



Realizing Trade's Potential to Contribute to Sustainable Development

**Side Event at the 2016 ECOSOC Forum
on FfD follow-up
(Organized by UNCTAD)**

13h15-14h45, 18 April 2016

Conference Room 8, United Nations Headquarters, New York



BACKGROUND



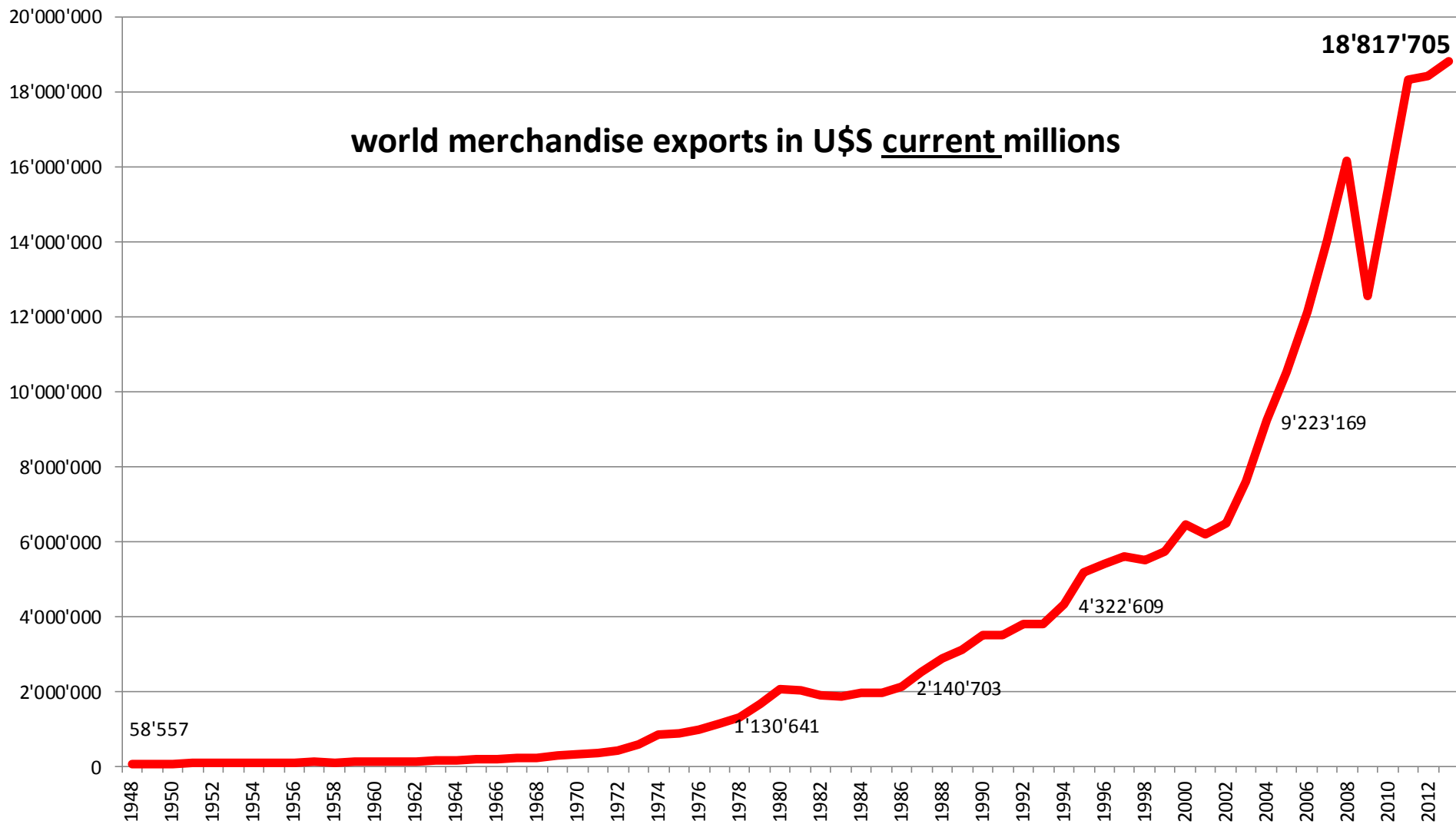
Decisions:

- Sustainable Development Goals (SDGs) "**are integrated and indivisible, and balance the three dimensions of sustainable development**" (Preamble, the 2030 Agenda for Sustainable Development)
- International trade is "**an engine for inclusive economic growth and poverty reduction**" that contributes to the promotion of sustainable development (para.79, the 2030 Agenda)
- Countries are encouraged to "**integrate sustainable development in trade policy at all levels**" (para.82, the Addis Ababa Action Agenda)



Trade has been an engine of economic growth...

