

Leveraging the WTO to Achieve SDGs

Priority Goal Areas for Small
Developing Countries and LDCs

Julien Grollier

Leveraging the WTO to Achieve SDGs: Priority Goal Areas for Small Developing Countries and LDCs

Authored by:

Julien Grollier

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Abstract

The Sustainable Development Goals (SDGs) set out a menu of action for ending poverty and hunger, promoting social welfare, fighting inequalities, as well as building economic growth while tackling climate change and preserving the environment.

In this context, trade is a key enabler towards achieving development goals, cutting across a wide range of highly relevant policy areas. While it is explicitly mentioned in a number of SDGs, particularly through references to the World Trade Organization (WTO), trade also underpins many more SDG areas where the WTO could also have an important role to play given critical sector linkages.

This research study aims to identify trade-related priority SDG areas for small developing countries, particularly the least developed ones, and inform their delegates and governments of ways they can leverage work at the WTO, to make progress on these SDG targets. In particular, analysis is conducted across 5 priority SDG areas for small and least developed countries: (i) Food Security and Agriculture; (ii) Industrial and Private Sector Development; (iii) Services; (iv) Environment and Climate Change; and (v) Technology and Innovation.

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Abbreviations

AoA	Agreement on Agriculture
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoA	The Committee on Agriculture
CTE	Committee on Trade and Environment
CTS	Council for Trade in Services
DDA	Doha Development Agenda
DFQF	Duty-Free Quota Free
EGA	Environmental Goods Agreement
EIF	Enhanced Integrated Framework
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GVC	Global Value Chains
ICT	Information and Communication Technology
IGOs	Intergovernmental Organizations
ILO	International Labor Organization
IP	Intellectual Property
IPoA	Istanbul Programme of Action for the Least Developed Countries
IWG	Informal Work Programme
LDC	Least Developed Country

MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
MSMEs	Micro, Small and Medium-sized Enterprises
MTS	Multilateral Trading System
NAMA	Non-Agricultural Market Access
NTBs	Non-Tariff Barriers
NTMs	Non-Tariff Measures
PHF	Public Stockholding for Food Security
SDG	Sustainable Development Goal
SDTF	Standards and Trade Development Facility
SDT	Special and Differential Treatment
SPS	Sanitary and Phytosanitary Services
STCs	Specific Trade Concerns
TBT	Technical Barriers to Trade
TFA	WTO Trade Facilitation Agreement
ToT	Transfer of Technology
TPR	Trade Policy Reviews
TPRM	Trade Policy Review Mechanism
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
WGTTT	Working Group on Transfer of Technology
WTO	World Trade Organization

Introduction

In September 2015, all United Nations Member States adopted the 2030 Agenda for Sustainable Development, whereby they committed to pursue 17 Sustainable Development Goals (SDGs)¹ towards building a better world for the people and the planet over the next 15 years.

Through 169 targets, the SDGs set out a menu of action for *inter alia* ending poverty (SDG1) and hunger (SDG2), promoting social welfare (SDG3, SDG4), fighting inequalities (SDG5, SDG10), and building economic growth (SDG8, SDG9) while tackling climate change (SDG13) and preserving the environment (SDG14, SDG15).

Developing countries: What Priorities?

The SDGs give particular attention to achieving job-generating sustainable economic growth and structural transformation in the 47 Least Developed Countries (LDCs), where almost half of their combined 1 billion people still live in extreme poverty.² While this category of countries is explicitly referred to in at least 18 SDG targets, many more targets are likely to be of central importance for their development and that of other small developing countries. It is therefore important to understand which SDG targets and areas are of most priority to them.

In this regard, the most relevant reference remains the Istanbul Programme of Action (IPoA) for the

Least Developed Countries for the Decade 2011-2020, which was adopted in 2011 by the Fourth UN Conference on the Least Developed Countries. Charting out a strategy for the sustainable development of LDCs, the IPoA defined a number of goals, objectives, principles and priority areas for action to overcome the structural challenges faced by these countries in order to “eradicate poverty and achieve internationally-agreed development goals”.³

Therefore, the IPoA together with the 2030 Agenda for Sustainable Development provide the main framework for promoting sustainable development in small developing countries and LDCs.

SDGs: The importance of trade

As underscored in both of the above documents, trade is a key enabler towards achieving development goals, cutting across a wide range of highly relevant policy areas.

In the IPoA, countries “reaffirm that international trade remains a key driver of economic growth and sustainable development in least developed countries.”⁴ This is echoed in the means of implementation of Agenda 2030, referring to “international trade as an engine for development.”⁵

¹ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1. New York; Geneva: United Nations. Available at https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

² UNCTAD (2018). Achieving the Sustainable Development Goals in the Least Developed Countries. New York; Geneva:

United Nations. Available at https://unctad.org/en/PublicationsLibrary/aldc2018d4_en.pdf

³ <http://unohrrls.org/about-ldcs/istanbul-programme-of-action/>

⁴ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3.

⁵ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1.

Indeed, trade can generate significant opportunities for addressing hunger, food security, nutrition and sustainable agriculture, as well as other SDG areas. While it is explicitly mentioned in a number of SDGs, particularly through references to the World Trade Organization (WTO), trade also underpins many more SDG areas where the WTO could also have an important role to play given critical sector linkages.

About the study

In the above context, this research study aims to identify trade-related priority SDG areas for small developing countries, particularly the least developed ones, and inform their delegates and governments of ways they can leverage work at the World Trade Organisation (WTO), to make progress on these SDG targets.

Analysis is conducted across 5 priority SDG areas for small and least developed countries, namely: (i) Food Security and Agriculture; (ii) Industrial and Private Sector Development; (iii) Services; (iv) Environment and Climate Change; and (v) Technology and Innovation. In each of these areas, priority issues for LDCs are identified based on SDG targets which align with priorities set in the IPoA for these countries.

The study then examines how different streams of work at the WTO can contribute to favourable outcomes for small and least developing countries in the identified priority SDG areas. Beyond negotiations, the study will highlight the importance of WTO regular work and the implementation of existing decisions in these areas.

SECTION 1

Food Security and Agriculture

At the centre of small developing countries' economies, agriculture absorbs two thirds of LDCs' labour force and generates some 22% of economic output on average, compared with 8.5% in other developing countries.⁶ However, to sustain their growing populations, the majority is still largely relying on food imports. Remedying this situation is one of the key enablers to achieving steady growth and sustainable development.

1.1 Key SDG Areas

In most small developing countries, agriculture faces significant challenges, including: growing populations, lack of adequate infrastructure, limited scientific research, access to technology and innovations. The sector is also increasingly suffering from the negative effects of environmental degradation, climate change, deforestation and other natural disasters.

Recognising the above challenges and the crucial role played by agriculture in LDCs, the IPoA has identified agriculture as a priority area for action while linking it to promoting food security and rural development. In particular, the following actions are prioritised: (i) Make substantial progress towards eradicating hunger by 2020; (ii) Substantially increase investment in rural

infrastructure; and (iii) Ensure access to safe food and emergency food assistance in all LDCs.⁷ Four years later, those aims were captured by the 2030 Agenda for Sustainable Development, particularly SDG2 which aims to "End hunger, achieve food security and improved nutrition and promote sustainable agriculture".⁸

Food Security and Safety

Starting with the promotion of food security and safety, SDGs 2.1 and 12.3 of the 2030 Agenda particularly align with above-mentioned IPoA priorities. SDG2.1 aspires to end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. Also, SDG12.3 seeks to halve per capita global food waste at the retail and consumer levels and to reduce food losses along production and supply chains, including post-harvest losses.⁹

Both the IPoA and the 2030 Agenda recognise the significant impact that trade and commodity market access and prices can have on food security and access to safe food. In this regard, the IPoA called for the following joint actions: (i) further explore the feasibility, effectiveness and administrative modalities of a system of

⁶ UNCTAD (2018). Least Developed Countries Report 2018: Entrepreneurship for structural transformation: beyond business as usual. New York; Geneva: United Nations. P II. Available at https://unctad.org/en/PublicationsLibrary/lcrr2018_en.pdf

⁷ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3. New York; Geneva: United Nations. P 16-17

⁸ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1. New York; Geneva: United Nations. Available at https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

