



**COURSE ON KEY ISSUES
ON THE INTERNATIONAL
ECONOMIC AGENDA**

Short Courses for Permanent Missions in Geneva

Making Trade Work for Least Developed Countries

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Aim of the Session

- Discuss various instruments and approaches to integrate trade into national development strategies;
- Discuss lessons from the experiences of selected LDCs; and
- Present a framework for the design and implementation of an effective trade strategy in LDCs in the new global economic environment.



Mainstreaming trade into national development strategies



What is trade mainstreaming?



What is trade mainstreaming?

UNCTAD (2016):

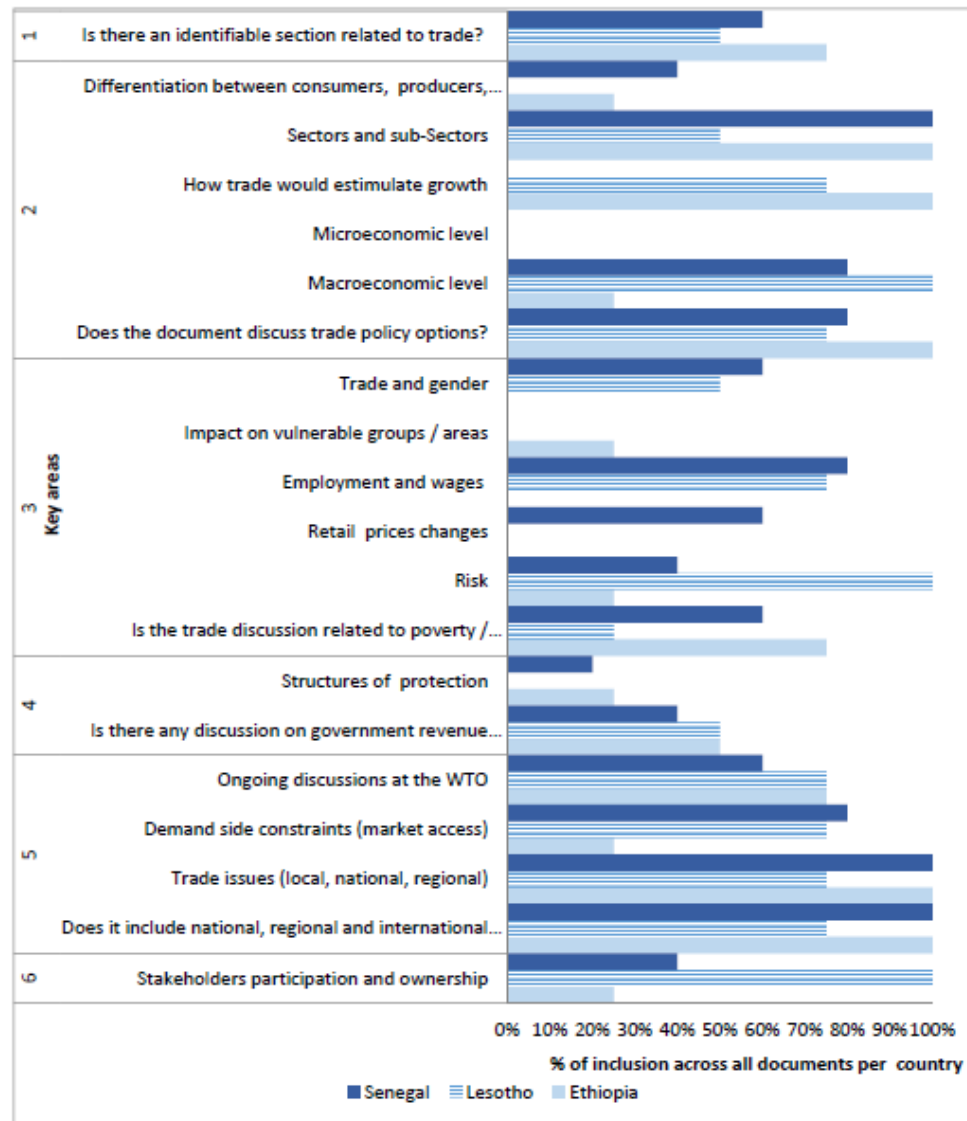
"the integration of trade into national and sectoral strategies and budgets with a view to enhancing policy coherence and better harnessing the potential of trade for growth, transformation, and development."

This definition is:

- Operational, beyond processes, it reflects the important notion that the ultimate goal of a mainstreaming exercise should be to use trade to address the key development challenges facing LDCs.
- Provides a basis for identifying results-based criteria for measuring success in mainstreaming trade in LDCs.



Key policy areas in National Development Documents



Source: Santos-Paulino and Urrego Sandoval (2015), UNCTAD



Lessons from LDCs case studies: Bhutan, Laos, Kiritabi, Ethiopia, Lesotho and Senegal

Importance of:

- National ownership of development policies;
- Emphasis on policy design and implementation: The inclusion of a trade section in national documents does not guarantee mainstreaming;
- Policy coherence
 - Trade policy should be linked to industrial policy;
 - Social impacts of trade policies have to be addressed.



