

UN SYSTEM TASK TEAM ON THE **POST-2015 UN DEVELOPMENT AGENDA**



Trade in the global partnership for development beyond 2015

Thematic Think Piece

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The views expressed in this paper are those of the signing agencies and do not necessarily reflect the views of the United Nations.

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Following on the outcome of the 2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals, the United Nations Secretary-General established the UN System Task Team in September 2011 to support UN system-wide preparations for the post-2015 UN development agenda, in consultation with all stakeholders. The Task Team is led by the Department of Economic and Social Affairs and the United Nations Development Programme and brings together senior experts from over 60 UN entities and international organizations to provide system-wide support to the post-2015 consultation process, including analytical input, expertise and outreach.

Trade in the global partnership for development beyond 2015

The ultimate objective of the Global Partnership for Development is to "ensure that globalization becomes a positive force for all the world's peoples of present and future generations". A central question in this regard is how to maximize globalization's contribution to sustainable and inclusive economic growth. Trade can serve as an engine of growth, development and job creation, but many developing countries need increased productive capacity in order to take advantage of open global markets. While trade liberalisation is a means towards economic development, not an end in itself, we must ensure that the trading system and related policy frameworks at the national, regional and international level support growth that is both sustained and sustainable, and lead to the equitable integration of developing countries into the world economy.

Doha Round – and beyond

The past decade has seen many changes in international trade. A number of developing countries have emerged as key players in the global economy, successfully using participation in the liberalised multilateral trading system to generate growth, employment, and poverty reduction. But many developing countries, particularly the smaller, poorer, and more vulnerable ones, have been unable to do the same, stymied by a lack of productive and export capacity and, in some sectors, distorted markets and complex non-tariff barriers. Some have even seen a re-emergence of commodity dependence.

The nature of production and trade has also changed. Global trade is increasingly reflective of the 'made in the world' concept as far as goods and services are concerned. There is an increased awareness and endeavour to integrate into local, regional and global value chains, in both industrial and agriculture products. Multi-country production chains offer developing countries a way of breaking into world markets without having to produce sophisticated final products – but to attract investment, countries need basic supply, technical, infrastructural and logistical capacity.

The governance of trade, too, has become more complex. Multilateral trade negotiations are now accompanied by a proliferation of regional/bilateral free trade agreements. Some developing countries are focusing increasingly on South-South trade. Newer challenges such as the impact of exchange rate movements, and the linkages between trade and environmental protection, food security, and human rights, have only served to add further wrinkles to the global trading canvas.

Though the Doha Round of multilateral trade negotiations is in a difficult phase, there is little doubt that a successful conclusion would make an important contribution in helping developing countries increase their share in international trade. A Doha accord would help address certain distortions in international trade such as agricultural subsidies, tariff peaks and tariff escalation. Fisheries subsidy reform would yield large environmental dividends. Progress on the Round could also see governments making more comprehensive offers in environmental goods and services (EGS), a potential 'win-win-win' for social, economic and environmental goals, since trade liberalization can bring new opportunities to developing countries and facilitate access to cutting-edge EGS and green technologies at lower cost. Greater market opening in Services would facilitate more inter-regional mobility for workers, a key factor in contributing to labour market efficiency (and a valuable source of remittance income). A carefully designed conclusion of the Round would represent a step forward for global partnership on development, enhancing coherence among trade, financial and environmental issues and strengthening the effectiveness of the open, rules-based multilateral trading system in addressing specific development challenges.

The stalemate in the Round has coincided with a global economic slowdown, a time when it is more imperative than ever to lock in reforms that would prevent a rise in protectionist measures. Governments, therefore, need to find the political will in a spirit of global partnership to bring the negotiations to a successful conclusion.

Integration and further economic development of Least-Developed Countries (LDCs), Landlocked Developing Countries (LLDCs) and Small Island Developing States (SIDS)

The international community has long recognized the need to pay special attention to the interests and concerns of LDCs, LLDCs and SIDS. This commitment was reiterated in 2011 during the Fourth UN Conference on LDCs and the Eighth WTO Ministerial Conference. For the LDCs, the Istanbul Programme of Action emphasized the linkages between trade, development, eradicating poverty, inclusive economic growth, promoting human rights and the sustainable use of natural resources.