⁹ *ibid.*

stockholding in dealing with humanitarian food emergencies or as a means to limit price volatility; (ii) Pursue policy options to reduce price volatility, including improved information systems for stocks and production, greater transparency in commodity markets, and free movement of food supplies; and (iii) Fulfil in the Doha Development Agenda the 2005 pledge of members of the WTO to ensure the parallel elimination in agriculture of all forms of export subsidies and disciplines on all export measures with equivalent effect.¹⁰

In line with the above priorities, the SDGs encourage the international community to: (i) undertake actions 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 all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round (SDG2.b); and (ii) to adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility (SDG2.c).¹¹

Rural Development: Small Farmers' Productivity and Livelihoods

The IPoA also linked rural development to the prioritisation of agriculture in LDCs with a focus on small farmers as key producers in most of those countries. This is clear in the following recommended actions: (i) Promote responsible international investment in agriculture and call for

all investors to conduct agricultural practices in accordance with national legislation, taking into account national sovereignty over natural resources, environmental sustainability and the importance of promoting the well-being and improving the livelihood of the local communities and indigenous people, as appropriate; (ii) Strengthen institutions, including cooperatives, to boost small-holder farmer food production, agricultural productivity and sustainable agricultural practices; (iii) Provide safety nets to poor small-holder farmers; and (iv) Make rural markets work better for the poor by linking small-scale farmers to markets throughout the food chains, including the provisions of price and other relevant information and improving sanitary and phytosanitary services (SPS).¹²

In 2015, the 2030 Agenda through SDG2.4 set the goal to double the agricultural productivity and incomes of small-scale food producers. This particularly targets 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. In addition, SDG2.4 called for ensuring sustainable food production systems and implementing resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.¹³

¹⁰ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., P. 17.

¹¹ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1. https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

¹² United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., P. 17-18.

¹³ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1. https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

1.2 Relevance of WTO Work

As mentioned earlier, the majority of small developing countries rely on food imports to sustain their populations. In LDCs, such imports saw a significant increase from about USD 2.5 billion in 2000 to about USD 32.8 billion in 2015, accounting for 2.5 percent of global agricultural import value.¹⁴ Meanwhile, their exports exhibited a weaker trend, amounting to just 1.4 percent of global export value, resulting in a widening agricultural trade deficit.

Such a gap explains the emphasis placed by the IPoA and the 2030 Agenda on the need to review the current multilateral trade regime in agriculture, and to address the restrictions and distortions that limit LDC's gains in productivity and competitiveness and stand against their food security and rural development potentials

WTO Negotiations

Speaking at an event organised by the FAO in Rome on 24 October, 2017, the WTO Deputy Director General stated: "A well-functioning multilateral trading system is imperative for the realisation of SDG 2. The contribution that could be made by the WTO is recognised in SDG 17, which underscores the need for the promotion of "a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization".¹⁵

The Agreement on Agriculture (AoA) is an integral part of WTO rules-based system. Its long-term objective as set in the preamble is: "to provide for

substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets".¹⁶

In other words, the AoA includes provisions that set rules in the areas of market access, domestic support, export subsidies etc; and to level the playing field for trade in agriculture while ensuring that governments have policy choices to support their agricultural sectors. However, when it comes to provisions serving food security and rural development objectives, many WTO members consider that certain aspects of the rules could be improved. Reform negotiations are still ongoing on important topics such as domestic support, public stockholding for food security, safeguard measures and export restrictions.¹⁷

Public Stockholding for Food Security

Governments under this provision may purchase, accumulate and hold stocks of crops and food products from local farmers and sell them (at subsidised rates) and distribute them free of charge to poor, food insecure households during times of need. However, the conditions in the AoA that were set during the Uruguay round of negotiations are presently considered limiting to certain countries' capacity to implement Public Stockholding (PSH) programmes without being considered trade distorting or adversely affecting the food security of other members. As a result, the issue has been brought to the forefront of WTO negotiations with a mandate to find a permanent

¹⁴ FAO (2018). The State of Agriculture Commodity Markets 2028. P.8. <http://www.fao.org/3/I9542EN/i9542en.pdf>

¹⁵ WTO (2017). Speech - DDG Alan Wolff - DDG Wolff: A strong agricultural trading system can contribute to realizing the SDGs. [online] Available at: https://www.wto.org/english/news_e/news17_e/ddgra_24oct17_e.htm

¹⁶ Agreement on Agriculture, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 410. Available at https://www.wto.org/english/docs_e/legal_e/14-ag.pdf

¹⁷ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf, P.36.

solution by the 12th WTO Ministerial Conference.¹⁸

Domestic Support

Eliminating subsidies that cause distortions in agriculture markets leading to fairer and more competitive markets is considered vital to helping both farmers and consumers while contributing to food security.¹⁹ This is one of the reasons why domestic support has been a key issue in the agricultural negotiations.

The AoA created a fairly complex classification of domestic support, whereby policies that are minimally production- and trade-distorting (Green box) are exempted from reduction commitments. Other conditions are set for non-Green box policies (Amber Box, Blue Box).²⁰

However, as per the Art. 20 on the continuation of the reform process, the AoA recognises that these classifications were just first steps in an “ongoing process” towards the “long-term objective of substantial progressive reductions in support and protection”²¹. The Committee on Agriculture (CoA) under special sessions has been negotiating the continuation of the reform process and a lot of work has been done in this area including through the Draft Modalities Rev. 4 of 2008.²²

The gap between members however remains wide, especially with the Rev. 4 Modalities text being no longer accepted by all as the basis for an agreement in the area of agriculture. Nevertheless, it is the last comprehensive text on the negotiating table and may serve as a reference point for moving forward.²³

WTO Regular Work

SPS Committee

At the WTO, regular work under the Committee on Sanitary and Phytosanitary Measures (SPS) enables members to ensure their exporters are not unfairly affected by measures adopted by trading partners. Yet, due to the low profile kept by many small developing countries, few discussions have focused on measures of their interest.²⁴

Article 20 of the General Agreement on Tariffs and Trade (GATT) allows governments to act on trade in order to protect human, animal or plant life or health, provided they do not discriminate or use this as disguised protectionism. But when it comes to food safety and standards, the WTO SPS Agreement is most relevant. The agreement states the right of WTO members to impose measures that restrict trade when this is necessary to ensure food safety, and to protect animal and plant health, and includes provisions on control, inspection and approval procedures.²⁵

¹⁸ Julian Mukiibi (2018). Public Stockholding for Food Security Programmes: State of Play in the East African Community. Note. Geneva: CUTS International. P.2. http://www.cuts-geneva.org/pdf/BP-EACGF16-Public_Food_Stockholding.pdf

¹⁹ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf, P.4.

²⁰ Panos Konandreas (2019). Evolution of Domestic Support in Agriculture. Geneva: CUTS International. P. 8. http://www.cuts-geneva.org/pdf/WTOSSEA2018-Study-Evolution_of_Domestic_Support_in_Agriculture.pdf

²¹ Agreement on Agriculture, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 410. Available at https://www.wto.org/english/docs_e/legal_e/14-ag.pdf

²² Revised Draft Modalities for Agriculture, TN/AG/W/4/Rev.4, 6 December 2008.

²³ Panos Konandreas (2019). Evolution of Domestic Support in Agriculture. Geneva: CUTS International. P. 9. http://www.cuts-geneva.org/pdf/WTOSSEA2018-Study-Evolution_of_Domestic_Support_in_Agriculture.pdf

²⁴ Poppelreuter, P. (2017). Developing Countries' Participation in the WTO: Committee on Sanitary and Phytosanitary Measures. Note, December 2017. Geneva: CUTS International. Available at http://www.cuts-geneva.org/pdf/BP-KP1-WTO_Committee_on_Sanitary_and_Phytosanitary_Measures.pdf

²⁵ WTO (2018). Standards and Safety. [online] Available at: https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm4_e.htm

At the same time, the SPS Agreement sets disciplines against using such measures as unnecessary barriers to trade – for example, by requiring basing such measures on international standards and/or scientific proofs. Such disciplines are particularly crucial for exporters and SMEs in developing countries as access to export markets can be an important source of revenue. But it is also important for importing countries, who need secure access to safe food at affordable prices.²⁶

The SPS Committee fulfils several functions, including: (i) the facilitation of ad-hoc consultations among the WTO Members on specific SPS issues; (ii) coordination and integration between international and national systems for approving, inter alia, the use of food additives in foodstuffs; (iii) provision of technical assistance and time-limited exemptions from obligations under the SPS Agreement for developing countries; and (iv) development of guidelines to further the practical implementation of non-discrimination provisions.

