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Ministerial round table: The trillion dollar question – how to kick-start trade and output growth?

Summary prepared by the UNCTAD secretariat

1. The main challenge noted by the panellists at this round table was the slow growth of output and trade, which posed serious constraints to meeting the Sustainable Development Goals. The economic environment had changed and the development model of developing countries was being questioned.
2. The particular problems noted by the panellists included slow regional integration, poor infrastructure development, high trade costs, a lack of coherence of regulations and challenges related to human capital needs, small and medium-sized enterprises and informal sectors, as well as bureaucracy and macroeconomic and political stability.
3. Some panellists addressed the indicator of growth in trade and emphasized the need for a greater focus on the quality of growth and on measuring value addition. In addition, a few panellists noted that informal trade was quite prevalent, particularly in Africa, and was difficult to measure. However, all panellists agreed that the problem of low trade and output growth was a pressing issue with regard to achieving the Sustainable Development Goals.
4. The moderator requested the panellists to propose solutions, and the ensuing discussions focused on the suggested options.
5. Many panellists suggested strengthening the development of small and medium-sized enterprises and their integration into global markets. Small and medium-sized enterprises were the largest sector in most developing countries, and often in the informal sector. Formalizing them would contribute to linking them to value chains.
6. Some panellists noted that developing countries should not necessarily copy industrialization strategies but focus on sectors in which they could add value. Many panellists agreed, and noted that adding value in the agricultural sector – including by

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strengthening the services sector, which was strongly linked to processed agricultural goods – could contribute significantly to development. Examples of financing and logistics services in agriculture were considered, and some panellists highlighted specific examples of success stories of raw products such as mangoes and fish having been successfully exported to demanding markets.

7. Some panellists stressed the importance of human capital and skill development. One panellist noted that this could be an area for public–private partnerships.

8. One panellist emphasized the need for ratification of the Agreement on Trade Facilitation of the World Trade Organization. Many panellists noted the importance of facilitating trade, emphasizing in particular the need to develop infrastructure. Another panellist noted that \$1 trillion per year was needed to develop infrastructure worldwide.

9. Non-tariff measures were cited by most panellists as a major challenge. Regulations were often non-transparent and difficult to comply with, especially by small enterprises. One panellist noted that non-tariff measures could add 20 to 30 per cent of the value of goods to trade costs. Many panellists highlighted the importance of strengthening the capacity of countries and small entities to comply with standards.

10. A few panellists noted that stronger regional integration could solve many problems. It was often more expensive to trade with neighbours than with distant larger countries.

11. Most panellists emphasized the importance of trade for income generation and distribution, as well as for poverty reduction. Both multinational corporations and small and medium-sized enterprises were fundamental for inclusive growth opportunities. Parts of the value chain could move to low-cost production areas, which could help such areas to develop.

12. Some panellists noted that both exports and imports were important for increasing competitiveness. It was also important to focus attention on the development of supply capacity.

13. Interventions during the ensuing discussions focused on small and medium-sized enterprise-related challenges, the reduction of trade costs, entrepreneurial strategies and the role of the private sector with regard to the Sustainable Development Goals. One panellist emphasized that the business sector had a great responsibility to assist growth and help reduce poverty. Finally, one participant stressed the importance of income distribution and the reduction of inequality to kick-start growth, as marginalized groups would consume higher shares of their income.
