Trade in the Post-2015 Development Paradigm:
Implications for the Aid-for-Trade

Miho Shirotori
Chief, Global and Trade Analysis Section/TAB/DITC/UNCTAD
(miho.shirotori@unctad.org)
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Key Message of Chapter 9

- **International trade** has been an engine of economic growth, and an essential source of public and private financial resources for development, particularly in **LDCs**

- **The post-2015 development agenda = transformative agenda**
  → The agenda aim to change the way we grow

- **Transformative** nature of the post-2015 DA may affect the future trade flows → It can increase **LDCs'** trade costs

- **Future Aid-for-trade projects** should reflect possible impact of the post-2015 DA on trade
## Major Inter-governmental conferences in 2015

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>13-16 July, Addis Ababa</td>
<td>3rd Conference on Financing for Development (FfD)</td>
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<tr>
<td>July, UNHQ, New York</td>
<td>Post-2015 Development Agenda</td>
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<tr>
<td></td>
<td>→ IGN to agree on the contents of the Agenda</td>
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<td>25-27 September, UNHQ, New York</td>
<td>Post-2015 Development Agenda</td>
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<td>→ UN Summit to adopt the Agenda</td>
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<tr>
<td>30 November-11 December, Paris</td>
<td>UN Framework Convention on Climate Change (UNFCCC)/Conference of the Parties 21 (COP/21) in Paris</td>
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<tr>
<td>15-18 December, Nairobi</td>
<td>WTO 10th Ministerial Conference</td>
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I. Trade in the framework of the post-2015 development agenda
SDGs = MDGs + Sustainability Concerns + Inclusive Growth + Transforming-the-way-we-grow

8 Goals
24 Sub-targets

17 Goals; 169 Targets
Stupid Development Goals?

IT IS NOT A MATTER OF QUANTITY, BUT QUALITY!

WELL, MINE CLEARLY HAS MORE DEPTH.

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**SUSTAINABLE DEVELOPMENT GOALS (AS PROPOSED BY OWG)**

**Goal 1.** End **poverty** in all its forms everywhere

**Goal 2.** End **hunger**, achieve food security and improved nutrition, and promote sustainable agriculture

**Goal 3.** Ensure **healthy lives** and promote well-being for all at all ages

**Goal 4.** Ensure inclusive and equitable quality **education** and promote life-long learning opportunities for all

**Goal 5.** Achieve **gender equality** and empower all women and girls

**Goal 6.** Ensure availability and sustainable management of **water and sanitation** for all

**Goal 7.** Ensure access to affordable, reliable, sustainable, and modern **energy** for all

**Goal 8.** Promote sustained, inclusive and sustainable **economic growth**, full and productive **employment** and decent work for all

**Goal 9.** Build resilient infrastructure, promote inclusive and sustainable **industrialization** and foster innovation

**Goal 10.** Reduce **inequality** within and among countries

**Goal 11.** Make cities and **human settlements** inclusive, safe, resilient and sustainable

**Goal 12.** Ensure **sustainable consumption and production** patterns

**Goal 13.** Take urgent action to combat **climate change** and its impacts*

**Goal 14.** Conserve and sustainably use the **oceans, seas and marine resources** for sustainable development

**Goal 15.** Protect, restore and promote sustainable use of **terrestrial ecosystems**, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

**Goal 16.** Promote **peaceful and inclusive societies** for sustainable development, provide access to **justice** for all and build effective, accountable and inclusive institutions at all levels

**Goal 17.** Strengthen the **means of implementation** and revitalize the **global partnership** for sustainable development
"Progress in sustainable development will depend on vibrant economies and inclusive growth (...) to generate employment, wages, and revenues for social program." (The UN SG's Synthesis Report, paragraph 133)

"Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth, and job creation, providing people with the opportunity to overcome poverty and inequality. (...) We invite (businesses) to invest in areas critical to sustainable development, including in industrial transformation and industries that creative productive employment and strengthen local community." (The revised Draft (of May 7) of the 3rd Financing for Development)

→ Trade will remain as an effective tool to achieve the above though the SDGs do not necessarily reflect trade in this way.
### A. Related to the WTO elements

**Goal 2:** End hunger, achieve food security and improved nutrition, and promote sustained agriculture (2.b): correct and prevent trade restrictions and distortion in world agricultural markets including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round

