

Reducing Trade Costs as a Means to Achieve Sustainable Development Goals

Elodie Arnell



Acronyms

AAAA	Addis Ababa Actions Agenda
DDA	Doha Development Agenda
DFQF	Duty Free Quota Free
EIF	Enhanced Integrated Framework
ESCAP	Economics and Social Commission for Asia and the Pacific
GDP	Gross Domestic Product
LDCs	Least Developed Countries
LLDCs	Landlocked Developing Countries
MDGs	Millennium Development Goals
PTAs	Preferential Trade Agreements
RECI	Regional Economic Cooperation and Integration
RPM	Relative Preferential Margin
RTAs	Regional Trade Agreements
SDGs	Sustainable Development Goals
SIDS	Small Islands Developing States
TNC	Transnational Corporations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCAP	United Nations Economics and Social Commission for Asia and the Pacific
WTO	World Trade Organisation

Table of Content

- Acronym 2
- Table of Content 3
- 1. Background literature 4
 - 1.1. Overview on the Sustainable Development Goals (SDGs)..... 4
 - 1.2. Brief on Trade as a means of implementation 5
- 2. Overview on Trade Costs..... 8
 - 2.1. The current Global Trade Landscape..... 8
 - 2.2. Factors that increase trade costs 10
 - 2.3. How to reduce trade costs 15
- 3. Impact of reduced trade costs on SDGs 16
 - 3.1. Initiatives to reduce trade costs and effects on SDGs implementation 18
 - 3.2. How does Trade help LDCs achieve SDGs?..... 19
- 4. Conclusion 22

1. Background

1.1. Overview on the Sustainable Development Goals (SDGs)



Figure 1- Sustainable Development Goals, a Set of 17 Global Goals

Source: United Nations

In September 2015 United Nations member States adopted the *2030 Agenda for Sustainable Development* of which 17 Sustainable Development Goals (SDGs) - Figure 1 represent the key components, which were built upon the outcomes of the eight Millennium Development Goals (MDGs). SDGs are interconnected; meaning success in one would result in success of others. They came into effect in January 2016 and are to be achieved by end of 2030. According to the United Nations Development Programme (UNDP), in the case of MDGs, “*more than 1 billion people have been lifted out of extreme poverty (since 1990); Child mortality dropped by more than half (since 1990); the number of out of school children has dropped by more than half (since 1990) and HIV/AIDS infections fell by almost 40 percent (since 2000)*”¹.

The MDGs were a set of eight individual goals whereas the SDGs, twice as many, aim to achieving sustainable development in three dimension of – economic, social and environmental- with the *Five 'P's* as the key areas of focus for this Agenda (Figure.2) all aimed at accelerating progress already achieved under MDGs.

Figure 2- Five 'P's – key area of focus for the 2030 Agenda for Sustainable Development and SDGs



1.2. Trade As a Means of Implementation

Prior to adoption of the SDGs 2030

Agenda, the Third International

Source: Sustainability Dashboard, <http://sdg.gdrc.org>

Conference on Financing for Development held in Addis Ababa Ethiopia, in its outcomes referred to as the Addis Ababa Action Agenda (AAAA); *inter alia* provides for “International Trade as an engine for development” as one of the action areas (Chapter II-D, Paragraph 79-92)².

Regarding the sustainable development concerns in the multilateral trading system, when the 17 SDGs were determinate, Trade was not included as a goal but as an instrument. Besides SDG 17 “*Strengthen the means of implementation and revitalize the global partnership for sustainable development*” focuses on trade by stating thus “***promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization (AAAA), including through the conclusion of negotiations under its Doha Development Agenda (DDA)***”, other goals such as SDGs 2, 3, 8, 10, 14 and 15 have trade-related targets and goal-specific means of implementation.

The AAAA emphasises that “*with appropriate supporting policies, infrastructure and an educated work force, trade can help in promoting productive employment and decent work, women’s empowerment and food security, as well as a reduction in inequality, and contribute to achieving the sustainable development goals*”

(paragraph 79) and that “lack of access to trade finance can limit a country’s trading potential, and result in missed opportunities to use trade as an engine for development” (paragraph 81).

Table 1 below shows trade-related means of implementation of SDGs and the AAAA by highlighting key elements that were integrated as the means through which trade policies could be leveraged.

Table 1- Selected trade-related means of implementation in the SDGs and the Addis Ababa Action Agenda

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	
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
AAAA, para. 79	We will continue to promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the WTO, as well as meaningful trade liberalization.
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
AAAA, para. 82	We will endeavour to significantly increase world trade in a manner consistent with the sustainable development goals, including exports from developing countries, in particular from least developed countries with a view towards doubling their share of global exports by 2020 as stated in the Istanbul Programme of Action. We will integrate sustainable development into trade policy at all levels.
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
AAAA, para 85	We call on developed country WTO members and developing country WTO members declaring themselves in a position to do so to realize timely implementation of duty-free and quota-free market access on a lasting basis for all products originating from all least developed countries, consistent with WTO decisions. We call on them to also take steps to facilitate market access for products of least developed countries, including by developing simple and transparent rules of origin applicable to imports from least developed countries, in accordance with the guidelines adopted by WTO members at the Bali ministerial conference in 2013.
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
AAAA, para 83	In accordance with one element of the mandate of the Doha Development Agenda, we call on WTO members to correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect.
Goal 3. Ensure healthy lives and promote well-being for all at all ages	
3.b*	(...) provide access to affordable essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement and Public Health, which affirms the right of developing countries to use to the full the provisions in the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to protect public health, and, in particular, provide access to medicines for all
AAAA, para 86	We reaffirm the right of WTO members to take advantage of the flexibilities in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and reaffirm that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health.
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
AAAA, para 90	We will strive to allocate an increasing proportion of Aid for Trade going to least developed countries, provided according to development cooperation effectiveness principles.
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
AAAA, para 84	Members of WTO will continue to implement the provisions of special and differential treatment for developing countries, in particular least developed countries, in accordance with WTO 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
AAAA, para 83	We call on WTO members to also commit to strengthening disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of subsidies that contribute to overcapacity and overfishing in accordance with the mandate of the Doha Development Agenda and the Hong Kong Ministerial Declaration.
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	

15.c*	Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities
AAAA, para 92	We resolve to enhance global support for efforts to combat poaching and tracking of protected species, tracking in hazardous waste, and tracking in minerals, including by strengthening both national regulation and international cooperation, and increasing the capacity of local communities to pursue sustainable livelihood opportunities
* In the SDGs other than Goal 17, goal-specific means of implementation are listed along with the targets, but are distinguished from the targets by being ordered alphabetically.	