Lessons from LDCs case studies: Bhutan, Laos, Kiribati, Ethiopia, Lesotho and Senegal

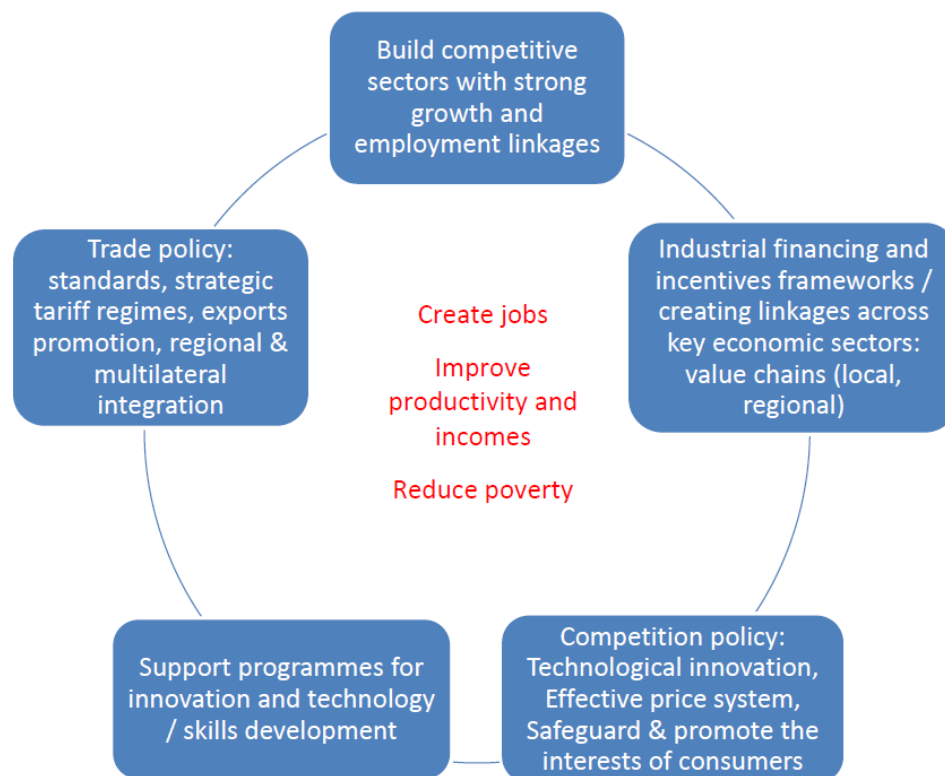
- Effective mechanism for communication with the public
- Capacity-building and skills development are needed
- Gender issues should be a core constituent
- Regional and global dimensions are important
- *Mainstreaming is a costly exercise!*



Designing and implementing a trade strategy



Figure 1: What strategies need to be integrated in national plans?



The trade strategy as a key element of national economic development and poverty reduction

- Major instruments of trade policy
 - National policies
 - Trade agreements (affect foreign policies; retain policy space for own strategies)
 - Preferential; regional; WTO
 - International cooperation: “aid for trade” and other donor assistance.



The trade strategy as a key element of national economic development and poverty reduction

- **Specific objectives:**
 1. enhance competitiveness of domestic enterprises;
 2. reduce trade transactions costs for firms/households;
 3. improve access to foreign markets;
 4. identify priority areas to strengthen productive capacity.
- **Institutional design and implementation.**



Role of trade policy: proactive

- **Set clear overall goals and objectives that are measurable and that will be monitored:**
 - E.g., Istanbul Programme of Action target of doubling exports by 2020
- **Provide a framework for an actionable agenda**
- **Focus on specific targets/actions**
- **Based on consultations/deliberative processes**
- **Communicated widely – general awareness of aims and results achieved matters**
- **No “one size fits all” – must be flexible and dynamic to adjust to changing circumstances**



Pillars of an effective trade policy framework

- Supportive macroeconomic policy: fiscal, monetary, financial
 - Macro-micro policy coherence – is macro-policy consistent with micro-level policy?
- Enhancing product diversification, technological upgrading and market diversification
- Enhancing firm level competitiveness
- Making trade work for inclusive and sustainable development
- Trade and industrial policies should be anchored and integrated in the national development strategies.



