

TRADE

Target 8.A is the main trade-related target under MDG 8, and it is applicable to all developed and developing countries. Two subsidiary targets – **Targets 8.B and 8.C** – address the special needs of the least developed countries (LDCs) and landlocked (LLDCs) / small island developing states (SIDS) respectively.

One of the main vehicles for advancing progress towards the commitment to develop further an open rule-based multilateral trading system that delivers more benefits to developing countries is the Doha ‘Development’ Round of the WTO. Since progress under the Round would be reached only through a ‘single undertaking’, any delay in completing the Round represents an obstacle to making progress against the Target. Even though repeated calls have been made at all forums, Member countries of the WTO are yet to agree on modalities that will help conclude the Round. In recent years, more emphasis has also been placed on addressing trade-capacity constraints in developing countries through the ‘aid for trade’ initiative, and through the Enhanced Integrated Framework for Trade-Related Technical Assistance for the LDCs.

Commitment / Initiative	Target & indicators	Gap
<p>Millennium Summit New York, 2000 – MDG-8</p>	<p>Targets:</p> <p>8.A. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</p> <p>8.B. Address the special needs of the LDCs. Includes tariff- and quota-free access for LDC exports, etc.</p> <p>8.C. Address the special needs of landlocked developing countries (LLDCs) and small island developing states (SIDS)</p> <p>Indicators:</p> <p>8.6. Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</p>	<p>Failure to conclude a multilateral trade round that delivers real and substantial benefits to developing countries¹</p> <p>Although the special needs of LLDCs and SIDS have not been addressed explicitly in the Doha Round negotiations, special provisions for "small, vulnerable economies" in the agricultural and non-agricultural negotiations have done so indirectly.</p> <p>The Hong Kong Ministerial declaration (2005) commits developed countries to provide duty-free and quota-free (DFQF) access to 100 percent of LDCs export products, with the possibility for Members facing difficulty to achieve that, to</p>

MDG Gap Task Force – Matrix of Global Commitments – September 2009

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	<p>8.7. Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</p>	<p>provide 97 percent with the obligation to take steps to progressively achieve compliance with the 100 percent threshold. However, this 97 per cent commitment refers to individual tariff lines, not total export values. This difference is important in view of the concentration of LDCs exports on a few products. In value terms, the share of LDC exports excluding arms admitted duty-free has shown some improvement since 2000, but it stagnated at 89 per cent since 2006. Also, once oil is excluded, the share of exports admitted free of duty has remained unchanged since 2004 at just 80 per cent. To some extent this is skewed downwards because a small number of LDCs face a greater degree of restrictions on some of their exports (e.g., clothing).</p> <p>The improved market access of developing countries as a whole is attributable mainly to the elimination of tariffs under the most favoured nation (MFN) treatment, whereas the LDCs have increased their preferential market access significantly since the late 1990s.</p> <p>Insufficient reduction in tariffs on developing country exports of agricultural products and textiles and clothing. With the exception of agricultural exports, tariff reductions since 2004 have been very small.</p> <p>Eliminate subsidies to agricultural exports by 2013 in developed countries in line with the 2005 Hong Kong, China, ministerial commitment and, in addition, further reduce other trade-distorting agricultural support. Primarily as a result of the food crisis, agricultural support in developed countries, as</p>

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	<p>8.8. Agricultural support estimate for OECD countries as a percentage of their gross domestic product</p> <p>8.9. Proportion of ODA provided to help build trade capacity</p>	<p>percentage of GDP, has continued to fall in 2007. However it remains high at \$365 billion in 2007, distorting trade.</p> <p>Insufficient ODA directed to productive capacity, infrastructure and trade. The initiative on Aid for Trade seeks to increase financial help for this purpose. However, there is lack of clarity in the design of AfT initiative and procedures to access resources.</p> <p>Finalize the operational mechanisms of the Enhanced Integrated Framework (EIF has approved two projects for funding out of the EIF Trust Fund thus far, but full operationalization of all EIF procedures is pending).</p>
<p>Midterm Review of the Almaty Programme of Action, October 2008 (Resolution A/RES/63/2)</p>	<p>Call upon landlocked and transit developing countries, donors, UN system, multilateral agencies and development partners to undertake a series of measures to speed up the implementation of the Almaty Programme of Action.</p>	<p>See list of measures in document A/RES/63/2. It is difficult to measure a gap.</p>
<p>G-20 Summit on Financial Markets and the World Economy, 15 November 2008</p>	<p>Commitment to achieve a successful outcome of the Doha Round (strive to reach agreement this year on modalities that leads to a successful conclusion to the WTO's Doha Development Agenda with an ambitious and balanced outcome) and reject protectionism (a commitment was made to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO inconsistent measures to stimulate exports within the next 12 months).</p>	<p>Failure to conclude the Doha Round.</p> <p>Increase in protectionism. WTO monitoring shows that an increasing number of protectionist and trade-distorting measures had been adopted since the beginning of the crisis and since November 2008. There has also been an increase in potentially trade-distorting domestic subsidies and national stimulus packages.</p>
<p>Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, Nov-Dec. 2008</p>	<p>Urgently re-engage and strive to reach agreement by the end of 2008 on modalities that lead to a successful and early conclusion to the Doha Round with an ambitious, balanced and development-oriented outcome.</p>	<p>Failure to conclude the Doha Round.</p>

