



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

Trade and Development Board 63rd session

Monday, 5th December 2016



Background documents:

TD/B/63/2 and TD/B/63/4

Online publications:

- **Key Indicators and Trends in Trade Policy 2016 ***
- **Key Indicators and Trends in Trade 2016 ***

***studies prepared by DITC's Trade Analysis Branch,
Alessandro Nicita**



Let's analyze...



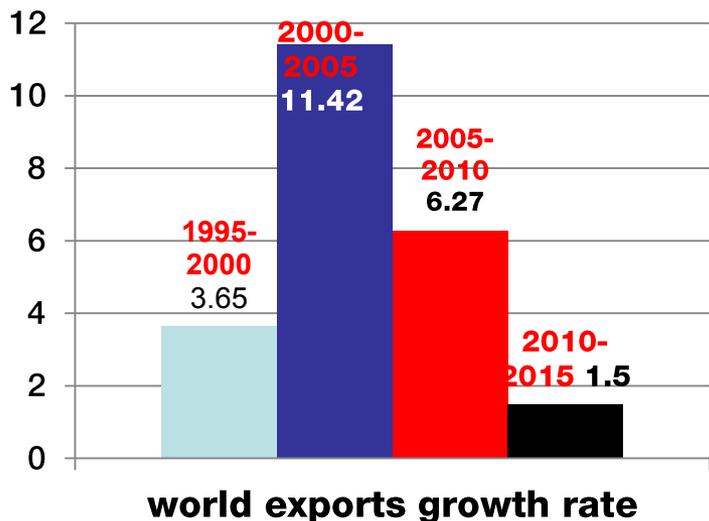


...and start by trade...





There is a clear slowdown of international trade...



Source: UNCTAD Stats

A New Disturbing Pattern?

Economic Growth Up, Trade Down.



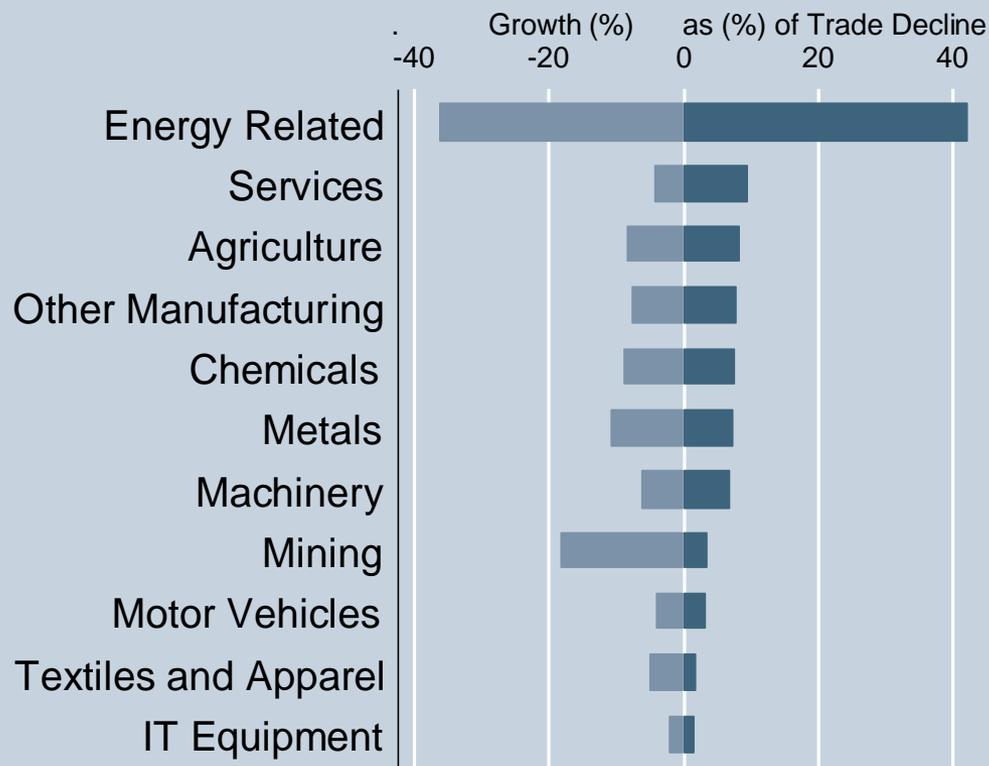
Source: UNCTAD Calculations



...and the decline has been in all sectors...

Energy Losses?