Participation in the committee can allow small developing countries to identify and point to SPS measures by others that have potentially trade-distortive impacts on their economies. In particular, members can raise and discuss Specific Trade Concerns (STCs) they may have regarding such measures, in order to seek more transparency and clarification.

Besides this, actively participating in the SPS Committee provides other benefits to developing

countries: (i) one agenda item of the formal SPS Committee sessions grants them the opportunity to make direct requests to other Members for technical support, tailored towards their needs on the ground; (ii) secondly, developing Members can inform other Members that the World Organisation on Animal Health (OIE) declared their territories to be free of diseases, and hence demand any disease-related ban on their exports to be lifted. Given that many developing Members are situated in disease-prone areas, the latter is crucial to prevent their exclusion from global trade due to unsubstantiated suspicions of other Members.²⁷

Yet, participation of small developing countries in SPS-related STCs has been rather limited. Out of 201 SPS-related STCs raised since 2007, only 9 per cent were raised by small developing countries and LDCs. In contrast, emerging markets (58 per cent) and developed countries (33 per cent) raised the majority of STCs.²⁸

Trade Policy Reviews (TPR)

As a multilateral transparency mechanism, Trade Policy Reviews (TPRs) remain the best trade monitoring tool at small developing countries' disposal, given their limited resources to effectively undertake such surveillance domestically. It allows them to benefit from better policy certainty, better knowledge of measures faced by their exporters, as well as better informed trade policy-making and negotiating positions.²⁹

The mechanism can reveal trade-distorting measures affecting a member, thus allowing to take appropriate action, e.g. by raising it in the

²⁶ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf, P38.

²⁷ Poppelreuter, P. (2017). Developing Countries' Participation in the WTO: Committee on Sanitary and Phytosanitary Measures. Note, December 2017. Geneva: CUTS International. Available at <http://www.cuts-geneva.org/pdf/BP-KP1->

[WTO_Committee_on_Sanitary_and_Phytosanitary_Measures.pdf](#)

²⁸ Ibid.

²⁹ Julien Grollier (2017), WTO Trade Policy Review Mechanism: Participation of Small Developing Countries. Geneva: CUTS International. P. 8. <http://www.cuts-geneva.org/pdf/BP%20-%20KP1-Trade%20Policy%20Review%20Mechanism.pdf>

WTO committees on Technical Barriers to Trade (TBT) or on SPS. In addition, it gives insights on other Members' trade measures allowing a government to inform its exporters on the specifics of such measures. This can be useful to improve access of small farmers' rural agricultural products to those markets.³⁰

Implementing WTO Decisions: Export Competition

At the WTO's 10th Ministerial Conference held in Nairobi in 2015, WTO members adopted the WTO Ministerial Decision on Export Competition. This decision eliminates agricultural export subsidies and sets out new rules for export credits, international food aid and exporting state trading enterprises. Termed by many as "historic", the decision constituted the most significant reform of global rules on agricultural trade in the last 20 years. It will help level the playing field in agriculture markets, to the benefit of farmers and exporters in developing and least developed countries and thus contribute to enhanced food security. The decision delivered on a key target of the second SDG (SDG2.b) and was one of the first targets to be met under the UN's new Sustainable Development Agenda.³¹

³⁰ Ibid, p. 4.

³¹ WTO (2017). Speech - DDG Alan Wolff - DDG Wolff: A strong agricultural trading system can contribute to realizing the

SDGs. [online] Available at:
https://www.wto.org/english/news_e/news17_e/ddgra_24oct17_e.htm

SECTION 2

Industrial and Private Sector Development

Sustainable industrial growth can boost development and help lift vulnerable communities out of poverty through value addition, job creation and new livelihood opportunities. In developing countries, Micro, Small and Medium-sized Enterprises (MSMEs) are the cornerstone of this structural transformation through their ability to harness domestic and international value chains. However, they require a fair, predictable and enabling environment to unleash their full potential.

2.1 Key SDG Areas

Industries, Value Chains and Addition

Better participation of MSMEs and vulnerable communities in value chains and addition, taking advantage of domestic and international production networks, is an important element for boosting sustainable industrial development in developing countries.

The IPoA identifies value addition as a key goal for developing productive capacities in LDCs, aiming to: (i) Increase significantly the value addition in natural resource-based industries paying special attention to employment generation; and (ii) Diversify local productive and export capability with a focus on dynamic value-

added sectors in agriculture, manufacturing and services. In this regard, governments in these countries are particularly encouraged to “strengthen programmes for promoting agro-processing industries with value addition as a means to increase agricultural productivity, raise rural incomes and foster stronger linkages between agriculture and industries”. Development partners are also encouraged to support LDCs in diversification and value addition by their firms to effectively participate in the global value chains.³²

In this area of value chains and addition, SDGs 2 and 9 provide relevant targets in line with IPoA priorities. In particular, SDG2.3 aims to double the agricultural productivity and incomes of small-scale food producers, including through markets and opportunities for value addition. Under Goal 9, the global community has also endeavoured to promote inclusive and sustainable industrialization by doubling industry’s share of employment in LDCs (SDG9.2); increase the access of LDC’s small-scale industrial enterprises to financial services, and their integration into value chains (SDG9.3); and ensure a conducive policy environment for industrial diversification and value addition to commodities (SDG9.b).

³² United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., p17-18

MSMEs and Private Sector Development

In developing countries, MSMEs require a fair and enabling environment for their existence, growth, and meaningful participation in trade, value chains and sustainable industrial development. While they employ most of the world's labour force, MSMEs often face particular challenges that prevent them from harnessing the potential of trade and integration into global markets.

Private sector development is specifically identified as a priority in the IPoA for building LDCs' productive capacities, acknowledging that the private sector is a key to sustained, inclusive and equitable economic growth and sustainable development for them. In particular, countries are urged to: (i) promote an enabling environment for private sector development including for MSMEs; (ii) promote public-private dialogue to ensure that policies address key private sector constraints; (iii) strive to promote access to financial services; and (iv) Promote women entrepreneurship.³³

Agenda 2030 has given due attention to unleashing the potential of MSMEs in developing countries, particularly through Goals 8 and 9. Indeed, SDG8.3 aims to promote development-oriented policies that support productive activities, and encourage the formalisation and growth of MSMEs including through access to financial services. Similarly, SDG9.3 aims to increase access of small-scale industrial and other enterprises to financial services, and their integration into value chains.

2.2 Relevance of WTO Work

The WTO can contribute to favourable outcomes for small and least developing countries for their industrial and private sector development. Not only negotiating areas such as Non-Agricultural Market Access (NAMA) are particularly relevant, but regular bodies as well as the implementation of the Trade Facilitation Agreement (TFA) can also be leveraged by these countries for pursuing priority SDG targets.

WTO Negotiations: Non-Agricultural Market Access

Although negotiations on the matter are virtually stalled since 2008, NAMA talks addressed a number of relevant areas for MSME and private sector development including in developing countries. As mandated by the Doha Ministerial Declaration³⁴, NAMA negotiations aimed to reduce or eventually remove tariffs, including tariff peaks and escalation, as well as addressing non-tariff barriers particularly for products of export interest to developing countries and LDCs.

In addition to high tariff and other protection measures, tariff escalation which NAMA negotiations aim to tackle have remained an important obstacle for developing countries to enter into industrial exports, and hence develop their industries through value addition. This is particularly pronounced in sectors of direct export interest to developing countries such as the food industry, textile and clothing, footwear, leather etc.³⁵

Similarly, addressing NTBs is highly relevant to MSMEs in developing countries, who often face

³³ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., p22

³⁴ WTO (2001). Doha Ministerial Declaration. WT/MIN(01)/DEC/1. Available at

https://www.wto.org/english/thewto_e/minist_e/min01_e/mindec_l_e.htm

³⁵ CUTS (2005). Non-Agriculture Market Access: Priorities for South Asia. Briefing Paper 3/2005. Jaipur: CUTS International. Available at <http://www.cuts-international.org/pdf/No.3-NAMA.pdf>

capacity constraints in complying with standards, regulators and technical requirements etc. However, NTBs have taken a rather low profile in NAMA talks, and disagreements were expressed regarding which NTBs to include into this area of negotiations and which ones to address under other relevant WTO Bodies, e.g. those dealing with Technical Barriers to Trade (TBT), Sanitary & Phytosanitary Measures (SPS), Trade Facilitation and rules.³⁶

As in other negotiating areas, NAMA talks also considered flexibilities to be applied to developing countries and LDCs. These could potentially include longer implementation periods for their tariff reductions and choosing a formula that leads to lesser tariff cuts. In NAMA talks, LDCs are also not required to apply the formula or participate in the sectoral negotiations.

