

Chapter 3

The Imperatives of More Effectively Leveraging Trade and Advancing the Sustainable Development Goals in Small States

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3.1 Introduction

The international community adopted the Sustainable Development Goals (SDGs) as a key component of the 2030 Agenda. The 17 goals linked to 169 targets, progress on which will be measured against as many as 304 proposed indicators, provide a global framework of actions over the next 15 years to tackle critical socioeconomic and environmental challenges. The increased number of goals and targets reflects the level of ambition of the SDGs compared with the Millennium Development Goals (MDGs), which had 8 goals, 21 targets and 60 indicators. Building on the initiative implemented during 2000–2015, the new focal point for action by the international community seeks not only to finish what the MDGs started but also to go beyond, including by identifying the ‘means of implementation’.

However, the translation of the SDGs into an implementation agenda remains subject to continued debate. While the goals have been mandated by Heads of State, they must be implemented within a somewhat piecemeal international architecture. There is continued reliance on the multilateral trading system as a means of implementation. Under these tools for meeting the targets, international trade has been given an unprecedented role, with direct and cross-cutting references to deliver on the global agenda—representing a heartening effort to mainstream trade into a comprehensive development strategy. However, experience to date, including the continued failure to reach agreement on the Doha Development Round of negotiations, suggests that challenges lie ahead.

In addition to these political economy issues, the SDGs were adopted just at the time when the global economy began to experience a profound structural shift. An unprecedented trade slowdown has marked the recovery period since the global financial crisis of 2008. In 2016, global trade expanded by 1.9 per cent, down from 2.4 per cent growth in the previous year (IMF, 2017). In fact, the growth of trade volume for five years in a row has been much lower than the comparable annual average growth of about 6 per cent during 1980–2007. This unfavourable turn of events stands in contrast with the buoyancy of global trade apparent when the MDGs were adopted, in 2000. Even with a favourable global trading landscape, small states² were in any case unable to fully achieve the aspirations of the MDGs (World Bank, 2013).

The absolute value of exports of goods and services actually contracted by US\$2.8 trillion in 2015, with at least 121 countries reporting a decline in export earnings in that year. When the MDGs were adopted in 2000, exports of goods and services had expanded by \$814 billion. This trade slowdown has also adversely impacted small states, with a contraction of goods and services exports of \$67 billion in 2015.³ However, services have been outperforming trade in goods; the contraction in small states is explained by the goods exports contraction of \$79 billion. The projections for 2012–2021 unfortunately also present a somewhat sanguine outlook and perspective. If projections turn out to be correct, this could be the slowest period of trade expansion since the second world war. This lost decade of gains from trade potentially poses an even bigger loss to small states. This is because of the amplified effect of trade on their growth and development, their small size and their greater reliance on external trade as a result of limited domestic markets.

Subdued economic growth in the Eurozone, China's rebalancing of economic activities away from investment towards consumption and services and faltering economic performance of several advanced developing countries, among other factors, will continue to weigh in on the global trading system. Exacerbating this is the growing prevalence of protectionist measures and discontent about globalisation and trade liberalisation, which are causing heightened policy uncertainty and leaving small, poor and vulnerable countries most affected (Razzaque et al., 2017). That is, the global trade slowdown is being accompanied by systemic threats to the current global trade support architecture, which is worrying for small states as they depend most on the multilaterally agreed framework of rules to protect their trade interests.

Just as the global trading system is struggling, the UN agenda is striving for higher ambition. There is a much greater focus on the specific trade interests of small states within the SDG agenda. While the goals address many important issues that are common to developing countries, due consideration has been given to the special needs of small, vulnerable economies (SVEs), least developed countries (LDCs), small island developing states (SIDS) and landlocked developing countries (LLDCs). A much greater degree of differentiation among developing countries is apparent within the SDGs than there was in the MDGs.

Formidable challenges lie ahead. Although the level of ambition is admirable, there are gaps in relation to the means of implementation. The size of small states gives them high economic exposure with a narrow resource and export base, and their remoteness and isolation from centres of commercial activity poses challenges to integrating into global value chains (GVCs). These characteristics make them unique in the sense that the difficulties they face in the pursuit of sustainable development are particularly severe and complex. The SDGs do not adequately address the economic disadvantages small states face in terms of, for example, trade costs and connectivity, because of a narrower focus on trade in goods as opposed to services trade. This chapter takes stock of the global trading environment in relation to small states, and how the SDGs address their needs and their shortcomings.