World trade has been doubling every decade for the last four decades

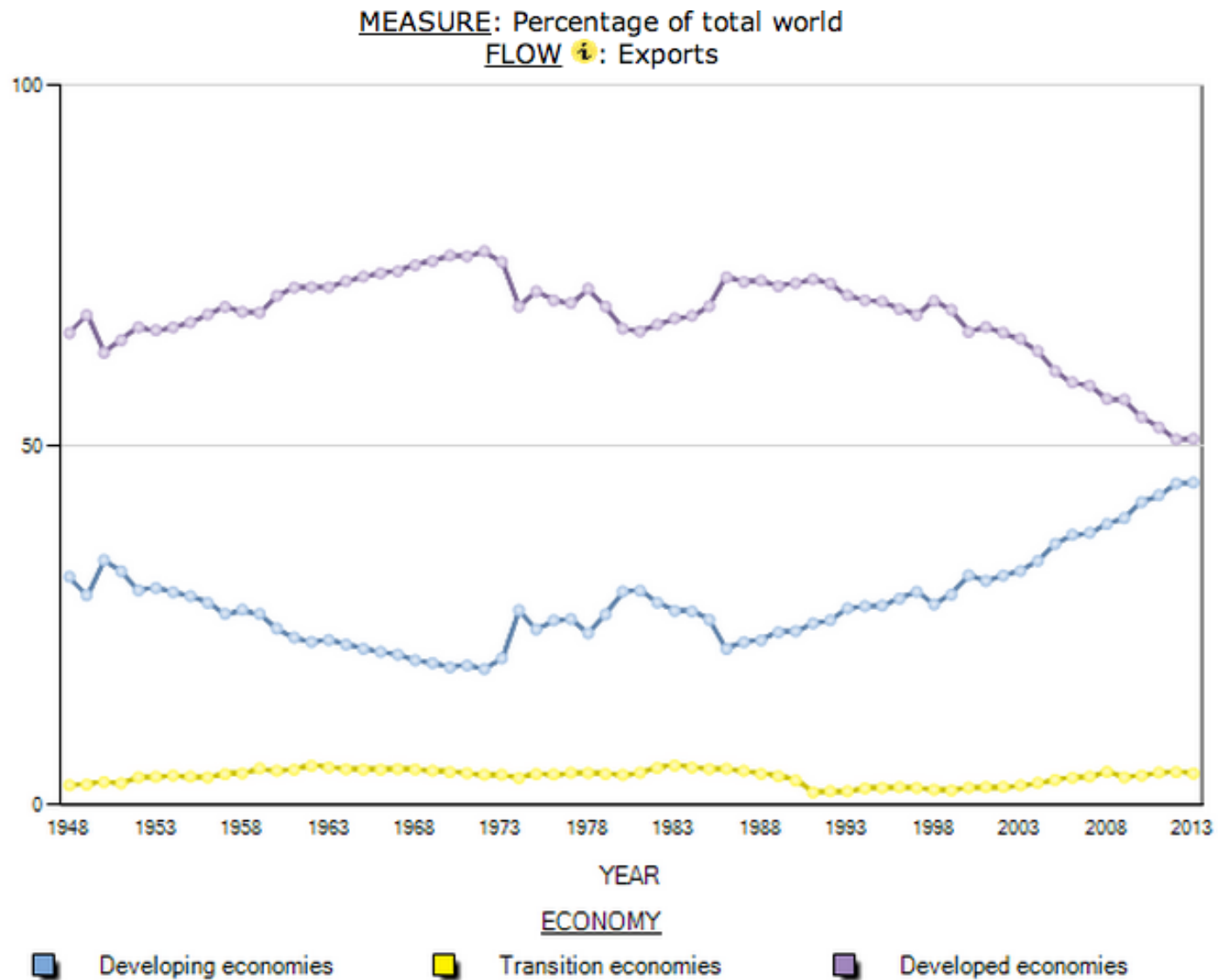


Source UNCTAD stats

...and international trade increasingly contributes to GDP ...