Source: UNCTAD (2016)

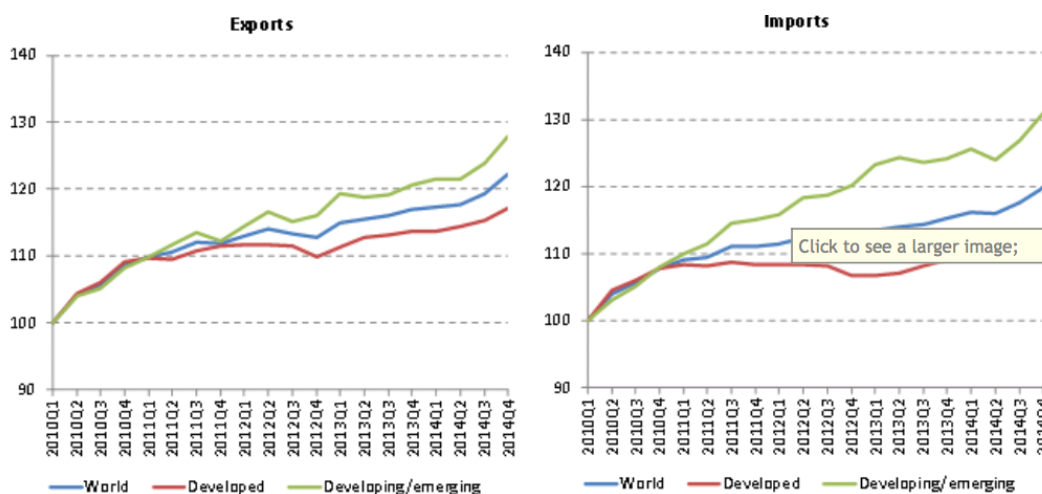
2. Overview on Trade Costs

Undertaking trade liberalisation and facilitation today calls for a better understanding of trade costs. In economic literature, trade costs are defined as: “...[a]ll costs incurred in getting a good to a final user other than the cost of producing the good itself: transportation costs (both freight costs and time costs), policy barriers (tariffs and non-tariff barriers), information costs, contract enforcement costs, costs associated with the use of different currencies, legal and regulatory costs and local distribution costs (wholesale and retail)” (Anderson and Van Wincoop, 2004, in OECD/WTO, 2015). Trade costs are analysed in order to harness the benefits of international trade especially in market access and business competitiveness in developing countries including Least Developed Countries (LDCs), Small Island Development States (SIDS) and Landlocked Developing Countries (LLDCs). This understanding helps in analysing cost-generating non-tariff measures and trade restrictive policies, and aims at improving physical access to international markets, through reduction in trade costs to help developing and least developed countries to effectively use trade as a means of achieving the SDGs, thanks to policy interventions such as trade facilitation meant to reduce these costs.

2.1. The current Global Trade Landscape

- During the period 2010-2014 (Figure.3), there was significant increase in exports and imports by developing countries, more so the emerging economies as compared to developed countries.

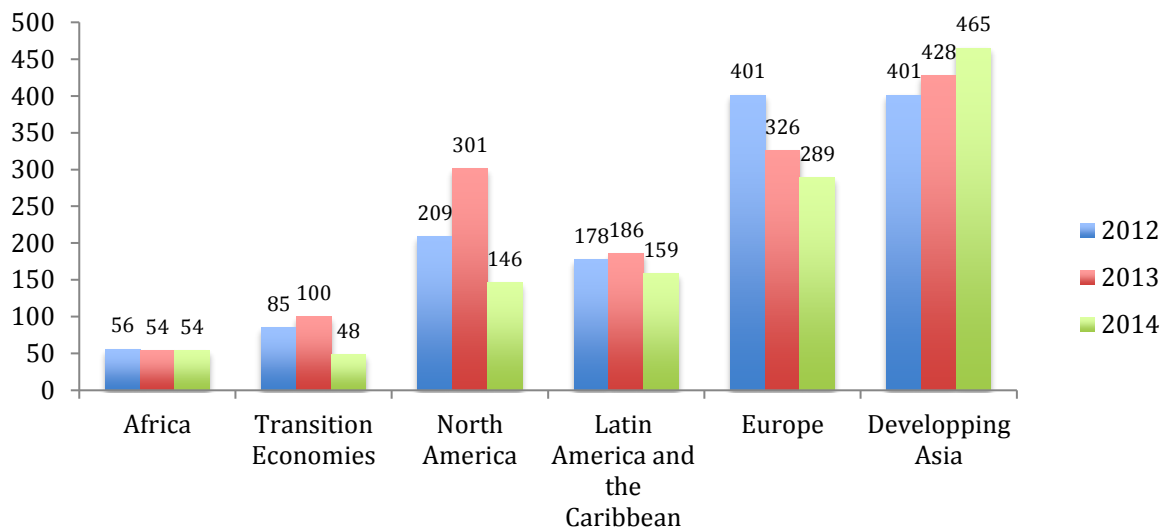
Figure 3- Volume of merchandise exports and imports by level of development, 2010Q1-2014Q4 (Seasonally adjusted volume indices, 2010Q1=100)



