

FOREWORD

Economic diversification and empowerment are essential for achieving the Sustainable Development Goals. Both objectives also embody the rationale behind the Aid for Trade Initiative. Economic diversification offers a pathway for empowerment, while empowerment allows women, youth and micro, small and medium sized enterprises to engage in trade. Growth in agriculture, manufacture and services offers entrepreneurial opportunities and generates productive jobs. In turn, this economic diversification contributes to rising incomes and human development more generally. We have seen this pattern of progress in many developing countries bringing substantive reductions in extreme poverty. However, the pace of economic diversification is uneven and the pattern evolving, while some economies face inherent challenges. This is especially true for small, island, landlocked or resource dependent countries and those that are affected by fragility and conflict. At the same time, rapid technological progress threatens to disrupt established pathways for economic development, but also offers new growth and development opportunities. Elevated environmental risks require new approaches to economic diversification.

International trade can help. An open, rules based trading system contributes to global welfare. It helps diffuse goods and services, and also the technology and knowledge to manage environmental challenges. But turning trade opportunities into trade flows, requires us to redouble our efforts to tackle the numerous supply side constraints that many developing countries are still facing, particularly the least-developed countries.

Much is already happening. Since the Aid for Trade Initiative started in 2006, USD 409 billion in official development assistance and USD 346 billion in low concessional loans has been disbursed to help developing countries build their trade capacities. Almost another USD 100 billion in both flows combined is committed in 2017. In addition, South-South providers contributed USD 9 billion and foundation USD 100 million.

The At a Glance report illustrates many examples of how this support helps developing countries improve their competitiveness, expand and diversify their trade, attract foreign direct investment, and create employment for men and women. Improvements in trade facilitation are a case in point. It highlights that support aligned around national priorities works best and contributes to an environment in which business can prosper, in particular the micro, small and medium sized enterprises that are the backbone of most developing economies. This report also highlights the scale of the challenge still ahead.

We need to learn from these examples to reinforce the coherence between aid and trade that is required to address the challenges and opportunities of economic diversification and empowerment. Most of all we need to consider that the economic empowerment of youth and women is not the outcome of the process of economic diversification, but frequently the starting point.



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