

The Role of Trade in the Post-2015 Development Agenda

Dr. Debapriya Bhattacharya

Distinguished Fellow, Centre for Policy Dialogue (CPD)

Chair, Southern Voice on Post-MDGs

I. Current Global Trade snapshot

Year	Export (percentage of the World)				Import (percentage of the world)			
	2000	2005	2010	2013	2000	2005	2010	2013
Developing economies	31.91	36.25	42.07	44.81	28.82	31.77	39.04	42.46
Developed economies	65.77	60.38	53.95	50.90	69.80	66.00	58.02	54.25
Developing economies:								
Asia	23.84	27.65	32.78	35.63	20.93	24.31	30.03	32.83
Least developed countries	0.56	0.78	1.06	1.14	0.65	0.81	1.10	1.29

Source : UNCTAD stat

II. Future of Global Trade

Global output growth is projected to pick up by 2015 – 3.2% and 3.8% (PPP-based)

Optimistic projections suggests that

- * Developing Countries (5.1%) and LDCs (5.9%) are to grow faster
- * World real GDP growth during 2016-19 will be 4.1% (average) where 3.5% for 2012-15 (average)

II. Future of Global Trade

World Trade(goods as services) growth is also estimated at a higher scale in 2015 – 5.1%,

Average growth of World trade for 2012-15 is 3.7%,
for 2016-19 is 5.6 %

- Beyond 2015 – upward trend continues.
- More robust growth in the developing countries,
Arab world trade growth was highest in 2012, equal to 11.98 % where Euro Area trade growth was negative.
- Faster growth of trade than output
- Investment growth trends broadly follow the output and trade provide trends
- International capital flows to developing countries (as in GDP) remain steady and high – above 5% ,would be 5.4 % for 2015 and 5.1% for 2016.
- In most regions international capital flow growth is faster than trade growth which is faster than output growth

III. Role of Trade in Developing Countries

Faster growth of trade in developing countries

Greater share of trade in GDP – openness increases but higher share in LDC – 62% (2010)

Slowdown after 2005 due to GFEC

More slow down in case of exports, but less in case imports by LDC's

Trade will continue to play a critical role in the coming years in the developing countries

- ▶ Degree of openness is equalizing across the world
- ▶ Promoting domestic new industries
- ▶ Increasing revenue and profits,
- ▶ Enhancing domestic competitiveness,
- ▶ Taking advantage of international trade in technology
- ▶ Gaining a global market share, reducing dependence on existing markets,
- ▶ Stabilizing seasonal market fluctuations

IV. Changing Global Trade Landscape

- ▶ Rise of China (and India ++)
- ▶ Continuous growth of international production chains (>80%)
- ▶ More trade in intermediate goods (>60%)
- ▶ Trade in commercial services grows (roughly 8% per year) faster than merchandise trade (7% per year)
- ▶ Dev Countries accounting for above 50% of global trade
- ▶ LDC trades are more than 50% with other DCs
- ▶ Share of LDCs in global trade still marginal (+ 1%)
- ▶ Mega-regional trade bloc initiatives
- ▶ Dysfunctional negotiating pillar of WTO
- ▶ New rules and new standards for Global Trade (beyond tariff)

V. Trade-related SDG Targets

OWG

About 8 targets (2.b, 3.b, 8.a, 10.a, 14.6, 17.10, 17.11, 17.12) talks about trade related aspects while mentioning to *Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda* under 17.10

HLP

About 4 targets (8d, 12a, 12b, 12e) contains trade aspects while mentions to *support an open, fair and development-friendly trading system, substantially reducing trade-distorting measures, including agricultural subsidies, while improving market access of developing country products* under 12a

SDSN

Trade aspects are mentioned in the **Key issues to measure for the Target 10a** stated as *Governments (national and local) and major companies support the SDGs, provide integrated reporting by 2020, and reform international rules to achieve the goals.*

UNGC

Trade aspects are under **Goal 8 and 10**. Mentions *Develop further an open, rule-based, nondiscriminatory international trading and financial, system* under goal 10.