A fundamental challenge for LDCs is the need to increase the incomes of large swathes of the population to enable people to lead lives that are freer from fundamental deprivation. The small size of domestic markets means that external demand can play a crucial role here – provided the country has the productive capacity needed to export. And in order to avoid mistakes made elsewhere, LDCs need to mainstream sustainability in their building of productive capacity. LDCs would benefit from the elimination of agricultural export subsidies and fisheries subsidies that harm livelihoods and food security. Significant progress has been made by practically all developed and some developing countries on duty-free quota-free (DFQF) market access for LDCs. Global efforts need to continue on fully implementing DFQF market access on a lasting basis, together with simpler rules of origin requirements and progress on other non-tariff measures. At the WTO, the LDC services waiver and the decision to facilitate LDC accession are positive steps that have been taken by WTO members in favour of LDCs and need to be implemented fully.

For LLDCs in particular, the continuing trade facilitation talks and their possible early implementation would do much to help reduce some of the transit-related trade barriers and costly border delays that affect their exports. As for SIDS, a stronger focus is needed to tackle market access issues, constraints due to their small market size and production capacities, and certain non-tariff measures affecting their exports. The Aid for Trade initiative and

similar instruments are potential avenues for the financing needed to remedy shortages of supply side capacity and trade related infrastructure, while promoting economic diversification and increased value-addition.

The Aid for Trade Initiative

The WTO led Aid for Trade (AFT) initiative is an inter-agency effort which seeks to put a global spotlight on the trade-related financial and technical assistance provided to developing countries. Such funds help build trade-related infrastructure and address supply-side constraints, which prevent many developing countries from making more use of trade as a tool for sustainable economic development.

Alongside direct support to increasing productive capacity, AFT seeks to bolster recipient countries' ability to participate in international trade, by tackling trade-related bottlenecks, improving national and regional infrastructure, and helping producers meet national and international standards, including for agricultural products.

AFT encourages regional integration, and helps countries integrate into private-sector value chains at the local, national, regional and global levels, a key focus of the fourth global review of AFT to be held in July 2013. More attention is now being paid to the interface between AFT and sustainable development policy imperatives such as climate change adaptation and their integration into overall development strategies.

Given the many stakeholders in AFT, including donors, partners, inter-regional development banks and international agencies, the initiative today is seen as one of the key examples of global partnerships for development at work; a partnership that has helped increase global AFT commitments from almost US\$27 billion in 2005, when the initiative was launched, to US\$45 billion in 2010 -- an increase of 66%.

Coherence between multilateral trade, finance, environmental and human rights frameworks

The recognition that trade policy needs to be formulated as part of a broader public policy environment is now well established. Today, international organizations, including the Bretton Woods institutions, the WTO, and various UN organizations and specialized agencies, work together in a global effort to achieve greater coherence towards helping countries in their quest for sustainable development. In keeping with the UN's General Assembly resolution, coherence in policy formulation is also being sought between the international rules and policies underpinning human rights standards, the trading system and environmental protection efforts. The DDA's mandate to clarify the relationship between the legal framework of the WTO and measures taken in pursuance of MEAs, calls for increased cooperation and information exchange between the WTO and other international organisations that deal with environment-related matters.

The coherence between the multilateral trading regime and the protection and promotion of global environmental, social and economic goals has been reinforced with the "green economy" concept. The Rio+20 outcome document – The Future We Want – has highlighted the role of international trade as a vehicle for facilitating sustainable economic growth and promoting the voluntary transition to a green economy. In this connection, green economy policies, and in particular investments in green economy-related sectors, represent a means to comprehensively achieve economic, social and environmental objectives in an effective manner.

Intellectual Property Rights and Technology Transfer

The Agreement on Trade-Related Intellectual Property Rights (TRIPS) stipulates that the objective of intellectual property right (IPR) protection should be to both promote innovation and facilitate the diffusion of technology, balancing legitimate interests in a socially beneficial manner. TRIPS also recognizes that appropriate measures may be needed to prevent the abuse of IPRs by right holders, or to counteract practices which unreasonably restrain trade or adversely affect the international transfer of technology. TRIPS also

obliges developed countries to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to LDC Members, thereby enabling those countries to create a sound and viable technological base. In 2002, a mechanism was established for ensuring the monitoring and full implementation of the obligations and in 2005 LDCs were exempted from applying the provisions of TRIPS until July 2013. The extension of this period is to be considered.