WTO Regular Work

Committee on Technical Barriers to Trade (TBT)

While tariffs have declined sharply over the past decades, Non-Tariff Measures (NTMs) have gained importance, including Technical Barriers to Trade (TBT), which governments use to ensure that only those products enter their domestic market that are safe to consume and respect environmental standards. However, such measures may sometimes turn into considerable trade barriers, and complying with them is often a challenge for MSMEs in small developing countries.

At the WTO, regular work under the Committee on Technical Barriers to Trade (TBT) enables

members to ensure their exporters are not unfairly affected by measures adopted by trading partners. Yet, due to the low profile kept by many small developing countries, few discussions have focused on measures of their interest.³⁷

Yet, the committee gives small developing countries ample opportunity to identify and point to those TBT measures that have potentially trade-distortive impacts on their export industries and private sector. In particular, they are able to raise and discuss Specific Trade Concerns (STCs) they may have on measures by other members. This can serve as a way to request for more transparency and clarification, including: (i) seeking more information on such measures which affect their exports; and (ii) indicating their suspicion that a particular measure may violate the TBT Agreement.

In addition, the STC database can be a major trade monitoring tool for small developing countries, most of which lack financial and technical resources to identify new trade-distortive TBT measures. They can also actively support other Members or join already existing groups of Members to raise STCs, as well as be prepared for potential STCs raised against their own TBT measures.

According to a 2017 paper by CUTS³⁸, since 2010 a total number of 1104 Specific Trade Concerns (STCs) were raised between at least two Members. The analysis showed that developed and emerging markets denoted for the overwhelming majority of STCs, way ahead of the other developing countries, including small developing countries and LDCs who together only represented 11 per cent of all STCs.

³⁶ CUTS (2005). Non-Agriculture Market Access: Priorities for South Asia. Briefing Paper 3/2005. Jaipur: CUTS International. Available at <http://www.cuts-international.org/pdf/No.3-NAMA.pdf>

³⁷ Poppelreuter, P. (2017). Developing Countries' Participation in the WTO: Committee on Technical Barriers to Trade. Note,

December 2017. Geneva: CUTS International. Available at http://www.cuts-geneva.org/pdf/BP%20-%20KP1-WTO_Committee_on_Technical_Barriers_to_Trade.pdf

³⁸ Poppelreuter, P. (2017). Developing Countries' Participation in the WTO: Committee on Technical Barriers to Trade. Note, December 2017. Geneva: CUTS International.

Trade Policy Reviews

The Trade Policy Review Mechanism (TPRM) of the WTO is a key transparency instrument allowing members to better understand each other's trade policies, as well as monitor compliance with their WTO obligations. In particular, it is a valuable tool for small developing countries which often lack resources to thoroughly monitor their trading partners.

It is a valuable tool for the development of trade policies in developing and least developed countries. These Members often face challenges in adjusting their domestic policies in compliance with multilateral trade rules, and TPRs can help them self-assess existing measures as well as taking new trade policy-making directions.

In addition, developing countries can also derive significant benefits from actively engaging in other Members' TPRs. In particular, this can help them uncover trade barriers and market opportunities for their private sector. The TPR process may reveal trade-distorting measures affecting a member about which it was unaware before, hence providing an opportunity to take action. Insights gained on other Members' trade measures through TPRs can also allow a government to inform its exporters on the specifics of such measures in order to help them be better prepared.

Implementing WTO Decisions: Trade Facilitation Agreement

Adopted at the 9th WTO Ministerial Conference in Bali, Indonesia, the Trade Facilitation Agreement (TFA) entered into force in February 2017. By reducing costs of engaging in cross-border trade, the agreement can increase the opportunities for MSMEs to access international markets and participate in global value chains.

The agreement contains three main types of provisions: (i) provisions for expediting the movement, release and clearance of goods, including goods in transit, as well as customs cooperation; (ii) Special and Differential Treatment provisions that allow developing countries and LDCs to determine when they will implement individual provisions of the agreement and to identify provisions that they will only be able to implement upon the receipt of technical assistance and capacity building; and (iii) provisions that establish a permanent committee on trade facilitation at the WTO, and require members to create a national committee to facilitate domestic coordination and implementation of TFA provisions.

Implementation of the agreement will particularly reduce bureaucracy in trade, with WTO members adopting measures to expedite the passage of goods across borders. This is highly relevant for MSMEs, whose exports are more sensitive to border delays and tend to suffer more from administrative burdens. Towards this end, small developing countries and LDCs can priorities the implementation of those provisions in the TFA that particularly benefit their MSMEs.

Plurilateral track: MC11 Joint Statement on MSMEs

In recognition of the role performed by MSMEs in many economies, a group of WTO Member countries through a Joint Ministerial Statement at the 11th Ministerial Conference of Buenos Aires, established an Informal Work Programme (IWG) for MSMEs. The informal working group seeks to achieve horizontal and non-discriminatory solutions so as to yield benefits for the participation of MSMEs in international trade, considering specific needs of developing countries and LDCs.

There, a number of proposals have been put forward to enable MSMEs integrate in the

multilateral trading system, be it through governance and coordination processes, enhanced rule-making, or considering assistance and support – especially targeting developing countries and LDCs. These are expected to form the basis of discussions in the IWG on MSMEs in the WTO, focusing on: (i) transparency and data availability; (ii) coordination and outreach; and (iii) special and differential treatment (SDT), technical assistance and capacity building.

The growing attention for MSMEs in the context of WTO reflects increasing interest to deliver on related SDGs. While it is presently unlikely that members will pursue a binding multilateral agreement on MSMEs, participants in the plurilateral initiative may agree some form of non-binding “soft law” in this area.³⁹

³⁹ Mukiibi, J. (2018). Initiative to Enhance MSME Participation in International Trade: Challenges and Opportunities in the Context of the WTO. Briefing Paper, December 2018. Geneva: CUTS International. Available at <http://www.cuts->

[geneva.org/pdf/BP-1812-Initiative_to_Enhance_MSME_Participation_in_International_Trade.pdf](http://www.wto.org/geneva.org/pdf/BP-1812-Initiative_to_Enhance_MSME_Participation_in_International_Trade.pdf)

SECTION 3

Services

Regulatory issues, particularly in the area of services, are increasingly important to deal with to ensure sustained and sustainable growth and development. Balanced, transparent and well-crafted regulations in all spheres of economic activity can provide an enabling environment for overall growth and development. They can also accommodate social and environmental concerns, as well as other public policy objectives. However, crafting the regulations is not enough: there should also be institutional, technical and human capacity for their effective implementation.

Based on ILO's *Women at Work 2016*⁴⁰, women's main source of livelihoods is in the service sector since 62% were employed in this sector since 2015 on a global scale. Thus, there can be positive outcomes on women's economic empowerment resulting from their increased engagement in the service sector, particularly in areas like tourism, finance, health, education, distribution, and the environment.⁴⁰

3.1 Key SDG Areas

Energy

In many developing countries, production and access to energy is often inadequate, hence constraining their development. Access to affordable, reliable and renewable energy and related technologies will be critically important in

achieving sustainable economic growth and development. This priority is acknowledged in the IPoA, which urges for joint action such as: (i) improving efficiency in the generation, transmission and distribution of energy and sustainable use of energy resources; (ii) expanding power infrastructure and increasing capacity for energy generation; and (iii) facilitating the transfer of appropriate and affordable technology under mutually agreed terms and conditions for the development of clean and renewable energy technologies in accordance with relevant international agreements.⁴¹

In Agenda 2030, Goal 7 focuses on affordable and clean energy. In particular, SDG7.1 aims to ensure that there are energy services that are affordable, reliable, modern, and universally accessible by 2030. Similarly, SDG7.b also aims to ensure infrastructure expansion and technology upgrade that is able to provide modern and sustainable energy services for all developing countries, especially LDCs, small island developing states, and landlocked developing countries, which should be in line with their corresponding support programmes.⁴²

Telecom

Telecom services are also key to enhancing productive capacities in small developing countries. In this regard, the IPoA aims to significantly increase access to

⁴⁰ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁴¹ United Nations (2011). *Programme of Action for the Least Developed Countries for the Decade 2011-2020*, Document 219/3.

