



Trading into Sustainable Development: Trade, Market Access, and the SDGs



Division on International Trade in Goods and Services, and Commodities
UNCTAD



BACKGROUND:



Decisions:

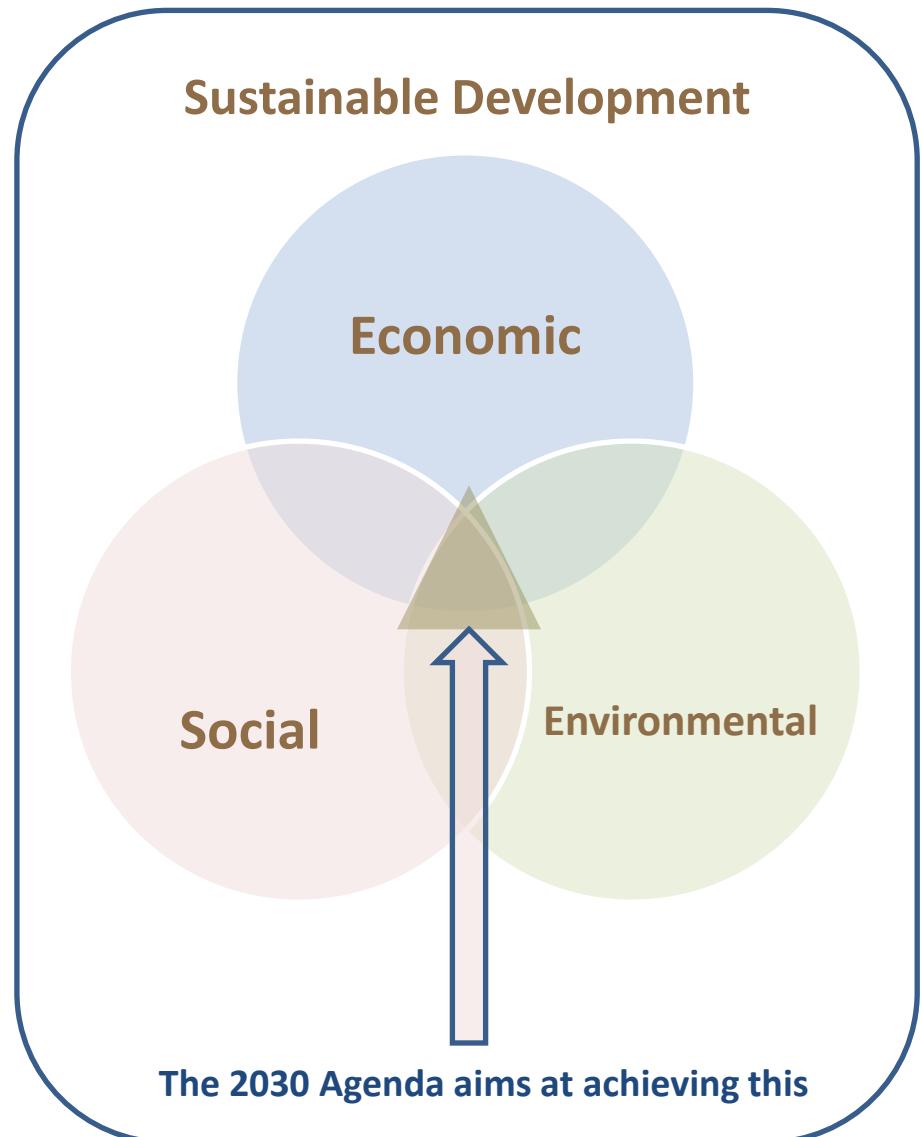
- Sustainable Development Goals (SDGs) are "**integrated and indivisible**, and balance the three dimensions of sustainable development" (Preamble, the 2030 Agenda for Sustainable Development)
- International trade is "**an engine for inclusive economic growth and poverty reduction**" that contributes to the promotion of sustainable development (para.79, the 2030 Agenda)
- Countries are encouraged to "**integrate** sustainable development in trade policy at all levels" (para.82, the Addis Ababa Action Agenda)

MOTIVATION

Countries aim at achieving the SDGs as an *integrated* agenda.