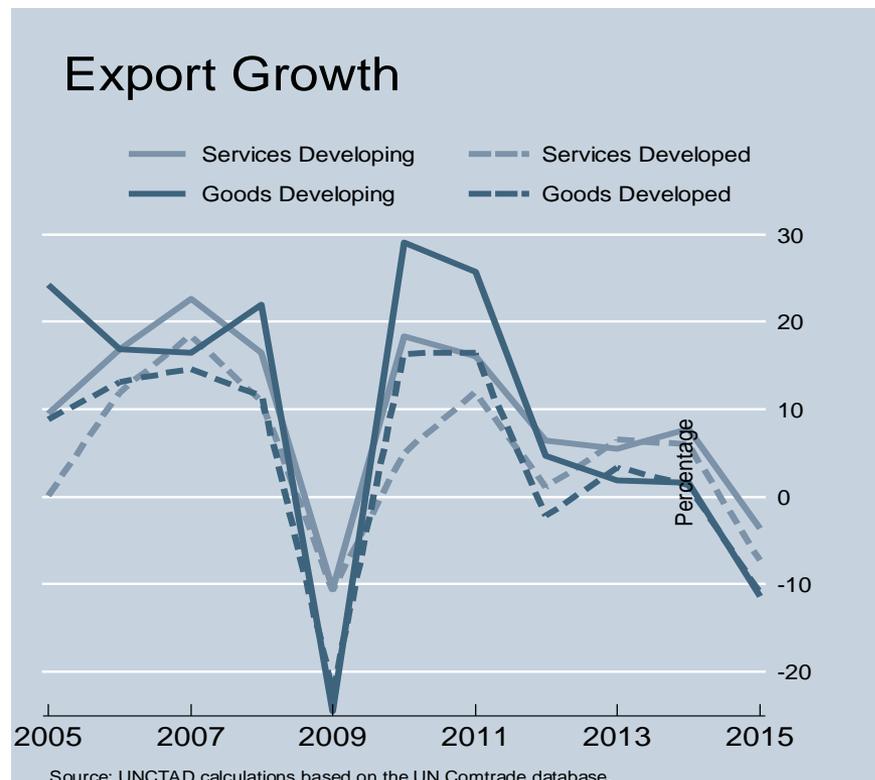
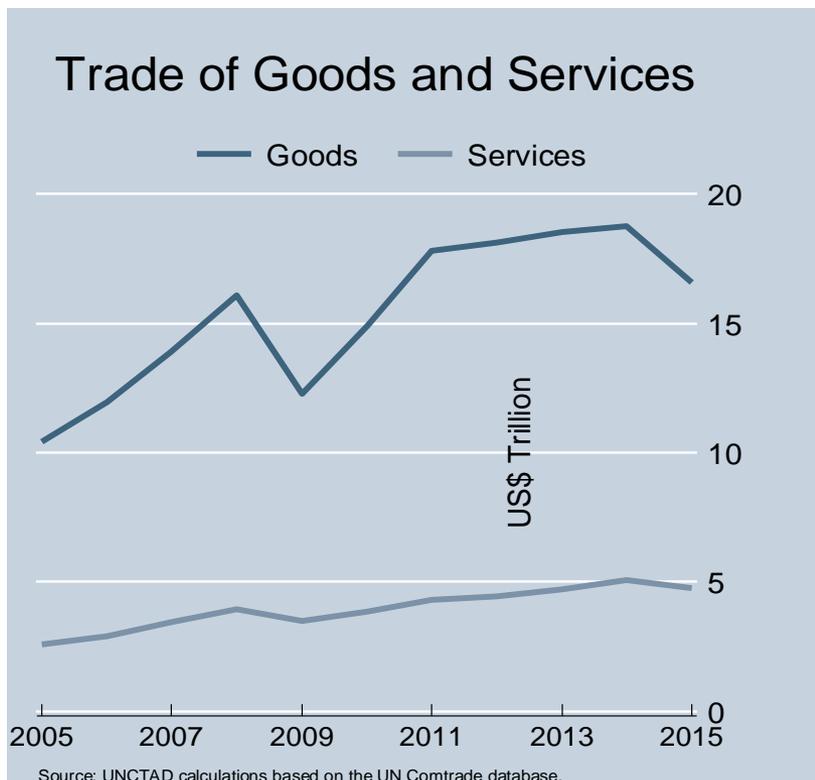
Not only energy products, trade growth has been negative in all sectors



Source: UNCTAD calculations



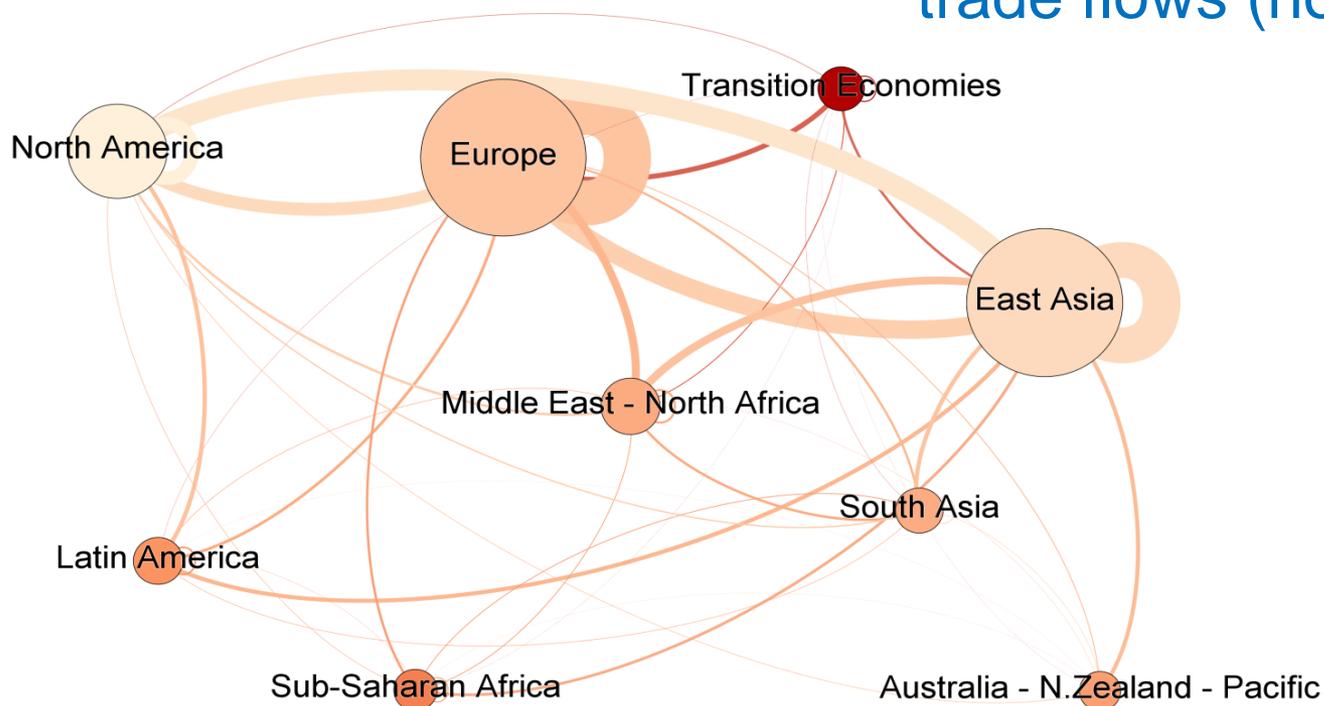
...although increasing, trade in services accounts to a low share of global trade... and (as trade in goods) it has also substantially declined...