Technology transfer remains a priority for many developing countries, and especially for LDCs, as highlighted in the Istanbul Declaration and Programme of Action. The Rio+20 Outcome Document has also stressed the importance of facilitating in particular the transfer of environmentally sound technologies to developing countries and LDCs. The relationship between trade and technology transfer has been a focus of work and research done by international organizations, as well as by private sector and academic institutions. Some of the issues raised in this connection concern the importance of host country market conditions and the enabling environment, including the protection of IPRs, in the process of technology transfer. Other issues relate more specifically to how intellectual property rules, particularly those in the TRIPS Agreement, have affected technology transfer.

In the context of human rights and intellectual property, several concerns have been raised, including about IPRs and traditional knowledge and IPRs and access to medicines and other medical technologies. In 2001, WTO adopted the Doha Declaration on the TRIPS Agreement and Public Health, which recognized that policy measures could be used to protect public health. It also exempted LDCs from applying TRIPS obligations relevant to pharmaceutical products up to January 2016.

TRIPS already allow considerable flexibility in the use of compulsory licences and other forms of exceptions and limitations. These provide a broad policy space for mechanisms to leverage improved access to and transfer of green technologies, while also providing incentives to absorb the risks of innovation. However, it is important for domestic policymakers and legislators to note that this “balance” between the rights of innovators and users permitted under TRIPS has to be achieved through their own national laws, regulations and administrative measures within the policy space defined by TRIPS.

UN System Task Team on the Post-2015 UN Development Agenda

Membership

Department of Economic and Social Affairs (DESA), Co-Chair

United Nations Development Programme (UNDP), Co-Chair

Convention on Biological Diversity (CBD)

Department of Public Information (DPI)

Economic Commission for Africa (ECA)

Economic Commission for Europe (ECE)

Economic Commission for Latin America and the Caribbean (ECLAC)

Economic and Social Commission for Asia and the Pacific (ESCAP)

Economic and Social Commission for Western Asia (ESCWA)

Executive Office of the Secretary-General (EOSG)

Food and Agricultural Organization of the United Nations (FAO)

Global Environment Facility (GEF)

International Atomic Energy Agency (IAEA)

International Civil Aviation Organization (ICAO)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Monetary Fund (IMF)

International Organization for Migration (IOM)

International Telecommunication Union (ITU)

Joint United Nations Programme on HIV/AIDS (UNAIDS)

Non-Governmental Liaison Service (NGLS)

Office of the Deputy Secretary-General (ODSG)

Office of the High Commission for Human Rights (OHCHR)

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS)

Office of the Special Advisor on Africa (OSAA)

Peace building Support Office (PBSO)

United Nations Children's Fund (UNICEF)

United Nations Conference on Trade and Development (UNCTAD)

United Nations Convention to Combat Desertification (UNCCD)
United Nations Educational, Scientific and Cultural Organization (UNESCO)
United Nations Entity for Gender Equality and Empowerment of Women (UN Women)
United Nations Environment Programme (UNEP)
United Nations Framework Convention on Climate Change (UNFCCC)
United Nations Fund for International Partnerships (UNFIP)
United Nations Global Compact Office
United Nations High Commissioner for Refugees (UNHCR)
United Nations Human Settlements Programme (UN-HABITAT)
United Nations Industrial Development Organization (UNIDO)
United Nations International Strategy for Disaster Reduction (UNISDR)
United Nations Institute for Training and Research (UNITAR)
United Nations Millennium Campaign
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United Nations Office on Drugs and Crime (UNODC)
United Nations Population Fund (UNFPA)
United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)
United Nations Research Institute for Social Development (UNRISD)
United Nations System Chief Executives Board for Coordination Secretariat (CEB)
United Nations University (UNU)
United Nations Volunteers (UNV)
United Nations World Tourism Organization (UNWTO)
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World Intellectual Property Organization (WIPO)
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