This may call for a new approach to trade policymaking.

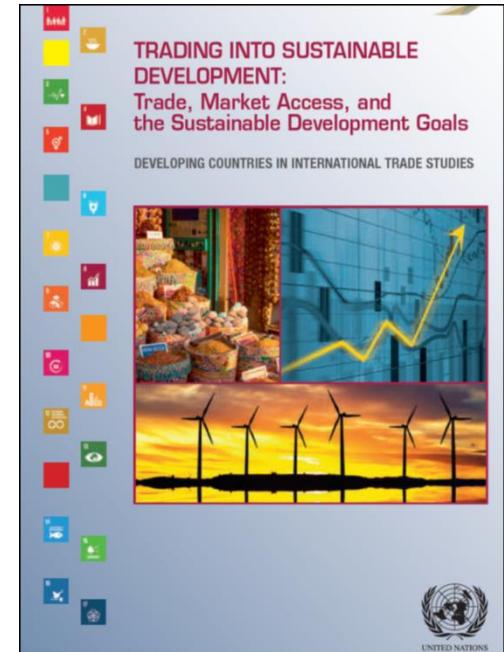
- Trade growth to contribute to economic growth *and* to enlarge the intersections of the three dimensions
- Focus of trade policy to shift from a quantitative transformation (*How much to trade*) to a qualitative one (*How to trade*)?
- **What does it mean in practice to trade policymakers?**



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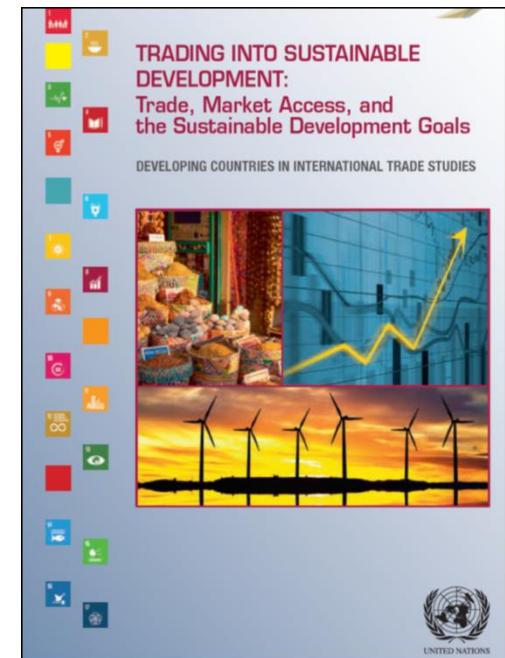
OBJECTIVE

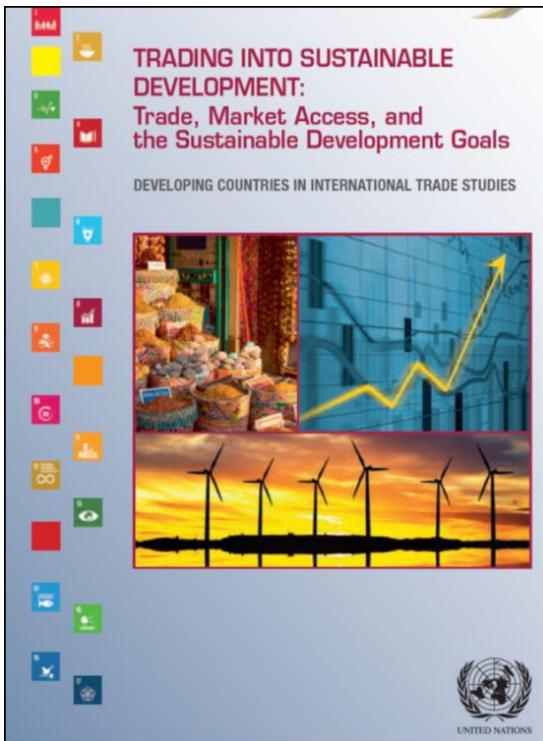
To map out policy options in the complex web of interlinkages between trade and sustainable development



