Global Partnership

Expert's report

ФОРУМ
ПО УСТОЙЧИВОМУ
РАЗВИТИЮ

GLOBAL COOPERATION TO ENHANCE MULTILATERAL TRADE

Goal 17 seeks to strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda, bringing together national governments, the international community, civil society, the private sector and others. Despite advances in certain areas, more needs to be done to accelerate progress. All stakeholders will have to refocus and intensify their efforts on areas where progress has been slow.

The SDG goals can only be realized with a strong commitment to global partnership and cooperation. The world today is more interconnected than ever before. Improving access to technology and knowledge is an important way to share ideas and foster innovation. Coordinating policies to help developing countries manage their debt, as well as promoting investment for the least developed, is vital to achieve sustainable growth and development.

SDG 17 recognizes trade as a means of implementation for the 2030 Agenda. Promoting international trade, and helping developing countries increase their exports, is all part of achieving a universal rules-based and equitable trading system that is fair and open, and benefits all. The targets under this goal call for: countries to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system; the increase of developing countries' exports and doubling the share of exports of least-developed countries (LDCs); and the implementation of duty-free and quota-free market access for LDCs with transparent and simple rules of origin for exported goods. The WTO is the key channel for delivering these goals.

A government determines tariff rates on different products according to product-specific or sector-specific policy objectives, or depending on the need for tariff revenues. For example, products that exhibit low demand elasticity may be selected for higher tariff rates with a view to ensuring steady tariff revenue. Tariff rates for certain goods may be reduced or eliminated to increase consumer surplus. Tariff rates for sensitive sectors may be set high to protect the producers in those sectors from foreign competition. Tariff rates on intermediate goods may be set high or low, depending on the country's industrial development policy. A government with significant market power may also look for gains in the commodity terms of trade to achieve the optimal tariff level at which a country's welfare is maximized (Humphrey, 1987). In most cases, tariff rates are set with a view to maximizing a weighted average of all the above-mentioned domestic interests and concerns (Amador and Bagwell, 2012). For this reason, the Inter-agency Expert Group on Sustainable Development Goal Indicators (IAEG-SDG) has selected a worldwide weighted tariff average as the appropriate indicator to measure progress towards this target (United Nations, 2016).

The situation in which each country unilaterally optimizes tariffs carries an inherent risk of "trade wars", where countries retaliate against tariff barriers in their trading partners by raising their own tariffs. In 1947, the major economies involved in international trade signed the General Agreement on Tariffs and Trade (GATT). With GATT, countries entered into reciprocal and mutually advantageous arrangements aimed at the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce.

Article 1 of the Uruguay Round Agreement, known as GATT-94 (GATT, 1994), which incorporates the provisions of the original GATT, GATT-47, stipulates that members set their tariffs on a most-favoured-nation (MFN) basis in such a way that any advantage, favour, privilege or immunity granted to any product originated in and destined for other countries becomes immediately and unconditionally applicable to all contracting parties. The conclusion of the GATT-94 multilateral trade negotiations led to the creation the World Trade Organization (WTO) with a clear mandate to develop an integrated, more viable and durable multilateral trading system encompassing GATT, other Uruguay Round agreements and past trade liberalization efforts. Under the Uruguay Round agreements, the WTO members set a maximum limit for tariffs levied on all agricultural goods and the majority of non-agricultural goods.

Stagnation in global trade since 2011 has been accompanied by a break in the expansion of world market shares among developing regions and LDCs. Among developing regions, the share of global merchandise exports declined for two consecutive years: from 45.4 per cent in 2014 to 44.2 per cent in 2016, a sharp contrast to an average annual increase of 1.2 percentage points between 2001 and 2012. Among LDCs, the share of global merchandise exports decreased from 1.1 per cent in 2013 to 0.9 per cent in 2016, compared to a rise from 0.6 per cent to 1.1 per cent between 2000 and 2013. A similar trend was seen for service exports: the LDC share of such exports stood at 0.74 per cent in 2016, a slight drop from the 2013 level. Much of the decline in their share of global exports can be attributed to a drop in commodity prices, since exports from many LDCs are concentrated in primary commodities such as minerals, ores and fuels.

For all groups of countries, tariffs on imports levied under preferential trade agreements, which include bilateral and regional free-trade agreements, have been declining over time. In 2016, the tradeweighted average preferential tariff rate applied to imports from LDCs was 7.9 per cent, a 2 percentage-point drop from 2005. For developing regions, the average preferential tariff rate in 2016 was 3.9 per cent, a drop of 1.2 percentage points over the same period. Most favoured nation tariff rates, which member countries of the World Trade Organization apply to one another unless they are part of a preferential trade agreement, have also declined for all groups of countries.

Trade growth enhances a country's income-generating capacity, which is one of the essential prerequisites for achieving sustainable development. An increase in imports at competitive prices can improve consumer surplus and the prospective competitiveness of domestic producers that use imported intermediates. An increase in exports enhances the country's income growth, at least at the aggregate level. Market access conditions, both foreign market access for a country's exports and domestic market access for imports, are thus an important determinant of the effectiveness of trade as a means of implementation.

Web-sites:

http://www.worldbank.org

https://www.globalgoals.org

https://www.un.org/sustainabledevelopment/

https://sdg-tracker.org/global-partnerships

https://www.wto.org

https://unctad.org

http://effectivecooperation.org

http://www.data4sdgs.org

https://sustainabledevelopment.un.org

https://www.un.org/development/desa/publications/the-sustainable-development-goals-report-2018.html

https://unstats.un.org/sdgs/

https://unstats.un.org/sdgs/files/report/2018/TheSustainableDevelopmentGoalsReport2018-EN.pdf

http://www.worldbank.org