3.2 Small states' recent trade performance

When the MDGs were adopted in 2000, it is fair to say global economic conditions were more conducive to their achievement over the implementation period. Generally, the period from 2000 to 2007 was a time of economic growth and macroeconomic stability, which allowed governments the fiscal and policy space to enable progress. It was even posited as the era that ended 'boom and bust', referred to as the 'Great Moderation'. Most commentators were therefore caught severely off guard after 2007.

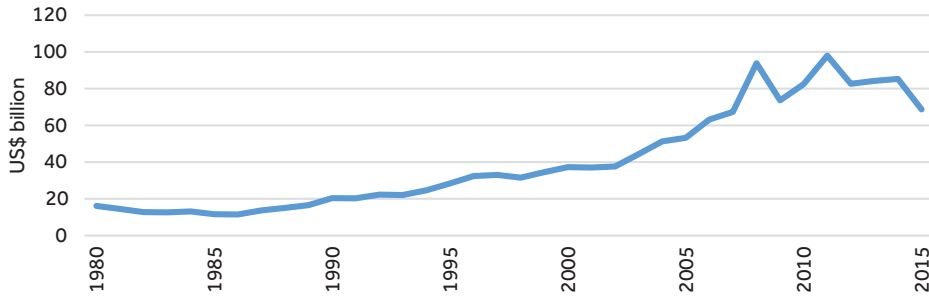
Although 2000–2007 was buoyant in relation to global trade, it is important to note that the mechanisms and frameworks that underpinned this trade and growth expansion were laid down far earlier (e.g. as countries become more closely integrated within the global trading system and membership of the World Trade Organization (WTO) expanded). Generally, developed and developing countries were experiencing increases in investment and foreign direct investment (FDI), structural changes, rising commodity prices and increasing stocks of foreign reserves. This enabled strengthened links between developed and developing countries through trade, FDI, remittances and official development assistance (ODA) (UN, 2016). Global exports volume expanded by on average 7.3 per cent between 2000 and 2007, and gross domestic product (GDP) by 4.5 per cent. Emerging market and developing economies, for example the BRICS,⁴ showed stellar export volume growth of 10.4 per cent over this period, while advanced economies showed 6.2 per cent (IMF, 2017).

Commonwealth small states did not experience the same trade boom as other countries. While other countries experienced nearly double the trade growth compared with output growth, the goods and services export volume of Commonwealth small states grew at 3.7 per cent, compared with GDP growth of 3.2 per cent. These countries experienced a double whammy of lower GDP and lower export growth, which resulted in them not achieving their MDGs to a satisfactory level (UN, 2015). Therefore, even with a favourable global trading landscape, small states found it difficult to keep pace with other developing countries.

It is clear that the global trading landscape of the SDG implementation period is profoundly different to that under the MDGs. While global exports of goods and services (value terms, current US\$) suffered a major setback in 2009, with a decline of 20 per cent, and in 2015, with a decline of 12 per cent, Commonwealth small states suffered a greater decline in relative terms. Their exports took a hit in 2009, 2012 and 2015, with 22, 16 and 19 per cent declines, respectively. In 2015, goods and services exports from these countries contracted by US\$16.6 billion from \$85.3 billion in 2014 (Figure 3.1). These trends reflect the fact, even when economic conditions are favourable, small states struggle to keep pace with the rest of the world; when things take a turn for the worse, they are disproportionately affected.