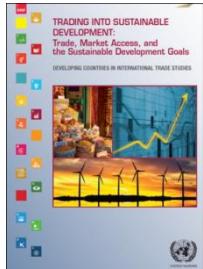
The report focuses on market access because...

- Market access (e.g. customs tariffs and non-tariff measures) are formal and measurable elements of a country's trade policy
- Market access has been the core component of trade agreements, which are important vehicles for making trade "equitable and mutually advantageous" (UNCTAD I, 1964)
- Market access conditions significantly influence consumer welfare and economic viability of a country





Findings from the Report



THE REPORT consists of four stand-alone chapters:

Chapter I. Trade Policymaking and the SDGs

An overview of how trade policy interacts with the determinants of sustainable development

Chapter II. Tariffs and the SDGs

How tariffs interact with the SDGs, and a preview of tariff-based global indicators for certain SDG targets

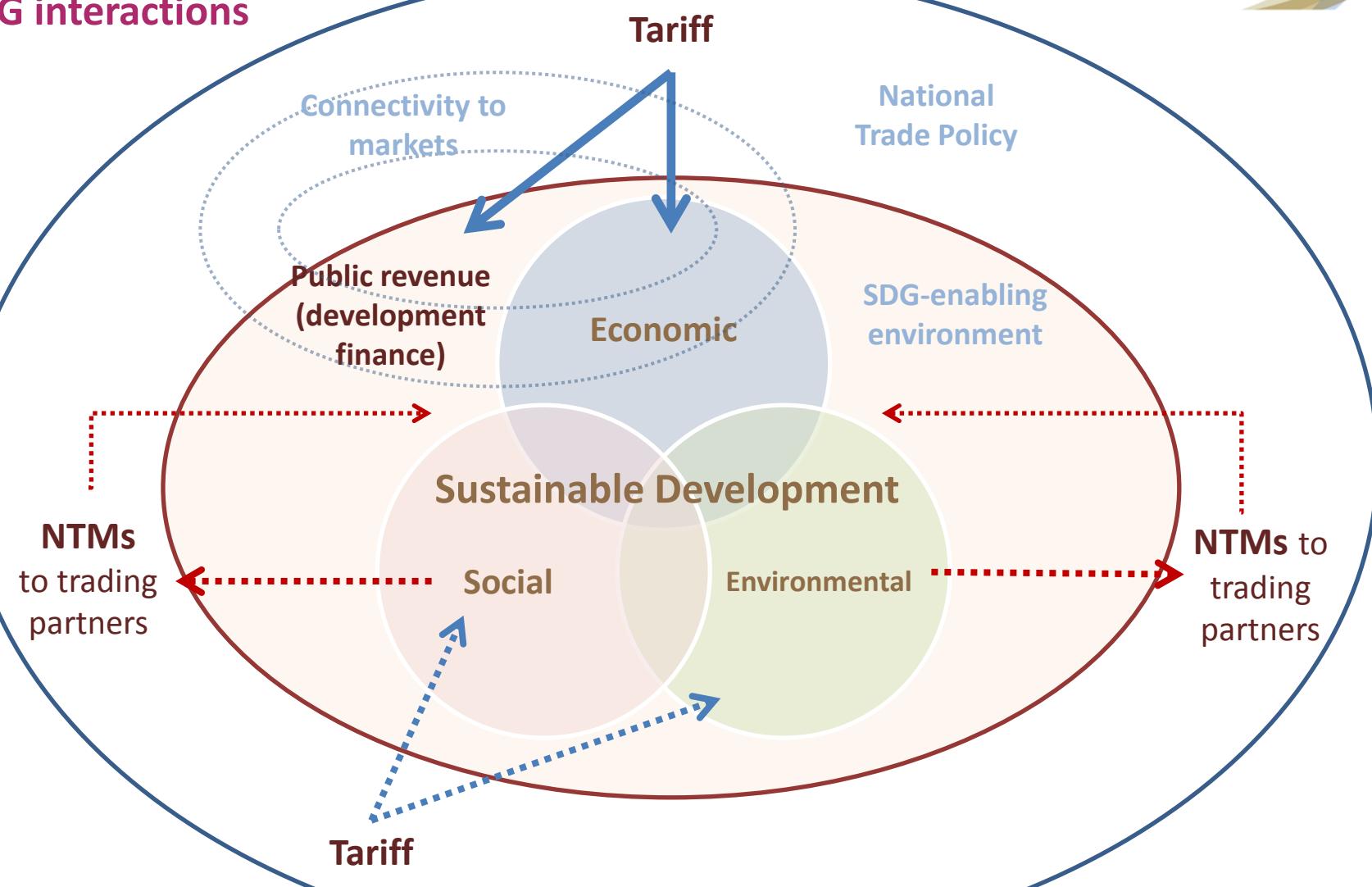
Chapter III. Non-tariff measures and the SDGs

