



The role of international trade in the post-2015 development agenda

Trade and Development Commission

5 May 2014

Outline

1. Trade as an enabler of inclusive & sustainable development
2. Limited treatment of trade in present MDGs
3. Exploiting trade & development linkages
4. Post-2015 SDG process in New York



Background

- The 69th session of the UN GA in 2014 to launch the formal process for the post-2015 agenda for SDGs
- Aimed at a framework
- Three dimension of sustainable development: what is the role of trade?



1. Trade is an enabler of inclusive & sustainable development...

- A. Trade creates opportunities for economic growth, structural transformation & poverty reduction
- B. Trade is an important component of DC economies & their participation in trade increased over the years
- C. Economic growth is necessary for poverty reduction
 - Income redistribution is not sufficient for poverty reduction, particularly in low-income countries

... but the nexus between trade, growth & poverty reduction does not function automatically...

1. Faster growth in LDCs did not lead to faster reduction in poverty level (40% compared to 2-10% in non-LDCs)
2. Trade specialization patterns affect growth potential, income equality & poverty (eg commodity dependence)
3. Deliberate efforts are needed for inclusive economic development and poverty reduction
4. The case of export-led development path in East and South East Asia
5. The importance of a right policy mix and sound financial & institutional capacity in DCs

2. ...and there is a limited treatment of trade in present MDGs...

The role of trade is not adequately reflected in MDGs:

- Not reflected as an enabler AND
- Isolated in two targets and two indicators in the broad Goal 8 of Partnerships for Development

Target 8A:

Developing “an open, rule-based, predictable, non-discriminatory multilateral trading & financial system ”

NO SPECIFIC INDICATOR

Target 8B:

Addressing special needs of LDCs (including by providing LDCs with enhanced market access to their exports)

INDICATOR 8.6.

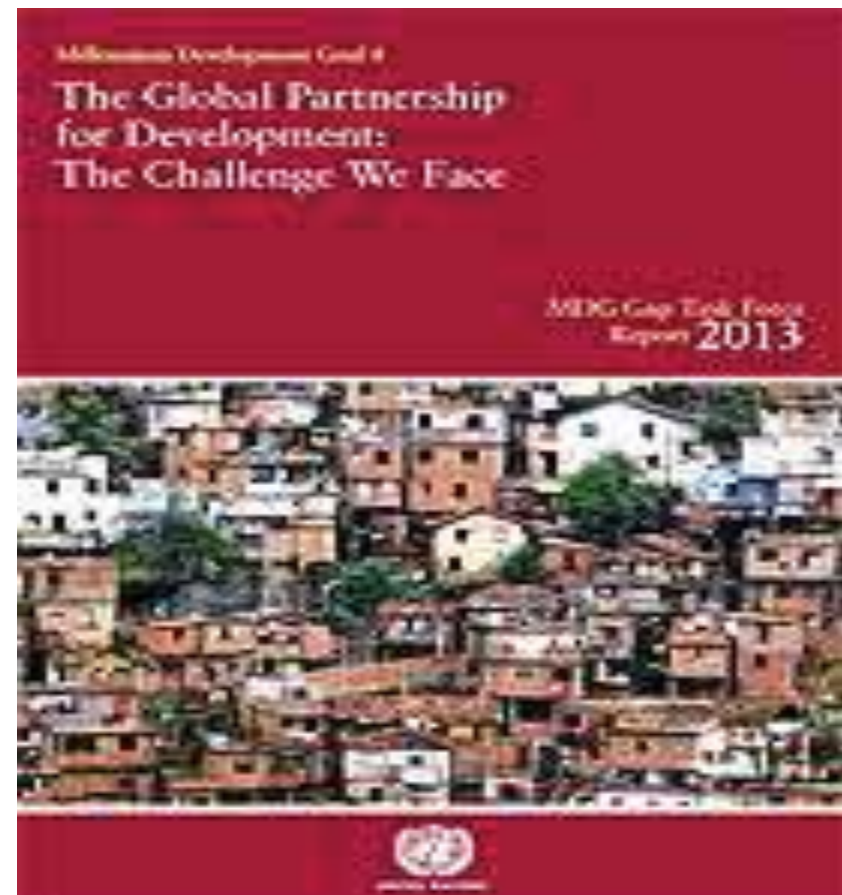
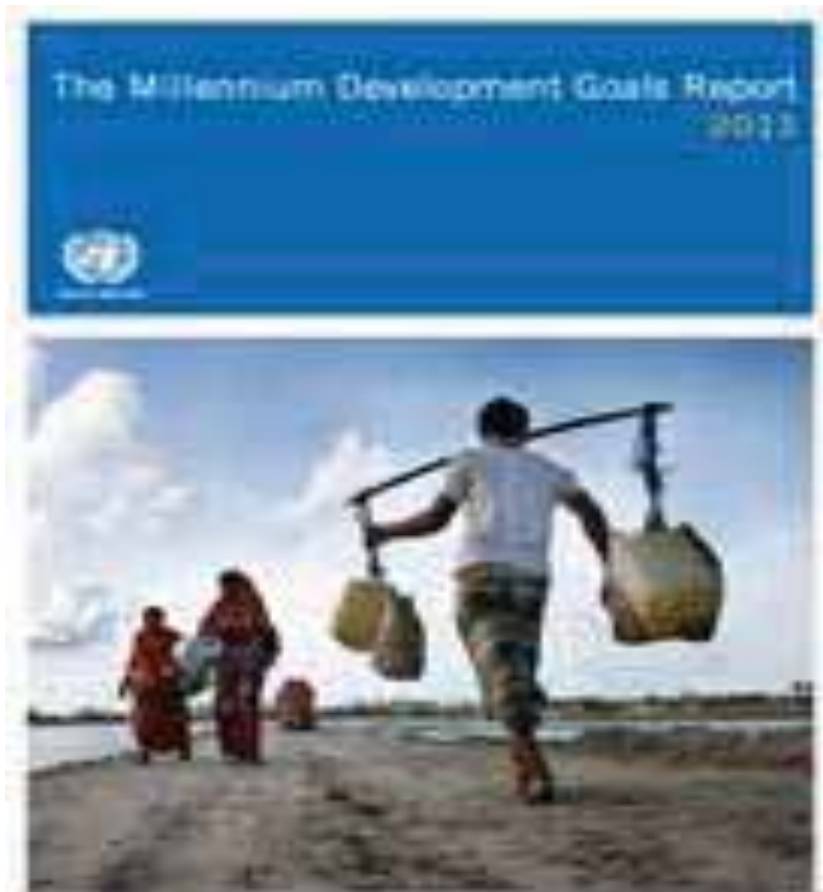
Proportion of total developed country imports (by value) from developing countries and LDCs, admitted free of duties.

