

CHAPTER 9

TRADE IN THE POST-2015 DEVELOPMENT AGENDA

Contributed by the United Nations Conference on Trade and Development

Abstract: *“Sustainable development must be an integrated agenda for economic, environmental and social solutions. Its strength lies in the interweaving of its dimensions. This integration provides the basis for economic models that benefit people and the environment; for environmental solutions that contribute to progress; for social approaches that add to economic dynamism and allow for the preservation and sustainable use of the environmental common; and for reinforcing human rights, equality, and sustainability. Responding to all goals as a cohesive and integrated whole will be critical to ensuring the transformation needed at scale.” (Paragraph 84 of the UN Secretary-General’s Synthesis Report on the Post-2015 Agenda).*

INTRODUCTION

The year 2015 may witness a significant directional shift in the development paradigm. In July, the member states of the United Nations (UN) will present a new development agenda for the 2015-30 timeframe, the primary focus of which is to achieve development that is sustainable in the social, economic and environmental dimensions. Also in July, at the third international conference on Financing for Development (FfD) in Addis Ababa, the international community is expected to present its collective position towards mobilising public and private financial resources and other means of implementation needed when implementing the new development agenda (See paragraph 4, United Nations, 2014a).

Following the official adoption of the post-2015 development agenda at the UN Summit in September 2015, the 21st annual session of the Conference of the Parties (COP21/CMP11) to the United Nations Framework Convention on Climate Change (UNFCCC) will take place from 30 November to 11 December 2015 in Paris (the conference also serves as the 11th session of the Meeting of the Parties to the 1997 Kyoto Protocol). It is hoped that the adoption of the post-2015 development agenda generates strong momentum to achieving a new universal climate change agreement, which will put the world on track to a low-carbon, sustainable future (UN Climate Change Newsroom).

International trade has been the engine of rapid economic growth achieved by many developing countries in the past 15 years, which coincided with the implementation years of the Millennium Development Goals or the MDGs. For least developed countries (LDCs), much of the growth stemmed from rising revenues from commodities such as fuels and minerals, which did not necessarily benefit the majority of the populations in exporting countries (UNCTAD, 2014). But the ongoing negotiations on the post-2015 development agenda, with the sustainable development goals (SDGs) at its core, suggest that the world should transform its natural resource-dependent growth pattern to a more inclusive, sustained and sustainable one (United Nations, 2014b). How will this influence the way international trade contributes to a country's socioeconomic development in developing countries, particularly in LDCs?

Against the above background, this chapter discusses: 1) the expected framework and contents of the post-2015 development agenda; 2) the role of international trade as a financial and non-financial means to achieve development; and 3) possible new challenges to the global partnership, including aid for trade, to ensure the development-enabling power of trade in the post-2015 development paradigm.

TRADE IN THE FRAMEWORK OF THE SUSTAINABLE DEVELOPMENT GOALS

How the post-2015 development agenda is being set

The idea of what a development agenda in the wake of the MDGs could be took form around the turn of the century through various consultations and surveys involving governments, non-governmental organisations (NGOs) and the business sector, as well as millions of interested citizens.

Some common views arose from these national, regional and thematic consultations (for more details on the outcomes of these consultations, see the 2014 report by the United Nations Development Group, "Delivering the post-2015 development agenda: opportunities at the national and local levels"). Most consultation outcomes indicated the need for the future agenda to build on the achievements made under the MDGs while addressing work left undone. At the same time, many consultations stressed the new agenda should not be a simple extension of the same set of development goals. They highlighted the importance of it tackling emerging global challenges, which included, among other things, a worldwide increase in economic inequality and the potentially colossal impact of conventional growth on the planetary ecosystem and the problem of climate change.

The gap between the rich and poor countries widened substantially from 2001-15: while many developing countries exhibited remarkably rapid economic growth, the poorest 20% of the world's population (in 2008 this represented 1.4 billion people who lived on less than USD 1.3 a day) received less than 1% of the additional income this growth generated (UNCTAD, 2013a).

