspective in case studies of specific insecure border areas.

The principal added value of this paper is that it presents facts about revenue collection in conflict-prone areas in Africa and sets the stage for discussion on (in)security, cross-border trade, and the role of tariffs. This paper is a preliminary reflection, drawing on lessons learned from six field missions conducted in fragile border areas – in northern Mali, on the Chad border at Lake Chad, on the Tunisian-Libyan wall on both the Tunisian and Libyan sides, on the Sudan-Chad border in West Darfur, and in the northern edge of the Central African Republic, adjacent to Chad and Cameroon (see maps in the appendix). Even though the situation in individual countries differs, common questions arise about how to restore the authority of the state in areas of uncertainty and what role should be played by state administrations – especially customs in this context. The part and practice of customs in conflict-prone regions, as customs is a state institution that combines coercion and negotiation in the conflict-prone areas, but how the security, economic and institutional environment affect the collection of customs revenues across the continent in six neighboring areas at a time when pressure is growing on customs to collect more payments (even in these environments).

Due to the risks associated with these environments and the difficult access to the terrain, selecting areas for fieldwork was opportunistic, based on security and the importance of trade flows. It is difficult to conduct field observations in unstable regions. Leading trade routes are affected by security crises in North Africa, the Sahel, and Central Africa.

Methodically, the fieldwork was carried out with the support of national customs - without this, and it would not be possible to travel in these regions. However, between July 2015 and January 2017, anonymous interviews and formal meetings took place with traders, smugglers, transporters, police and military, prosecutors, and, in some cases, militants.

The key messages of this document are as follows:

- Customs administrations are flexible in conflict-prone border areas and adjust the fiscal burden to be acceptable to local economic operators. The acceptability of taxation levels is negotiated with importers to prevent or reduce smuggling and encourage local economic activity.
- Business activities are resilient. In most cases, trade still flows through conflict-prone territories despite the form of alliances with violent groups. In cases where non-state actors have replaced state actors, non-state actors still ensure that goods transfers generate resources through informal armed groups that always need supplies regardless of whether the actors are rebels/militia or state institutions. However, and perhaps more significantly, trade is resilient because all efficiency is a sign of administrative capacity (and income) for those seeking to control territory.

- The local importance of tariffs in rocky areas is given by this administration's attitude to trade flows and its role in providing cash to other state actors and local authorities. Customs is usually the most critical government institution dealing with traders and intermediaries such as brokers and carriers. Intermediaries develop a relationship and negotiate with customs officials. This is important in cases where state presence is re-established on fragile borders.
- Finally, merchants can finance violent activities. Terrorist groups can also pay traders for intelligence that allows business people to become informants. The inhabitants of Timbuktu reported the same phenomenon in Mali.

This document organized the state's role in an uncertain borderland. Section 2 summarizes the business and security environment of Customs in each area of fieldwork. It aims to point out the main differences between customs administrations. The third part describes the impact of security on cross-border trade in can have unintended consequences detrimental to state reconstruction in border regions. Section 4 provides some observations on customs practices developed in this area to adapt to conflict/post-conflict situations—areas for further research.

### **World Trade Organization Agreements and Health**

The WTO was established in 1995 based on the Uruguay Round of negotiations on the General Agreement on Tariffs and Trade (GATT). It is the only multilateral (transnational) organization with enforcement powers in the form of fines or monetary relief on trade. It administers 29 different trade, investment, and "trade" agreements. The fundamental principles on which all WTO agreements are based are "national treatment" (foreign goods, assets, or services are regulated in the same way as domestic ones), "most favored nation" (all member countries must grant particular preferences granted to one trading partner) and "least trade-restrictive (domestic environmental or social regulations must be those that least restrict global trade). Several agreements address the economic, social, and ecological pathways linking globalization and health.

### **TRIMS (Trade Related Investment Measures)**

The TRIMS agreement prevents countries from placing "performance requirements" on foreign investment. Such demands were used to benefit corrupt political leaders, government officials, and their families. However, these requirements have also proven helpful in developing viable national economies and ensuring equitable, secure, and sustainable economic development. Their removal benefits investors from developed countries much more than those in developing countries (Greenfield, 2001). Many developing countries request exemptions from this TRIMS requirement to retain some control over the direction of their local economic development. However, TRIMS exemptions for developing countries are opposed by the so-called "Quartet" of rich countries.