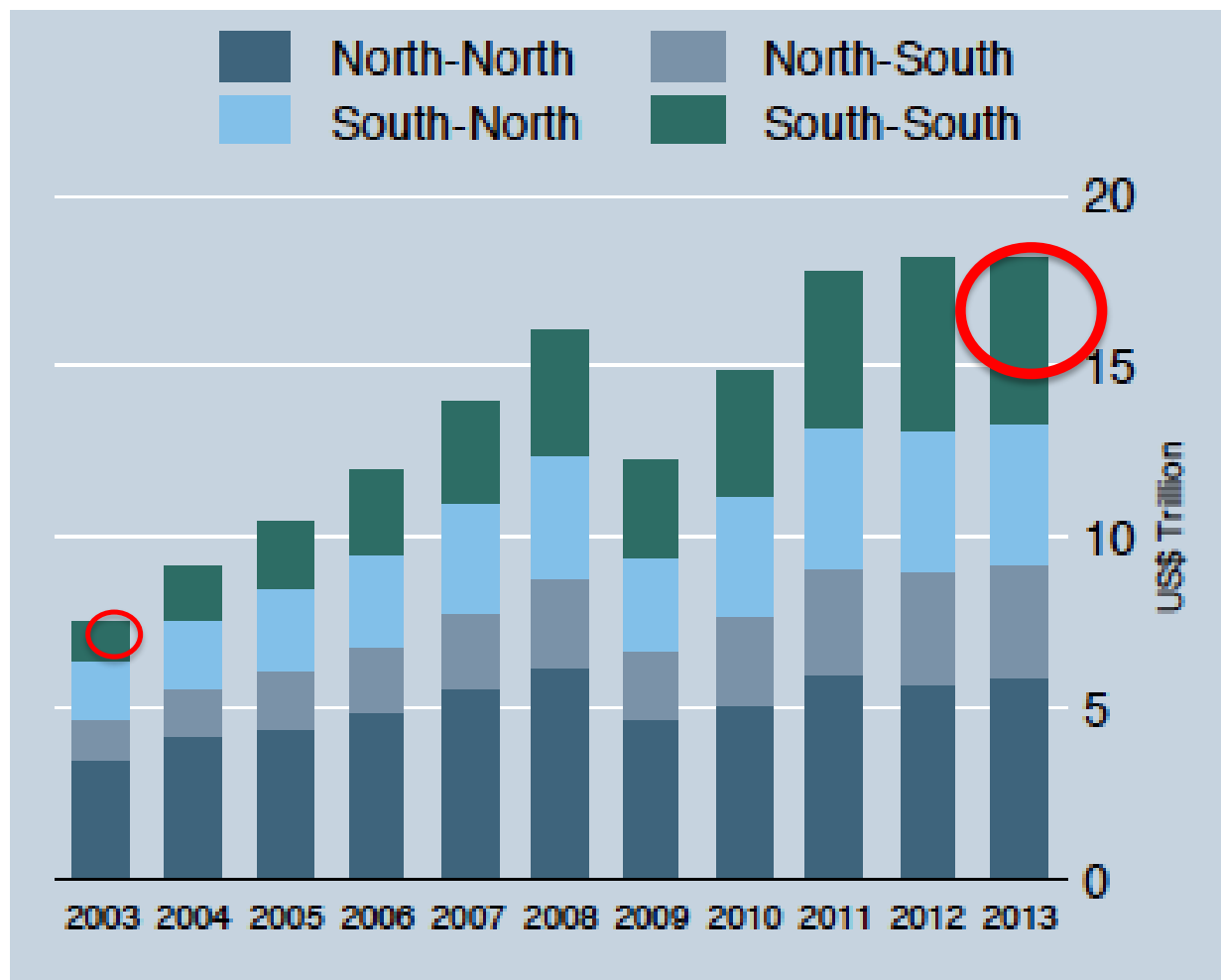


...developing countries' trade has increased dramatically accounting now to roughly 45 % of world trade...



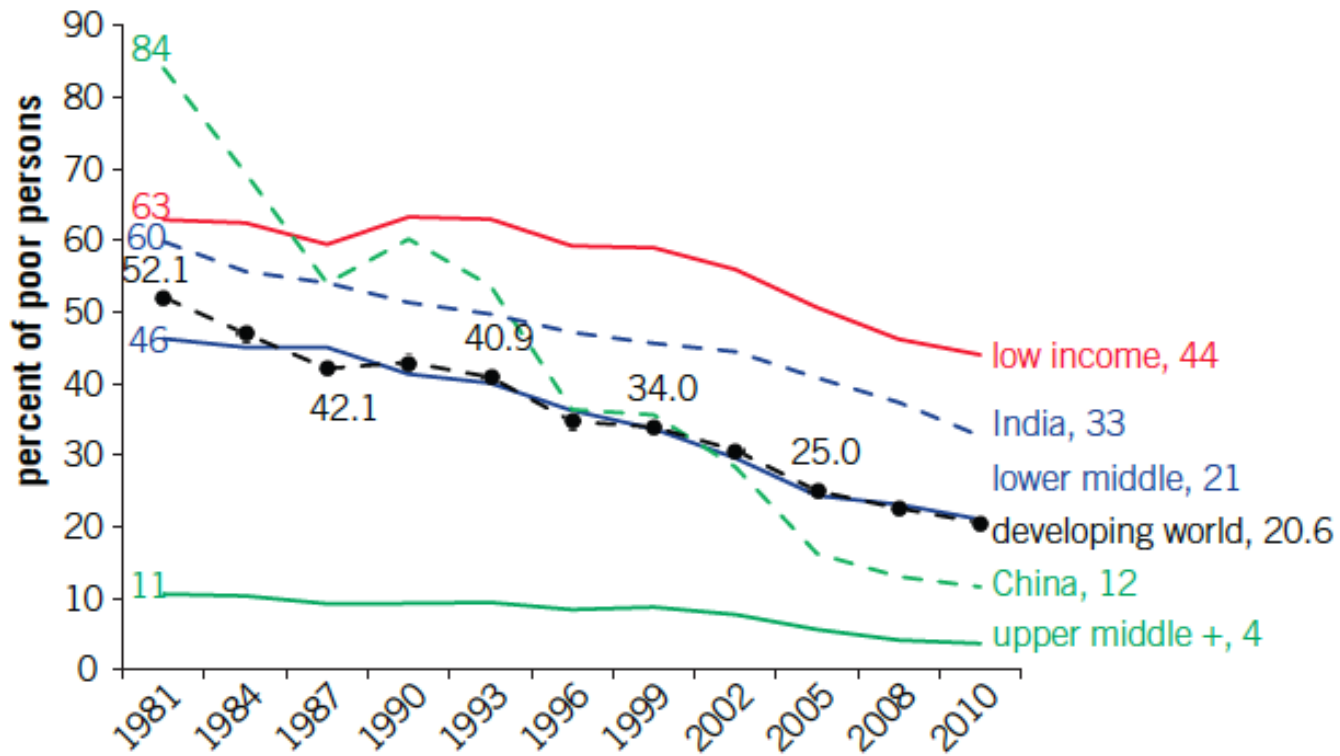
Source: UNCTAD stats

...and particularly by South - South trade...



..and this trade has contributed to poverty decline..

Figure 1. The Developing World Has Experienced a Large Decline in Extreme Poverty Rates



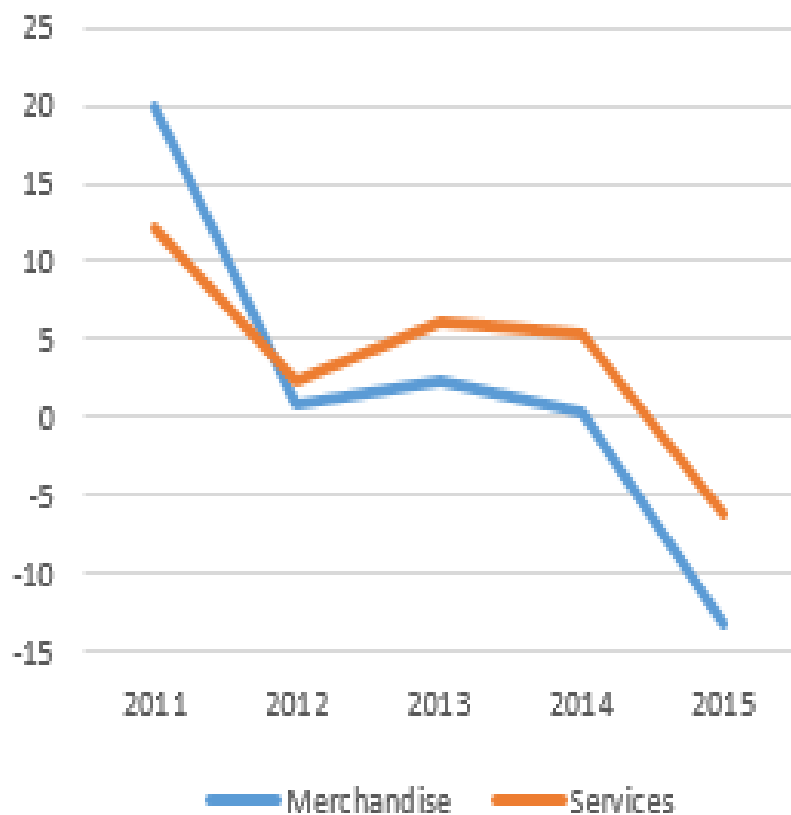
Source: World Bank staff estimates based on PovcalNet.