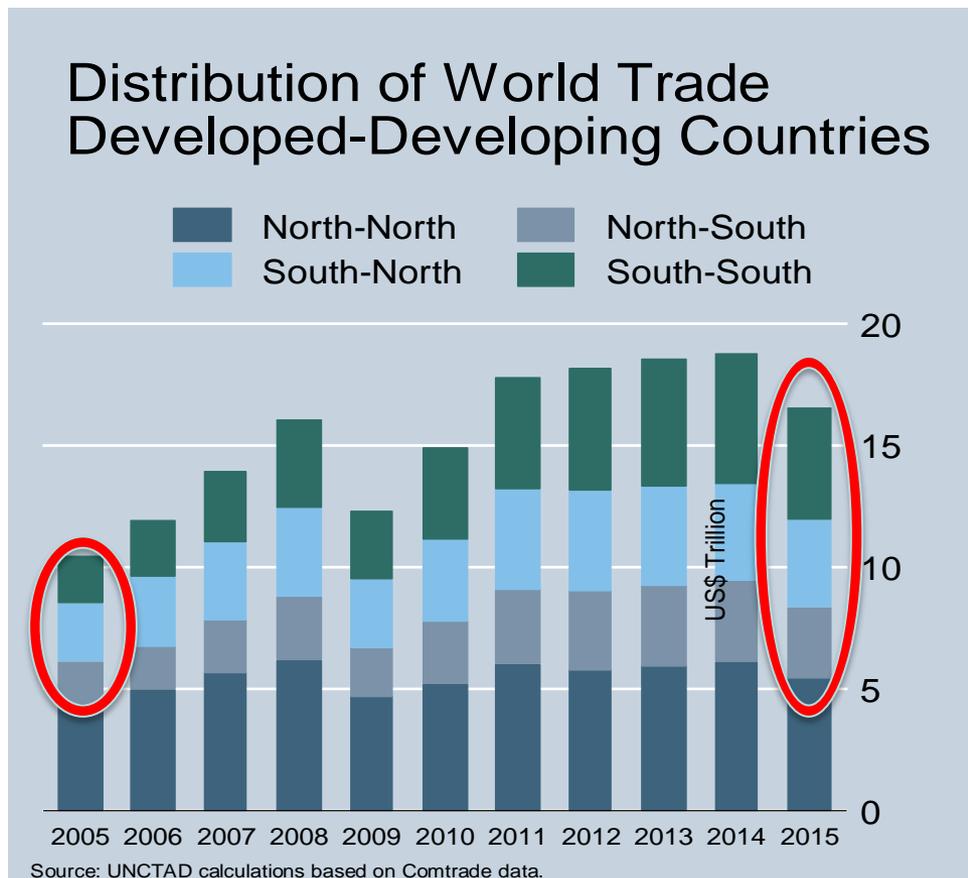
A very large part of world trade is clustered around three regions...

...and during 2015, trade has declined in all regions across all trade flows (however with some differences)