⁴² UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

telecommunication services and strive to provide 100 per cent access to the Internet by 2020.⁴³

The importance of telecom services is also acknowledged in several SDGs. For instance, SDG9.c aims at substantially increasing access to ICT in LDCs and ensuring access to universal and affordable internet by 2020.; whereas SDG17.8 aims to fully operationalise the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology.⁴⁴

Finance

Trade finance also assists developing nations in participating in global markets. For instance, facilitating credit supply in areas with the highest trade potential could have a tremendous impact in improving the growth of MSMEs, notwithstanding their general development objectives. Currently, some form of financing or credit insurance supports up to 80% of global trade, but there still exists substantial gaps, thereby making financial tools inaccessible for some businesses, particularly those in Africa and developing Asia. Moreover, after the 2008-09 economic crisis, it has become increasingly difficult for MSMEs to access this vital form of credit since their requests are usually rejected in 58% of the cases compared to 10% rejection rates by multinational companies.⁴⁵

Finance access received due attention in the IPoA, which set a goal to “strengthen the capacity of domestic financial institutions to reach out to

those who have no access to banking, insurance and other financial services, including through leveraging the contribution of, among others, micro-finance, micro-insurance, and mutual funds, in creating and expanding financial services targeted to poor and low-income populations, as well as small- and medium-size enterprises”.⁴⁶

The 2030 Agenda has also enlisted several targets regarding financial capacities in relation to access to services. Under Goal 1, SDG1.4 calls to ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, [...] and financial services, including microfinance. Under Goal 8, SDG8.3 promotes development-oriented policies that [...] encourage the formalization and growth of micro, small- and medium-sized enterprises, including through access to financial services. Also, SDG8.10 calls for strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. Finally, under Goal 9, SDG9.3 looks to 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.⁴⁷

Health

“Population and primary health” is one of the key areas of action under the human and social development priority set by the IPoA for the

⁴³ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3.

⁴⁴ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1.

⁴⁵ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization.

Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁴⁶ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3.

⁴⁷ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1.

LDCs⁴⁸. In line with this priority, Goal 3 of Agenda 2030 aims to achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all (SDG3.8). It also urges the international community to support the research and development of vaccines and medicines for the 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 WTO Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS) 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 (SDG3.b).⁴⁹

3.2 Relevance of WTO Work

WTO Negotiations: Services

Unlike trade in goods, international commitments and disciplines on trade in services are relatively new and less developed. They emerged only during the Uruguay Round, leading to the General Agreement on Trade in Services (GATS) which contained a built-in agenda for further negotiations later taken up in the areas of: (i) domestic regulations, to develop disciplines on qualification requirements and procedures, technical standards and licensing requirements and procedures; (ii) rules for emergency safeguard measures and subsidies; and (iii)

market access for further liberalisation of trade in services.

But the stalemate of the DDA negotiations also affected the negotiations on trade in services, which have been at a standstill for a long time. In recent years, some attempts have been made to revive negotiations in this area, through proposed avenues such as: (i) negotiations on market access, domestic regulations and services aspects of e-commerce; and (ii) facilitating services trade flows, including a proposal from India for an initiative on Trade Facilitation in Services and an Australian-led proposal to simplify authorization procedures for the licensing and qualification requirements of services suppliers.

Developing countries have comparative advantage in several service sectors and their services exports face many barriers in export markets in developed countries which could be targeted in the negotiations. Some elements of a possible “zone of common interests” are there, including in the area of domestic regulations and certain services sectors and modes of supply.

In particular, the ICT services sector could be considered a priority that would be in line with the agenda to integrate developing and least developed countries into global value chains (GVC), and could also include the ecommerce aspect of services. In addition, negotiations on Mode 2 can be potentially interesting for developing countries, in particular for those offering competitive health facilities which can be used more by consumers of developed countries if the issue of health insurance portability is addressed.⁵⁰

⁴⁸ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., p. 10.

⁴⁹ UN General Assembly (2015). Transforming Our World: the 2030 Agenda for Sustainable Development. A/RES/70/1.

⁵⁰ Kaukab, R. (2016). “Trade in Services Negotiations and Developing Countries: Whether, Where and How to Negotiate?” Toronto, Geneva and Brighton: ILEAP, CUTS International Geneva and CARIS. Available at http://www.cuts-geneva.org/pdf/TAF087_Trade_in_Services_Negotiations_and_Developing_Countries.pdf

WTO Regular Work

Council for Trade in Services (CTS)

The regular work of the WTO is an important aspect of the multilateral trading system (MTS). Smaller developing and least-developed countries can derive benefits from the MTS by improving their participation in the regular work of the WTO.

In particular, the Council for Trade in Services (CTS) is responsible for facilitating the operation of the GATS including through four subsidiary bodies: (i) the Committee on Trade in Financial Services; (ii) the Committee on Specific Commitments; (iii) the Working Party on Domestic Regulation; and (iv) the Working Party on GATS Rules.

Each Member has the obligation to promptly and at least annually inform the Council for Trade in Services of the introduction of any new, or any changes to existing, laws, regulations or administrative guidelines which significantly affect trade in services covered by its specific commitments under this Agreement.

In the recent past, the work of the services council covered the following main issues: (i) Notifications Pursuant to Articles III:3 and V:7 of the GATS; (ii) Operationalization of the LDC Services Waiver; (iii) Work Programme on Electronic Commerce; (iv) Assessment of Barriers to Entry; and (v) possible Trade Facilitation Agreement for Services.⁵¹

Trade Policy Reviews (TPR)

As in other trade policy areas, the Trade Policy Review Mechanism (TPRM) of the WTO can help LDC members better understand services regulations adopted by others, ensure they are compliant with their WTO obligations, as well as help them self-assess and craft their own regulations.

Through insights gained on other Members' trade in services measures through TPRs, small developing country governments may also be better able to inform their exporters on the specifics of measures they may face in foreign markets.

Implementing WTO Decisions: LDC Services Waiver

While services negotiations are at a stalemate, one area has seen some meaningful progress: the implementation of the LDC modalities as per GATS Article IV:3.⁵²

In 2011, the 8th WTO Ministerial Conference adopted a 'waiver' that allows any country to offer only the LDCs preferential treatment on trade in services without running afoul of the GATS' MFN requirement. Since then, discussions have focussed on putting the waiver into operation – i.e. securing treatment for LDCs that is better than the treatment received by any other trading partner. Additional Ministerial Decisions were adopted in this regard as part of the LDC packages agreed at MC9 of the WTO at Bali (2013) and at MC10 in Nairobi.

⁵¹ Bandyopadhyay, A. (2018). Trade in Services: Issues of Interest to Developing Countries and LDCs in the Regular WTO Committee. Note. Geneva: CUTS International. Available at http://www.cuts-geneva.org/pdf/1901-Note-WTO_Committee_on_Trade_and_Services.pdf

⁵² Kaukab. R. (2016). "Trade in Services Negotiations and Developing Countries: Whether, Where and How to Negotiate?"

Toronto, Geneva and Brighton: ILEAP, CUTS International Geneva and CARIS. Available at http://www.cuts-geneva.org/pdf/TAF087_Trade_in_Services_Negotiations_and_Developing_Countries.pdf

Under this waiver, 24 WTO members have submitted notifications of preferential treatment for LDC services and service suppliers. Most of these preferences are in the area of business services, particularly “other business services” such as outsourced back-office services. Other services covered include professional services, financial services, transport and telecom.⁵³

However, most measures announced remain shallow and few Members have created real preferences or responded to the call for targeted preferences that go beyond mere ‘market access’ and address real-life barriers to trade in services from LDCs.⁵⁴

⁵³ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁵⁴ CUTS (2015). LDC Services Waiver: Call for Commitment to 31 July, 2015 Deadline. Action alert. Geneva: CUTS International. Available at <http://goo.gl/zxnmYT>

SECTION 4

Environment and Climate Change

Globally, all countries are facing increasing environmental, social, and economic concerns spurred by climate change. Developing and least developed countries face the particular challenge of balancing climate-resilient actions and policies with environmentally sustainable economic development, while having fewer resources to do so. National, regional, and multilateral policy development can help create win-win solutions for countries as they pursue inclusive and holistic development paths.