### **TBT (Technical Barriers to Trade)**

The TBT agreement intends to make any "technical" barrier to trade as least trade-restrictive as possible. The technical wall is domestic regulation, which has nothing to do with tariffs (taxes governments impose on imports) or export subsidies (aid they give to exports). The TBT encourages international standards and allows national regulations to be stricter only if they can be justified. Art. Article XX(b) of the GATT provides an exemption from the general rules of the GATT, including the TBT, "necessary to protect human, animal or plant life or health." But in only one case has this exception been successful in a commercial dispute. In April 2001, the WTO

rejected Canada's appeal against the French ban on asbestos imports. The Panel considered a large body of research that established asbestos as a proven human carcinogen, qualifying the prohibition under Article XX(b) exemption (WTO, 2000). Such scientific certainty rarely applies to most risks to human health, especially those mediated by the environment. This makes it challenging to use this exception, as countries seeking to deviate from trade rules under this exception are responsible for demonstrating that the measure is not protectionism in disguise.

#### **SPS (Agreement on the Application of Sanitary and Phytosanitary Measures)**

The premise behind introducing the precautionary principle was scientific uncertainty: When the evidence is suggestive but not conclusive, the benefit of the doubt should be given to protect human and environmental health. This principle has been weakened by the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS), which mandates a scientific risk assessment for all regulatory standards. Risk assessment cannot deal with the many cumulative impacts that are now typical of risk management issues. The risk assessment requirement favors manufacturers and exporting countries over citizens and importing countries, as there is no cost to the former if their product turns out to be harmful. A higher order of scientific certainty within SPS than that governed by Article XX letter b) GATT is one of the reasons why

The European Union (EU) has lost to the US and Canada in its bid to ban the import of hormone-treated beef. The WTO dispute panel rejected the EU's scientific arguments, including evidence of possible, though not definitive, human carcinogenicity provided by the independent International Research Agency as insufficient.

#### **Cancer (Sullivan and Shainblum, 2001;**

Charnovitz, (2001)). TBT and SPS represent what some call "trade creep," where trade rules limit how national governments can regulate their domestic health and environmental issues, even when they treat products from other countries differently than their own—even when they comply. The overarching principle of trade liberalization is "national treatment" (Drache et al., 2002).

#### **AGP (Agreement on Government Procurement)**

The AGP requires governments to consider only "commercial considerations" when making procurement decisions, specifically banning preferences based on environmental, human, or labor rights. Currently, a multilateral (voluntary) agreement signed by only a few developing countries, the 4th WTO Ministerial Meeting in Doha, committed members to negotiate a future multilateral deal on transparency in government. Public procurement (WTO, 2001a). As with the TRIMS agreement, this can help prevent widespread cronyism or misuse of public money by corrupt officials. But it could also signal a gradual erosion in the ability of national governments to prioritize domestic suppliers and thus direct general revenues to groups or regions most in need of economic support and development. Many developing countries request exemptions from the AGP, arguing that government procurement is one of the few means they have to build socio-economically disadvantaged areas, groups, or sectors (BRIDGES 6(21)). Again, most developed countries oppose this.

#### **TRIPS (Agreement on Trade-Related Intellectual Property Rights)**

The TRIPS Agreement requires WTO members to enact patent protection for 20 years, although the least developed countries have an exemption extended until 2016. The debate over the TRIPS Agreement, particularly regarding access to antiretroviral drugs, has been extensive and highly public. Few developing countries had patent protection legislation before joining the WTO. One

of the effects of the TRIPS agreement was a sharp increase in the cost of medicines in most countries. This reduces the public funding available for primary health care or other public programs (including environmental protection) in first-world countries where 75% of prescription drug costs are publicly or privately insured. However, it is complicated for people in developing countries, where the health part spent on drugs is already much higher and is often a direct personal cost. TRIPS allows governments to issue compulsory licenses to manufacturers of generic drugs in cases of threat to public health. This was confirmed by the WTO's Doha Declaration on TRIPS.

Agreement and Public Health (WTO, 2001b). Hailed as a breakthrough in public health and a victory for developing countries in the WTO, the Doha Declaration does not address three fundamental problems with the TRIPS Agreement:

When it comes to drugs, how will countries that lack generic manufacturing capacity get their medications at a lower cost when faced with public health emergencies? The US, Canada, Japan, and Switzerland initially blocked efforts to find a solution in the TRIPS Council of the WTO (BRIDGES 6(19)). By December 2002, the President of the Council issued a detailed near-consensus plan allowing developing countries the right to declare what constitutes a public health emergency at their borders and simultaneously import generic drugs from other developing countries with pharmaceutical manufacturing facilities (WTO, 2002). The US is the only country to altogether reject the plan regarding Vice President Dick Cheney's specific direction to US TRIPS negotiators (The Guardian Weekly, 2003), sticking to its original position that parallel imports should be limited to the 'big three' HIV infectious diseases /AIDS, tuberculosis and malaria. This is contrary to the empowerment of developing countries to decide on public health emergencies in the Doha Declaration, i.e., "Each Member shall have the right to grant compulsory licenses and the freedom to determine the grounds on which such licenses are granted" (WTO, 2001b 5 (b), emphasis added). It isn't easy to assess the UK's position on the Council's TRIPS plan, given its intention to lobby for its plan at the G8 summit in France in 2003. The project, which closely resembles the US position, would have pharmaceutical companies sell their patent-protected treatments for "slightly higher costs, but only for the 'big three' of HIV/AIDS, tuberculosis, and malaria, and only for sub-Saharan Africans. And other least developed countries (Boseley, 2002). Civil society groups, notably Médecins Sans Frontières, are pushing for rejection of the TRIPS Council plan, but for a different reason, as it refers to "national emergencies" rather than the Doha Declaration's broader language of "measures to protect public health." Some African countries express the same concerns (BRIDGES 7(5)). The problem is far from solved.