INDICATOR 8.7

Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries.

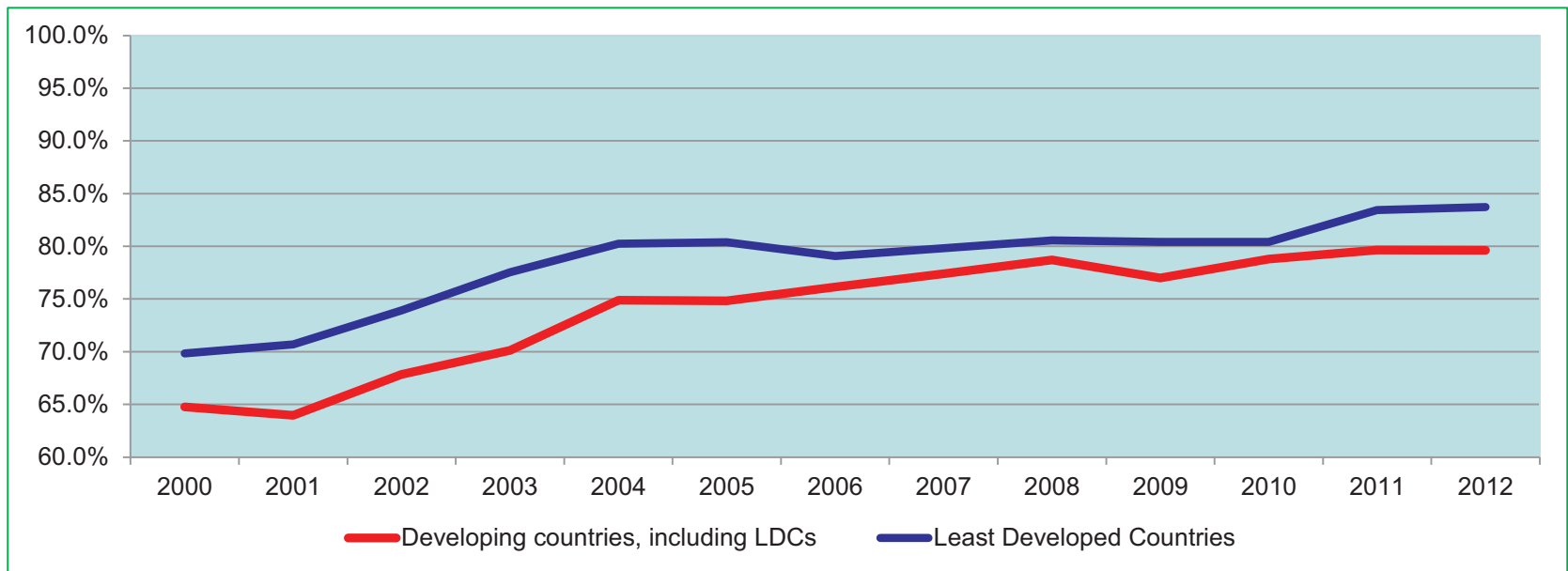
... UNCTAD contributes data and analysis to two major UN annual reports...