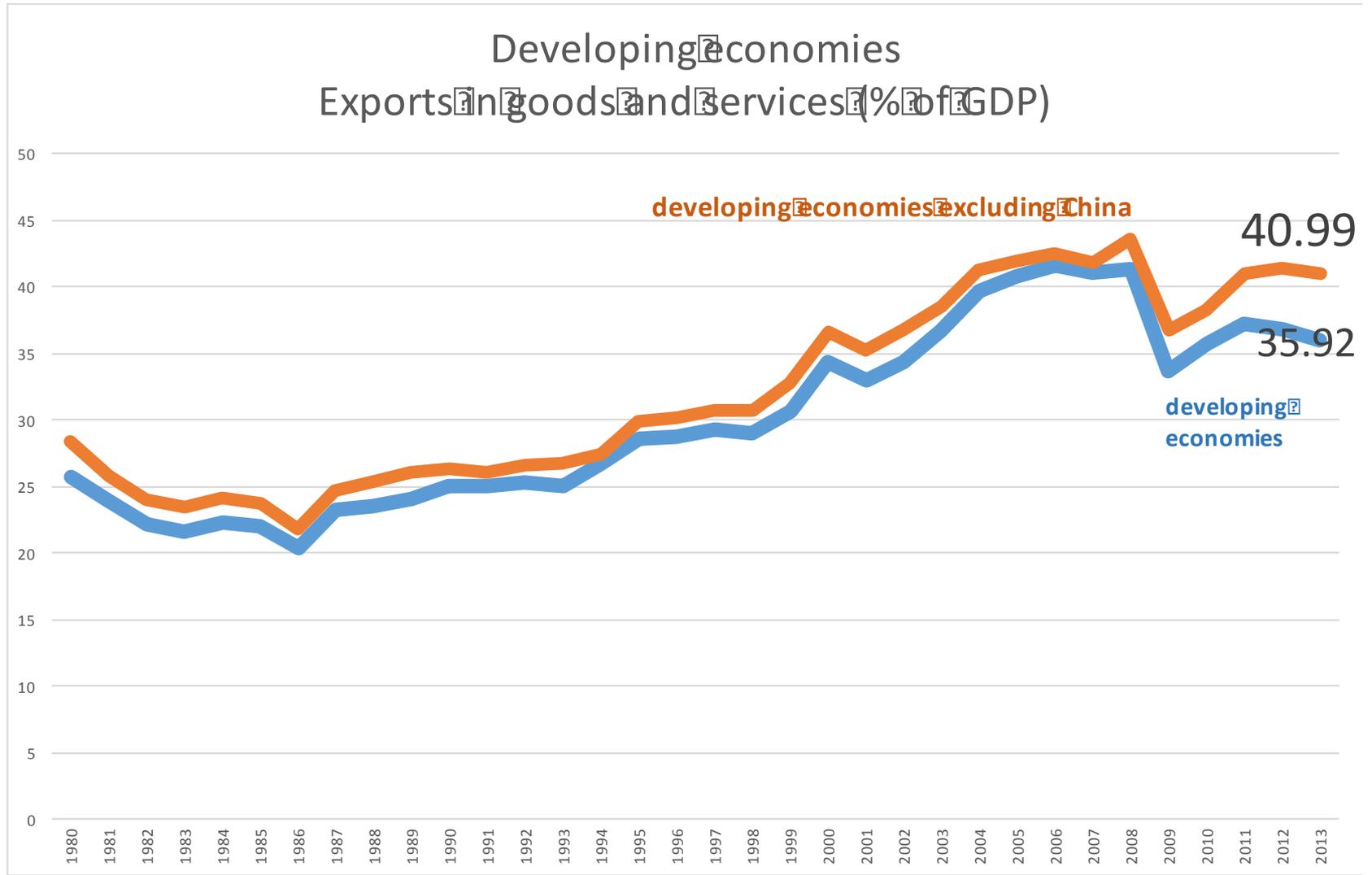




International trade in goods is increasingly about the South's imports and exports...and South-South trade has also declined...



...and exports account to more than one third of developing countries GDP...





... so an enduring period of declining international trade could pose very serious constraints for developing countries to meet the SDGs...



...and what's going on with ?





Trade policy is becoming more complex and protectionism more murky...

- **Tariffs** have remained substantially stable and rather low, but tariff protection remaining a critical factor in certain sectors of interest for developing countries.
- The use of regulatory measures and other **non-tariff measures** such as antidumping has become more widespread.
- The recent years have also been characterized by **loose monetary policies**, which have had important repercussions on international trade flows.



...and what are the trends in the international trading system?

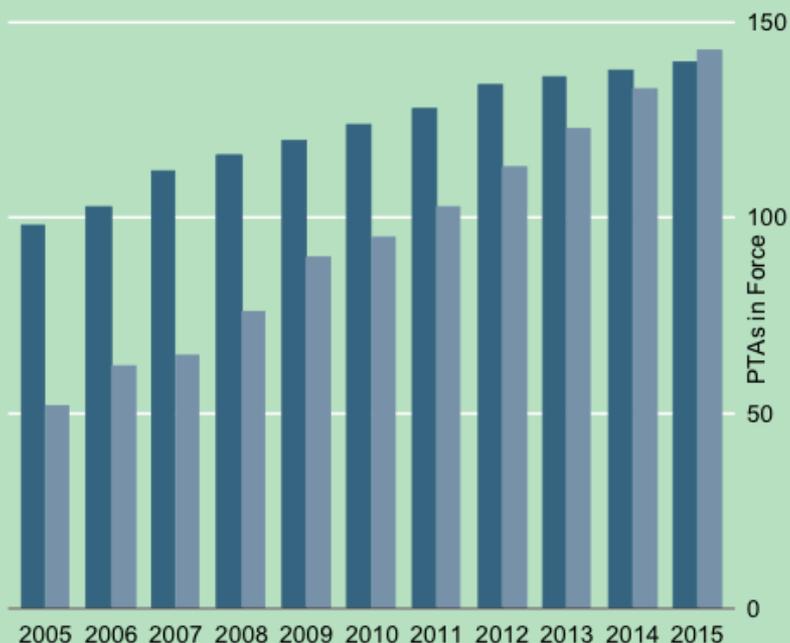




The international trading system is increasingly regulated by preferential agreements...

Trade Agreements

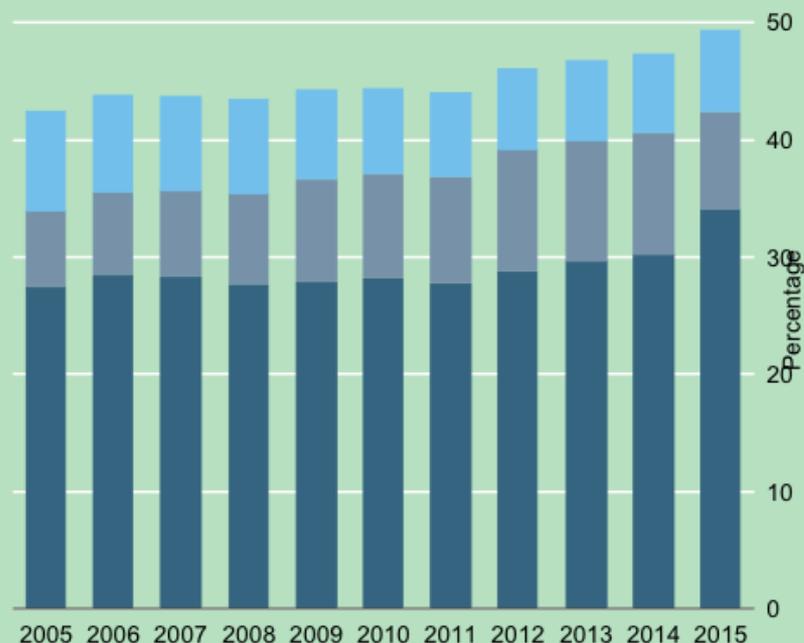
Goods only Goods and Services



Source: UNCTAD calculations based on WTO RTAIS data

Trade under PTAs

Deep Ag. Bilateral Pref. Unilateral Pref.