Out of the 19 small states for which both volume and value data are available in 2015, 9 experienced a simultaneous increase in volume and decline in the value of exports.⁵ This can be explained by changes in export prices of goods and services, and changes in exchange rates between the US dollar and individual countries (WTO, 2015). For 2016 and 2017, world export volume is estimated to grow 2.2 and 3.5 per

Figure 3.1 Commonwealth small states' exports of goods and services (US\$ billion)



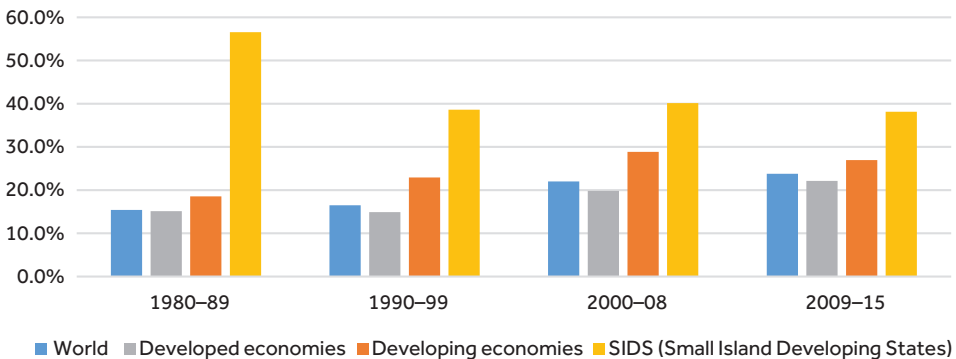
Source: UNCTADstat

cent, respectively; for Commonwealth small states the estimates are lower, at 2.1 and 3.1 per cent.

Figure 3.2 shows that SIDS (a subset of small states) have greater import shares than other country groups, but it also reveals that trade orientation for this group has been slowing down. Even in terms of overall growth prospects, Commonwealth small states do not seem to be faring any better, given that they are estimated to grow at 2.4 and 2.9 per cent in 2016 and 2017, compared with global GDP growth of 3.1 and 3.4 per cent (IMF, 2017).

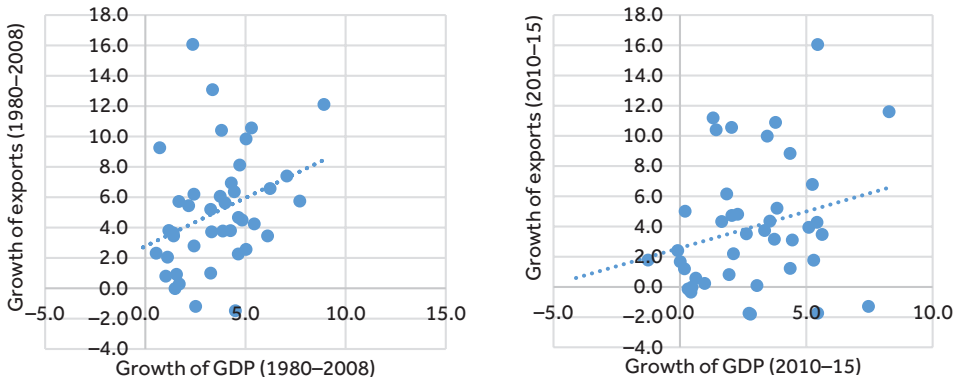
International trade has traditionally been regarded as a driver of economic growth. However, the positive association between growth in trade and GDP has weakened in recent times. The World Bank has estimated that, during the mid-1980s–2000, a 1 per cent increase in global GDP was associated with a more than 2 per cent increase in the volume of trade. However, since the 2000s, this relationship has fallen to just 1.3 per cent (World Bank, 2015). A scatterplot between growth of exports and GDP for small states shows that the trade–growth relationship has indeed weakened in the post-crisis period (Figure 3.3).

Figure 3.2 Imports as a share of GDP by country groups



Source: Calculations using data from UNCTADstat

Figure 3.3 Association between exports of goods and services and GDP growth for small states

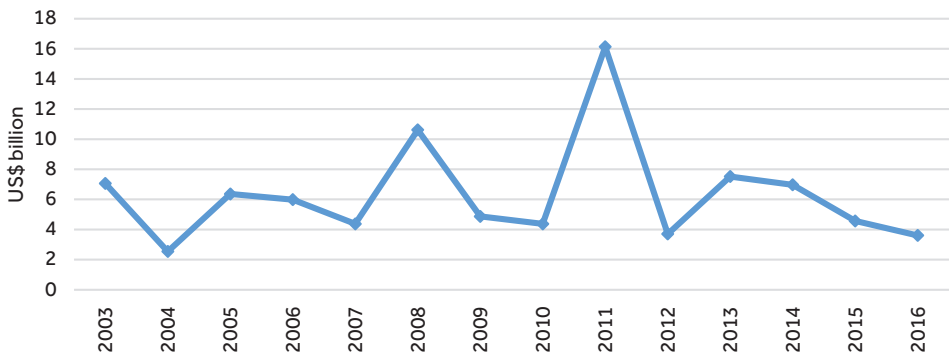


Note: Data for Equatorial Guinea and Nauru are not available
Source: Calculations using data from IMF World Economic Outlook database, October 2016