One pathway to greater sustainable development is through the avenue of sustainable goods. As demand for sustainable goods increases, trade can link producers to these markets, thereby connecting trade and environmental policies. In this regard, SDG 12 for sustainable production and consumption and SDG 2 for sustainable agriculture can be supported as well.

Trading in sustainable goods also leads to an expansion of economic opportunities. The rural poor in developing and least developed countries can especially benefit from such a development of options.⁵⁵

Trade is an essential mechanism for growth which countries at all different development stages can use to promote sustainable development. Yet, trade also directly causes environmental impacts through greenhouse gas emissions associated with the international transportation of goods, and decreasing such

effects is crucial for promoting sustainable development.

4.1 Key SDG Areas

Sustainable use of Natural Resources

The IPoA outlines certain challenges that developing countries face, such as multiple crises and other emerging challenges, economic shocks, climate change and environmental sustainability, and disaster risk reduction.⁵⁶ The sustainable use of natural resources can aid in the mitigation of these challenges.

Various SDGs focus on the role of resource use in achieving sustainable development. For instance, SDG12.2 states the objective of realising “sustainable management and efficient use of natural resources.” The components contained within this goal include diminishing fossil-fuel subsidies which negatively impact the environment and cause market distortions, reorienting taxation policies to accurately reflect the true environmental cost of such subsidies, and reducing waste-generating consumption. These measures should be implemented while also taking into account specific national conditions and constraints, especially the

⁵⁵ WTO (2018). Mainstreaming Trade to Attain the Sustainable Development Goals. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁵⁶ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3., Report of the Fourth United Nations Conference on the Least Developed Countries

potentially negative effects on development for marginalized and poor communities (SDG12.c).⁵⁷

Another natural resource management problem lies in the quality of land and soil, which may face degradation from drought, floods, erosion, and desertification. SDG15.3 aims to tackle these adverse land degradation effects.

Under the water, challenges arising from overharvesting fish, as well as illegal, destructive, or unregulated fishing are captured in SDG14.4, along with a commitment to enact strong management plans based on scientific knowledge of fish stocks' biological characteristics. This goal aims to attain maximum sustainable yield by returning fish stocks to appropriate levels as quickly as possible. SDG14.6 further addresses problems of fisheries management, such as harmful fisheries subsidies that have detrimental effects such as overfishing, overcapacity, illegal, unreported and unregulated fishing, and states the objective of ceasing the creation of new subsidies with such effects.

However, the target also underscores that special and differential treatment should be implemented for developing and least developed countries where appropriate, as taking development needs into consideration should be an important element of the negotiations on fisheries subsidies in the WTO.⁵⁸

Climate Resilience

Climate resilience forms another intersection between the SDGs and the Istanbul Plan of Action for LDCs. As the IPoA details the importance of preparing for multiple crises and other emerging challenges, economic shocks, climate change,

and environmental sustainability, and disaster risk reduction, building climate resilience is also a priority for developing and least developed countries to focus on.⁵⁹

Climate resilience can be built through improving adaptive capacity to natural disasters and other climate-related threats, as stated by SDG13.1. These climate change-resilient measures should be integrated into national strategies, regulations, and management approaches (SDG13.2).

Raising awareness and promoting education of best practices for reducing the destructive impacts of climate change, such as adaptation, mitigation, and early warning strategies, serves as another essential component of climate resilience (SDG13.3). As presented by SDG13.a, developed countries in the United Nations Framework Convention on Climate Change (UNFCCC) established a commitment of allocating \$100 billion per year by 2020 for the Green Climate Fund, which aims to further mitigation efforts for the benefit of developing countries.

Understanding the effects of climate change on local marginalised communities, women, and children in LDCs and small island developing nations is equally essential. Target SDG13.b focuses on building mechanisms to strengthen the adaptive capacity of such groups.⁶⁰

Climate Change Mitigation

Climate change mitigation is closely related to various priorities defined in the IPoA, including: (i) multiple crises and other emerging challenges; (ii) economic shocks; (iii) climate change and

⁵⁷ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁵⁸ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁵⁹ United Nations (2011). *Programme of Action for the Least Developed Countries for the Decade 2011-2020*, Document 219/3.

⁶⁰ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

environmental sustainability; and (iv) disaster risk reduction.⁶¹

Under SDG 13, actions towards mitigating climate change such as building the adaptive capacity of people and institutions, raising awareness of impacts, and creating early warning systems (SDG13.3) are clearly identified. As mentioned above, the Green Climate Fund can assist developing countries in their climate change mitigation needs, as part of meeting SDG13.a. Furthermore, capacity-building measures for climate change mitigation should specifically address the needs of marginalised and vulnerable local populations, women, and children, especially in least developed and small island developing countries (SDG13.b).⁶²

Clean Industries and Technology

Decreasing barriers to cleaner production and sustainable consumption would help synergising trade and environmental policies. Goods and services that are produced in clean, sustainable industries, otherwise known as “environmental goods and services,” are vital for SDG promotion as they fill various climate change mitigation functions. Examples of such functions include the generation of clean renewable energy, improved resource and energy efficiency, air, water, and soil pollution reductions, environmental quality monitoring, and solid and hazardous waste management.⁶³

As outlined by SDG9.4, restructuring industries and infrastructure to improve their resource-use efficiency will greatly aid sustainable industrialization. These actions will be taken at

varying levels depending on the capabilities of the countries.⁶⁴

Another important factor in climate change mitigation strategies is to support developing countries in accessing “environmentally sound technologies,” based on predetermined concessions and preferential terms.⁶⁵

4.2 Relevance of WTO Work

WTO Negotiations: Fisheries Subsidies

Sustainably maintaining ocean resources, as detailed in SDG14, is a priority that has long been on the WTO negotiating table. SDG14.6 states that members should abolish subsidies that allow for overfishing, illegal, unregulated, and unreported fishing, but also includes special and differential treatment for developing and least developed countries.

In December 2017, at the 11th Ministerial Conference, WTO members took a step towards meeting this target through a Decision on Fisheries Subsidies. In line with SDG14.6, the ministerial decision included components such as: (i) the prohibition of subsidies linked to overfishing and overcapacity; (ii) elimination of subsidies linked to illegal, unreported, and unregulated fishing; and (iii) special and differential treatment for least developed and developing countries. WTO members set the goal of completing their negotiations on these by the next Ministerial Conference.⁶⁶

⁶¹ United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020.

⁶² UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁶³ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization. http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁶⁴ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁶⁵ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁶⁶ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization.

WTO Regular Work: Committee on Trade and Environment

To continue bridging the gap between environmental and trade policies, WTO members participating in the Committee on Trade and Environment (CTE) can share best practices and national experiences.

The CTE has already played a key role in working towards the environmental SDGs, notably SDG14.6 on removing harmful fisheries subsidies.⁶⁷ In 1997, shortly after the committee's establishment, fisheries became a topic of focus for the committee as they exposed the negative effects presented by particular fisheries subsidies, including trade distortions and unsustainable misuse of environmental resources. The resulting dialogue served to spotlight the potential of trade in alleviating environmental issues, and commenced the preliminary steps towards WTO negotiations regarding the elimination of the detrimental subsidies detailed in SDG14.6.

The CTE also bridges the gap between the WTO and Multilateral Environmental Agreements (MEAs), by serving as a hub of information transfer and a forum for collaboration. Such MEAs as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the hazardous chemicals and wastes conventions (Basel, Rotterdam and Stockholm Conventions), and the UNFCCC were discussed in the CTE. As the relationship between trade and environment is nuanced and crucial to sustainable development, the CTE remains

important as a forum through which MEAs and the WTO will continue to be linked.⁶⁸

Plurilateral Track: Environmental Goods Agreement (EGA)

Environmental goods play an important role in sustainable development, yet many also face tariffs which hinder their presence in international trade. The Environmental Goods Agreement (EGA), currently being negotiated, aims to decrease these tariffs. Most of world trade in environmental goods comes from the 46 members involved in drafting this agreement, a process that began in 2014.