... but the speed of growth has slowed down...

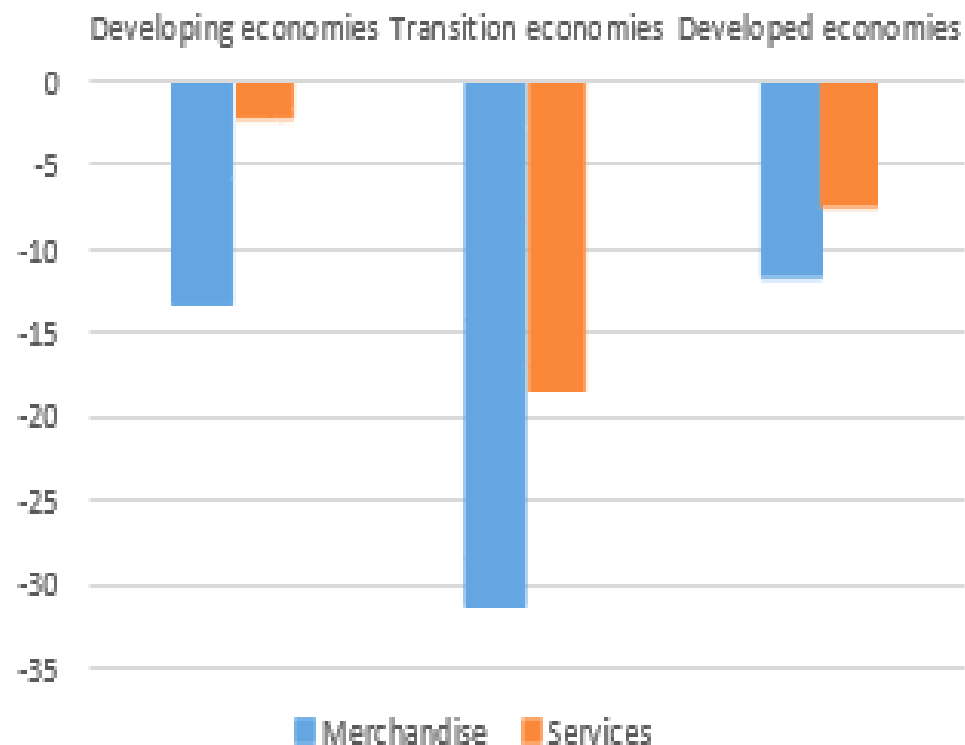
Growth of world trade in merchandise and services 2011-2015

percentage change,
based on values in current US dollars



Growth of merchandise and services trade in 2015, by main economic groupings

percentage change,
based on values in current US dollars



Source: UNCTADstat database

International trade of selected country groups, billion USD

		Merchandise trade				Services trade			
		2010	2014	2015	Growth 2015	2010	2014	2015	Growth 2015
Exports	World	15302	18997	16484	-13%	3953	5068	4747	-6%
	Developing economies	6438	8478	7345	-13%	1125	1472	1435	-2%
	Transition economies	609	764	526	-31%	98	126	103	-18%
	Developed economies	8255	9755	8614	-12%	2730	3470	3208	-8%
	LDCs	162	206	154	-25%	24	39	41	4%
Imports	World	15421	19007	16671	-12%	3847	4954	4678	-6%
	Developing economies	6020	7988	7033	-12%	1334	1851	1835	-1%
	Transition economies	453	553	384	-30%	122	184	140	-24%
	Developed economies	8947	10467	9254	-12%	2391	2919	2703	-7%
	LDCs	169	266	242	-9%	60	85	83	-3%