More generally, should TRIPS allow the patenting of life forms, as it currently does? A statement by the African Group of the WTO points out that allowing such patents is contrary to "the fundamental principles on which patent laws are based: that substances found in nature are discoveries, not inventions, and therefore not patentable" (cited in Labonte, 2000).

Mainly: The period of patent protection should be shortened or

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completely scrap? Most countries, from the US in the 18th and 19th centuries to Asian nations in the 21st century, grew economically by taking technologies developed by other people in other countries and copying them, often more cheaply. Why should this advantage be denied to poorer countries today?



### **GATS (General Agreement on Trade in Services)**

(GATS) is a "framework agreement" introduced after the Uruguay Round of GATT. A key concern is that GATS will lead to increased privatization of such essential public services. Worldwide, roughly 30% of all economic activity comprises government (publicly) services. Most of these services are crucial, meaning there is a guaranteed market for them, at least among those who can pay privately. When a crisis of overproduction (too many goods for too few buyers) occurs, or a volatile stock market collapses after nearly two decades of excessive speculation, corporations with capital might be expected to view previously provided public services as safe, private investments. The GATS has several "top-down" provisions binding on all members, such as national treatment, the most-favored-nation clause, and progressive liberalization (where commitments to liberalize services can only increase, not decrease, without penalty). Its most significant health implications lie in the "bottom-up" provisions in which countries specify which services they commit to liberalize in four different ways and with what, if any, restrictions, referred to in the GATS as commitments that are "bound ." The four ways of liberalizing services are:

- Cross-border delivery of business (e.g., sending laboratory samples or providing telehealth services).
- Consumption of health services abroad (so-called "health tourism," when health services treat people from one country to another).
- PROFITIMISING presence (where foreign private investors provide private hospitals, clinics, treatment centers, or insurance or have contracts to manage such public or private facilities).
- Movement of natural persons (temporary movement of healthcare workers from one country to another).

To date, 54 WTO members have committed to liberalizing some health services under the GATS (Adlung & Carzaniga, 2002). Many of them are developing countries. The number of health-liberalized countries will increase to 78 if we include private health insurance. The GATS has a built-in requirement for "gradual liberalization," meaning that governments can only liberalize more, not less. Once the services sector is liberalized under the GATS, there is no free way to reverse it (Canadian Center for Policy Alternatives, 2002). For example, Canada opened up private health insurance under the GATS. If Canada ever wanted to expand its public system into privately insured areas, reversing the current trend away from privatization, its GATS commitments would trigger trade sanctions. The same would apply to any developing country that wanted to change its existing obligations to liberalize health services. The GATS offers an exception for "a [government] service which is provided neither on a PROFIT basis nor in comparison with one or more service providers" (Article 1:3b). This is often cited as evidence that concerns about privatization are misplaced. However, this clause may collapse when challenged, as most countries allow some commercial or competitive provision of virtually all public services (Sinclair, 2000; Pollock & Price, 2000). Trade agreements—designed to promote private economic interests—are not the place to negotiate international rules for health, health care, and other essential public goods. Canadian social and trade policy activists urge our government to declare a complete "opt-out" of health and other crucial social programs from current and future trade deals.

### **Cross-border trade and customs in uncertain areas**

The relationship between the state, fiscal governance, security, and cross-border trade is analyzed through three main approaches. The first approach includes the general context of customs reforms. Weak border enforcement has been identified as one of the leading causes of informal cross-border trade (Golub, 2015). Casual work is considered to occur at the margins. It needs to be reduced as much as possible for two main reasons: causing losses in tax collection and, more generally, as a kind of challenge to state authority (Cantens et al., 2015). In developing countries, however, informal enterprises represent up to half of the economic activity (La Porta & Shleifer, 2014). Amin and Hoppe (2013), Ayadi et al. (2014), Brenton et al. (2014), and Benassi et al. (forthcoming) showed that informal cross-border trade on the Cameroon-Nigeria border, the Tunisia-Libya border, and in East Africa is the most critical income-generating activity and therefore has a significant impact on poverty reduction, even though losses to the exchequer can be substantial.