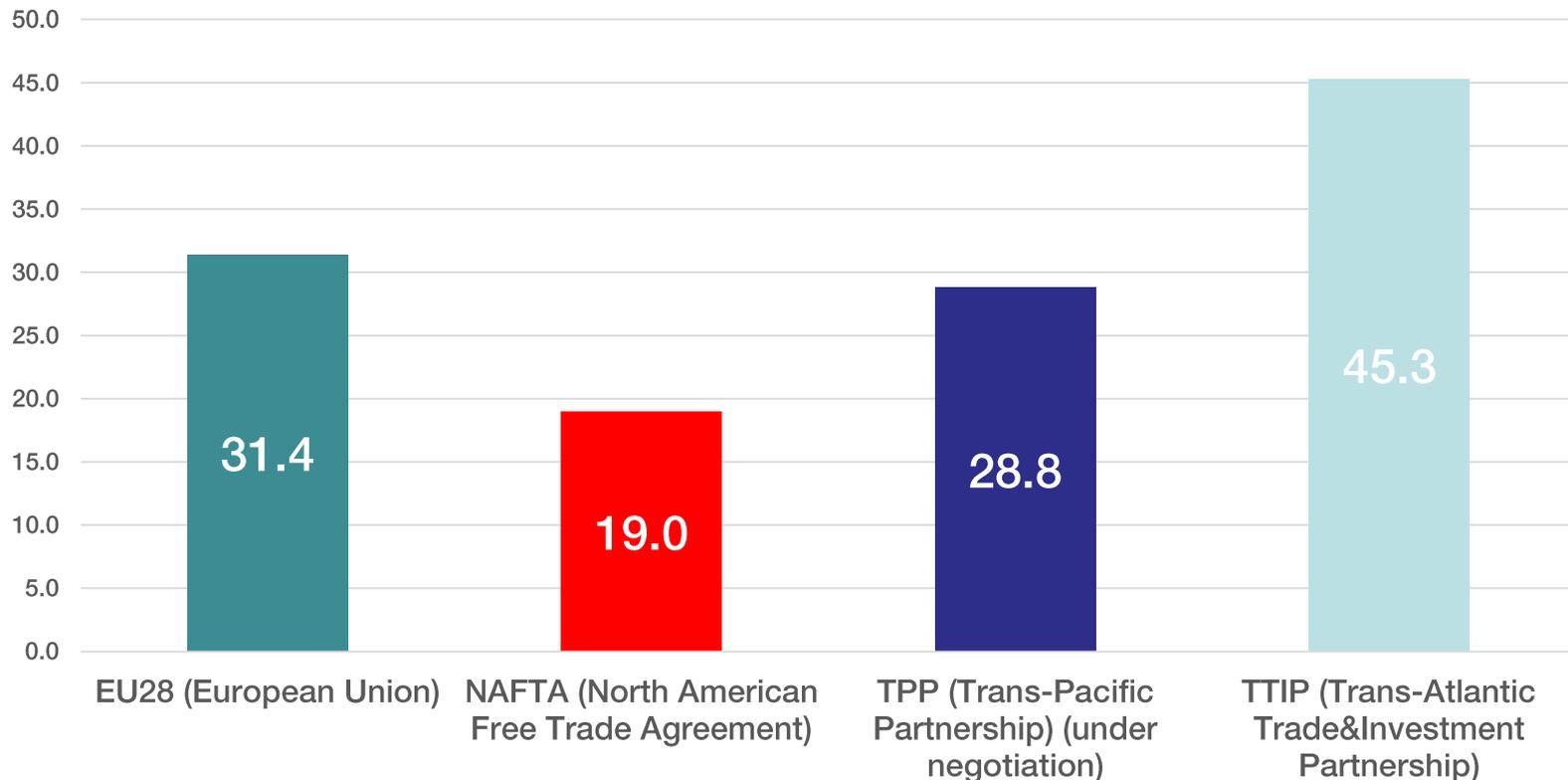


Source: UNCTAD calculations based on WTO RTAIS and UN COMTRADE data



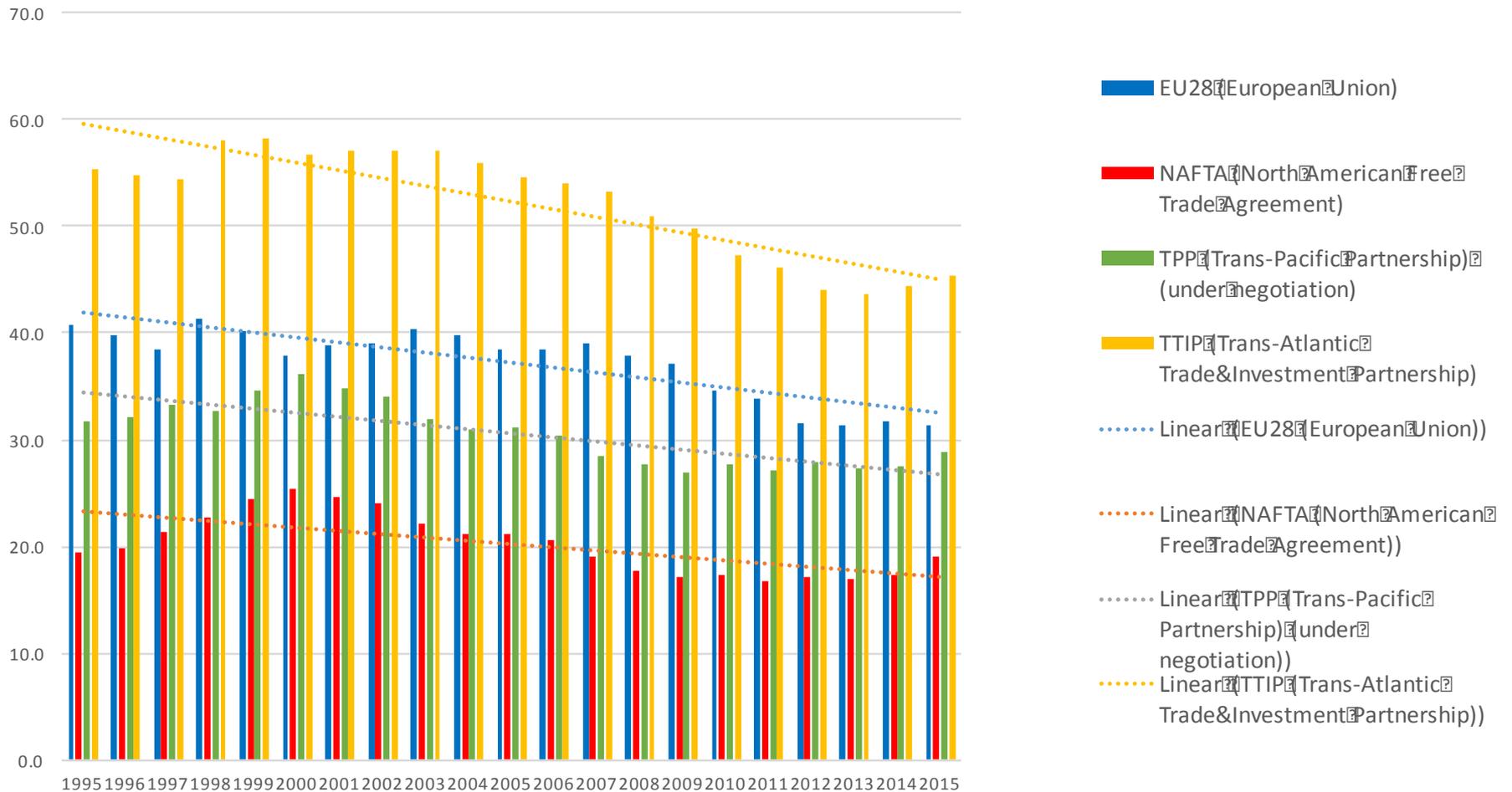
...mega-regionals were emerging, raising concerns about their impact to the