Source: WTO and UNCTAD Secretariat, https://www.wto.org/english/news_e/pres15_e/pr739_e.htm

- Moreover according to UNCTAD (2013), about 80% of all trade takes place within the international production networks of transnational corporations (TNC), around one-third of which is intra-firm trade – occurring within the ownership structure of a single firm or TNC (in Keane and Melamed, 2014)³.
- According to Arnell and Ngobi (2016)⁴, Trade in intermediate goods in Global Value Chains (GVCs) have increased substantially to US\$ 8trillion (four point increase since 2004) and represent the largest flow in global trade (UNCTAD 2016) and nearly half (49percent) of world trade in goods and services took place within GVCs, a significant growth from 36percent in 1995 (WTO, 2011).
- Among the regions in particular developing regions, only Asia has benefited from a constant rise of Foreign Direct Investments (FDI) whereas the others experienced a decrease of FDI (Figure 4)⁵. This unequal repartition of FDI is due to the fact that some regions are more endowed with natural resources. Reducing trade costs would further enhance their attractiveness for FDI.

Figure 4- FDI inflows, by region 2012-2014 (USD, Billion)

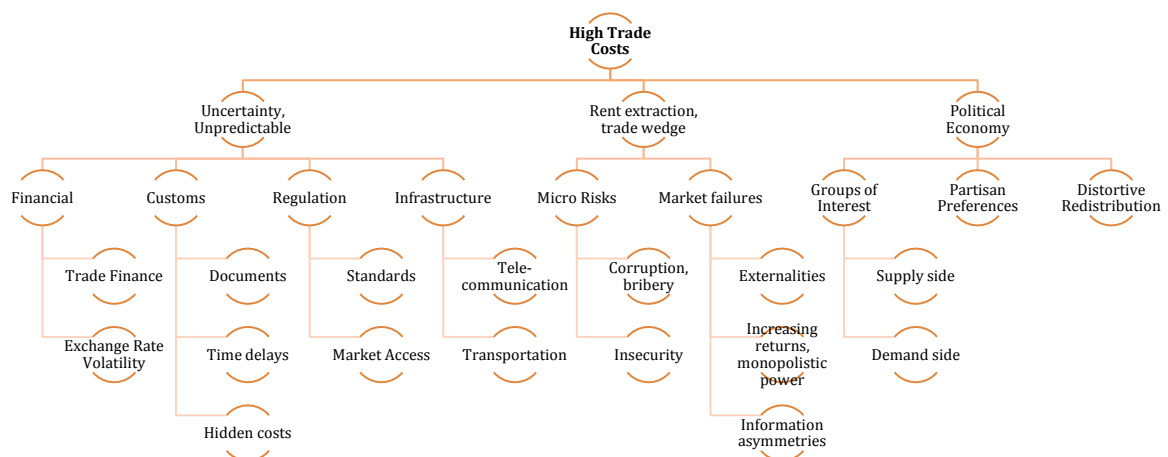


Source: Data from UNCTAD, WIR, 2015

2.2. Factors that increase trade costs

According to Moisé and Le Bris (2013), “the diagnostics framework approach (Figure 5) gives priority to identifying the most binding constraints. At their core is the identification of the “primary” or “underlying” causes of trade costs that run through most if not all stages of the international trade chain.”

Figure 5- From Costs Components to Trade Costs Diagnostics



Source: Moisé and Le Bris, 2013

Analysis shows that trade costs have negative effects on the competitiveness of firm’s especially in developing countries and LDCs and on aggregate productivity,

which can be classified into **two categories**⁶ that might affect the cost of doing business of a country.

(1) Trade costs generated by **exogenous factors** such as their physical geographical distance (to main markets). According to the initial work on determinants of international transport costs by Radelet and Sachs (1998)⁷, variables related to distance and geographical characteristics, such as whether countries are landlocked or small islands or whether trading partners are neighbouring countries affects their costs of doing business. Table 2, shows the additional cost borne by firms for producing and selling in a distant market, namely the *Distance-related costs*⁸.

Trade costs generated by **endogenous factors**, a direct consequence of inappropriate policies choices. According to Martinez-Zarzoso et al. (2003, in UNCTAD 2016), *“greater distance and poor trade partner infrastructure increase maritime transport costs considerably. The inclusion of infrastructure measures improves the fit of the regression, corroborating the importance of infrastructure in determining transport costs”*.

Table 2- Distance-related costs

		Associated with			
		Cultural distance	Spatial distance	Regulatory distance	
Demand side	Dissimilarity in consumer preferences		X		
Supply side	Variable costs	Transportation		X	
		Communication	X	X	
		Trade protection			X
		Maintaining production/ sales ¹	X		X
	Fixed costs	Establishing production/ sales ²	X		X

1. Includes additional cost for interaction with non-native labour force, foreign clientele, and for meeting output requirements from domestic regulations.
2. Includes cost in the identification of input suppliers, distribution networks, external support services, and administrative fees for sales/production (like product licensing, for the patterns involving consumption in the foreign country).