Why NTMs are key policy interfaces between the SDGs and trade

Chapter IV. Physical Market Access and Trade Costs

Improving connectivity to international markets is a complementary action to make trade work for inclusive economic growth

Mapping out the trade- SDG interactions



KEY MESSAGES:

1. Market access matters to the achievement of the SDGs

Market access conditions generate:

- **direct** impact on the SDG-enabling environment (e.g. public revenue, consumer welfare domestic industry competitiveness)
- **indirect** impact upon social development (e.g. SDG1, 3, 5) and environmental sustainability (SDG 12).

Can trade policy on market access be a strategic tool to address the SDGs? This may not be technically feasible because:

- Market access conditions have different impacts upon different segments of society
- Impact of market access upon different SDGs are themselves inter-related.

→ Identify **complementary actions** (e.g. through inter-ministerial collaboration) to enlarge the intersections between trade-led economic growth and social development and environmental sustainability.

KEY MESSAGES:

2. Improving connectivity to markets is an effective complementary action

Connectivity to international market is positively related to a country's GDP per capita. Lower income countries tend to suffer from lack of low-cost and reliable connectivity to international markets.

Low-income countries experience disproportionately high trade costs because of prohibitively high transport costs.

→ The global partnership to help low-income countries improve connectivity (via e.g. coordinated actions to increase investment in hard and soft infrastructure).

KEY MESSAGES:

3. NTMs are major policy interfaces connecting the SDGs and trade

NTMs today are the key determinant of market access conditions in international trade and the source of trade costs.

But the majority of NTMs are not trade measures - they are legitimate **domestic regulatory measures** aiming at securing the well-being of the country's population.

As countries move into "action" for the achievement of the SDGs, they will increasingly apply such regulatory measures (Table 2, Chapter II).

This can result in more NTMs in the international market. Low-income countries are likely to bear the brunt.



KEY MESSAGES:

3. NTMs are major policy interfaces connecting the SDGs and trade

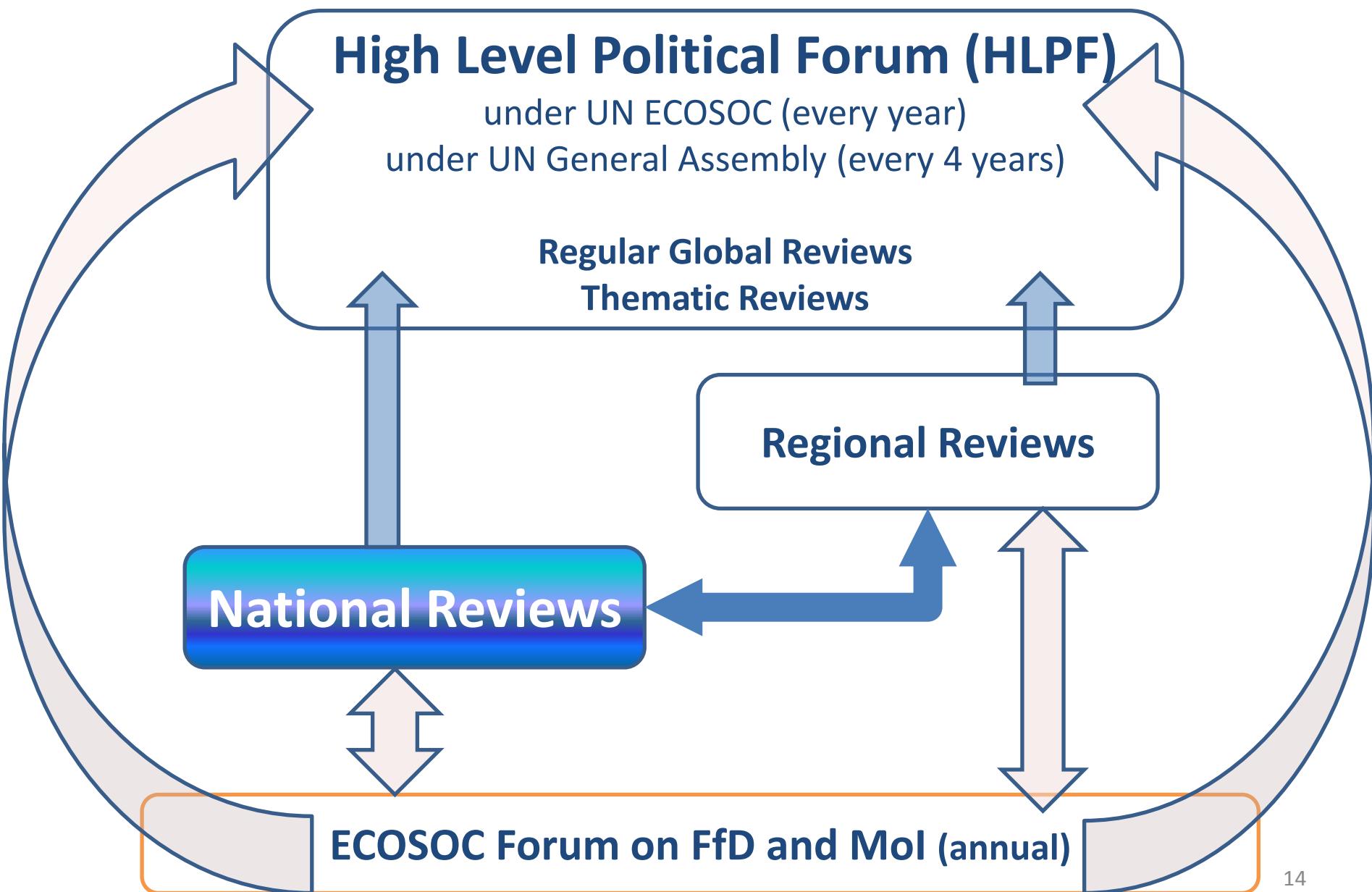
Increase transparency and policy coherence:

- At the **national level** (e.g. inter-ministerial coordination to assess multifaceted impacts of regulatory measures)
- At the **regional level** (regional cooperation, possibly via RTAs, to reduce *regulatory distance* among them), and
- At the **international level** (e.g. global transparency and reviews on the impact of "SDG-enhancing" NTMs on low-income countries' trade gains).



Way Forward

SDGs/FFD REVIEW & MONITORING FRAMEWORK



Thank you