system, since they represent a major share of total world imports...

MEGA-REGIONALS
Percentage of total world imports (2015)

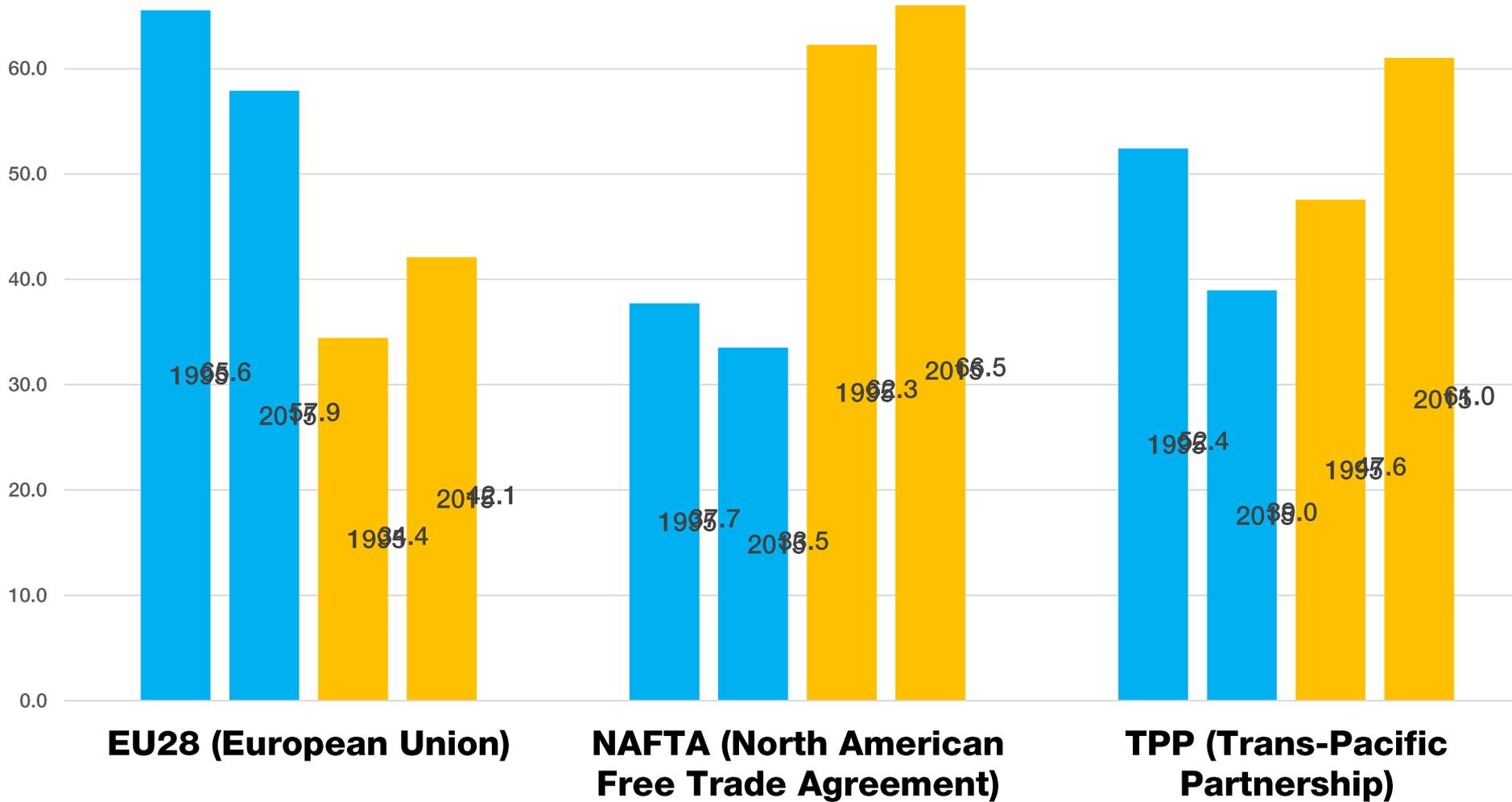


...though their share of world imports has been declining...