Source: UNCTADstat database, based on statistics prepared by UNCTAD and WTO

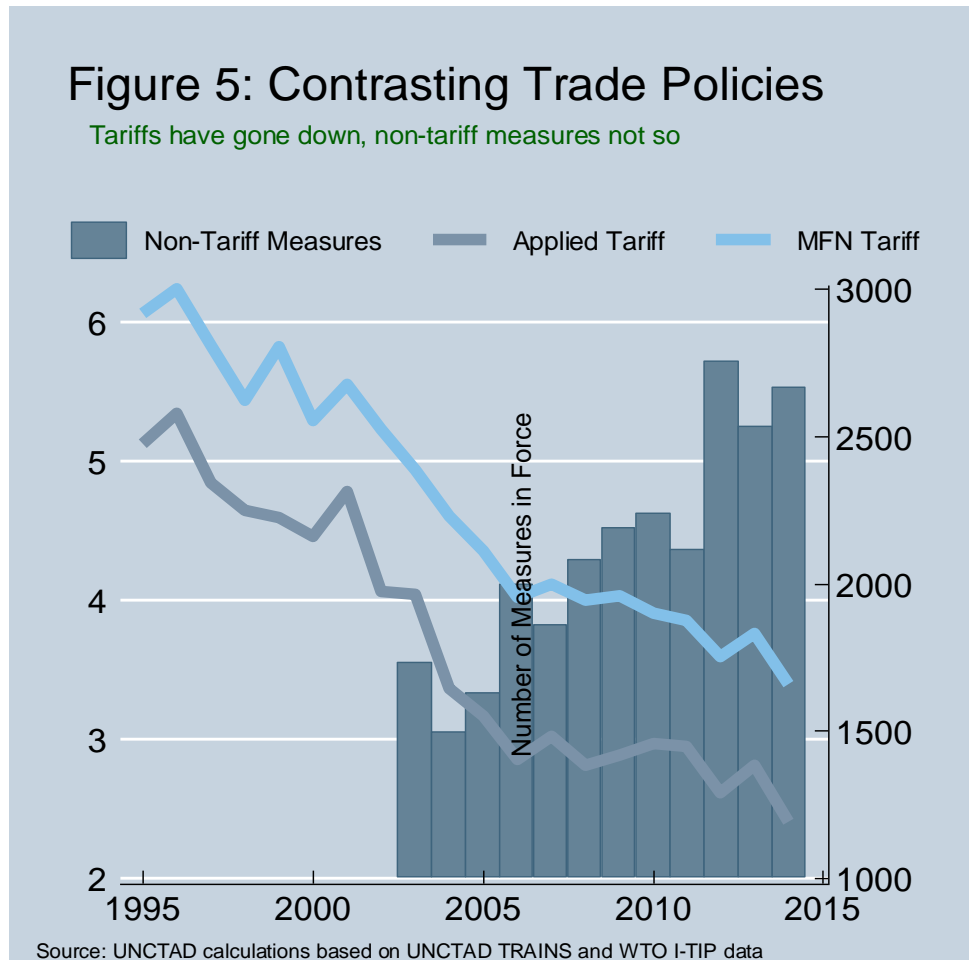
World Trade in Goods (2014)





... and non-tariff measures determine the trade costs ...

Trend: Tariffs vs non-tariff measures



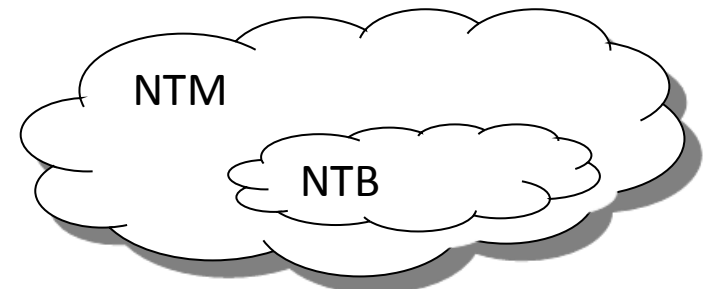
What are Non-Tariff Measures?

Non-tariff measures (NTMs) are policy measures, other than ordinary customs tariffs, that can potentially have an economic effect on international trade

NTMs directly or indirectly affect trade as:

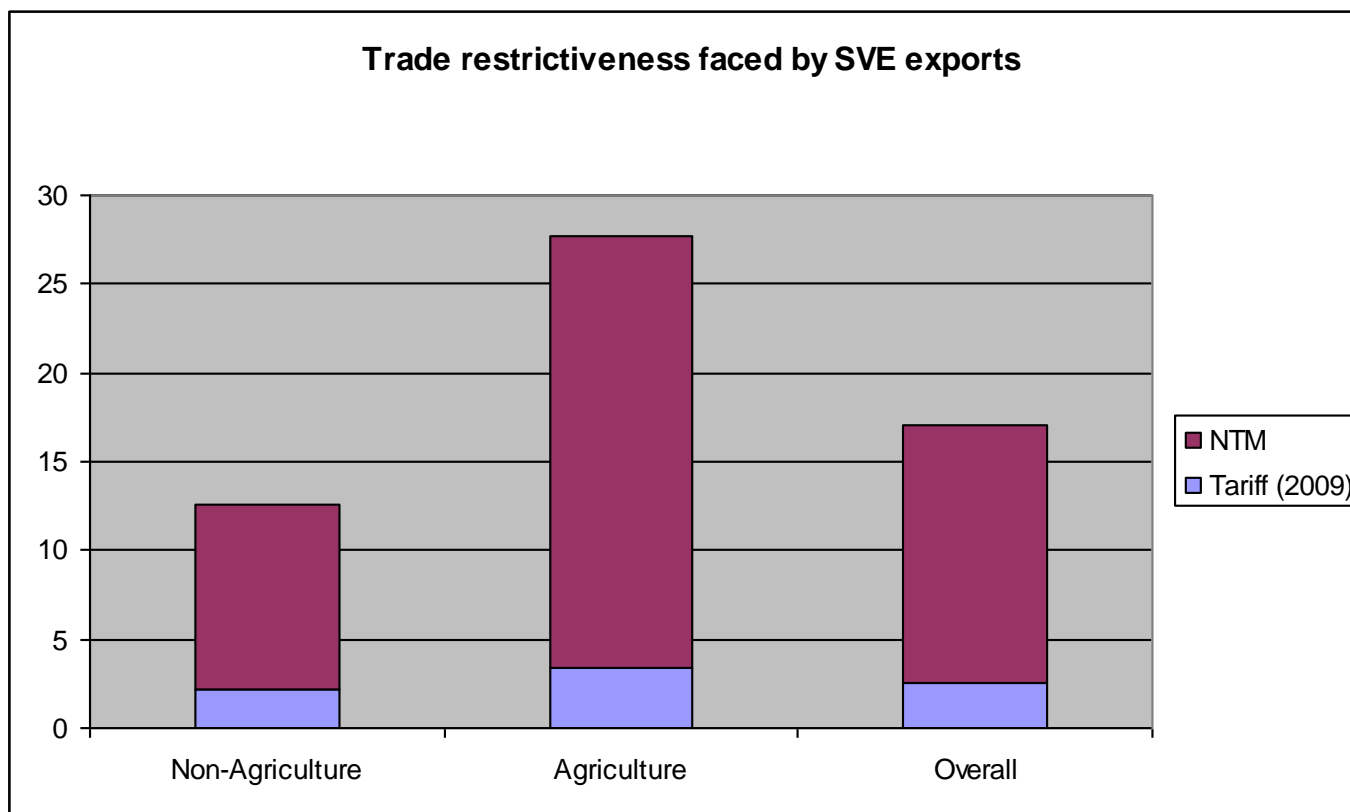
- a) **Non-tariff BARRIERS** (e.g. quotas, price measures, etc. - regulated by WTO)
- b) **Technical measures to trade** (e.g. SPS and TBT, partially addressed by WTO)
- c) **Administrative/procedural barriers** to trade may be referred to as NTM