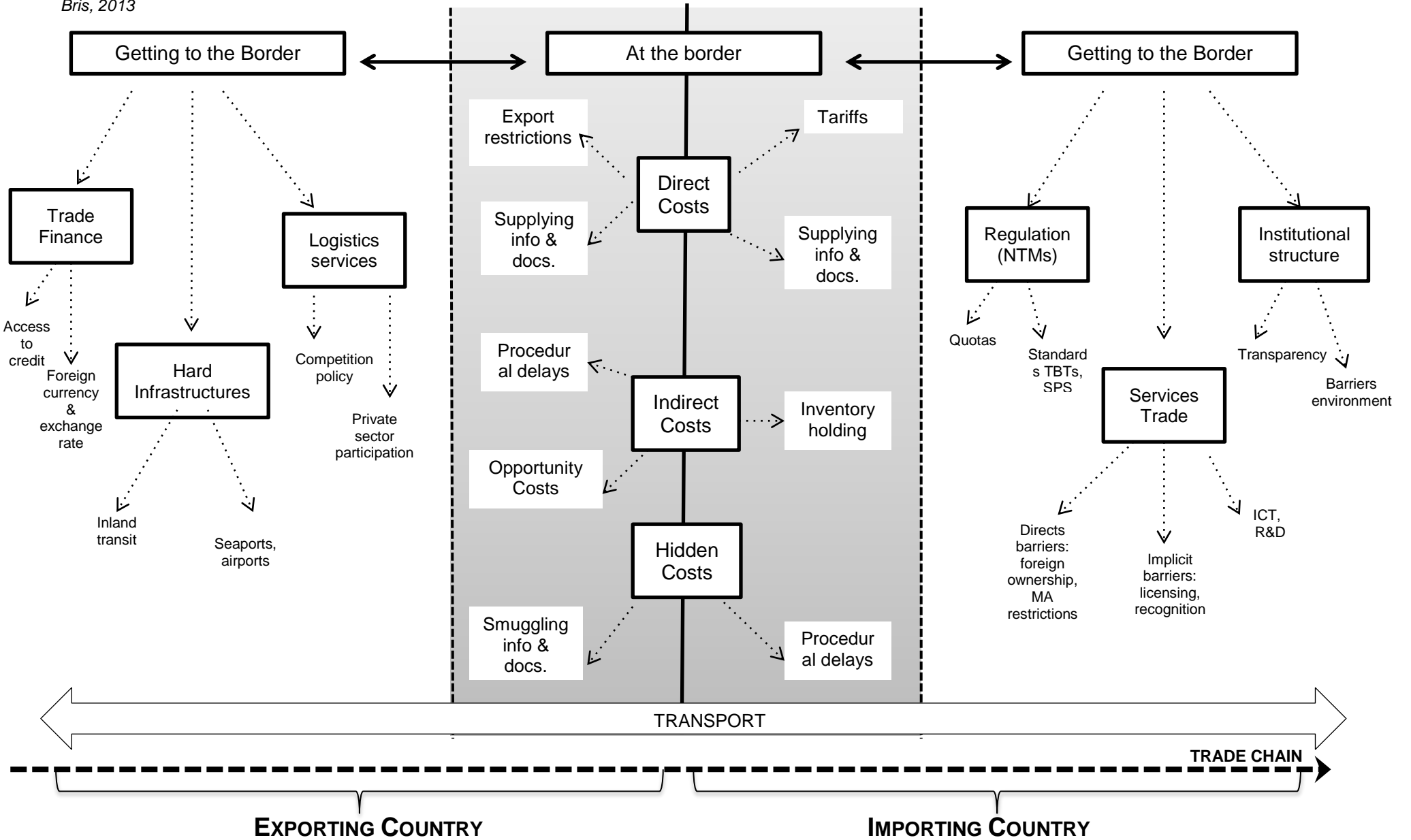
Source: Miroudot S and Ragoussis A, 2009

The Figure 6 presents a Trade Costs Diagnostics framework proposed by Moisé and Le Bris (2013). They identified different types of Trade Cost depending on when they arise, i.e. what they encounter *getting to the border*, *at the border* and *behind the border*. The export-related activities face trade costs when getting to the border while the import-related activities face them behind the border. At the border, three types of trade costs are also identified, namely: direct costs, indirect costs and hidden costs, which apply to imports and exports separately.