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G-20 London Summit, 2 April 2009	<p>Reaffirming the commitment made in November 2008 to a successful conclusion to the Doha Round and to reject protectionism. A commitment was made to rectify any such measures and this pledge was extended to the end of 2010. In addition, the G-20 members pledged to notify promptly the WTO of any protectionist measures, to promote and facilitate trade and investment, to minimize any negative impact of their domestic policy actions on trade and investment, and to ensure availability of at least \$250 billion over the next two years to support trade finance.</p>	<p>Failure to conclude the Doha Round.</p> <p>Increase in protectionism since the beginning of the crisis. Further slippage toward protectionism has been reported since 2 April 2009. G-20 members have not notified to the WTO rectifications of protectionist measures.</p>
UN Conference on the World Financial and Economic Crisis and its Impact on Development, 24-26 June 2008	<p>Reiterate commitment: to an early conclusion to the Doha Round that places the needs of the developing countries at the center, to implement DFQF access to LDCs, to the principle of special and differential treatment for developing countries, to the elimination of export and other trade distorting agricultural subsidies, and to meeting existing aid for trade pledges.</p> <p>Undertake efforts to resist protectionist tendencies and rectify any protectionist measures already taken.</p>	<p>Failure to conclude the Doha Round.</p> <p>For the gap in achieving the MDG8 indicators, see above.</p> <p>Increase in protectionism, see above</p>
G-8 Summit of L'Aquila, 8-10 July 2009	<p>Reaffirming the pledges made at the G-20 summits in Washington and London, including the commitments to successfully conclude the Doha Round and to resist and rectify any protectionist measures.</p> <p>The G-8 and the leaders of Australia, Indonesia and Republic of Korea are committed to seek an ambitious and balanced conclusion to the Doha Round in 2010.</p>	<p>Failure to conclude the Doha Round. No specific timeframe for the successful conclusion of the Doha Round in 2010 was set.</p> <p>Increase in protectionism, see above</p>
<p>1 A summary of progress in the Round is presented below this table.</p>		

Progress in Doha Round negotiations and the development agenda

In various international fora Heads of State and Ministers have reaffirmed that international trade is an engine for development and sustained economic growth. The failure to reach an agreement on the Doha Round represents a major delivery gap in strengthening the global partnership for the MDGs. Several attempts were made in 2008, most notably the Mini-Ministerial of the WTO in July 2008, to build a consensus on a comprehensive agreement on the Doha Round modalities. Negotiations collapsed not just because of a failure to agree on the conditions that would enable a special safeguard mechanism (SSM) to come into effect, but also because several issues of importance to many developing countries, including the erosion of preferences, liberalization of manufactured goods and the need for developing countries to preserve policy space, received inadequate attention. In light of the differences in the approaches of developed and developing countries to these issues, some seven years of protracted on-and-off negotiations have so far failed to come to a successful conclusion.

Underlying differences among WTO members with respect to the development dimension of the Round have also proven difficult to reconcile. The 2001 Doha Ministerial Declaration promised to rebalance WTO rules in favour of developing countries. Instead, developing countries were urged to accept a broad agenda of negotiations, which was based on developed countries receiving improved market access in emerging countries in exchange, in particular, for reductions in agricultural subsidies in major developed countries. The outcome of the Round as currently envisaged falls short of the original development intention of the Doha Development Agenda.

There has been some progress made on a range of hitherto intractable sensitive issues, notably market access in agriculture and, in particular, the reduction of trade-distorting domestic support and export subsidies. In Non-Agricultural Market Access (NAMA), progress has been made on agreeing on the application of a Swiss formula that will help to reduce high tariffs, tariff peaks and tariff escalation in the markets of some 46 Members (counting the EC-27 as one). In services negotiations, a very important indication of ambition was given in July 2008, when Ministers participating in the Services Signaling Conference gave better than expected signals of their willingness to improve on existing offers across a range of major sectors.

Even though recent commitments concerning trade and the critical importance of rejecting protectionism in times of financial uncertainty are welcome, countries must urgently re-engage and strive to reach agreement on modalities that lead to a successful and early conclusion of the Doha Round with an ambitious, balanced and development-oriented outcome.

Aid for Trade (AfT)

AfT resources committed to assist low-income countries have increased significantly in 2007; however the allocation across regions and countries is still very uneven. Although resources committed for AfT cannot be precisely measured through existing aid statistics, the OECD Creditor Reporting System (CRS) provides proxies for aid for trade activities. The OECD is continually examining how this system may be improved to better track trade related interventions and the delivery of support to developing countries, in particular the LDCs. In terms of **delivery**, it should be noted that unlike the IF, for which a global fund was established, the AfT initiative has no specific funding structure at the global level and following the principles of the Paris Declaration on Aid Effectiveness is instead based on existing mechanisms. A **monitoring** mechanism was created based on the CRS and self-assessment of donors and partner countries to review regularly what is happening, what is not and where improvements are required in the financing and delivering of aid for trade. AfT regional reviews took place during the first two quarters of 2009 and the second AfT Global Review session took place in Geneva on 6-7 July 2009.