NTMs can be positive or negative on trade flows between countries

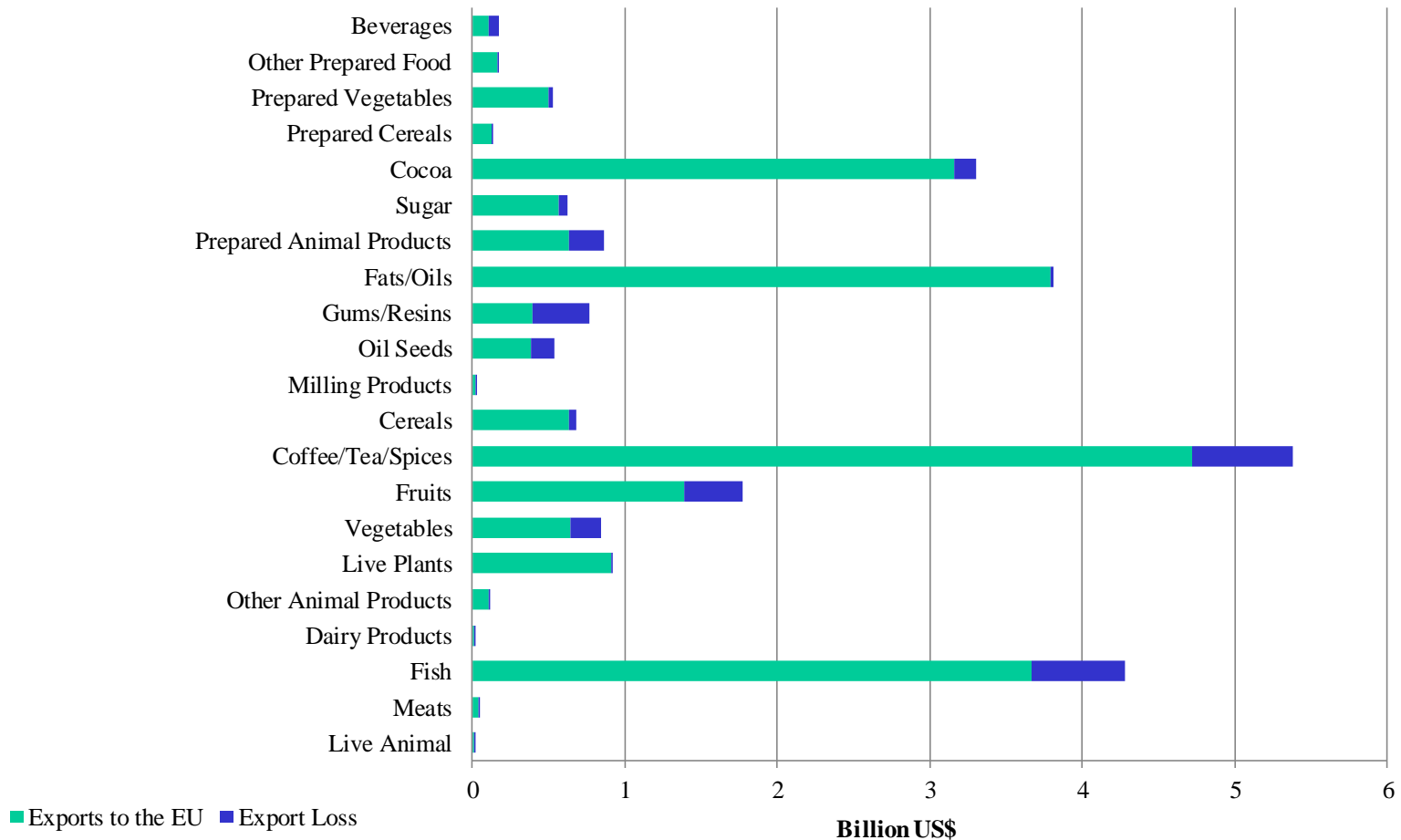


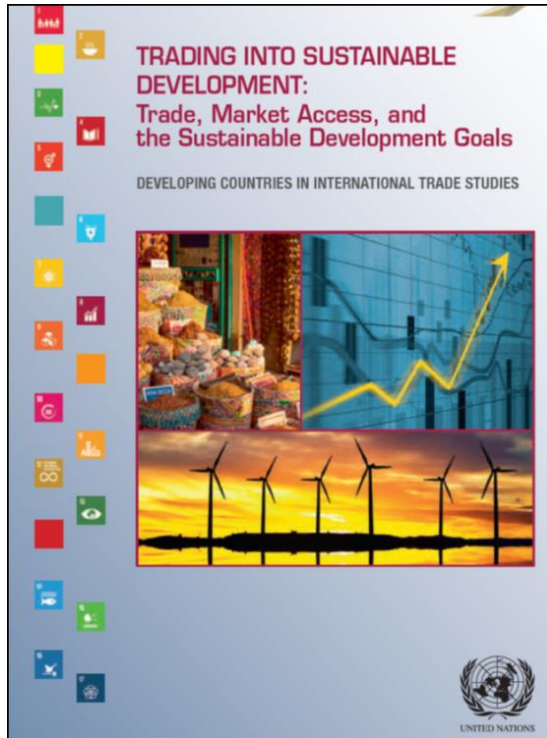
How important are NTMs?