With regard to possible interlinkages between socioeconomic development and environmental sustainability, the 2012 UN Conference on Sustainable Development (also known as Rio+20) achieved a breakthrough agreement among the UN member states. It reaffirmed that "integration of environment and development concerns [...] will lead to the fulfilment of basic needs, improved living standards for all, better protected and managed ecosystems and a safer, more prosperous future" (Agenda 21, 1992 Earth Summit). Moreover, its outcome (titled *The Future We Want*) elaborated that integrating environmental and development concerns would mean promoting sustainable development in all three dimensions, i.e. socially, economically and environmentally (United Nations, 2012). The outcome also led to an establishment of an, an inclusive multi-stakeholder consultative process whose mandate is to identify a set of SDGs open working group (paragraphs 246-248, United Nations, 2012).

Having conducted 13 sessions of multi-stakeholder consultations since January 2013, the open working group agreed on a set of 17 SDGs (Box 9.1) and linked them to 169 targets to be taken as "an integrated, indivisible set of global priorities for sustainable development" (United Nations, 2014d).

BOX 9.1 Sustainable development goals (SDGs) as proposed by the open working group

- 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 revitalise the global partnership for sustainable development

Source: United Nations (2014d).

The proposed SDGs incorporate all of the eight goals listed in the MDGs and further extend its scope to include those related to economic development (e.g. inequalities, economic growth, decent jobs, industrialisation and energy) and an institutional framework required for peace and justice. The SDGs also expand and clarify the goals related to environmental sustainability, which includes climate change, cities and human settlements, ocean and marine resources and sustainable consumption and production patterns. The proposed SDGs was adopted by the 68th session of the UN General Assembly as “the basis for integrating sustainable development goals into the post-2015 development agenda” in the intergovernmental negotiations on the post-2015 development agenda (United Nations, 2014e).

The post-2015 development agenda will be universal, transformative and integrated

In December 2014, just a month before the start of the intergovernmental negotiations, the UN Secretary-General Ban Ki-moon released his Synthesis Report on the Post-2015 Agenda as a substantive input to the above-mentioned intergovernmental negotiations.

The Synthesis Report provides his own summary of the discussions on the post-2015 development agenda and demonstrates what may be the overarching principles of the post-2015 development agenda, namely the agenda should be: 1) universal; 2) transformative; 3) and integrated across the three dimensions of sustainable development.

Universal agenda means that they are applicable to all countries, not only to developing countries, as was the case with the MDGs. The universality also implies that all stakeholders, not only the governments, should be involved in such a way that we achieve the SDGs relying on a “shared responsibility for a shared future”.

Transformative agenda means that it should transform our economies, environment and society in a way that will make “our patterns of growth more inclusive, sustained and sustainable” (paragraph 54, United Nations, 2014b). The concept of a transformative agenda was first elaborated by the High-Level Panel of Eminent Persons (HLPE) on the post-2015 development agenda, which was been convened by the UN Secretary-General in 2012. The HLPE’s final report recommends that the post-2015 development agenda should be driven by five major transformative shifts, including in the way we incorporate environmental and climate change concerns into social and economic development (United Nations, 2013a). Many of the illustrative goals and targets presented in the report have been incorporated in the open working group’s proposal on the SDGs.

A major implication of a transformative agenda is that in addition to meeting the quantitative targets within a given time frame – as was the case with the MDGs – the process of implementing the agenda should also reinforce sustainability in all three dimensions.

Finally, the agenda should be integrated. On this point the synthesis report stipulates that: “Sustainable development must be an integrated agenda for economic, environmental and social solutions. [...] This integration provides the basis for economic models that benefit people and the environment; for environmental solutions that contribute to progress; for social approaches that add to economic dynamism and allow for the preservation and sustainable use of the environmental common; and for reinforcing human rights, equality, and sustainability” (paragraph 82, United Nations, 2014b).

The emphasis on the interlinkages between social, economic and environmental aspects of development may have resulted directly from the difficult experiences many LDCs had in their efforts to attain the MDGs. The difficulty stemmed from the fact that the MDG framework, while effectively addressing what should be achieved as mostly social development goals, did not indicate how they could be achieved.