Figure 6- Trade Costs Diagnostics

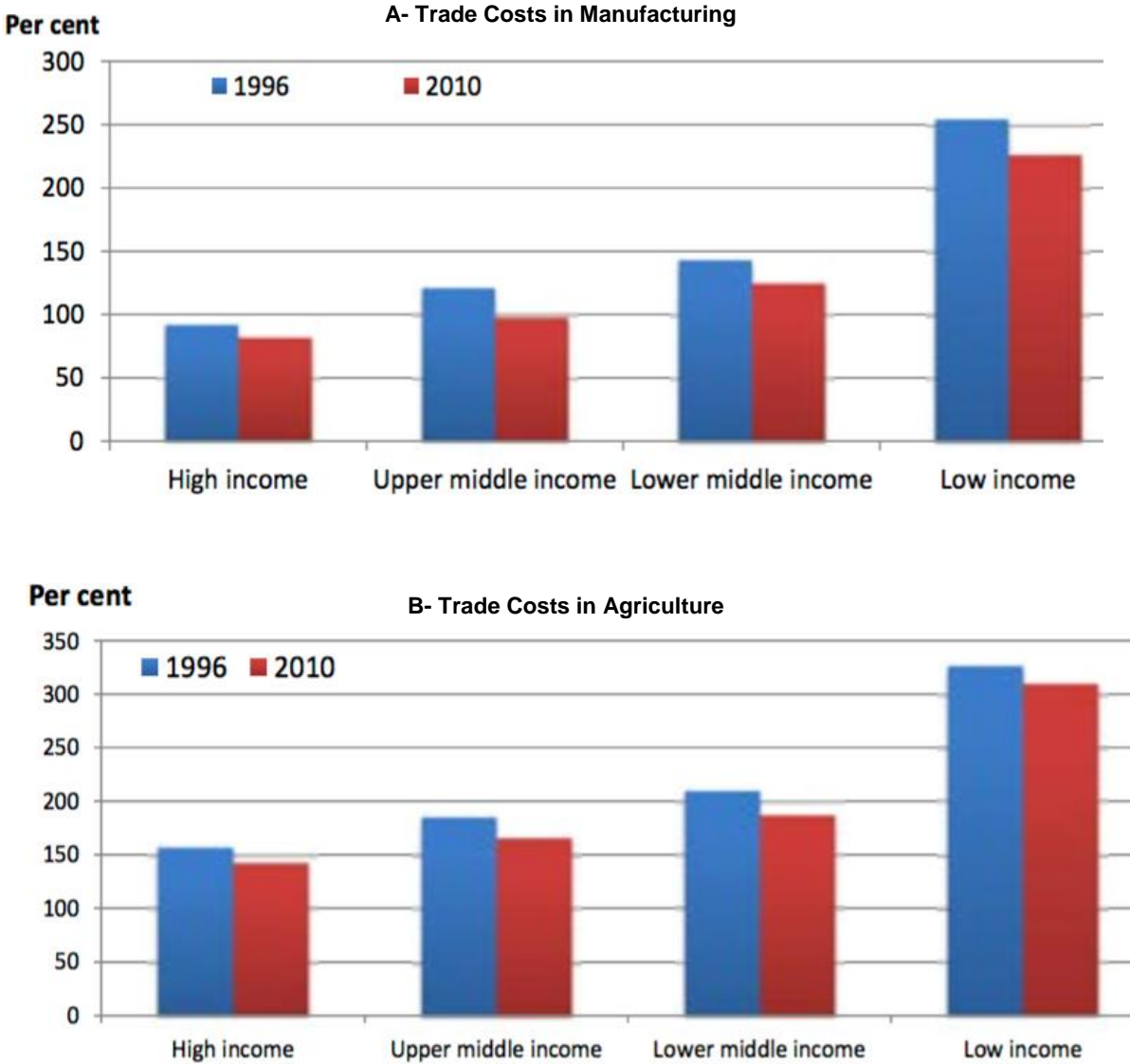
Source: Moisé and Le

Bris, 2013



Trade Costs can be estimated thanks to the Trade Costs Database develop by the World Bank and the United Nations Economics and Social Commission for Asia and the Pacific (UNESCAP), which provides estimation of bilateral trade costs in agriculture and manufactured goods⁹. Figure 7 shows trade costs in manufacturing (A) and in agriculture (B) by income group in 1996 and in 2010.

Figure 7- Trade costs in manufacturing and agriculture, 1996 and 2010, by income group



Source: UNESCAP-World Bank Trade Costs Database
 Realisation: UNCTAD (2016)

This figure shows both, that *trade costs* are more prominent in agriculture than in manufacturing and second, that *trade cost* are highest in low-income countries and lowest in high-income countries, both in agriculture and manufacturing sectors. According to UNCTAD (2016), this is due to the fact that “*global markets for*

agricultural production remain highly distorted and characterized by relatively high policy-related trade costs – a binding constraint for many developing countries with large agricultural sectors”. Nevertheless, just as the FDI attractiveness, trade costs are significantly different among regions. Sub-Saharan Africa faces more trade costs than the rest of the world, while East Asia & Pacific face less trade costs. In this respect, Distance-related trade and FDI costs are indirectly associated with geographical distance¹⁰.

2.3. How to reduce trade costs

Trade costs are generated - and can be reduced- by a variety of appropriate policies. According to the recommendations of Hoekman (2014)¹¹, it is necessary to *Include a measurable trade cost reduction target as a sub-goal of the post-2015 Sustainable Development Goals; Involve the business community in each country in identifying interventions that will have greatest impact in reducing trade costs; Conduct careful analysis to assess what would have the greatest effect in lowering trade costs while minimising required investments; Prompt cooperation among governments in areas where joint (concerted) action can enhance net benefits of interventions.*

According to Moïsé and Le Bris (2013), in many respects, *at-the-border, getting to the border* and *beyond the border* cost factors may be viewed as complementary components. Complementary factors suggest that reducing one cost factor while maintaining the others at constant levels is not efficient to cut total costs. Applied to objectives of trade facilitation and promotion of economic growth, it implies that reducing trade costs at a given link of the international trade chain is a necessary condition, but often an insufficient one, if not accompanied by complementary reforms on other trade cost factors. At the core of these complementarities are transport infrastructure and logistics services, which intervene at all stages of the supply chain. Many of the complementarities between trade costs components involve transport to some extent.

In an objective of lowering trade costs, it is essential that initiatives should be taken at the national level. Effectively, the relative significance of each component in the total trade costs varies considerably from one country to another. In this respect, *Doing Business*¹² captures several important dimensions of the regulatory

environment as it applies to local firms. It provides quantitative indicators on regulation through 11 areas of business regulation (Table.3) and also measures features of labour market regulation. Nevertheless, *Doing Business* does not capture other aspects of the business environment, such as security, market size, macroeconomic stability and the prevalence of bribery and corruption.