Tariffs and non-tariff measures faced by SVEs



Trade Effects of NTMs can be quite relevant





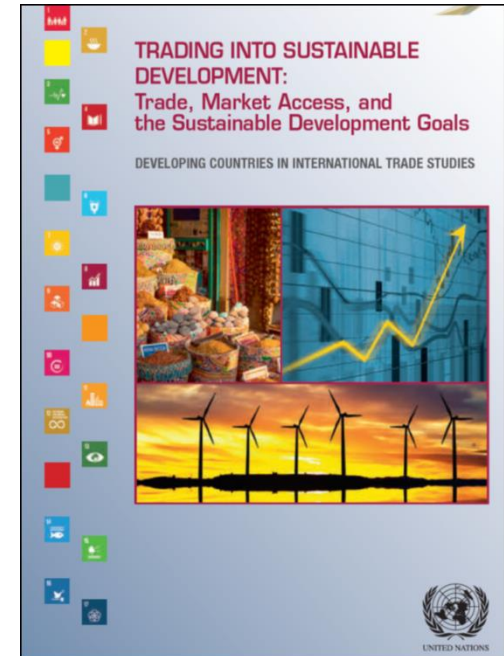
Findings from the Report



OBJECTIVE

Trading into Sustainable Development: Trade, Market Access and the SDGs

To map out policy options in the complex web of interlinkages between trade and sustainable development





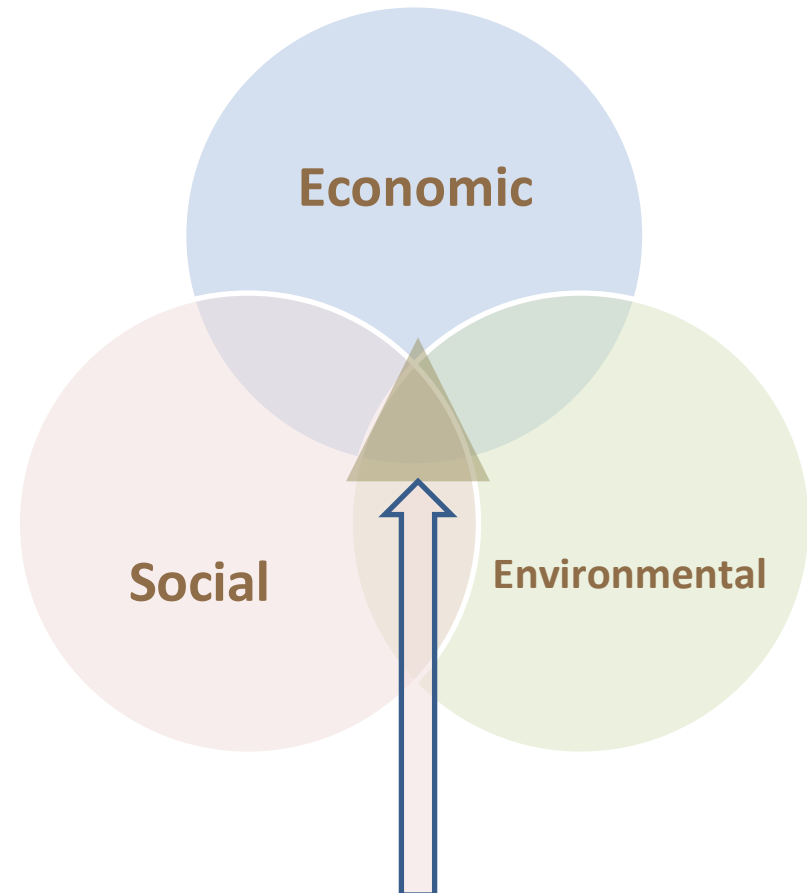
MOTIVATION

Countries aim at achieving the SDGs as an *integrated* agenda.

This may call for a new approach to trade policymaking.

- Trade growth to contribute to economic growth *and* to enlarge the intersections of the three dimensions
- Focus of trade policy to shift from a quantitative transformation (*How much to trade*) to a more qualitative one (*How to trade*)
- **What does it mean in practice to trade policymakers?**

Sustainable Development

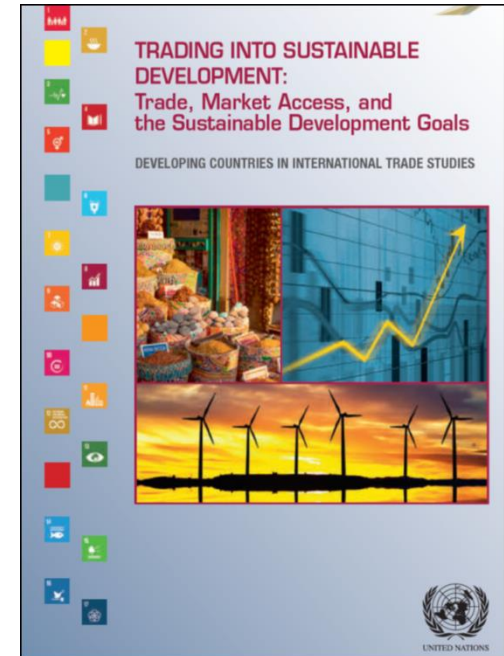


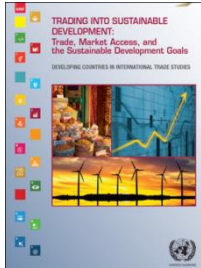
The 2030 Agenda aims at achieving this



The report focuses on market access because...