One component of investment, greenfield FDI, which is vital for promoting economic development, infrastructure and creating jobs in developing countries, has been sporadically inflowing into Commonwealth small states since 2003. Mirroring the trade slowdown, greenfield FDI into these countries has been consistently declining since 2013 (Figure 3.4).

Adding to the global trade slowdown are heightened policy uncertainty and rising protectionist sentiments in advanced countries. Uncertainty has a dampening effect on investment, especially in developing and small economies that are dependent on capital accumulation and productivity increases for future growth (Constantinescu et al., 2017). Trade restrictive measures also reached a post-crisis high in 2016 (Vickers, 2017). Many of these measures have been put in place by G20 countries and directly affect the exports of LDCs and small states: 2,581 affect small states⁶ and 933 affect LDCs.⁷

Figure 3.4 Greenfield FDI erratic and steadily declining for Commonwealth small states since 2013



Source: Calculations using data from fDi Markets, Financial Times

Given these unfolding global trade developments, trade multilateralism undeniably has an imperative to protect the trade interests of small states, especially in light of the crucial role assigned to it by the 2030 Agenda. Small states need an enabling trading environment that supports their integration into the global trading system.

3.3 Reflection of small states' trade interests in the Sustainable Development Goals

SDG 17 aims to strengthen means of implementation and revitalise the global partnership for sustainable development. Under trade, the three targets are to promote the multilateral trading system under the WTO, double the LDCs' share of global exports by 2020 and realise timely implementation of duty-free and quota-free (DFQF) market access for LDCs. The specific SDG targets related to SIDS are shown in Table 3.1. However, while the SDGs considerably improve on the MDGs in view of the more specific reference to the trade and economic interests of SIDS, there remain a number of areas that have not been effectively integrated into the SDGs.

The upcoming 11th WTO Ministerial Conference (MC11) on 11–14 December 2017 in Buenos Aires, Argentina, represents an extremely timely platform to reaffirm and restore the centrality of trade multilateralism and promote greater trade-led development, especially for small states and LDCs. The 10th WTO Ministerial Conference in Nairobi was important in many respects for reinforcing confidence in the system's capacity to deliver for vulnerable groups of countries. With the Trade Facilitation Agreement (TFA) now entering into force, there will be a need to deliver technical assistance to small states as per its provisions. The Sixth Global Aid for Trade Review will be held in July 2017, prior to MC11; this will be an opportunity to discuss the technical and financial assistance needs of small states.

Implementation of a number of other important decisions agreed to in MC10 will also be important to consider—for example a special safeguard mechanism (SSM) for developing countries; public stock-holding for food security purposes; export competition; preferential rules of origin for LDCs; and implementation of preferential treatment in favour of services and service suppliers of LDCs. Various elements of the Nairobi package stand to positively impact small states. These include (i) recourse to an SSM as envisaged under the Hong Kong Ministerial Declaration; (ii) the immediate elimination of remaining scheduled export subsidies by developed countries; (iii) the elimination of export subsidy entitlements by developing countries by the end of 2018; and (iv) the continued benefit of the Agreement on Agriculture for developing countries until 2023. Implementation of these decisions along with the TFA will be critical in helping many developing countries, including small states, achieve the SDGs. The substantive gains for cotton-producing developing countries is reflected in the Ministerial Declaration on Cotton, with the granting of DFQF market access for cotton produced and exported by LDCs, but small states may not avail themselves of such preferential treatment (Preville, 2016).