**Goal 3:** Ensure healthy lives and promote well-being for all at all ages (3.b): support research and development of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration which affirms the right of developing countries to use to the full the provisions in the TRIPS agreement regarding flexibilities to protect public health and, in particular provides access to medicines for all

**Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (8.a): increase Aid for Trade support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs

**Goal 10:** Reduce inequality within and among countries (10.a): implement the principle of special and differential treatment of developing countries, in particular least developed countries, in accordance with WTO agreement
### A. Related to the WTO elements (continued)

<table>
<thead>
<tr>
<th>Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development</th>
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<tr>
<td><strong>(14.6):</strong> by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the <a href="#">WTO fisheries subsidies negotiations</a> (taking into account ongoing WTO negotiations and WTO Doha Development Agenda and Hong Kong Ministerial Mandate)</td>
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<table>
<thead>
<tr>
<th>Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development</th>
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<tr>
<td><strong>(17.10):</strong> promote a universal, rules-based, open, non-discriminatory and equitable <a href="#">multilateral trading system under the WTO</a> including through the conclusion of negotiations within its <a href="#">Doha Development Agenda</a></td>
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</tbody>
</table>

| (17.12): realise timely implementation of **duty-free, quota-free market access** on a lasting basis for all least developed countries consistent with WTO decisions, including, through ensuring that preferential rules of origin applicable to imports from LDCs are transparent and simple, and contribute to facilitating market access |

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**Trade-related Targets**
B. Related to the functional nature of "trade" (some examples)

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

(8.2): achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors

(8.9): by 2030 devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products

Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

(9.b): support domestic technology development, research and innovation in developing countries including by ensuring a conductive policy environment for inter alia industrial diversification and value addition to commodities

Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

(17.11): increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020
II. Trade as a means of implementing the post-2015 development agenda
TRADE

GENERATE Revenues for Public-Financing
- Revenues from imports
  - Customs tariffs
  - Para-tariff measures
- Revenues from exports
  - Export tax
  - Revenues from commodity exports

MOBILIZE Private-sector Finances
- Incentive to invest
  - Domestic investment e.g. in sustainable productive capacity
- FDI e.g. in commodity exports or via GVCs
- Bottoming up economic viability
  - e.g. Increased incentive to receive higher education
  - Improved access to food and other essential goods and services

Aid-for-Trade: Official Development Assistance in support of trade-related development
Trade has been a significant source of LDCs' public revenue

Average estimated tariff revenue as % of GDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Developed countries</th>
<th>Developing countries (excl. LDCs)</th>
<th>LDCs</th>
</tr>
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<tbody>
<tr>
<td>1995</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
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<td></td>
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<tr>
<td>2005</td>
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<td></td>
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<tr>
<td>2008</td>
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<td></td>
<td></td>
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<tr>
<td>2012</td>
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Trade-related public revenue (as % of total public revenue)


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<thead>
<tr>
<th>Region</th>
<th>2000</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>High income</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Middle income</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Low &amp; middle income</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>South Asia</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>N/A</td>
<td>25*</td>
</tr>
</tbody>
</table>
III. The post-2015 development agenda can affect trade flows
Countries employ measures to achieve sustainable development

Objectives of such measures = healthy lives, social inclusiveness, protection of ecosystem, natural resource conservations, etc.

→ Increase in the number of non-tariff measures (NTMs) world-wide

→ Potential rise in trade costs particularly to LDCs

• Over 50% of exports face NTMs in their destination markets

• NTMs (particularly SPS and TBT) on major exports of LDCs = over 10% AVEs

• Costs of NTMs to LDCs are relatively higher than to non-LDC developing countries
IV. Implication for the Aid-for-Trade Initiative
Implication to future AfT projects (2016-2030)

- Attention to **productive capacity improvement** (particularly **LDCs** and commodity-dependent countries)

- Attention to **inclusiveness**, e.g. women, SMEs, in the design and the implementation processes of the future AfT projects

- Helping LDCs implement national actions to achieve their SDGs can **reduce trade costs** (e.g. by improving their administrative, technical and productive capacity to comply with **NTMs** in their export markets)

- Apply an **integrated** approach → (i) interlinkages, (ii) synergies, and (iii) potential trade-offs between different trade policy and other development policies