(1) The Millennium Development Goals Report and (2) the MDG Gap Task Force report

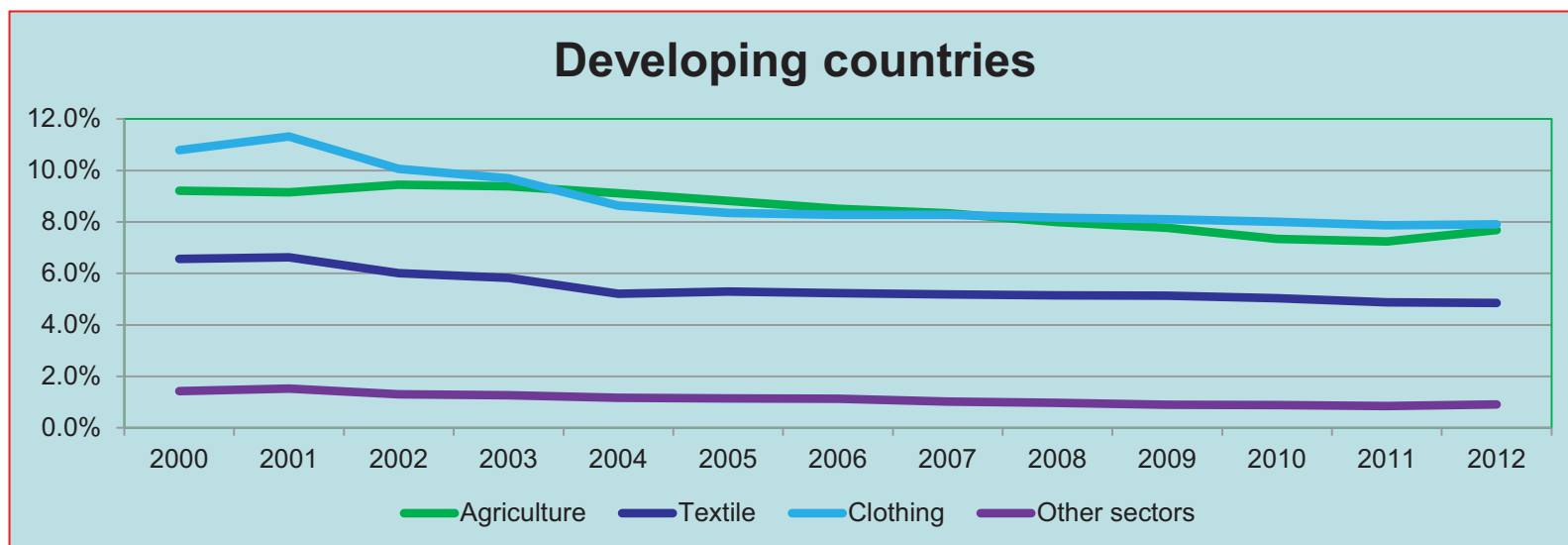


... and what has been the progress?