Table 3. What Doing Business measures – 11 areas of business regulation

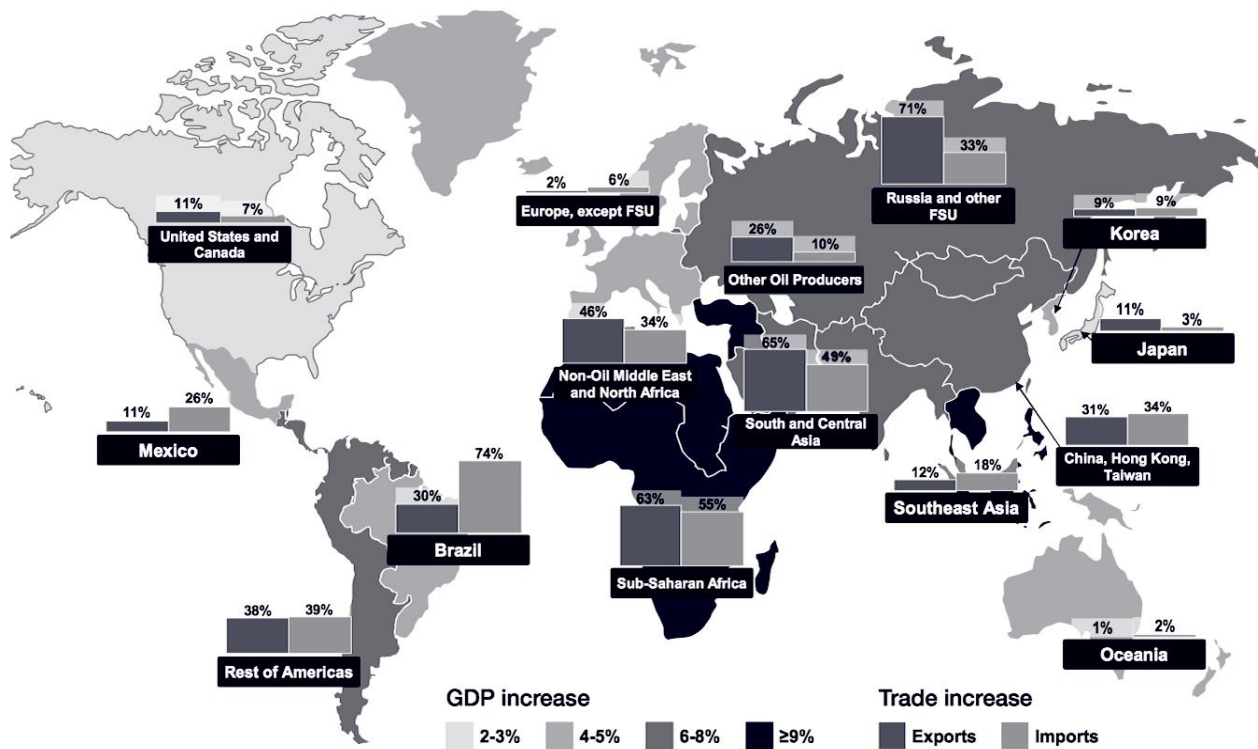
Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the cost of electricity consumption
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labour market regulation	Flexibility in employment regulation and aspects of job quality

Source: *The World Bank, 2016*

3. Impact of reduced trade costs on SDGs

The more trade costs are reduced the more trade can play a significant role in increasing incomes as well as the Gross Domestic Product (GDP), in particular for developing countries and LDCs¹³. As Figure 8 shows, the trade and GDP gains from lower trade costs are strongly development-friendly and they are considerably larger in relative terms in the developing world than in the developed world.

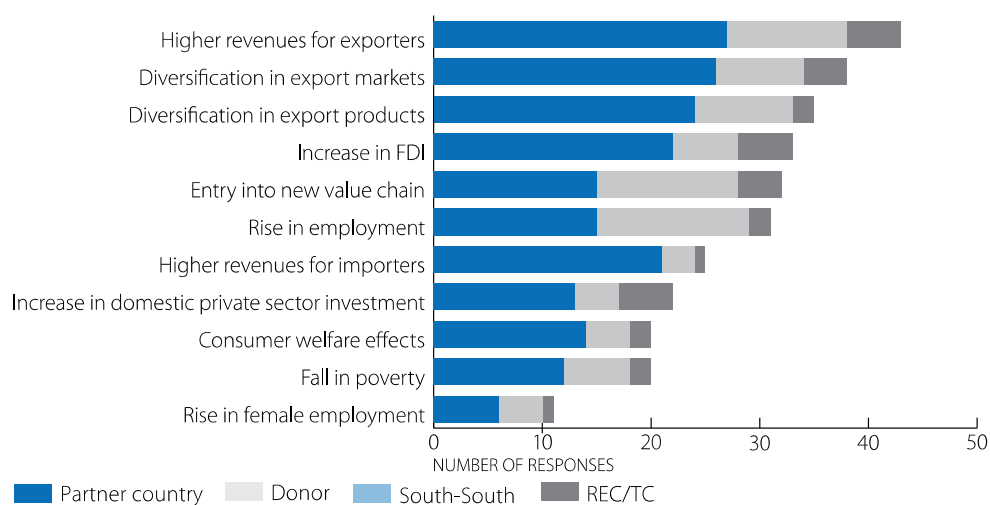
Figure 8-Trade and GDP gains from reducing supply chain barriers to trade



Source: OECD/WTO, 2015

Furthermore, there are positive outcomes expected from reducing trade costs, especially in developing countries (Figure. 9). Most of the positive impacts are expected on export performance as well as at the social and environmental level (e.g. falls in poverty, rise in female employment).

Figure 9- Impacts achieved by actions to reduce trade costs



Source: OECD/WTO Aid for Trade monitoring exercise (2015).

Source:

3.1. Initiatives to reduce trade costs and effects on SDGs implementation

At the Global level, a number of initiatives have been put in place by donors, development agencies etc. with the overarching objective of integrating developing countries and LDCs in multilateral trade including *inter alia* through lowering trade costs. Four of these initiatives that could be helpful in achieving SDGs are reviewed hereunder:

- (1) **The Aid for Trade initiative** was launched at the WTO Hong Kong Ministerial Conference in December 2005. This initiative encourages developing country governments and LDCs as well as donors to recognize the role that trade can play in development. It was recommended that *Aid for Trade* should focus on identifying the needs within recipient countries, to so as to facilitate coordinated responses from donors. It was also to establish a monitoring body in the WTO, which would undertake a periodic global review based on reports from a variety of stakeholders.
- (2) **The Enhanced Integrated Framework (EIF)¹⁴**, was established in 1996 as the integrated framework, and later evolved in 2006 into the EIF is a multi-donor programme, which helps LDCs to be more active in the global trading system. The programme identifies priorities for LDCs to mainstream trade into