The second approach is more sociological and based on what the end-users experience at the border – forming alliances or negotiating with state and non-state actors regarding border management. Anthropological and geographical approaches emphasize the network effects of informal trade (Walther 2009, 2015) and the hybrid model of governance that informal cross-border trade creates (Titeca & Flynn, 2014). The second approach shows how national and local authorities tolerate informal cross-border trade to ensure income generation for local populations. It also shows how informal cross-border trade is a local response to distrust of national leaders. In some cases, the state may be perceived as illegitimate: informal cross-border trade undermining the condition is a way to fight against it. This study also shows how taxation levels are negotiated locally (Roitman, 2007; Titeca & Flynn, 2014; Reyntjens, 2014). It further shows how informal trade is a means of survival and how non-state institutions can emerge in border regulation (Raeymaekers, 2010). It also points to possible collusion between some state institutions and some large informal traders. However, this literature does not examine in detail the role of customs, as they are considered a state institution, nor the role of fiscal administrations in the context of organized violence.

The third approach directly deals with the work and practice of civil servants in general and customs officials in particular. This literature focuses mainly on entry points such as ports and airports to analyze the actual management of international trade (Chalfin 2004, 2008, 2010; Canteens 2012, 2013, 2015) or address the corruption (Canteens et al., 2010; Raballand and Rajaram 2013) and discuss anti-corruption policies in the customs area (Cantens & Polner, 2016). However, the role of customs officers in insecure areas was never addressed.

To some extent, the literature dealing with borders, taxation, and organized violence often takes two opposing perspectives, either "from the bottom" (putting more emphasis on the experiences of end users (traders, transporters)) or "from the top" (from the state perspective). Security in developing countries has been widely addressed from a state-centric perspective, as shown in a comprehensive literature review on "hybrid security arrangements in fragile and conflict-affected spaces" by Luckham and Kirk (2012). Even when the state is represented as a body affected by violence and corruption, it is still described as a body – civil servants are absent or marginalized



in these two poles of the literature. Two exceptions should be noted beyond the African borders. First, Klem (2012) reports on the role and practices of civil servants in a crisis zone in Sri Lanka. Sugget (2005), an Australian customs officer, describes his experiences as a customs expert participating in state building in East Timor in 1999.

The academic literature agrees on how state and non-state actors participate in this hybrid or negotiated management of cross-border trade as the leading economic resource and most easily taxed in uncertain regions. Interest in this hybridity in times of conflict has recently been driven by Tilly's influence on academics regarding state formation through war, with Weber's model coming to the fore (Meagher, 2012). However, the focus on the loss of power and authority by civil services and hybrid/negotiated border management has sometimes obscured that there are at least two sides to any negotiation. The perspective of civil servants – in this case, customs officers working at borders in insecure areas – seems to be underestimated. Examining their practices and strategies is still essential because they are a substantial part of the de facto governance adopted in rocky areas.

### **Brief presentation of case studies**

The situation of customs administrations operating at borders varies from country to country. However, at least two common points contributed to a general description of trade and border management in the six selected regions.

In all cases, consumer goods smugglers – whose activities are the main interest of our study – focus primarily on specific goods for domestic consumption (textiles, flour, vegetable oil, coffee, tea, agricultural goods, and household appliances); fuel and cigarettes are usually the most heavily taxed goods smuggled by these traders. These consumer goods smugglers, the majority of informal traders in these areas, have not been observed or reported to be smuggling high-value goods such as gold or goods subject to special restrictions such as weapons or drugs.

Smugglers may have means of transport (donkeys, pickup trucks) that allow them flexibility in crossing borders and bypassing customs control. However, regarding revenue collection, the general customs strategy is to be located in trade centers and border towns where commodity flows converge before being unloaded and shipped to surrounding areas or sold in markets to urban and rural populations. Danger and army patrols in no-go zones are the second reason that forces smugglers not to stray too far from the usual and most frequented roads.

**Table 1 summarizes the specifics of customs measures, trade practices, and uncertainties from a customs perspective and provides a broad overview of the six case studies.**

