UNCTAD Briefing on Trade and the SDGs

Room XXIII, Palais des Nations, Geneva, April 15, 2016

"Realizing Trade's Potential to Contribute to Sustainable Development"

Speech for the Deputy Secretary-General of UNCTAD

AS PREPARED FOR DELIVERY

Good morning,

I'm delighted to be with you today and to have Ambassador Fried and Marion Jansen with us for an interactive debate about how to best harness trade for development.

UNCTAD has been – for over fifty years – dedicated to putting trade into the service of development for all. Throughout these years, we have witnessed both optimism and pessimism about what trade can do for development.

Despite the voices of discontent that have grown louder in some parts of the world, the consensus on the power of trade remains.

Moreover, trade is explicitly mentioned as a means of implementation of the Sustainable Development Goals. In other words, we all agree that trade is essential to implement Agenda 2030.

Beyond a source of income, trade is a source of opportunities. It expands the possibilities of all of us, and at times beyond what we can see.

You may be thinking that I refer only to the cases of developing countries, but the power of trade goes beyond that. Let me give you an example from one of the richest countries in the world: the US.

A recent study estimated that median income earners in the US would lose 29% of their purchasing power if the country was closed to trade.

However, the cost of closeness is highest for the poor. According to the study the poorest would forfeit as much as 62%, because they spend proportionately more on goods that are traded. This gives you an idea of the impact trade can also have among the poorest, in the poorest nations in the world.

Trade can transform lives, and this is what the report we discuss today is about. And it is also about the challenges ahead of us to unleash the full potential of trade for development.

Consider the following:

The UNDP found that between 1990 and 2010, almost all countries that achieved higher HDI scores also showed increases in their trade-to-GDP ratios.

But trade is not a silver bullet. In 10% of the countries the UNDP studied, HDI scores fell *despite* rising trade-to-GDP ratios.

What this tells us is that greater efforts are needed to, in the words of this report, "realize trade's potential to contribute to sustainable development."

This is not only the tile of the report - it is also a central aim our 14th ministerial conference in Nairobi this July.

This report is a timely contribution that begins to translate the ambitions of Agenda 2030 into concrete actions. It does so in two ways.

First, it sheds light on the links between trade policy and other areas, such as health, environment, labor, and investment, to name a few. It identifies holistic policies needed to promote inclusive growth.

For instance, the report takes a closer look at how market access conditions have influenced the affordability of social services in the areas of public health. In 2001, the WTO Doha Declaration on the TRIPS Agreement and Public Health triggered greater competition in the pharmaceutical industry. In turn, this contributed to the dwindling cost of annual HIV treatments – from around $10,000 in 2001 to just under $100 by 2012.

Or take another example. High tariffs on mosquito nets in malaria-stricken countries are likely to keep the price of these life-saving nets high. According to one study, removing this tariff in six countries in Africa could expand access for over 100,000 children by reducing the price.

To achieve the SDGs, better policies that take these kinds of linkages into account are indispensable.

Of course, these policies will also need to be tailored to other development factors. The list is long, but it includes country size, geographical location, trade profiles, market connectivity, etc.

With country-specific assessments, it is our hope that this report leads to a deeper understanding of linkages between trade and other policies.

The **second** contribution of the report is that t maps out concrete actions required in today's economic landscape. In this way, it turns general insights into specific policy advice.

Today, trade is growing at a much slower pace than in the decades prior to the financial crisis. Last year, merchandise trade grew by about 2.8% - compared to 5% annual growth between the 1990s and the late 2000s.

In the past, growing commodity export earnings also contributed to a doubling of the LDCs' share of world exports. They grew from 0.6% in 2000 to 1.1% in 2014. But collapsing commodity prices tighten the budgets of LDCs, reducing the resources available to fund social programs that are essential to sustainable development.

Another challenge for developing countries and LDCs is that trade flows seem to be converging around a number of major economies: the US, EU, and East Asia (led by China). And this trend may be reinforced by the mega-regionals – TTIP and TPP.

Current economic conditions are less favorable than when embarked on our quest for the MDGs. On top of that,the ambitions of the SDGs are higher. This report provides a compass to navigate these economic conditions to maximize the impact of trade for sustainable development.

But I will stop here to let Guillermo share with you some key findings of the report. I look forward to the discussion to follow.

Thank you for your attention.