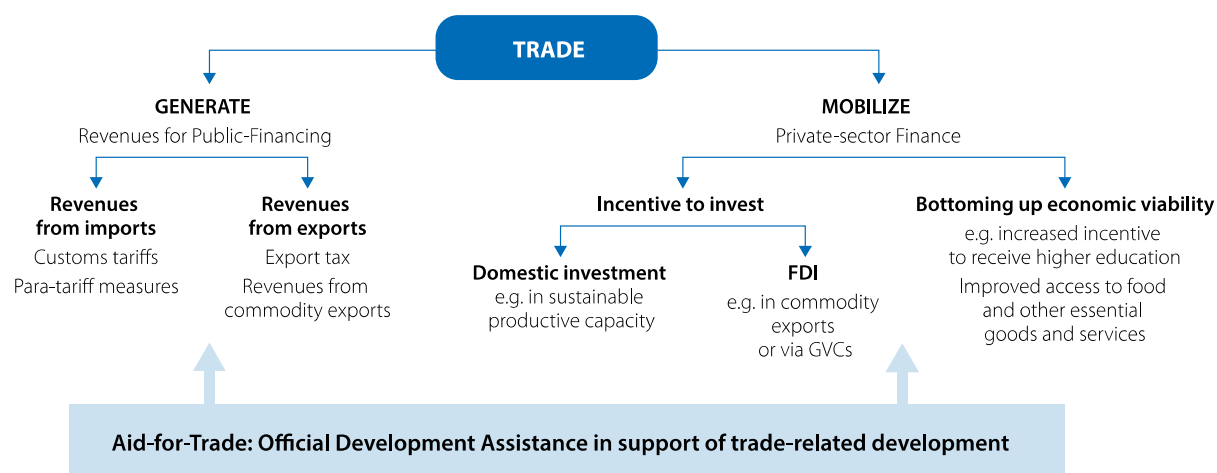
national development plans, while also providing targeted assistance in identified sectors as a starting point. For the LDCs, the EIF also acts as a bridge towards Aid for Trade.

- (3) **Duty Free Quota Free (DFQF) market access** in both, developed and developing countries is crucial to LDCs¹⁵. While, developing countries' markets are increasingly becoming important trading destinations for many LDCs'; in developed country markets, DFQF market access for LDCs enables competitiveness of their products. Moreover, DFQF market access, including simple and transparent preferential rules of origin as advocated by LDCs, can limit the negative effect of RTAs that they aren't part of.
- (4) **Regional initiatives**¹⁶, such as the Economics and Social Commission for Asia and the Pacific (ESCAP) endorsed a regional vision of Regional Economic Cooperation and Integration (RECI) with four pillars, which address SDGs in order to contribute in reducing poverty and inequalities: (i) Integrated market (SDGs 1, 8 and 17); (ii) Seamless connectivity (SDGs A, 7 and 9); (iii) Enhancing financial cooperation (SDGs 1 and 17) and (iv) Addressing shared vulnerabilities (SDGs 1, 13 and 17).

3.2. How does Trade help LDCs achieve SDGs?

Trade is considered as 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, 2014). The SDG framework recommends though SDG 17 (trade-related targets 17.10-17.12) that certain action should be taken at the global level. Figure 10 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. In this way, International trade could be the single most important external source of development financing, particularly to small developing countries and LDCs.

Figure 10- Trade- Financing paths

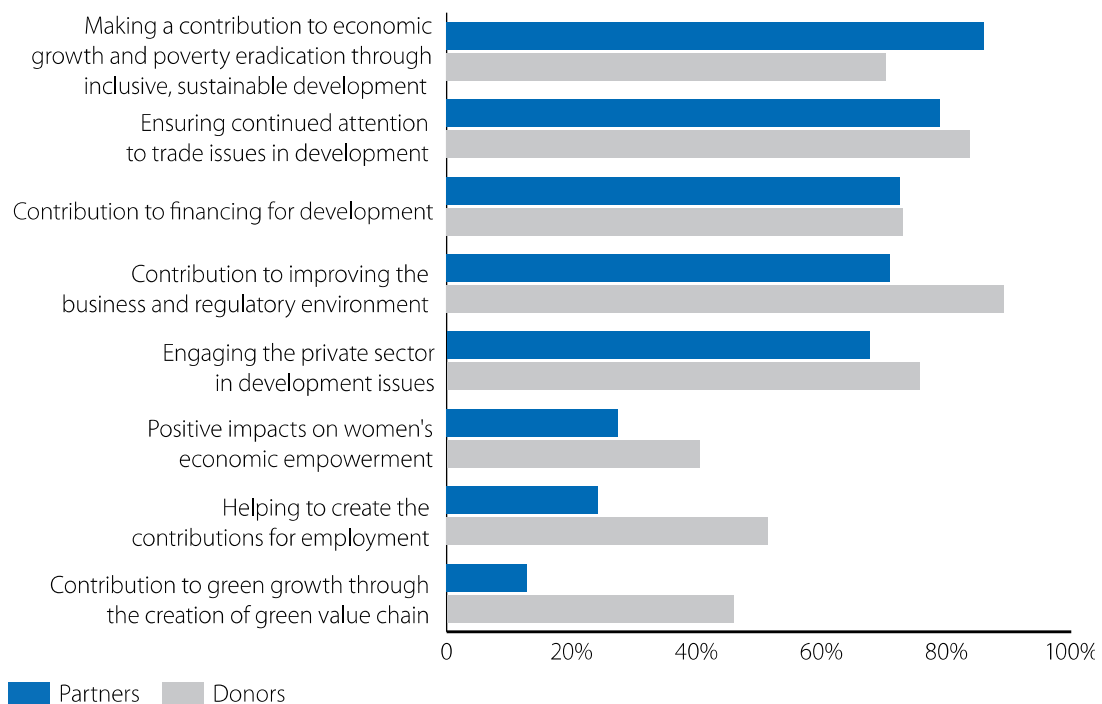


Source: UNCTAD

Source: OECD/WTO, 2015

The global market encounters a proliferation of preferential trade agreements (PTAs) at bilateral, regional and inter-regional levels. However, most PTAs do not include LDCs, especially those in sub-Saharan Africa. The proliferation of RTAs can reduce the value of preferential market access that LDCs benefit from. According to OECD/WTO (2015), an UNCTAD study, which looked into the impact of the “relative” preferential margin (RPM) erosion on exports from sub-Saharan African countries (many of which are LDCs), estimated that one unit fall in the RPM would reduce these countries’ exports on average by 0.30 percentage point (Nicita and Rollo, 2013). The study concluded that any erosion of preferential margins due to the proliferation of RTAs outside sub-Saharan Africa would imply a reduction in the probability of exports from sub-Saharan Africa, both for existing and potential exports.