Table 3.1 SDG targets of direct relevance to SIDS

Goal	SDG target
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
Goal 3: Ensure healthy lives and promote well-being for all	3.c Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing states
Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.b By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing states and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries
Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all	4.c By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing states
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing states and landlocked developing countries, in accordance with their respective programmes of support
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

(continued)

Table 3.1 SDG targets of direct relevance to SIDS (Continued)

Goal	SDG target
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
Goal 10. Reduce inequality within and among countries	9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing states 10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing states and landlocked developing countries, in accordance with their national plans and programmes
Goal 13. Take urgent action to combat climate change and its impacts	13.b Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing states, including focusing on women, youth and local and marginalized communities
Goal 14. Conserve and sustainably use oceans, seas and marine resources for sustainable development	14.7 By 2030, increase the economic benefits to small island developing states and least developed countries from the sustainable use of marine resources, including through sustainable management of fisheries, aquaculture and tourism 14.a Increase scientific knowledge, develop research capacity and transfer marine technology, taking into account the Intergovernmental Oceanographic Commission Criteria and Guidelines on the Transfer of Marine Technology, in order to improve ocean health and to enhance the contribution of marine biodiversity to the development of developing countries, in particular small island developing states and least developed countries
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	14.b Provide access for small-scale artisanal fishers to marine resources and markets 17.18 By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing states, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts

Source: United Nations, 2015

3.3.1 The differentiation issue

Currently, in the WTO, members are divided into developed and developing countries and LDCs. There are 12 small states that are also LDCs,⁸ therefore the special needs of a vast majority of small states are not recognised in the same way as those of the LDCs. Small states presently share the same playing field as major trading economies like China and India, but WTO recognises SVEs as a special group without creating an official sub-category. Following the Doha Ministerial Conference, there was a decision to establish a Work Programme for Small and Vulnerable Economies (WPSE), to frame their responses to trade-related issues for their fuller integration into the multilateral trading system. The WPSE enables this group to pursue special and differential treatment (S&DT) in the WTO. The SDGs have targets specific to SIDS, but these do not include all small states (Table 3.1). Small states consider the strengthening of S&DT as critical and central to the WTO-led multilateral trading system, as this gives them the necessary policy space, allowing them to ring-fence domestic policies that will help in addressing their development challenges.

Related to the issue of SDT is the discussion around Aid for Trade (AfT), which tends to treat developing countries as a homogenous group. This categorisation tends to neglect small states. Most firms in these countries are micro, small and medium-sized enterprises, which suffer high trading costs, leading to lack of competition and efficiency. Cali et al. (2011) found that, although SVEs received higher levels of AfT per capita than other developing countries, there was a need to improve effectiveness. They also found that one category of AfT—AfT facilitation—was likely to have significant cost-reducing effects. Further assessment of aid allocation in production capacity is important, while promoting sectors with dynamic comparative advantage to venture into non-traditional sectors and achieve export diversification with the help of AfT.

The Doha Development Agenda is yet to be completed, 16 years after it was introduced, with a number of issues in the original mandate still under negotiation. These include three pillars of agriculture—domestic support, market access and export competition—as well as issues related to non-agriculture market access, services, development, the Agreement on Trade-Related Aspects of Intellectual Property Rights and rules. Many of these are of major economic significance for small states, and issues like domestic support and market access in agriculture and fisheries subsidies are gathering momentum ahead of MC11.

3.3.2 Excluded trade interests

Trade in services represents 38.5 per cent of small states' GDP, a potential avenue of growth. The achievement of many SDGs relies on the proper dispensation of services: improving health and education, enhancing regional cooperation by boosting transport services and information and communication technology, etc. Reducing trade barriers in services will make firms in small states more competitive and allow consumers choice of a wider range of products to improve their welfare, ranging from food security to nutrition. The WTO's decision to allow members to grant preferential access to their services markets to LDCs through the services waiver is a step in the

right direction. This is certainly of huge interest to many small states. However, the SDGs and the TFA do not include enough services-related targets.

The continued proliferation of regional trade agreements may pose a threat to the multilateral trading system, which is the first best option for trade liberalisation for small states and provides a free and fair trading platform. These regional initiatives must be complementary to the multilateral process to ensure fairness. Small states' participation in trade is preconditioned by enhanced supply-side and productive capacities, and technical and financial assistance will be necessary for their effective participation.