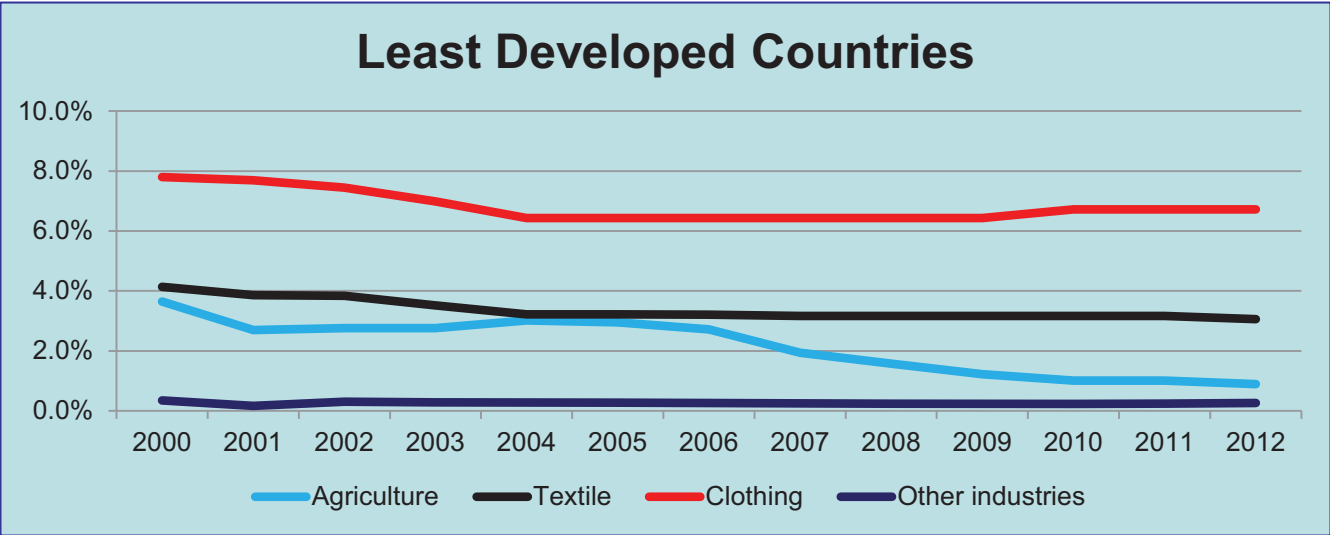
Indicator 8.6: Proportion of total developed country imports (by value) from developing countries and LDCs, admitted free of duties.



Indicator 8.7: Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries.



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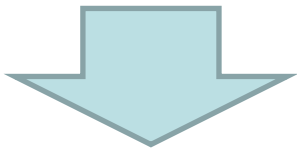


3. Exploiting trade & development linkages

Trade is an enabler for sustainable development, but...



Potential conflict may arise between trade enhancement & inclusive development objectives (eg. inequality)



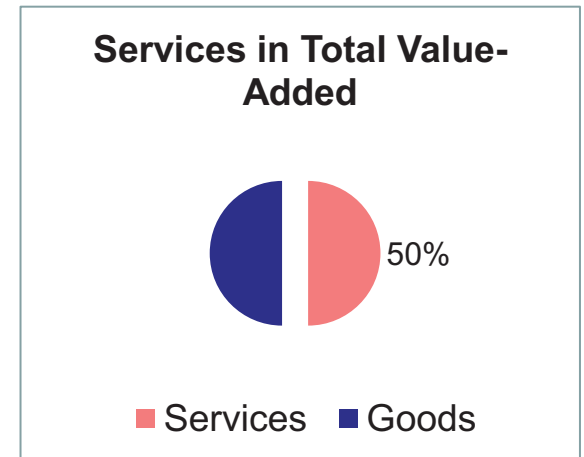
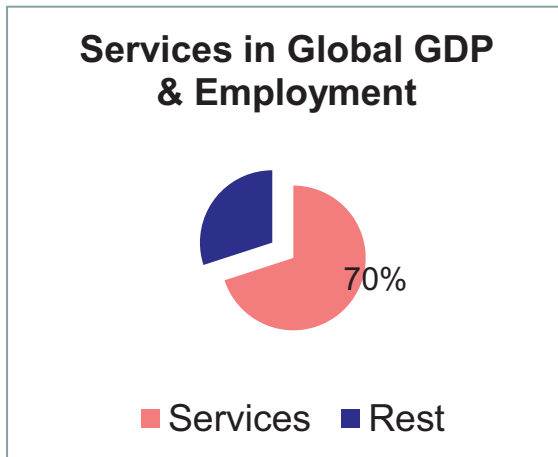
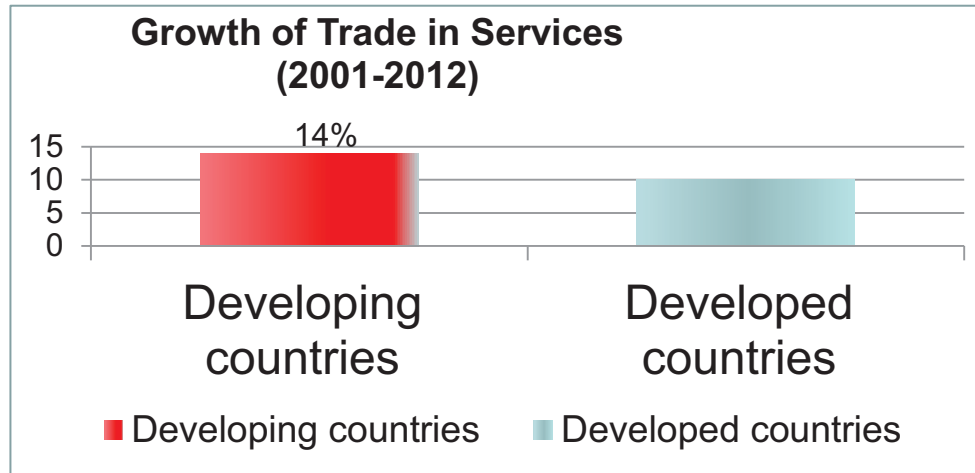
The optimal response would be to maintain trade openness while putting in place a range of flanking policies