UNSG

Trade aspects are mentioned at **action no.41,54,80,95** by calling for inclusive ,sustained and sustainable growth, reforming international trade , catalyzing global solidarity, mobilizing action through Aid and Trade ,equitable multilateral trading system.

OWG

- **Goal 2.** End hunger, achieve food security and improved nutrition, and promote sustainable agriculture
- **Target 2.b.** correct and **prevent trade restrictions and distortions 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 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- **Target 8.a.** **increase Aid for Trade** support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs

OWG

- **Goal 10.** Reduce inequality within and among countries
- 10.a. implement the principle of **special and differential treatment for developing countries, in particular least developed countries**, in accordance with WTO agreements
- **Goal 17.** Strengthen the means of implementation and revitalize the global partnership for sustainable development.
- 17.10 promote a **universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO** including through the conclusion of negotiations within its Doha Development Agenda
- 17.11 **increase significantly the exports of developing countries**, in particular with a view to doubling the LDC share of global exports by 2020
- 17.12 realize **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

HLP and UNGC

- **HLP**
- **Goal 12.** Create a global enabling environment and catalyse long-term finance
- Target 12a: **Support an open, fair and development-friendly trading system, substantially reducing trade-distorting measures, including agricultural subsidies, while improving market access of developing country products**
- **UNGC**
- **Goal 8:** Build peaceful and stable societies
- Target: Prevent, combat and reduce the **illicit trade in small arms, light weapons and ammunition.**
- **Goal 10:** Good governance and realization of human rights
- Target: Develop further an **open, rule-based, nondiscriminatory international trading and financial system.**

SDSN

- ▀ **Goal 10:** Transform Governance and Technologies for Sustainable Development
- ▀ Target 10a. Governments (national and local) and major companies support the SDGs, provide integrated reporting by 2020, and **reform international rules** to achieve the goals.

VI. Trade targets in SDGs versus the PCD Framework

SDG	PCD
Correcting and preventing trade restrictions and distortions in world agricultural market.	Protecting the domestic food processing sector through tariff escalation.
Eliminating all forms of agricultural export subsidies.	Increasing export subsidies to support domestic market as agricultural trade policy.
Supporting research and development through TRIPS agreement for health improvement.	No inclusion of trade for improving health sector.
Agricultural trade agreement is ignored here.	International agricultural commodity agreement as trade policy
By 2020, prohibiting certain forms of fisheries subsidies that could reduce illegal and unregulated fishing.	Advancing technology in transportation, communication, fishing techniques and refrigeration for functioning fishing supply chain.
Promoting a universal ,rules based , open , non-discriminatory and equitable multilateral trading system.	Promoting multilateral and pluri-lateral trade regulation .

VI. Trade targets in SDGs versus the PCD Framework

SDG	PCD
There is lack of policy coherence on trade	Taking international commodity agreement
Implementing duty free and Quota free market for LDC access.	Removing tariff and non-tariff escalation for all sectors
Trade for implementing service sector is ignored	Importance on export of service and manufacturing sector
Trade of sound environmental technologies	Regulating policies for environmental management and intellectual property right
Various sectors are included here , including service sector	Agricultural, fisheries and environmental sectors are included

VII. Post-Bali Doha Talks

- Resolution of the impasse re Trade Facilitation (and public food stockholding)
- Movements re Plurilaterals – ISA
- Initiatives for Mega-regional Blocs (TTP, TITP) – problems of the Excludeds
- LDC Package – DFQF, Service waiver operationalization, EIF, Support under TF, Preference erosion

VIII. Check List for Post-2015 Agenda

- Enhanced participation in global trade through market expansion
- Product diversification of the export basket
- Increasing locally retained value in export (extractive industry, value chain)
- Greater preferential access in service market
- Significant reduction of transaction cost through improved trade facilitation
- **What indicators will capture these and other targets?**

Thank you for your time
and
patience!

The presenter can be reached at
<debapriya.bh@gmail.com>