Furthermore, small states are particularly vulnerable to climate change, and their export profiles tend to be concentrated in goods and services that are climate-sensitive, for example agriculture, fisheries and tourism services. The 22nd Conference of the Parties (COP22) UN Climate Change Conference in Marrakech, Morocco, saw 48 countries promising to drastically cut their carbon emissions and move towards the use of 100 per cent renewable energy. As countries make efforts towards mitigating and adapting to climate change and meeting targets such as those set out in COP22, there is likely to be conflict between meeting trade rules and climate goals. This puts small states in an unfamiliar territory of accounting for climate implications of their trade goals. Therefore, there is greater need for alignment, coherence and 'mutual supportiveness' between the multilateral trade and environmental regimes, and global partnerships in general, as SDG 17 envisages.

3.4 Overcoming distance and other trade barriers

The SDG framework does not adequately address important targets such as trade costs for goods and services, which disproportionately affect small states (Hoekman, 2016). Commonwealth small states suffer from the small size of their domestic markets in conjunction with long distances from the global centres of commercial activity. This can inflict severe economic disadvantage in terms of excessive trade costs to the current major hubs. With value chains spanning countries across the globe, trade costs become an important determinant of firms' ability to access markets and expand their market share. High trade costs reduce the returns these firms receive, and in some cases can discourage them from integrating and trading in world markets at all.

The UN Economic and Social Commission for Asia and the Pacific and World Bank provide a database that gives an overall indication of a country's degree of integration with world markets. The measure of trade costs derived from this database incorporates all factors that drive a wedge between factory gate prices in the exporting country and consumer prices in the importing country. It therefore includes trade frictions, tariffs and non-tariff measures (NTMs), regulatory measures, standards and institutional differences, as well as geographical and historical factors.

Shepherd et al. (2016) calculated the average trade costs for individual countries by aggregating bilateral data. This trade cost value was translated into an ad valorem equivalent, for example the amount payable if the product or service was taxed on the

basis of its value. The study found that for small states located in Sub-Saharan Africa, trade costs are about twice as high as in the comparator markets of the UK and the USA. In the case of the Caribbean, trade costs are between two and four times as high as in the comparator markets (Canada and the USA) in manufacturing, and between two and nearly six times as high in agriculture. These results reinforce the view that, despite being geographically relatively close to the major markets of the USA and Canada, in practice Caribbean countries remain isolated from international trade as a result of high overall trade costs. A similar trend emerges in the Pacific, where trade costs are in the order of two or three times those observed in Australia and New Zealand.

In order to see the integration of countries with GVCs, Shepherd et al. (2016) also calculated value-added in exports for their respective most important sectors and significant trading partners. No Caribbean or Pacific small state has its largest export flow with another Caribbean or Pacific country, respectively, even if measured across a decade. These results suggest limited changes in the structure of trade in value-added for the Caribbean and Pacific regions, which is an added reflection of high trade costs. This results in a systemic exclusion of these small states from GVCs and further economic developments like emerging mega-trading blocs and increasing dominance of fast-developing countries (Razzaque and Keane, 2016). Sturgeon et al. (2017) also find that remoteness is a significant barrier to GVC participation and to upgrading in GVCs.

While trade costs in goods for small states are already a concern, correspondingly, barriers to services trade for these countries also need to be addressed. Hoekman and Shepherd (2015) find that services productivity is a statistically significant determinant of the productivity of manufacturing firms. Similarly, Francois and Hoekman (2010) determined that there was a positive link between services sector productivity and economic growth and development. Lowering services trade costs is likely to have positive effects on economy-wide productivity. This is especially significant given the rising importance of digitisation in overall trade, which will benefit directly from lower services trade costs.

There is a severe data and information limitation on barriers to trade at the intra-regional level, particularly in the Caribbean and the Pacific. This problem is exacerbated with trade in services. Furthermore, trade costs often do not include NTMs that small states face when competing in export markets. NTMs affect a number of SDGs but they do not figure prominently in the 2030 Agenda.⁹

3.5 Policy options and way forward

Reinvigorating trade and supporting trade expansion for small states should be a key component of the global policy agenda to enable growth in such states and achievement of their sustainable development targets. The shifting global trade landscape and prevalent economic uncertainties present a range of alternatives and possibilities for their development. There are a number of ways in which they can be supported to increase their trade substantially with the rest of the world. In this

section, we focus on rejuvenation of global partnerships, increasing AfT for capacity development and reducing trade costs to enable the integration of small states in the world trading system.

