

Introduction

The 2024 High-Level Political Forum and the WTO

The UN's annual High-Level Political Forum (HLPF) offers organizations, including the WTO, the opportunity to review their progress toward meeting the targets of the UN Sustainable Development Goals (SDGs). For the WTO, this involves examining the contribution of international trade and the multilateral trading system to meeting the SDG targets and to development in general.

The particular focus of the 2024 HLPF is SDG 1 ("No poverty"), SDG 2 ("Zero hunger"), SDG 13 ("Climate action"), SDG 16 ("Peace, justice and strong institutions") and SDG 17 ("Partnerships for the goals"). These SDGs are also at the core of the Marrakesh Agreement establishing the World Trade Organization, which was signed 30 years ago this year.

The theme for the 2024 HLPF, "Reinforcing the 2030 Agenda and eradicating poverty in times of multiple crises: the effective delivery of sustainable, resilient and innovative solutions", aligns with recent WTO research. For example, the World Trade Report 2023 examined how re-globalization, or increased international cooperation, could address three major challenges facing the global economy, namely national and economic security, poverty and environmental sustainability.

Trade as a catalyst for sustainable development: navigating challenges in a fragmented world

As the global community strives to achieve the SDGs by 2030, the role of international trade in fostering economic growth, reducing poverty and promoting sustainable development has never been more critical. However, the current landscape of global trade presents both opportunities and challenges that significantly impact our collective progress towards these ambitious goals.

According to the latest Global Trade Outlook and Statistics report by the World Trade Organization (WTO, 2024c), the world is slowly recovering from recent economic shocks. After a 1.2 per cent decline

in world merchandise trade volume in 2023, projections for 2024 indicate a modest rebound (Figure 1). This recovery is crucial for SDG implementation, as trade growth often correlates with economic development and poverty reduction (SDG 1, "No Poverty" and SDG 8, "Decent Work and Economic Growth").

However, the path to recovery is not without obstacles. Inflationary pressures, geopolitical tensions and policy uncertainties continue to cast shadows over the global trade landscape. These factors have led to shifts in trade patterns and have raised concerns about potential fragmentation of the global trading system.

The relationship between trade and GDP growth has evolved significantly over the past three decades. In the 1990s, goods trade grew more than twice as fast as real-world GDP, with this ratio declining to 1.5 times as fast in the early 2000s. Since 2010, however, trade and GDP have grown at approximately the same rate on average. This shift suggests a changing dynamic in the global economy, where trade is no longer outpacing overall economic growth as dramatically as it once did. The ratio of trade growth to GDP growth has fluctuated in recent years, with the COVID-19 pandemic causing significant disruptions. As of 2024, if WTO forecasts are realized, this ratio is expected to rebound to 0.94-to-1, indicating a closer alignment between trade and overall economic growth. This evolving relationship has important implications for how trade can be leveraged to achieve the SDGs, potentially requiring more nuanced and targeted approaches.

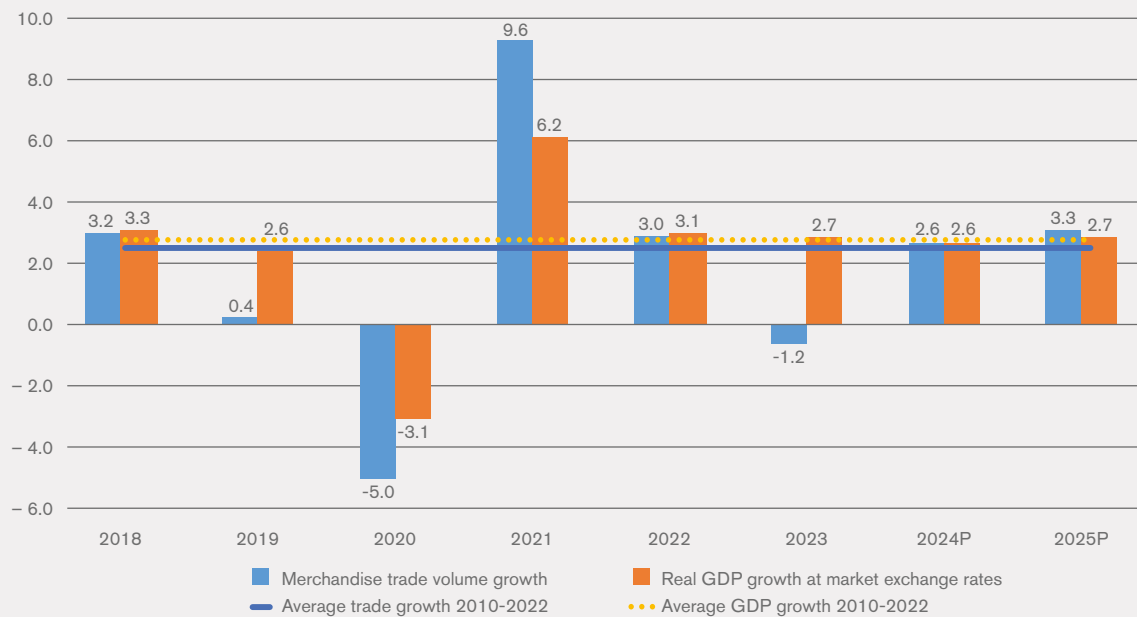
One of the most pressing issues highlighted in the WTO report is the emerging signs of trade fragmentation along geopolitical lines. This trend poses significant risks to achieving the SDGs:

1. Disruption of global value chains:

The report notes a 6 per cent decline in global trade of intermediate goods in 2023. This disruption of global value chains can hinder industrial development in emerging economies, potentially impacting SDG 9 ("Industry, Innovation and Infrastructure").