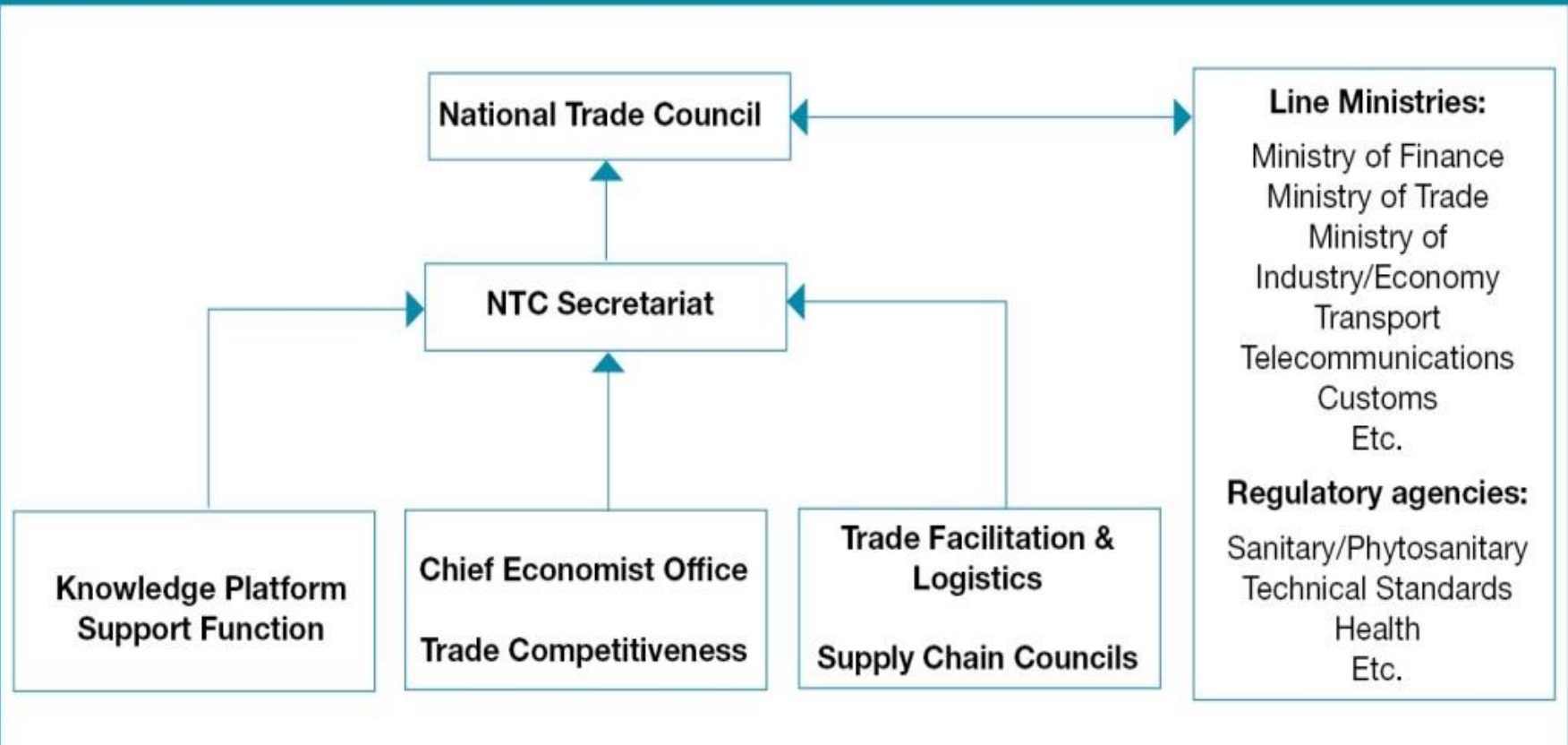
Role of trade policy: multi-tiered approach

- Targeted approaches and institutional arrangements to both define and implement a trade strategy.
- Broader institutional context: Many sectoral Ministries and regulatory bodies need to be part of the process (in addition to the Trade Ministry)
- Mechanisms that cut across policy/regulatory “silos” and that take an economy-wide approach.
- A framework that has:
 - High-level political support
 - A broad mandate that includes coordination across agencies;
 - Includes a formal structure that solicits private sector and civil inputs and participation



Implementing the strategy

Figure 2. Organizational structure of the National Trade Council



Source: UNCTAD.

Stakeholders participation

Participation

- Public-private partnerships involving economic policymakers, relevant regulators, business associations, worker associations, consumer groups.
- A mechanism to identify the set of policies that have significant impacts on stakeholders all along a **supply chain** – domestic and foreign - Cut across policy and sector *silos*
- Help to identify an action agenda: Could be linked to national trade facilitation committees and/or EIF National Steering Committee



Stakeholders participation

Impact assessment

- Establish performance targets and metrics
- Provide requisite data to establish baseline and monitor/analyse performance over time
 - Leverage firm-level and industry association data on supply chain performance/frictions



What did we learn?

- The specific priorities for action will differ from country to country.
 - The consultative, deliberative, and analytical processes that are needed to define the concrete elements of a national trade strategy will determine what the goals should be and what indicators will be best suited to monitor the results of implementing the strategy.
- Trade can be a powerful tool to reduce poverty rates and help achieve economic development objectives.
 - To increase the potential for trade to support those efforts - particular in LDCs, the policy agenda should extend beyond trade policy narrowly (traditionally) defined.
 - It must identify and deal with *market failures and policy failures* that inhibit growth and trade opportunities including: participation in regional and global value chains, increasing productivity and product quality, and achieving economies of scale (particularly for SMEs).
- Accountability, ownership and stakeholders participation is crucial
 - Labor-time-intensive processes of joint discovery and accountability for results are needed.
 - The constraints that impede exploiting trade opportunities are many and will vary by sector and product.
 - The public-private deliberative mechanisms are not a panacea: their effectiveness will depend on commitment and sustained engagement at the highest political level.

Thank You!!!!

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