Libya Ras-Jedir - border with Tunisia	Despite the current Libyan state being under reconstruction, the customs administration benefits from relative institutional stability.  At the border with Tunisia, Libyan customs is represented by units with some personnel who are native of the area. Libyan customs has launched an important recruitment campaign among members of armed groups.	Cross-border trade activities are similar to those in Tunisia.  However, there is no border city acting as a trade hub, so cargo spreads all over the territory and alongside the Tripolitan Road to Tripoli.	Security concerns are related to terrorism and the current fragmentation of Libyan territory. Access to certain parts of territory are still ruled by militias ( <i>katibas</i> ); this is still a potential obstacle for the full deployment of a national administration.
Mali Timbuktu and Gao - Northern Mali	In 2012 customs administration, like other state services including the army, left the area ruled by rebels and jihadist groups. In 2015 the customs administration progressively sent staff to Timbuktu and Gao. However, customs administration is not present at the border with Mauritania and Algeria.  The main objective of customs is to contain informal trade, particularly trade flows coming from Algeria where some consumer goods benefit from state subsidies. The concern is that necessities that are smuggled into northern trade hubs (Timbuktu, Gao) are resold in southern markets, where imported commodities from Sénégal and Côte d'Ivoire are submitted to higher legal taxation.	Mali is a landlocked country.  Two main points of entry - Kayes and Sikasso-Zegoua in the southern part of the country - process most trade flows from Senegal and Côte d'Ivoire.  Commodities enter northern Mali through three routes: from Mauritania to Timbuktu, from Algeria (Tamanrasset) through Kidal, and from Algeria and other northern African countries (Libya, Egypt) through Niger and Menaka.  Cities like Timbuktu and Gao in north Mali are historical trade cities, where traders' communities are important and markets attract nomadic and rural populations.  Trucks are used to trade with Algeria; pick-ups are more used for trade between Timbuktu and Mauritania.	The level of insecurity is still high in Northern Mali due to the presence of armed groups whose weapons can be very sophisticated; this is an obstacle to full deployment of customs units.
Chad Bol - Lake Chad	Customs administration is under the authority of the Ministry of Finance. However, many senior customs officers are former fighters.  Contrary to some other customs administrations in the Lake Chad	The Chadian government implemented a state of emergency in the Lake Chad region, imposing curfews, closing the border on the Lake itself, prohibiting the use of certain means of transport	The major threat is Boko Haram. The level of insecurity is important, but has decreased since 2016.
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	Customs administration	Trade practices	Insecurity issues
Tunisia Ras-Jedir - border with Libya	<p>At the customs bureau located on the border at Ras-Jedir, in charge of controlling passengers and cargo, customs controls the closure of armoured gates on the road crossing the border.</p> <p>Customs outposts are located along the border with Libya, from which customs can organise patrols.</p>	<p>Trucks, individual vehicles and individuals are used to carry commodities.</p> <p>Pick-up vehicles are used to smuggle goods in the desert.</p> <p>Currency exchange is highly developed in the border city of Ben Guerdane.</p>	<p>The main threat is terrorist groups that come from Libya to attack Tunisian cities (like Ben Guerdane in 2016), and people wanted for terrorist activities who escape from Tunisia and go to Libya.</p> <p>A second specific insecurity concern is linked to smuggling activities: the population of Ben Guerdane is highly dependent on cross-border trade activities. Any closure of the border or changes in Libyan trade control policy cause popular unrest on the Tunisian side in the city of Ben Guerdane.</p>



	<p>Basin, Chadian customs remained in their offices despite the rise of Boko Haram in 2011 - particularly in Bol on the banks of Lake Chad, despite multiple incursions of armed groups in the area.</p>	<p>(like large boats that used to transport commodities from Nigeria through the Lake).</p> <p>Cameroon and Nigeria closed the usual trade road crossing the northern parts of these countries along which Nigerian commodities transited. Consequently, traders use small trucks and new routes going through Niger.</p> <p>Traders in localities like Bol are organised through a group whose members go to Nigerian cities, particularly Lagos, to buy goods on behalf of the others.</p>	
<p>Central African Republic (CAR)</p> <p>Northern borders with Chad and Cameroon</p>	<p>From a customs perspective, CAR territory is divided into three parts.</p> <p>State services are present along the road between the border with Cameroon (Beloko) and the capital Bangui. This road is the major supply route for the capital, where 25% of the national population live. Commodities are conveyed through the transit corridor from Douala port in Cameroon to the border post of Beloko, then escorted by UN military units accompanied by customs units.</p> <p>Customs and state services are not deployed in the eastern and northern part of the territory, which is ruled by militias (ex-Seleka).</p> <p>The northern and western part of the territory is mainly ruled by militias (anti-Balaka), but there is a customs bureau in the town of Bang at the extreme northern border with Chad and Cameroon. This bureau has been attacked several times.</p>	<p>In the western part of the countries, apart from the Douala-Beloko-Bangui area that provides the major share of trade, traders circulate from one border to the hinterland depending on trade opportunities offered in Cameroon market cities nearby the border.</p>	<p>Insecurity is widespread and villagers and cities are regularly raided by armed groups; this leads to local militias, who can become a threat to other villages or localities.</p> <p>A particularity of this situation is the presence of the UN peacekeeping mission, whose Blue Helmet contingents are located in major cities along the trade roads. The CAR army is not deployed in the field, and CAR is under weapons embargo.</p>
<p>Sudan</p> <p>West Darfur, border with Chad</p>	<p>The major organisational specificity of Sudanese customs is that they are part of the Ministry of Interior, which simplifies the lead of border agencies.</p> <p>Customs operate in the customs bureau of El Geneina, as well as in an outpost in a village located between El Geneina and the border with Sudan.</p>	<p>Traders use trucks and pickups. Their trade routes extend from Port Sudan to northern Nigeria, where some traders barter (Nigerian commodities for leather).</p> <p>Some border villages are areas of small-scale smuggling: people use small vehicles or donkeys to ship commodities between Chad and Sudan.</p>	<p>Insecurity has been addressed through different ways. Former militants have been encouraged to convert their vehicles into means of transport for goods and people. An agreement between Sudan and Chad set up a joint force that has settled camps to protect the border town of El Geneina (Sudan) and the road to the border.</p>