During the MDG implementation phase, it became clear that pursuing social development goals requires addressing the root cause of the problems, which was found in most cases in the underlying fragility of countries' economy. Poor economic performance constrained countries' resource bases required for eliminating poverty or promoting health and education. Continuing undernourishment, poor health and low educational attainment prevented many households and workers in LDCs from improving their productive capacity, hence prolonged their poor economic performance. Few LDCs managed to escape this vicious circle in the MDG years (UNCTAD, 2014).

With a view to integrating goals, targets and the means of implementation into one cohesive and integrated whole, the UN Secretary-General's Synthesis Report suggests that the 17 SDGs be framed into six essential elements comprising: 1) dignity, to end poverty and fight inequality; 2) people, to ensure healthy lives, knowledge and the inclusion of women and children; 3) prosperity, to grow a strong, inclusive and transformative economy; 4) planet, to protect our ecosystems for all societies and our children; 5) justice, to promote safe and peaceful societies and strong institutions; and 6) partnership, to catalyse global solidarity for sustainable development. (see Figure 9.1).

Figure 9.1 Six essential elements of the SDGs



Source: The UN Secretary-General's Synthesis Report (2014)

How trade is treated in the SDGs ?

Increasing synergies across different goals may also be achieved by clustering targets under different goals according to a common issue that different target address, that are closely related to international trade.

International trade can significantly increase a country's income-generating capacity. As such, trade has been treated as an engine for economic growth and development in the global partnerships, including the previous FfD Conferences in Monterrey (2002) and in Doha (2008). With respect to the SDGs, the Rio+20 outcome reaffirmed that trade was one of essential means of implementation of a sustainable development strategy (paragraph 281, United Nations, 2012).

BOX 9.2.1 Trade-related targets and how they relate to the WTO provisions

- Goal 2.** End hunger, achieve food security and improved nutrition, and promote sustainable 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 10.** Reduce inequality within and among countries
- 10.b:** Implement the principle of special and differential treatment (SDT) of developing countries, in particular least developed countries, in accordance with WTO agreement
- Goal 14.** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 14.6:** 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 WTO fisheries subsidies negotiations (taking into account ongoing WTO negotiations and WTO Doha Development Agenda and Hong Kong Ministerial Mandate)
- Goal 17.** Strengthen the means of implementation and revitalise 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 (DDA)
- 17.12:** Realise timely implementation of duty-free, quota-free (DFQF) 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

Source: United Nations (2014d).

There are about 20 targets in different SDGs that are related to international trade (see Box 9.2). These trade-related targets can be classified into two groups: one that addresses an institutional framework, i.e. the multilateral trade rules under the World Trade Organization and one that is related to trade in its functional form, i.e. importing and exporting goods and services.

Box 9.2.2 lists only selected targets (the list is non-exhaustive) which include those targets that are interlinked with a country's capacity to increase gains from trade. The outcome of these trade-related targets will positively influence a country's supply capacity and the competitiveness of its goods and services in the international market.

BOX 9.2.2 Targets related to the functional nature of trade (non-exhaustive)

- 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 in economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors
 - 8.3:** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services
 - 8.9:** Devise and implement policies by 2030 to promote sustainable tourism which creates jobs, promotes local culture and products
 - 8.a:** Increase aid-for-trade support for developing countries, particularly LDCs, including through the Enhanced Integrated Framework for LDCs
- Goal 9.** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
- 9.1:** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all
 - 9.3:** Increase the access of small-scale industrial and other enterprises, particularly in developing countries, to financial services, including affordable credit, and foster their integration into value chains and markets
 - 9.b:** Support domestic technology development, research and innovation in developing countries, including by ensuring a policy environment conducive to, among other things, industrial diversification and value addition to commodities
- Goal 10.** Reduce inequality within and among countries
- 10.c:** By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%
- Goal 14.** Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- 14.7:** By 2030, increase the economic benefits to SIDS and LDCs of the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism
- Goal 15.** Protect, restore and promote the sustainable use of terrestrial ecosystems [...] and halt biodiversity loss
- 15.7:** Take urgent action to end the poaching and trafficking of protected species of flora and fauna and address both the demand and supply of illegal wildlife products
 - 15.c:** Enhance global support of efforts to combat the poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities
- Goal 17.** Strengthen the means of implementation and revitalise the global partnership for sustainable development
- 17.11:** Significantly increase the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020

Source: United Nations (2014d).

