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Evolution of the international trading system
and its trends from a development perspective

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TRADE AND DEVELOPMENT BOARD
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**STATEMENT BY THE EXECUTIVE DIRECTOR OF THE
INTERNATIONAL TRADE CENTRE, AT THE 60TH SESSION OF THE
TRADE AND DEVELOPMENT BOARD,**

23 SEPTEMBER 2013

**EVOLUTION OF THE INTERNATIONAL TRADING SYSTEM AND
ITS TRENDS FROM A DEVELOPMENT PERSPECTIVE**

ARANCHA GONZALEZ

EXECUTIVE DIRECTOR

Secretary-General Kituyi

Director-General Azevêdo

Ambassador Wibowo

Ladies and Gentlemen

It is a great pleasure for me to stand together with the newly appointed Heads of UNCTAD and WTO. It clearly speaks of our collective determination, and our partnership to make trade work for growth, jobs, development and ultimately poverty reduction.

The work of ITC is very much premised on this notion that trade can, should, and does lead to sustainable and inclusive growth for developing countries particularly for the least developed and the most vulnerable.

In 2014 ITC will celebrate its 50th year of existence, a milestone we will share with UNCTAD. I am convinced that as we embark on our 50th year, ITC's mandate is even more relevant, and its focus more necessary, than ever before.

ITC's modus operandi will continue to be characterised by a practical "hands-on" approach to assisting thousands of policymakers, trade and

investment institutions and small and medium sized enterprises to translate trade opportunities into trade flows. Through our emphasis on capacity-building of “impact multipliers”, the results of our interventions will remain in-country. The reach of these interventions will be deeper and more sustainable.

On the employment front, SMEs have generated two-thirds of all formal jobs in developing countries in Africa, Asia-Pacific and Latin America and the Caribbean, and up to 80 per cent of formal jobs in low income countries. And this is just counting the formal sector. It is a recognised truth that the reach to the informal sector is even greater.

These numbers reiterate the substantial impact of SMEs on economic and social cohesion in developing countries. It leaves little doubt that SMEs are the key engine for inclusive and sustainable growth during this post-crisis period.

In the deliberations for the Post-2015 development agenda, there has been a growing call for greater support and collaboration with SMEs. Boosting SMEs is critical since they are expected to create the largest share of the jobs that the estimated 470 million people entering the labour market by 2030 will need. Many of these job-seekers will be women and youth. Unlocking the trade

potential of SMEs to become greater engines of growth is, therefore, a central feature of the Post-2015 development agenda and will continue to remain at the heart of ITC's mandate.

The ITC is the “one-stop-shop” for exporting SMEs, trade and investment promotion organisations and trade support institutions in developing countries. Through various initiatives on-the-ground, we connect a large and wide population of small businesses to regional and global buyers and investors. This is done in a number of different ways:

The organisation helps SMEs to become internationally competitive and export-ready, and as a result increase their export sales.

We also build the capacity of policymakers and trade promotion organizations to better support exporting SMEs and create a conducive environment for small businesses to flourish.

We also provide global public goods. This includes our web-accessible market analysis tools that any developing country can use free-of-cost. These

tools allow developing countries and their operators to better understand trade flows, trade trends, market potential and market access challenges.

In 2012, ITC's action benefitted thousands of SMEs in over 100 developing countries. We helped many poor communities and families to trade their way out of poverty whilst at the same time providing the necessary 'edge' to SMEs to improve their export competitiveness.

A platform of key partnerships underlines these achievements. Strategic partnerships with multilateral agencies starting with UNCTAD and the WTO, with regional economic commissions, with initiatives such as the Enhanced Integrated Framework and the UN Inter-Agency Cluster on Trade and Productive Capacity as well as with a dynamic network of national trade support institutions have helped ITC to be more effective and widen its impact.

Our aim as we look to the future is to scale up our operations. To enhance our reach as well our impact on the ground; scaling up is not a choice. It is a necessity if we are to be responsive to the growing needs of developing countries' SMEs and trade support institutions. We must also capitalise on our efforts to better capture the results on the ground and move to a better analysis

of impact. Consequently, I will be devoting resources, both human and intellectual to advance the ITC's results agenda.

Scaling up will require resources both from traditional sources as well as from new actors, whether countries or the private sector. I am convinced that there is scope to do better in this area too, if we clearly outline the specific needs to be addressed and if we show the practical results of our interventions. I count on the recently launched independent evaluation of the ITC to provide food for thought in these respects.

Let me briefly highlight three areas of increasing demand from our clients:

- First is the area of **trade in services**; **services** represent a game-changer for developing countries. They can provide an alternative engine of growth, enabling some “latecomers” to leapfrog over a traditional manufacturing route to development. This is not to say that development based on a service, manufacturing and agri-business model cannot happen in tandem, but that we need to sharpen our tools to allow our clients to realise the potential inherent in services trade.

- Second, **trade facilitation**, which is critical for exporting SMEs as it allows them to connect to and operate within regional and global value chains. Practical trade facilitation reforms being negotiated at the WTO will help facilitate expanded business opportunities for SMEs. And this is why the ITC believes a deal on trade facilitation in Bali will be of critical importance to exporting SMEs. However, to realize these new opportunities, SMEs and trade support institutions will require assistance. ITC has a specific role to play in providing this technical assistance and capacity building to policy makers, institutions and exporting SMEs in developing countries as they seek to design and implement trade-related changes to reduce exporting bottlenecks and comply with WTO-negotiated rules. We stand ready to play our part.
- Third, our clients demand pragmatic solutions to better understand and address **non-tariff measures** which limit the ability of SMEs to connect to or move up value chains. ITC has been at the forefront of identifying specific NTMs-related trade barriers and providing tools to address them. This is a growing concern for our clients and therefore will require additional efforts on our side.

But beyond these three areas lie key efforts in many other fields such as support related to WTO accession, investment, value chains, women and trade, youth and the environment. All of these pillars are critical to supporting sustained and sustainable trade-led growth in our client countries.

In concluding let me leave you with the four “Cs” that I pledge to respect in my tenure as Executive Director of the ITC:

- Cooperation with UNCTAD and WTO in a partnership to deliver results;
- Commitment, to address the needs of our constituency, to use resources efficiently and to deliver impact on the ground
- Collaboration with our clients and with other global and regional agencies involved in the delivery of Aid for Trade;
- Coherence, ensuring that the ITC helps unlock the trade and growth potential of SMEs to contribute to the UN Post-2015 development agenda

I thank you for your attention.