First, with the adoption of the 2030 Agenda, there is a unique opportunity to rejuvenate a global partnership for small states' development. This partnership should prioritise innovative approaches to targeting international support to assist small states. For example, access to trade finance is one of the challenges impairing their export supply response. The proposed Commonwealth initiative to establish a trade financing facility for small states¹⁰ is a concrete example of the innovative approaches required to support such states. The global trade slowdown should not be used as a pretext for reduced trade capacity-building. Small states' trade challenges need to be addressed effectively to promote their international competitiveness and to help them tackle other vulnerabilities, including those arising from climate change-related issues.

Second, there is a need for more strategically directed AfT to assist small states to improve their trade performance and address their unique trade challenges. Both the Caribbean and the Pacific states are implementing regional AfT strategies. These can be useful regional approaches for identifying trade-related needs, mobilising resources and facilitating implementation. It is also important to draw lessons from AfT implementation so future interventions can be better targeted and more effective. For instance, while many small states have experienced disproportionate preference erosion, there has been insufficient support to their trade-related adjustment needs. Under these circumstances, adjustment support is needed to diversify their economies and to develop and expand new sectors of export interest.

Third, countries can focus on including trade costs as a monitorable target towards achieving the SDGs. This approach is consistent with growth and poverty reduction efforts, and directly benefits trading partners. As countries prepare to implement trade facilitation measures under the TFA, use of trade cost indicators will provide a concrete focal point for both national action and international cooperation. There are many reasons why trade costs continue to be high, including domestic trade policies of countries, NTMs, weakness in logistics, etc., but governments can work with stakeholders to identify how to reduce the excessive costs. However, our monitoring mechanisms need to improve.

Annex

Table A.3.1 Trade-related aspects of SDGs

Goal	Trade-related aspect
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.b: Correct and prevent trade restrictions and distortions in world agricultural markets, including through 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 the research and development of vaccines and medicines for communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the Trade Related Aspects of Intellectual Property Rights Agreement and Public Health, 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, provide 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, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets
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 World Trade Organization agreements
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, eliminate subsidies that contribute to illegal, unreported and unregulated 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 World Trade Organization fisheries subsidies negotiation

(continued)

Table A.3.1 Trade-related aspects of SDGs (Continued)

Goal	Trade-related aspect
Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<p>17.10: 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</p> <p>17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020</p> <p>17.12: Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access</p>

Source: United Nations, 2015

Table A.3.2 Change in volume and value of Commonwealth small states' goods and services exports, 2015

Country	Growth of volume of goods and services exports (i.e. export growth in real terms) (%)	Growth of value of goods and services exports (i.e. export in US\$ in current prices) (%)
Antigua and Barbuda	6.8	2.0
The Bahamas	-9.4	-8.9
Barbados	5.5	1.6
Belize	-4.6	-4.6
Botswana	5.5	-24.1
Brunei Darussalam	-10.8	-43.9
Cyprus	1.9	-16.3
Dominica	8.8	8.0
Fiji	-	-12.9
Grenada	6.0	4.7
Guyana	7.4	-
Jamaica	23.7	-2.4
Kiribati	3.9	-
Lesotho	15.1	-
Malta	2.1	-13.3
Mauritius	-6.1	-13.7
Namibia	0.4	-9.2
Nauru	-	-
St Kitts and Nevis	11.8	9.6
Saint Lucia	12.4	-0.1
St Vincent and the Grenadines	3.1	4.5

(continued)

Table A.3.2 Change in volume and value of Commonwealth small states' goods and services exports, 2015 (Continued)

Country	Growth of volume of goods and services exports (i.e. export growth in real terms) (%)	Growth of value of goods and services exports (i.e. export in US\$ in current prices) (%)
Samoa	–	–
Seychelles	17.0	–5.5
Solomon Islands	2.8	–8.1
Swaziland	9.3	–4.4
Tonga	n/a	10.8
Trinidad and Tobago	–1.4	–
Tuvalu	–	–
Vanuatu	–	–9.1
World	2.7	–11.9