### Challenges to the participation of transition countries in global trade

The transitioning countries of Central and Eastern Europe and the Baltics have applied for membership in the European Union. Almost all transitioning countries have used to join the World Trade Organization (WTO). WTO membership would protect these countries from substantial barriers, particularly quotas, which still prevent their exports of so-called sensitive goods to developed countries.

These products include agricultural products, iron and steel, textiles, footwear, and others in which transition economies may have comparative advantages. Joining the WTO would grant rights to economies in transition and require them to meet certain obligations, such as maintaining low or moderate tariffs and eliminating non-tariff barriers.

The big challenge for transition economies is to find their place in the global division of labor. This often means diversifying the export structure, especially in developed countries.

Higher trade costs constitute a barrier to trade and prevent the realization of gains from trade liberalization. Trade gains depend not only on tariff liberalization but also on the quality of infrastructure and related services. Improved infrastructure and logistics services play an essential role in the flow of international trade. They create enormous wealth by reducing the cost of work due to their non-discriminatory and non-rival qualities and integrate production and marketing across countries.

Trade costs are often cited as an essential determinant of trade volume. At the same time, the world has seen a drastic reduction in tariffs over the past two decades, with many barriers that hamper trade, including soft and tricky obstacles. Trade and entrepreneurship support measures address one set of such smooth walls. A complex set of blocks, often cited as physical or infrastructure barriers are addressed through transport facilitation measures. The costs created by these barriers can be lumped together and called trade costs, which are measured as a markup between export and import prices. This surcharge roughly indicates the relative cost of transporting goods from one country to another.

Reducing business costs helps merchants get their goods to market faster and cheaper. Considering, for example, the rise of trade interdependence in Asia, the need for a better environment for trade has become more robust. On the demand side, a noticeable development in Asia's tariff barrier has decreased due to trade liberalization. On the supply side, rising trade costs harm to trade. This difference can be attributed mainly to global trade structures, regional infrastructure facilities, logistics systems, and more effective distribution strategies of carriers from developed countries.

Trade costs include all costs incurred to deliver the product to the end transport costs (both transport costs and time costs), political barriers (tariffs and non-tariff barriers), information costs, costs of prices, and local distribution costs (wholesale and retail). Business expenses are reported at their ad valorem tax equivalent.

According to Anderson and van Wincoop, 170 percent of representative trade costs in industrialized countries are distributed among transportation costs (21 percent), border-related trade barriers (44 percent), and retail and wholesale distribution costs (55 percent). . In general, exporters or importers incur business costs at all stages of the export or import process, from obtaining information about market conditions in any given foreign market to receiving final payment. One part of trading costs are specific to the trader and depends on operational efficiency. The magnitude of this portion of trading costs decreases as trader efficiency increases within the prevailing framework of any economy.

The second part of trading costs is specific to the trading environment and is incurred by traders as a result of inefficiencies in the trading environment. It includes institutional bottlenecks (transportation, regulatory, and other logistical infrastructure), information asymmetry, and administrative power that lead to rent-seeking activities of government officials at various stages

of the transaction. This can cost traders (or a country) time and money, including delay fees, which make transactions more expensive. Trade costs are high, even without trade policy barriers and among seemingly highly integrated economies. In explaining business costs, Anderson and van Wincoop (2004) referred to the example of Mattel's Barbie doll, stating that the production cost of the beauty was \$1, while it sold for approximately \$10 in the United States.

Transportation, marketing, wholesale and retail costs were equivalent to an ad valorem tax of 900 percent. Anderson and van Wincoop (2004) reported that the tax equivalent of representative trade costs for rich countries is 170 percent. This includes all transportation costs and cross-border and local distribution from the foreign manufacturer to the end user in the country. Business costs are richly linked to economic policy. Blunt policy instruments (tariffs, tariff equivalents of quotas, and trade barriers linked to the exchange rate system) are less critical than other policies (investment in transport infrastructure, law enforcement and related property rights institutions, information institutions, regulation, and language).