Policy coherence matters!

Services are an engine for sustainable development...

- Services are a major backbone of the economy, contributing to growth & inclusiveness



- Social and infrastructure services provide inputs for all economic activities & links to most of SDGs
- Services trade liberalization increasingly pursued under plurilateral & regional arrangements
- Coherence and right sequencing between national regulations and trade liberalization is particularly important as services trade barriers mainly pertain to regulatory measures

... and inclusive growth from trade requires also competition policy

Competition policy:

- Ensures and strengthens benefits from trade liberalization
- Enhances competitiveness of the economy
- Ensures efficient allocation of resources
- Supports other government objectives: job creation; equitable participation of SMEs in the economy (eg. South African Competition Act)
- Promotes consumer welfare through detection and prevention of cartels
- Acts as a tool to address competition issues in commodity markets which are highly concentrated.

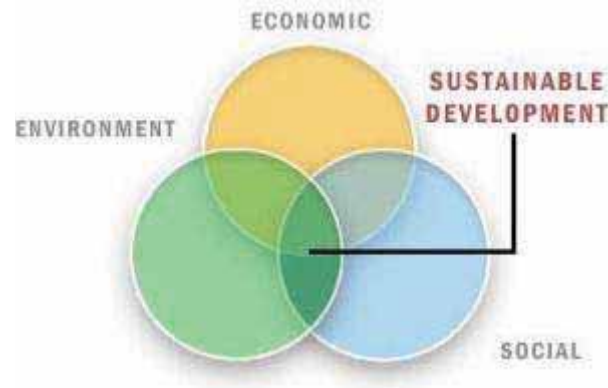
Trade can also help moving to a more environmentally sustainable economy...

Environmental sustainability as an SDG. *Supportive enabling actions in the area of trade could, among others, be to:*

Mainstream green products and services in international trade:

- Building productive capacity based on sustainable use of natural resources
- Exploring new markets for green products
- Eliminate tariffs on environmental goods
- Harmonize green product standards
- Develop universal and transparent certification and labeling for green products

... and is also relevant for the social dimension of sustainable development...



Why a social dimension? And how to integrate it in a broader context?

Gender inequalities are the most pervasive forms of inequality

Development is a driver of gender equality BUT this is not an automatic process → Policy action is needed to achieve gender equality and empower women

Trade policy and other economic policies affect different segments of the population differently, there are winners and losers → this should be recognized and addressed



... but here again, we need to recognize the link among the goals and the policies necessary to achieve them:

- UNCTAD's suggestions:

Promote gender equality by empowering women
(MDG 3)

Eliminate gender disparity in wages, reduce women's share of vulnerable employment, eliminate gender segmentation of the labor market, ensure women's access to productive resources