Trade in this type of goods has been growing rapidly in recent years. For example, wind turbine exports summed US\$185 million in 2000 and reached a total of US\$3.2 billion in 2014. Other goods that potentially fall under this agreement include “energy efficient LED bulbs, solar photovoltaic panels, solar cook stoves, air and water filters, machines to handle, recycle, compost and incinerate solid waste, floating barriers to contain and clean oil spills, devices to prevent turtles and aquatic mammals such as dolphins from being trapped in fishing nets, and a broad range of instruments to monitor environmental quality.”⁶⁹

The environmental goods referred to by the agreement have been acknowledged as being environmentally beneficial by the EGA participants themselves. Upon finalisation, the EGA could play a key role in promoting further trade in environmental goods and building their potential for sustainable development.⁷⁰

Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁶⁷ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁶⁸ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization.

⁶⁹ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁷⁰ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization

SECTION 5

Technology and Innovation

Technology is reshaping lives, economies and production systems around the world, blurring the lines between the physical, digital, and biological spheres. After witnessing unprecedented digitisation of goods, services and tasks, the world is entering a 4th Industrial Revolution driven by the fusion of multiple technologies such as artificial intelligence, robotics and biotechnology. But while opportunities abound for who is in the game, those left behind may suffer increased marginalisation. More than 4 billion people still do not have access to the Internet, and 90 percent of them are from the developing world. Entering the arena with the right mix of policies and regulations is a must for developing countries' sustainable growth.

5.1 Key SDG Areas

Technology

Countries around the world enter the 4th industrial revolution on unequal grounds. While some are far ahead in technological advancement, others are still tackling fundamental barriers to adoption such as infrastructure.

This technology gap hinders small developing countries' participation in trade, thereby making it essential to prioritise it in policy-making. Trade measures alone cannot be sufficient in addressing these challenges, and synergies with other areas are therefore critical.

In the IPoA, technology is recognised as a crucial agent for improved productive capacity and a contributor to job creation and sustainability of MSMEs in LDCs. The importance of technology is equally underlined in Agenda 2030, particularly under Goals 8 and 9. There, SDG8.2 mentions technological upgrading as a means to improve economic productivity, whereas SDG9.b stresses the need to support the development of domestic technology in developing countries as well as making sure there is a suitable policy environment for industry diversification and value addition to commodities.⁷¹

Innovation and IP

Many developing countries, and particularly the least developed ones, are lagging behind in these critical areas which have great potential for economic transformation and sustainable development. Indeed, acquiring new technologies, building a knowledge base to fully use them, and investing in research and development are needed to enhance their productive capacities. In particular, the IPoA recognises the importance of innovation, and sets out goals such as expanding strategic partnerships with a broad range of actors, including the private sector, universities and other research institutions and foundations, in order to support innovation.⁷²

In Agenda 2030, a number of SDG targets also touch upon issues of innovation. For instance, SDG15.6 mentions the need to ensure

⁷¹ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁷² United Nations (2011). Programme of Action for the Least Developed Countries for the Decade 2011-2020, Document 219/3.

equitability in distribution of benefits associated with genetic resources. Under Goal 9, SDG9.b also mentions the need to support innovation in developing countries, and a favourable policy atmosphere to enable industry diversification and value addition to goods. Finally, SDG17.8 aims to operationalise technology and innovation capacity-building mechanism for least developed countries by 2017.⁷³

Digital and ICT

Connectivity, both as physical and digital infrastructure, has become of vital importance in all sectors of the economy, as well as for inclusive trade. This is particularly important for MSMEs in developing countries to harness the potential of e-commerce for their better participation in international trade. For instance, online platforms can serve as gateways to cross-border trade, including by reducing transaction costs and facilitating the implementation of internationalisation strategies.

Yet, the digital divide remains significant, with over 4 billion people remaining offline particularly in developing countries. In addition, MSMEs in developing countries are still in a learning phase and engage primarily domestically where the e-commerce sector is still nascent. It may also be difficult for them to compete on the global marketplace if they don't have the required regulatory environment and necessary skills. Thus, it is paramount to bridge both physical and digital connectivity gaps.⁷⁴

Building ICT infrastructure is among the key priorities featured in the IPoA, which acknowledged its role in attracting new investment, connecting producers to market, assuring meaningful economic development and promoting regional integration. In particular, countries are encouraged to: (i) develop modern ICT infrastructure and Internet access, including expansion into rural and remote areas, including through mobile broadband and satellite connections; and (ii) Promote public-private partnerships for the development and maintenance of transport and ICT infrastructure and their sustainability.⁷⁵

These priorities are echoed in SDG9.C, which calls upon the international community to “significantly increase access to information and communication technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020”.⁷⁶

5.2 Relevance of WTO Work

Working Group on Trade and Transfer of Technology

While WTO Agreements like GATS and TRIPS point to the need for transfer of technology (ToT) from developed to developing countries, little is said on how this should take place in practice or if specific measures should be taken to encourage it. Established through the Doha Declaration, the Working Group on Transfer of Technology (WDTTT) aims to examine ways to increase such flows of technology, as well as the relationship

⁷³ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

⁷⁴ WTO (2018). *Mainstreaming Trade to Attain the Sustainable Development Goals*. Geneva: World Trade Organization. Available at http://www.wto.org/english/res_e/booksp_e/sdg_e.pdf

⁷⁵ United Nations (2011). *Programme of Action for the Least Developed Countries for the Decade 2011-2020*, Document 219/3.

⁷⁶ UN General Assembly. *Transforming Our World: the 2030 Agenda for Sustainable Development*, 21 October 2015, A/RES/70/1

between trade and the transfer of technology from developed to developing countries.⁷⁷

The main *demandeurs* for WTO action on this issue were developing countries seeking the full implementation of ToT clauses in all WTO agreements and possibly to develop new agreement to facilitate ToT. Some developed countries, however, tended to regard the WGTTT as an academic exercise and appeared reluctant to move into discussions that might trigger substantive negotiations.

Against this backdrop, members agreed on the following agenda for the working group: (i) analysis of the relationship between trade and ToT; (ii) work by other IGOs and academia; (iii) sharing of country experiences; (iv) identification of provisions related to ToT in WTO agreements; and (v) any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries and LDCs.

Since its establishment, the WGTTT has been meeting several times a year to discuss the above issues, the results of which have been annually reported to the General Council which in turn reported to each ministerial conference.

Last year, the WGTTT report informed *inter alia* that discussions underlined the importance of the Sustainable Development Goals, especially SDG 17 in guiding the work of the Group. “Emphasis was laid on the need for enhancing North-South, South-South, triangular regional and international cooperation on access to science, technology, innovation and knowledge sharing on mutually

agreed terms, including through improved coordination among existing mechanisms, and through a global technology facilitation mechanism” the report mentioned.⁷⁸

Implementation of Article 66.2 of the TRIPS Agreement

Through its Article 66.2, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) mandates that “Developed country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base.”⁷⁹

As clarified by the WTO secretariat⁸⁰, the obligation under Art 66.2 entails the following: (i) It is both mandatory and open-ended; (ii) It is only applicable to developed country members; (iii) It is targeted only at LDC members; (iv) Developed countries are not responsible for ensuring that technology is actually transferred, but rather to provide incentives to enterprises and institutions in their territory with the objective of encouraging such technology transfer; (v) The aim of such incentives must be to create a sound and viable technological base in LDCs; (vi) It does not specify what technology transfer means, nor what types of technology should be involved.

After LDCs demanded that this requirement be made more effective, Ministers at the Doha ministerial conference decided to put in place a mechanism for ensuring the monitoring and full implementation of the obligations, which was

⁷⁷ WTO [online]. Development: Committees and Working Groups - Working Group on Trade and Transfer of Technology. Available at https://www.wto.org/english/tratop_e/devel_e/dev_wkgrp_trade_transfer_technology_e.htm

⁷⁸ WTO (2018). Report 2018 of the Working Group on Trade and Transfer of Technology to the General Council. WT/WGTTT/20

⁷⁹ TRIPS Agreement, Art. 66.2, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1A, 1867 U.N.T.S. 410.

⁸⁰ Watal, J. and Caminero, L. (2018). Least-developed countries, transfer of technology and the TRIPS Agreement. Staff Working Paper ERSD-2018-01. Geneva: World Trade Organization. Available at https://www.wto.org/english/res_e/reser_e/ersd201801_e.pdf

established in 2003. Among its main features, the monitoring mechanism requires that annual reports must be submitted by developed countries on actions taken or planned regarding implementation of Art.66.2, which members have been reviewing in annual workshops. The content that must be provided in the reports include⁸¹: (i) actions taken or planned with respect to the implementation of Art.66.2, subject only to protection of confidential business information; (ii) overview of the incentives regime put in place to fulfil the obligations of Art.66.2; (iii) identification of the type of incentive and responsible authority making it available; (iv) identification of the enterprises or other institutions eligible to receive such incentives in developed country members; (v) any information available on the functioning in practice of these incentives.