MEGA-REGIONALS
Percentage of Total World Imports
(1995-2015)



...and they integrate more with the “outside” world...

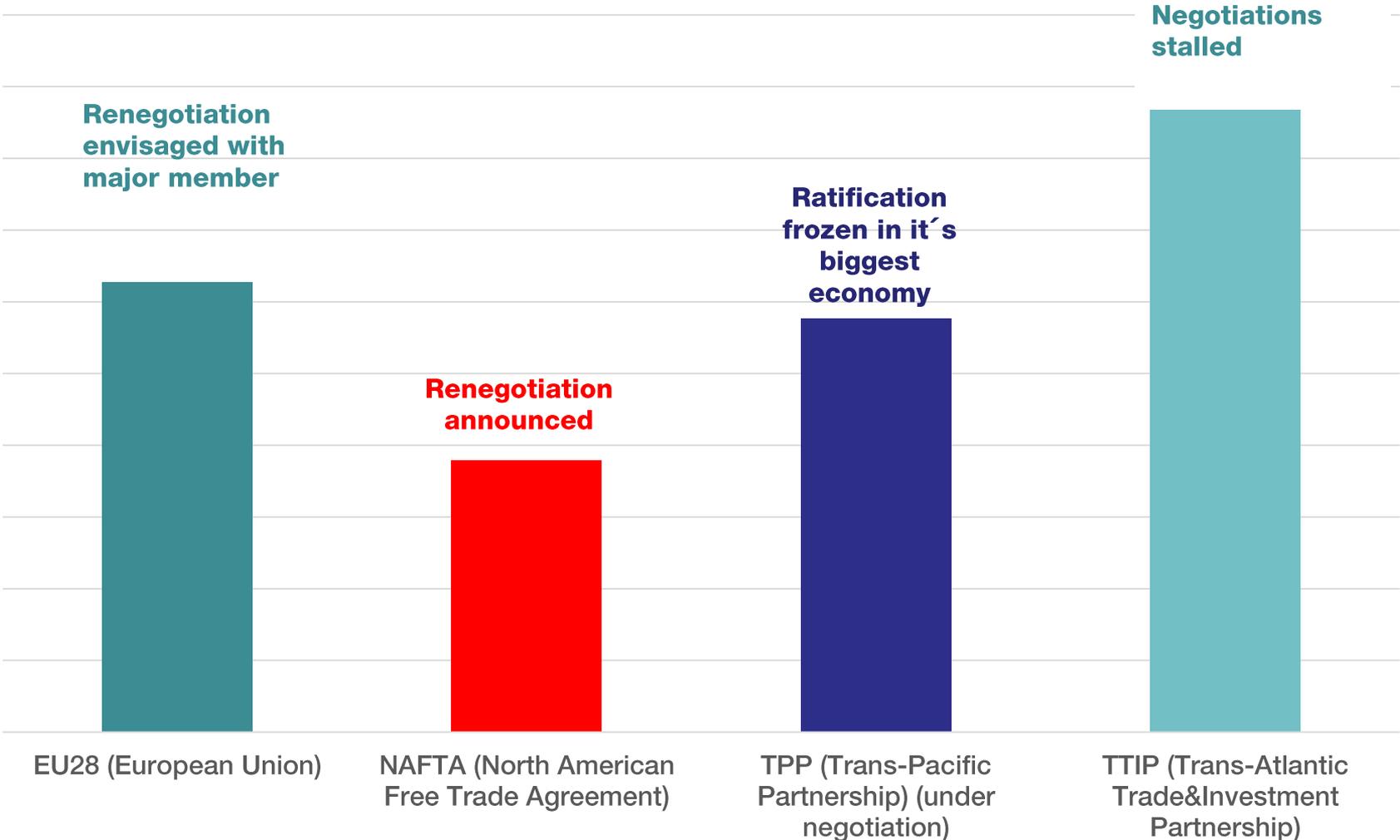


Imports from intra-group

Imports from rest of the world

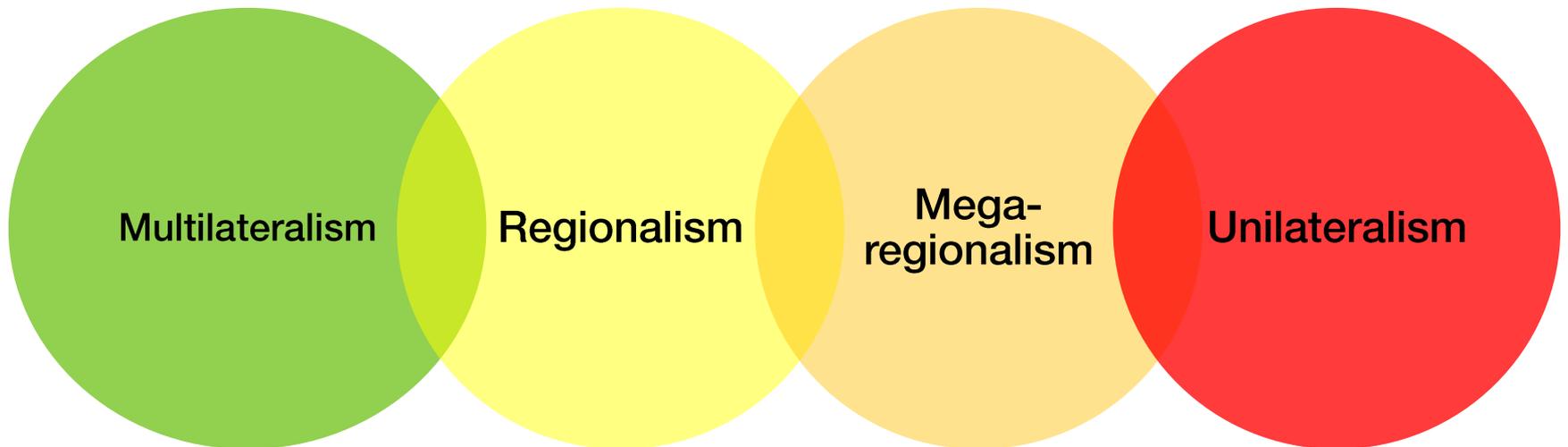


...but major changes are occurring ...





...and the world could be moving to a less predictable, and more asymmetric trading system...

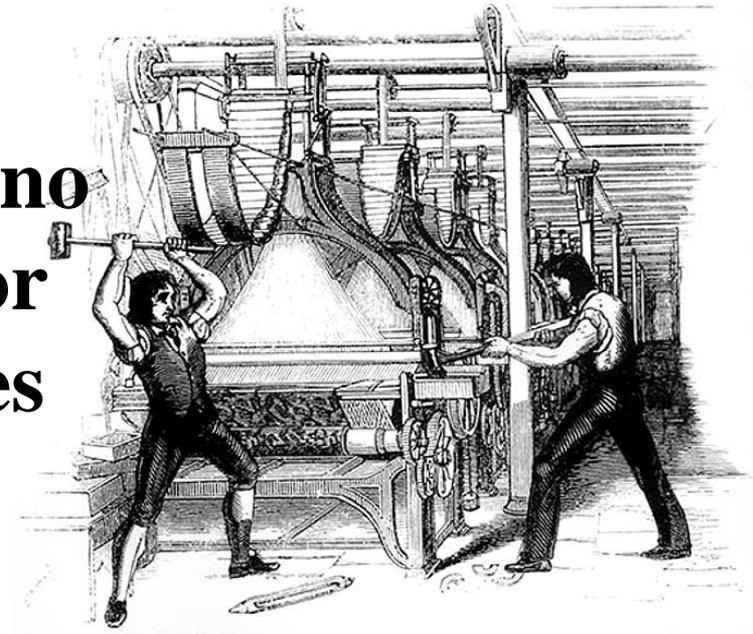




**...and in an world facing:
a new technological revolution
weak economic growth
high interdependence and
global environmental challenges**



**There is no
room for
mistakes**





Moving from a **reactionary** to a **visionary** policy

TRADE	TRADE POLICY	TRADING SYSTEM
Means of implementation for development	Supported by active social and economic policies and policy coherence overall	Learn from history: foster multilateralism
<p>Necessary but insufficient condition for inclusive growth</p> <p>Avoid fallacies and wrong attribution of causes</p>	<ul style="list-style-type: none"> • Sound macro-economic policies • competition policy • consumer protection • good governance • equitable taxation • Education and skills development 	<p>Modify the legislative process in WTO</p> <p>Protect the Dispute Settlement Mechanism</p> <p>Balance between Hard and Soft rules</p> <p>Enhance Interagency coherence</p>

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Trade in services for sustainable development



Trade in Services: A way forward?

International trade is a mean of implementation of the SDGs



International trade composition has been changing, gradually moving from goods to services



Persistent trade slowdown in past years requires reconsideration of how international trade can best serve development needs



While trade slowdown is mainly observed in manufactures' trade, services trade shows some growth, especially in LDCs



A glimpse at WTO Services Waiver:

- preferences to LDCs under the WTO Services waiver are given in the **sectors and modes of supply that do not necessary match the economic needs of LDCs**
- preferences granting countries contain elements that **do not exceed the existing status quo**
- **Most of preferences offered are in Mode 2** (not only is Mode 2 for most sectors the easiest Mode to commit, as no restrictions apply anyway, there is little interest in introducing them).



LDCs Services Waiver is a stepping stone in a process:

- **The WTO services waiver serves to facilitate services liberalization and improving access of LDCs to services trade.**
- **The next step would require an establishment of a comprehensive set of international support measures going beyond what has been provided so far.**



There is a need for a comprehensive, structured and permanent support system for trade preferences in services.

- *reviewing the implementation of the Waiver ;*
- *addressing information and analytical deficit related to services trade;*
- *establishing a constructive forum for dialogue among governments representatives, and relevant stakeholders;*
- *capacity building and technical assistance related to services trade in LDCs;*
- *addressing supply-side constraints in various economic sectors related to services trade in LDCs.*



UNCTAD has a long history of dealing with trade in services

- Conceptualization of services trade from early 1980s
- Research and technical support from the very inception of the Uruguay Round.
- Multi-year Expert Meeting on trade, services and development
- Global Services Forum
- Services Policy Reviews (SPRs)
- Training Workshops on Trade in Services Negotiations
- Economic Development in Africa Report 2015, subtitled Unlocking the Potential of Africa's Services Trade for Growth and Development
- Extensive database covering various aspects of trade in services
- Key Statistics and Trends in International Trade and Trade Policy



Why not a Generalized System of Preferences for Trade in Services (GSPS) ?

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