- Market access (e.g. customs tariffs and non-tariff measures) are formal and measurable elements of a country's trade policy
- Market access has been the core component of trade agreements, which are important vehicles for making trade "equitable and mutually advantageous" (UNCTAD I, 1964)
- Market access conditions significantly influence consumer welfare and economic viability of a country





THE REPORT consists of four stand-alone chapters:

Chapter I. Trade Policymaking and the SDGs

An overview of how trade policy interacts with the determinants of sustainable development

Chapter II. Tariffs and the SDGs

A preview of tariff-based global indicators for certain SDG targets

Chapter III. Non-tariff measures and the SDGs

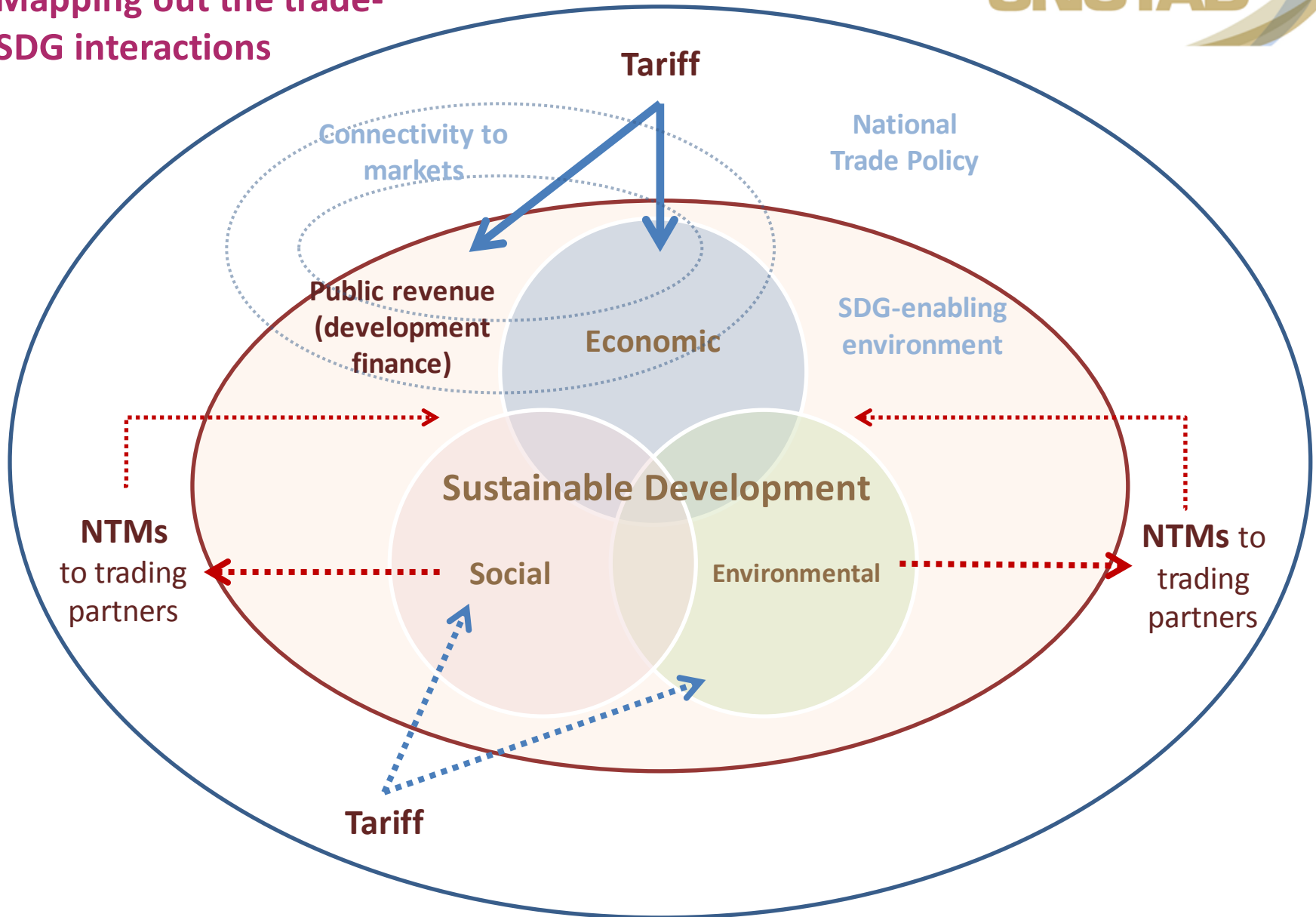
Why NTMs are key policy interfaces connecting the SDGs to trade

Chapter IV. Physical Market Access and Trade Costs

Maritime connectivity to international markets as a complementary action for the trade-led inclusive growth



Mapping out the trade-SDG interactions





KEY MESSAGES:

1. Market access matters to the achievement of the SDGs

→ Identify **complementary actions** (e.g. through inter-ministerial collaboration) to enlarge the intersections between trade-led economic growth and social development and environmental sustainability

2. Improving connectivity to markets is an effective complementary action

→ The global partnership to help low-income countries improve connectivity via e.g. coordinated actions to increase investment in hard and soft infrastructure.

3. NTMs are major policy interfaces connecting the SDGs and trade

→ Increase transparency and policy coherence at: the **national level** (e.g. inter-ministerial coordination); the **regional level** (e.g. reducing *regulatory distance* among the members of a regional trade agreement); and the **international level** (e.g. global transparency and reviews on the impact of "SDG-enhancing" NTMs on trade).



Thank you