Figure 11- Contribution of Aid for Trade Initiative to the post-2015 development agenda



Source: Joint OECD/WTO monitoring exercise (2015)

<https://doi.org/10.1787/999933341500>

Source: OECD/WTO, 2015

Figure 11 shows the contribution of *Aid for Trade* initiatives to the post-2015 development agenda, which stresses that today’s economic development should not undermine the opportunities of future generations’ development. On the Partners side, Making a contribution to economic growth and poverty eradication through inclusive, sustainable development is more important whereas on the donors side it is the contribution to improving business and regulatory environment that is important.

The literature from international organisations highlights that trade has been an engine of economic growth and a source of financial and non- financial means for development. More so, international trade has been an essential source of public

revenue, domestic private sector investment and capital formation required for improving productive capacities and structural transformation especially to LDCs. Accordingly for trade to help LDCs in achieving SDGs *Aid for Trade* should:

Reduce future trade costs by cooperating in SDG implementation: To avoid a possible rise in South–South trade costs, mutual consultation on the planned SDG policy measures via a regional or interregional platform for such consultation and, if appropriate, the harmonization of certain SDG policy measures, such as certificate requirements for a measure for food safety, may be useful.

Help LDCs use their export growth to achieve sustainable development: Doubling the export share of LDCs by itself is not a development outcome. The ultimate objective of target 17.11 should be for LDCs to use export growth to build economic capacity to achieve sustainable development by 2030 and beyond. The growth of LDC exports should lead to increase in the number of jobs and of productive sectors that can accommodate the estimated 31 per cent more young entrants into the labour markets in LDCs by 2030. Linking trade growth to jobs and structural transformation and spreading the gains from trade to a larger segment of society should be the underlying principle of the international trading system in the coming decade.

4. Conclusion

The AAAA and the 2030 Agenda for sustainable development are interdependent and aim in reducing poverty, with an inclusive and sustainable growth. The Multilateral Trading System through its initiatives (i.e. Aid for Trade, EIF, DFQF, etc.) can help Developing country including LDCs in improving its living condition and in this way contributes to the SDGs. Effectively, as an objective of Trade liberalisation, lowering trade costs is an important step, especially in achieving SDGs. Market access is highly related to NTMs, which can impede benefits to trade liberalisation in the form of trade costs. In this way, according to Fernandez de Cordoba and Vanzetti (2014)¹⁷, *Integration*

can bring in competition as well as market access. In spite of possible negative consequences, integrating into larger markets, whether domestically through improved infrastructure, or internationally through reductions in trade costs, is generally regarded as the key to economic growth. Trade provides competition and also encourages investment and the use of better technology. Moreover, Transparency is necessary to estimate if NTMs are legitimate or not and if they respond to the principal objective of trade liberalization. From the foregoing, appropriate trade-related policies can no doubt contribute to the attainment of SDGs.

¹ UNDP website, <http://www.undp.org/content/undp/en/home/sustainable-development-goals/background.html>

² United Nations (2015), *Addis Ababa Action Agenda*, http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

³ Keane J and Melamed C (2014). Trade and the post-2015 agenda: from Millennium Development Goals to Sustainable Development Goals, ODI (Overseas Development Institute), United Kingdom

⁴ Arnell E and Ngobi G (2016). Effective Participation of Developing Countries and LDCs in Global Value Chains. CUTS International, Geneva.

⁵ UNCTAD (2015). Reforming international investment governance. World Investment Report 2015. United Nations New York and Geneva.

⁶ UNCTAD (2016). Trading into the Sustainable Development : Trade, Market Access, and the Sustainable Development Goals. Developing countries in international trade studies. United Nations, New York and Geneva

⁷ Radelet S and Sachs J (1998). *Shipping costs, manufactured exports, and economic growth. Paper presented at the Annual Meeting of the American Economic Association, Harvard University*

⁸ Miroudot S and Ragoussis A (2009). Vertical Trade, Trade Costs and FDI. Trade Policy Working Paper No. 89. OECD (Organisation for Economic Co-operation and Development)

⁹ The Trade Costs Dataset, <http://data.worldbank.org/data-catalog/trade-costs-dataset>

¹⁰ Moïsé E and Le Bris F (2013). Trade costs: What have we learned? A synthesis report. Trade Policy Paper No. 150. OECD (Organisation for Economic Co-operation and Development)

¹¹ Hoekman B (2014). « Lowering Trade Costs: A Key Goal in the Post-2015 Sustainable Development Agenda ». Global Governance Programme Robert Schuman Centre for Advanced Studies. European University Institute, Italy – Issue 2014/3

¹² The World Bank (2016). Doing Business 2016 : Measuring Regulatory Quality and Efficiency, The World Bank Group, Washington

¹³ OECD/WTO (2015), Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth, WTO, Geneva/OECD Publishing, Paris.

DOI: http://dx.doi.org/10.1787/aid_glance-2015-en

¹⁴ https://www.wto.org/english/tratop_e/devel_e/teccop_e/if_e.htm

¹⁵ http://unctad.org/en/PublicationsLibrary/presspb2015d11_en.pdf

¹⁶ <http://unohrlls.org/custom-content/uploads/2016/04/Rmakakrishna-Asia-Pacific-Regional-Economic-cooperation.pdf>

¹⁷ Fernandez de Cordoba S and Vanzetti D (2014). Trade Viewpoint Paper: Benefits and Costs of the Trade Targets for the Post-2015 Development Agenda. Copenhagen Consensus Center. Available at:

http://www.copenhagenconsensus.com/sites/default/files/trade_viewpoint_-_fernandez_de_cordoba_vanzetti.pdf