TRADE AS A MEANS OF IMPLEMENTING SUSTAINABLE DEVELOPMENT GOALS

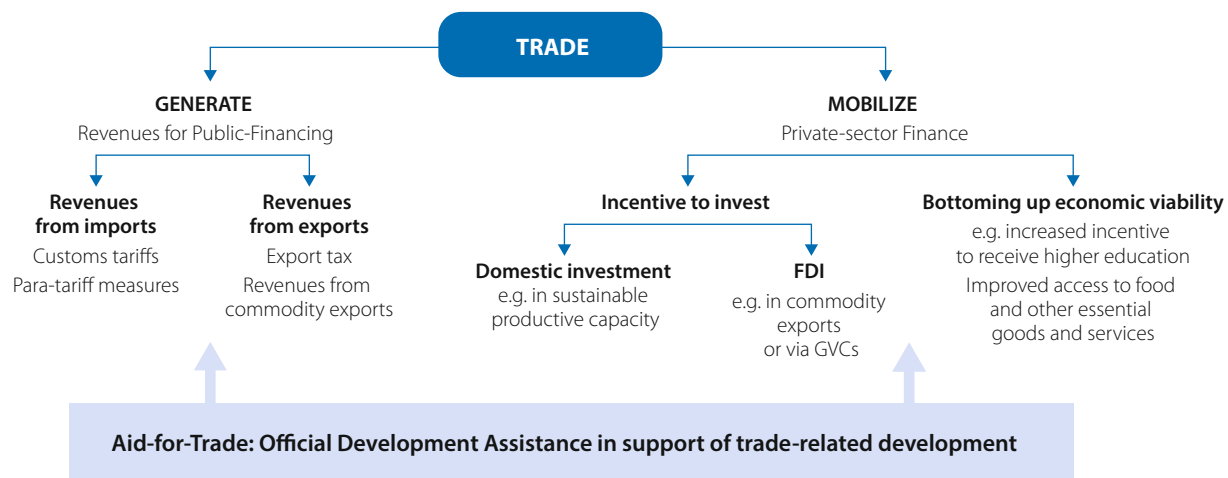
As seen in the previous section, the SDG framework as it stands today treats international trade as a means to achieving inclusive and sustainable development in the coming decades. Trade is considered one of the non-financial means of implementation because of the positive impact that trade-related actions can generate upon a country’s socioeconomic developmental capacity (UNCTAD, 2014e).

The SDG framework also suggests certain actions to be taken by the global partnership with a view to enhancing the development-enabling power of trade. These are presented as targets under goal 17 (i.e. targets 17.10-17.12). The upcoming conference on FfD in Addis Ababa in July 2015 may further detail what the international community can do to help developing countries make the best use of international trade in their efforts to achieve SDGs (UN, 2015).

This section maps out two specific channels – public and private financing – through which importing and exporting of goods and services can generate or mobilise financial resources and non-financial economic dynamism.

International trade could be the single most important external source of development financing, particularly to small developing countries and LDCs. On average, the value of these countries’ total trade (i.e. imports plus exports) amounted to 60% of their GDP in the years 2008-12, having increased significantly from an average 27% of GDP in the years 1986–90. This increase in the trade-to-GDP ratio occurred against GDP growth of around 7% during the period 2000–11, compared to 3% for developing countries as a whole (see the World Bank, World Development Indicator and UNCTAD Globestat).

Figure 9.2 Trade - Financing paths



Source: UNCTAD

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