While reports have been submitted, Geneva-based LDC delegations have found it challenging to properly analyse and understand them due to their resource constraints. Yet, meaningfully improving Art.66.2 implementation and reporting requires effective engagement from both developed and least developed countries.

WTO Work Programme on E-Commerce

While e-commerce has received renewed attention by members in the past few years, the issue is not new at the WTO. Soon after the establishment of the global trade body, members acknowledged the growth of e-commerce and its role in creating new trade opportunities, and decided at the 2nd WTO ministerial conference in 1998 to establish a comprehensive work programme to examine all trade-related issues with a bearing on global electronic commerce.

They also agreed on a moratorium whereby they abstain from imposing customs duties on electronic transmissions, a decision that has been renewed at every ministerial conference since then.

Established in 1998, the WTO Work Programme on Electronic Commerce tasks four WTO bodies with exploring the relationship between existing WTO agreements and e-commerce, and report regularly: The Council for Trade in Services; Council for Trade in Goods; Council for Trade Related aspects of Intellectual Property rights (TRIPs); and the Committee on Trade and Development. The General Council also examines cross-cutting issues under the Work Programme in dedicated discussions.

Since then, the above bodies have deliberated in detail on a number of issues concerning the sector, creating a basis for better understanding that may be useful to inform any potential negotiation on e-commerce.

Plurilateral Track: E-Commerce Joint Statement

On the side-lines of the 11th WTO ministerial conference in 2017, 71 members co-signed a “Joint Statement on Electronic Commerce” whereby they endeavoured to initiate exploratory work towards future WTO negotiations on trade-related aspects of e-commerce. In January 2019, signatories gathered in Davos announced their intention to start plurilateral negotiations on the issue, encouraging all interested WTO members to join.

While the exact scope of negotiations has not been determined yet, participants aim for a high-standard outcome with as many WTO members as possible. A wide range of specific issues in e-

⁸¹ Watal, J. and Caminero, L. (2018). Least-developed countries, transfer of technology and the TRIPS Agreement. Staff Working Paper ERSD-2018-01. Geneva: World Trade

Organization. Available at https://www.wto.org/english/res_e/reser_e/ersd201801_e.pdf

commerce are likely to be included, such as the moratorium on customs duties on electronic transmissions, digital trade facilitation, data-related issues and the development dimension of the negotiations.

According to proponents, steps have been taken to ensure that the process is inclusive and transparent, keeping development into consideration in recognition that developing countries face challenges in crafting appropriate digital policies and standards. Besides this the possible priorities expressed by some participants have included: (i) having as many participating countries as possible, which will require a flexible approach with not all members adopting the same rules in the same way; (ii) Ambitious package, including soft facilitation measures but also enhancing consumer trust; (iii) Supporting an enabling environment for all countries, including through more transparency, predictability and better regulatory infrastructure, e.g. by upgrading rules in telecom services; and (iv) Ensuring members' ability to implement agreed commitments, hence the proposal by some members to include a capacity building component.

While half of participants are developing countries, 88 countries including India and all but two LDCs have declined joining the plurilateral talks so far. According to these members, such talks are premature for three main reasons: (i) Mandate - members already have a clear mandate for pursuing the exploratory 1998 work programme on the matter; (ii) Readiness - many countries still grapple with the digital revolution and understanding its implications on both societies and policies; (iii) Substance - while talks are starting on soft facilitation issues, they suspect that the real agenda is for securing free flow of data.

With regard to the latter in particular, some countries point to existing imbalances in the use of data, which is mainly sourced from developing countries and monetised in developed ones. They argue that developing countries should be in a position to develop their data advantage, and fear that setting binding rules on e-commerce could potentially take away necessary policy space for special measures to unleash their digital sector and economy.

CONCLUSION

Harnessing the Trading System for Sustainable Development

The international trading system, with the WTO at its centre, and a web of regional and plurilateral agreements and arrangements, can significantly contribute to achieving the 2030 Agenda for developing countries. It has contributed to poverty reduction and must be harnessed for inclusive growth and sustainable development. It should be for the benefit of all by setting rules and conditions that are fair, balanced, mutually supportive and equitable.

Yet, not all are able to equally and effectively participate in and benefit from the international trading system. Even the developing world is heterogeneous, with varying priorities. Besides the rising stars of emerging economies, many smaller developing countries still grapple with the implications of new trade debates and their interests therein. This is an even greater challenge for LDCs, whose immediate negotiating priorities may lie in more traditional areas, and whose limited capacities do not allow them to effectively keep pace with changes in the trading system.

The SDGs explicitly recognise the importance of the multilateral trading system, by including it as means of implementation under Goal 17. Through dedicated targets, this goal call for, inter alia: (i) promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO; (ii) concluding negotiations under the Doha Development Agenda; (iii) increasing developing countries' exports and doubling the share of LDC exports; (iv) implementing duty-free and quota-free market access for LDCs with transparent and simple rules of origin for exported goods.

In addition, SDGs also include numerous other targets related to trade and the WTO. Some key examples include: SDG 1 (sound policy frameworks for poverty eradication), SDG 2 (fair and functioning world agriculture and food markets), SDG 5 (gender equality), SDG 8 (Aid for Trade and capacity building), SDG 10 (special and differential treatment for developing countries), SDG 14 (conclusion of WTO negotiations to prohibit and eliminate certain forms of fisheries subsidies by 2020), and SDG 16 (inclusive and participatory policy-making and negotiations).

Under SDG 10 for instance, members are urged to implement the principle of special and differential treatment for developing countries and LDCs (SDG10.A). Through SDT, WTO rules try to reduce the impact of existing inequalities between countries by granting flexibilities to developing and least-developed countries so as to take into account their development levels and capacity constraints. This target can be measured by analysing the proportion of tariff lines applied to imports from LDCs and developing countries with zero-tariff. In this regard, developed members maintain preferential schemes for developing countries, and many provide Duty-Free, Quota Free (DFQF) market access to LDCs.

Similarly, SDG 8 points to the relevance of WTO's Aid for Trade, calling upon increased support for the initiative. Started after the WTO Hong Kong Ministerial in 2005, Aid for Trade has been building developing countries' trade capacity and infrastructure, including for LDCs through the dedicated Enhanced Integrated Framework (EIF).

Yet, multilateralism is facing formidable challenges and is under threat of becoming weaker. While the WTO negotiating function is hobbled, technological, geopolitical and other changes push major trading nations to re-think trade policy and pursue new rule-making through alternative means.

As a case in point, on the side-lines of the 11th WTO ministerial conference in Buenos Aires, Argentina, many members launched exploratory initiatives through Joint Statements on issues such as e-commerce, investment facilitation, women and trade, and MSMEs. Smaller developing countries and LDCs participating in these initiatives will need assistance for their well-informed and constructive participation whereas the non-participating countries will need to carefully follow this work to remain informed as well as able to join if and when they decide to do so.

But multilateralism should not be allowed to shrink, and the WTO still offers a valuable global public good which can and should be effectively leveraged by developing countries for their development.

In fact, many small developing and least developed countries have tended to overlook the potential of WTO Regular Work (e.g. in committees dealing with sanitary and phytosanitary standards, technical barriers to trade, trade policy reviews etc.) to advance their trade interests, find solutions and achieve key SDG targets. Their low level of participation can be explained by the technical nature of work, as well as the limited capacities of their missions in Geneva. To overcome these constraints, they need technical assistance including to maintain interactions with their private sector and other relevant stakeholders back home.

Finally, the WTO negotiations track may be stalled but has not been abandoned. Several areas of negotiations (e.g. fisheries subsidies, agriculture,

trade in services, etc.) remain critical for developing countries and LDCs who should be adequately supported for their regular and effective participation in these negotiations.

Finally, well-informed and constructive participation of small developing countries and LDCs in the WTO, adequately supported by their development partners and collaborators, can contribute to the outcomes that are aligned with the achievement of SDGs.

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