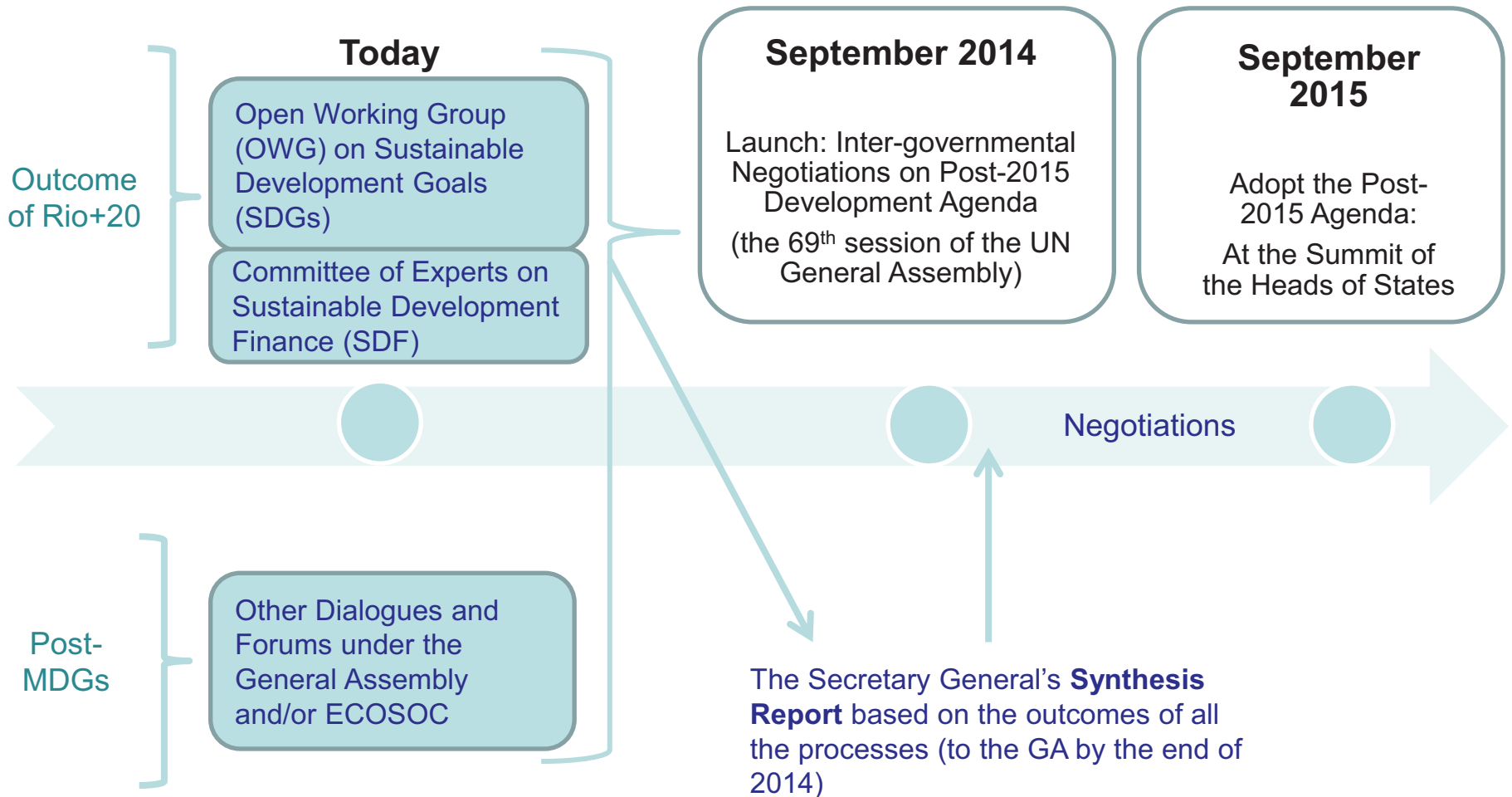
Use trade as an « enabler » for development
(MDG 8)

Gender impact assessments, evaluate and monitor how trade contributes to reducing inequalities, ensure that industrial upgrading linked to exports does not exclude women; provide gender-sensitive social safety nets



So, what's happening in New York?

The Post-2015 Agenda-formulation processes



Where is TRADE in the Post-2015 Agenda now?

As a member of the **UN Task Team** and the **UN Technical Support Team**, UNCTAD supports the processes with respect to the role of trade in the Post-2015 agenda

Discussions on SDGs (Goals, Targets and Indicators) under the OWG

- 11th Session (5-9 May) discusses 16 Focus Areas in the Working Document where “trade” is referred in:
 - Focus Area 8 (Economic growth, employment and infrastructure);
 - Focus Area 15 (Means of Implementation /Global partnership for sustainable development) to which UNCTAD is an inter-agency facilitator

Discussions at the Committee of Experts on SDF

- Technical inputs upon requests from Co-chairs (on the role of trade in financing for sustainable development)

Recommendation (based consensus) is to be submitted to the General Assembly in September 2014

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