Direct shipping costs include freight and insurance, usually added to the shipping cost. The user's indirect shipping costs include the cost of holding goods in transit, inventory costs to dampen variability in delivery dates, preparation costs associated with shipment size (full container load vs. partial load), etc. Indirect costs must be derived. Apart from tariffs and non-tariff barriers, transport costs appear to be comparable in average level and varied across countries, commodities, and time.

Trade costs have a significant impact on welfare. Current policy-related prices are often worth more than 10 percent of national income.

According to the World Bank, transportation cost barriers outweighed tariff barriers in 168 of the United States 216 trading partners. Doubling the distance is estimated to increase overall freight rates by 20 to 30 percent. Time delays affect international trade. It is estimated that, on average, every additional day a product is delayed before shipping reduces business by at least 1 percent. Therefore, trade gains will be higher if trade frictions are minimized<sup>14</sup>.

Poor institutions and poor infrastructure act as barriers to trade in various countries. In addressing trade barriers, some studies have explicitly emphasized the quality of infrastructure associated with cross-border trade. A country's infrastructure plays a vital role in transporting business. For example, by incorporating transport infrastructure into a two-country Ricardian framework, some economic authors have shown the circumstances under which it affected the volume of work; transport and communication infrastructure and institutional quality are essential determinants not only of a country's level of exports but also of the likelihood of exports.

### **Trade liberalization – a key factor for encouraging entrepreneurship**

The definition of liberalization assumes the gradual reduction or removal of cross-border barriers, including tariff and non-tariff measures, to promote the free flow of capital, goods, and services, but also technology, and human resources. This trend is moving away from a world in which national economies were relatively self-contained units, insulated from each other by cross-border barriers to trade and investment, distance, time zones, and language. However, there are national differences in government regulation, culture, and business environment. Today, the world is where barriers to cross-border trade and investment are breaking down; the perceived d  
With advances in transportation and telecommunications technology, national economies are woven into an interdependent global economic system.



From this point of view, the basic assumptions of trade liberalization in the light of competition are that the global economy entails market competition, and liberalization is necessary to attract capital, production, skilled labor, and technology. It is also essential to continue expansion to sustain liberalization. Momentum goes. Here are the political economy benefits of domestic trade reforms that offer conditional reciprocity through negotiation or gain the benefits of liberalization through unilateral concession and the existing "competitive liberalization" strategy to keep preferential and universal interaction on a supportive course.

Another important thing is the relationship between business, government, and international organizations.

Business incubation involves an interactive process between the practical uses of acquisition, research, development, production, and marketing. Research and development should follow the purchase of materials, products, or capital. Research and development include the use of information, technology, and the development of human resources. Research and development, in turn, will produce value-added goods, services, and new technology. Consequently, marketing will depend on the market profile and image of the company.

Governments usually approach the direction and pace of liberalization according to some main criteria, such as the level of development, strategic plan, industrial competitiveness, order of priorities, international status, understanding of the game and rules, tolerance of diversity, and mission in ideology.

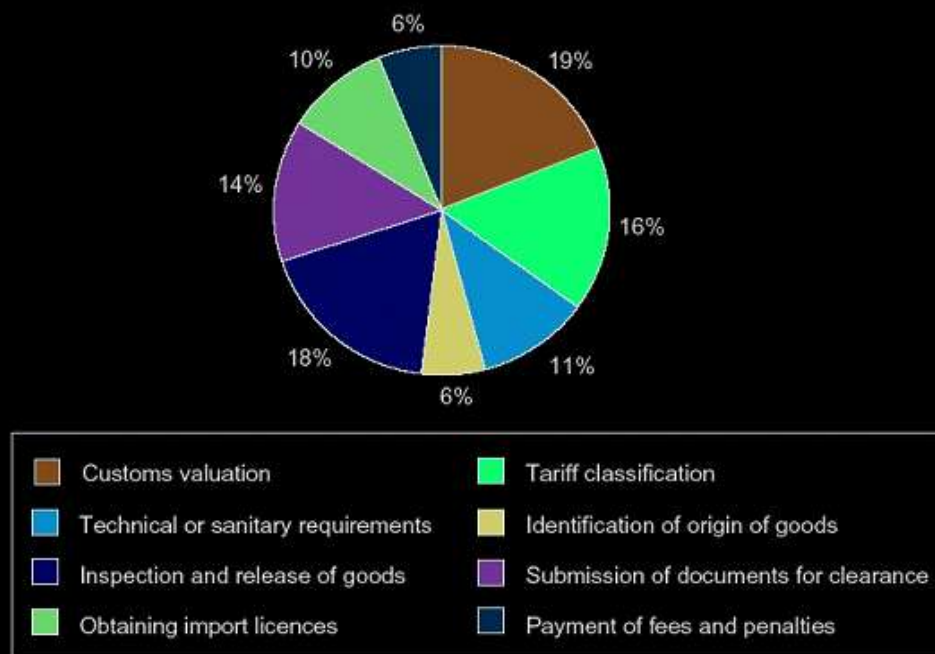
The trade agenda for the international economic organization will include transparency in investment markets, harmonization of standards, market linkages with goods, services, technology, information, and human resources, cross-border dispute resolution, standard operation in crisis management, and instilling a sense of community. This, in turn, will create a stable business environment conducive to business operations.