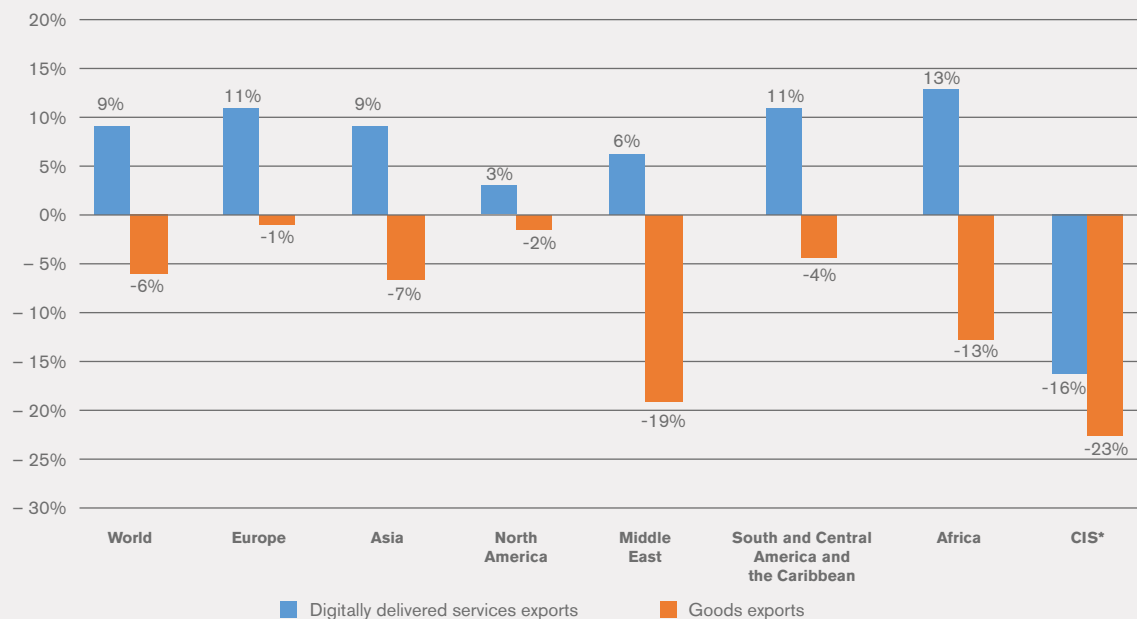
2. Shifts in services trade:

Changes in ICT services trade patterns, with some economies favouring regional partners over global ones, could affect knowledge transfer

Figure 1: World merchandise trade volume and GDP growth, 2018-2025

Note: Figures for 2024 and 2025 are projections. Merchandise trade grew 2.5% per year on average between 2010 and 2023 while GDP growth averaged 2.7%.

Source: WTO for merchandise trade volume and consensus estimates for GDP.

Figure 2: Growth of digitally delivered services exports and goods exports by region, 2023
Annual % change

Note: Regions are ranked according to their share in global exports of digitally delivered services.

* The Commonwealth of Independent States includes certain associate and former member states.

Source: WTO estimates.

and technological diffusion. This shift may have implications for SDG 4 ("Quality Education") and SDG 17 ("Partnerships for the Goals").

- 3. Policy fragmentation:** The potential fragmentation of data flow policies could lead to a 1.8% decline in global real exports and a 1% decline, approximately, in global real GDP. Such a scenario would significantly hamper progress across multiple SDGs, particularly SDG 8 ("Decent Work and Economic Growth") and SDG 10 ("Reduced Inequalities").

The report's projections for least-developed countries (LDCs) are particularly relevant to the SDGs. While the volume of LDC merchandise exports is expected to grow by 2.7 per cent in 2024, this is a slowdown from 4.1 per cent in 2023. On the other hand, the volume of LDC merchandise imports is projected to grow by 6.0 per cent in 2024 and 6.8 per cent in 2025, following a contraction of 3.5 per cent in 2023. These fluctuations can significantly impact progress on SDG 1 ("No Poverty"), SDG 2 ("Zero Hunger"), and SDG 10 ("Reduced Inequalities").

The stronger growth projected for African merchandise exports (5.3 per cent in 2024, compared to 3.1 per cent in 2023) presents an opportunity for the continent to make strides in economic development and poverty reduction. However, this growth is coming from a low base, highlighting the need for continued support and investment in African trade infrastructure and capacity.

Despite these difficulties, the fast expansion of services delivered through digital means offers a source of optimism. Global exports of digitally delivered services reached US\$ 4.25 trillion in 2023, up 9.0 per cent year-on-year. This sector's resilience and growth offer new pathways for developing economies to participate in global trade, potentially contributing to SDG 8 ("Decent Work and Economic Growth") and SDG 9 ("Industry, Innovation and Infrastructure").

The accelerated growth of digitally delivered services exports in Africa (13 per cent) and South and Central America and the Caribbean (11 per cent) in 2023 is particularly promising (see Figure 2). If sustained, this trend could help bridge the digital divide and create new economic opportunities in these regions.

International trade remains a powerful tool for achieving the SDGs. However, realizing this potential requires addressing the challenges of fragmentation, supporting developing economies and LDCs, and harnessing the opportunities presented by digital trade.

The following chapters will delve deeper into how specific trade policies and practices can be leveraged to accelerate progress towards each SDGs that is under review at the 2024 HLPF. By understanding the current trade landscape and its implications for sustainable development, we can better chart a course towards a more prosperous, equitable and sustainable future for all.