Source: IMF World Economic Outlook database, October 2016, and UNCTADstat

Table A.3.3 Examples of linkages between SDGs and NTMs

Goal	Example of relevant NTM
Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Sanitary and phytosanitary standards (SPS) and technical barriers to trade (TBT) to protect the health of human beings, plants and animals and crop protection against pests and diseases
Goal 3. Ensure healthy lives and promote well-being for all	<ul style="list-style-type: none"> • SPS for risks to human health from additives, contaminants, toxins or disease-causing organisms in food and drink • TBT to regulate food for consumer protection
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Local content requirements to promote use of clean energy technologies
Goal 12. Ensure sustainable consumption and production patterns	TBT to regulate production and import of products that cause environmental damage
Goal 13. Take urgent action to combat climate change and its impacts	TBT to regulate production and trade with respect to carbon footprints
Goal 14. Conserve and sustainably use oceans, seas and marine resources for sustainable development	TBT to restrict trade with hazardous substances or pollutants harming aquatic or terrestrial ecosystems
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	<ul style="list-style-type: none"> • TBT to restrict trade of endangered flora and fauna • SPS to protect ecosystems and biodiversity from pests and invasive species.

Source: United Nations, 2015

Notes

- 1 Poorvi Goel, Research Officer, Commonwealth Secretariat, is grateful for constructive comments received from Dr Jodie Keane, Economic Adviser, Commonwealth Secretariat, and external peer reviewer Dr Vinaye Ancharaz.
- 2 For the purpose of this chapter, we focus on small states, as defined by the World Bank. These are those countries with a population under 1.5 million. This includes 50 countries: Antigua and Barbuda, The Bahamas, Bahrain, Barbados, Belize, Bhutan, Botswana, Brunei Darussalam, Cape Verde, Comoros, Cyprus, Djibouti, Dominica, Equatorial Guinea, Estonia, Fiji, Gabon, The Gambia, Grenada, Guinea-Bissau, Guyana, Iceland, Jamaica, Kiribati, Lesotho, Maldives, Malta, Marshall Islands, Mauritius, Micronesia, Montenegro, Namibia, Nauru, Palau, Qatar, St Kitts and Nevis, Saint Lucia, St Vincent and The Grenadines, Samoa, San Marino, São Tomé and Príncipe, Seychelles, Solomon Islands, Suriname, Swaziland, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu. Out of these 50, 29 are Commonwealth members. There were 31 small states before 2013, but The Gambia and Maldives have withdrawn from Commonwealth membership. The 29 Commonwealth small states are Antigua and Barbuda, The Bahamas, Barbados, Belize, Botswana, Brunei Darussalam, Cyprus, Dominica, Fiji, Grenada, Guyana, Jamaica, Kiribati, Lesotho, Malta, Mauritius, Namibia, Nauru, St Kitts and Nevis, Saint Lucia, St Vincent and The Grenadines, Samoa, Seychelles, Solomon Islands, Swaziland, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu.
- 3 Out of 50 Small States, data for 2014 and 2015 are available for only 32.
- 4 Brazil, Russia, India, China and South Africa.
- 5 Table A.3.2 in the Annex shows Commonwealth small states' growth of goods and services in value and volume terms in 2015.
- 6 Excluding Nauru (lack of data availability).
- 7 Data from Global Trade Alert.
- 8 Comoros, Djibouti, Equatorial Guinea, The Gambia, Guinea-Bissau, Kiribati, Lesotho, São Tomé and Príncipe, Solomon Islands, Timor-Leste, Tuvalu, Vanuatu. Of these, five are Commonwealth members.
- 9 For details on the SDGs and relevant NTMs, refer to Table A.3.3 in the Annex.
- 10 An important fallout from the 2008 global financial crisis was the contraction in trade finance, especially for many developing countries. In November 2013, Commonwealth Heads of Government through the Kotte Statement on International Trade and Investment requested the Secretariat to assess the need for and viability of a Commonwealth finance facility for those small and developing Member Countries without access to such resources. In addition, Heads welcomed an offer by the government of Malta to initiate a pilot mechanism among interested members to help augment trade and investment finance, particularly for small and vulnerable developing countries. The resultant feasibility study found significant demand for such a finance facility that could trigger over \$1 billion in trade.

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