Here is a box representing private sector perceptions and critical concerns in India. The challenge is to maximize overlapping interests during lobbying or trade liberalization negotiations.

ARTNeT study of trade facilitation in India found that customs valuation was one area that most traders found highly challenging. The private sector survey received reasonable response to both aspects of the questionnaire, i.e., perception regarding the level of implementation of trade facilitation measures, and ranking of needs and priorities. The private sector firms helped in identifying the key problem areas in trade facilitation (figure II). The key problem areas identified by the respondents were in the following order: (a) customs valuation (19 per cent); (b) inspection and release of goods (18 per cent); (c) tariff classification (16 per cent); and (d) submission of documents for clearance (14 per cent).

In the survey, the method was based on a questionnaire developed with the help of the ARTNeT Secretariat and selected interviews with key industrialists and representatives from leading private sector firms including the major CHAs. The questionnaire was sent to various firms according to the weight assigned to their respective sectors. Of 1,024 firms approached, responses were received from 51 firms. The greatest emphasis was given to the manufacturing sector, of which 620 firms were approached; 41 firms responded excluding three additional firms from the category of others<sup>1</sup>.

Figure II. Problems faced by the private sector in India



Source: Chaturvedi, 2006.

Government. Governments can thus secure business interests with specific measures and proposals.

The private sector promotes initiatives and could accept calls to encourage an industry that would be constructive in creating an attractive business environment; monitoring implementation – the private sector could also see that member countries fulfill their commitments to international organizations. Another role is to raise the corporate image. By actively participating in the global business agenda, the private sector could promote corporate image, including mapping pathways to social responsibility.

The private sector could shape the ideology with concrete evidence of business creation and win-win in the business incubation process.

Contributing to the global community, the private sector creates a sense of mutual trust in trade liberalization. It positively contributes to building a community in the global village.

### Conclusion

Successful participation in the global economy will increasingly be determined by whether a country maintains a high-quality and reliable business infrastructure, whether competition is allowed to flourish in logistics service industries, and whether the regulatory environment is conducive to the relatively seamless movement of goods and services through the supply chain. Trade facilitation is not limited to developing countries. All countries can benefit from reforming and continuously improving their business processes. The reforms that move countries in the needed direction do not require formal commitments and obligations to other countries. Trade

facilitation is primarily in the interest of the reforming country. While security is paramount, it is essential to understand that security policies have costs that can inhibit trade and limit economic growth without necessarily improving safety.

A new multilateral agreement. Countries can gain gains from the trading system by engaging in reforms often referred to as trade facilitation.

Trade facilitation also includes reforms to improve the chain of administrative and physical procedures. Countries with insufficient trade infrastructure, burdensome administrative processes, or limited competition in trade logistics services are less able to benefit from opportunities to expand global trade. Companies interested in investing, buying, or selling in local markets are less likely to bother if there are too many frictions related to document processing or cargo inspection at customs, outdated port facilities, logistical bottlenecks, or limited reliability of freight services or financing trade.

In other international economic institutions, trade facilitation reforms could increase global trade flows more than further reductions in tariffs. For many developing countries, reducing transport and logistics costs through trade facilitation reforms would be far more beneficial than further tariff reductions.

The link between globalization, trade, and entrepreneurship can contribute to solving distributional problems, as transparency is one of the critical principles of trade facilitation. Making trade regulations and related processes more transparent means simplifying and clarifying them, increasing their opportunity to trade, and taking advantage of opportunities in the global market.

Thus, this relationship can be seen as a way to change the circumstances of trade within a country that lead to inequalities in trade opportunities.

Societies that pursue free trade policies create their economic dynamism and support the source of freedom, opportunity, and prosperity enjoyed by every citizen. It is essential to show the principle's strength and respect it. The effort is to break the cycle of poverty, and every country, even a poor country, starts creating momentum through prosperity. This era of market globalization could be followed by new challenges to which the answer lies in human ingenuity and innovation, as they present an outrageous level of human flow to gain and realize economic freedom and greater prosperity.

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