

**REGIONAL WORKSHOP ON
OPPORTUNITIES AND CHALLENGES IN USING EVIDENCE BASED
TRADE POLICY FOR THE ACHIEVEMENT OF SUSTAINABLE
DEVELOPMENT GOALS
15-17 June 2016, Bhutan**

Session 5
**Achieving SDGs: Trade, GVCs,
and Economic Diversification**

Agenda

- Does trade matter for development?
- Under stand the changing global trade landscape
- Implications on LDCs' path toward SDGs

Trade (export) growth is not a goal, but a means to enhance people's quality of life (“SDG”)

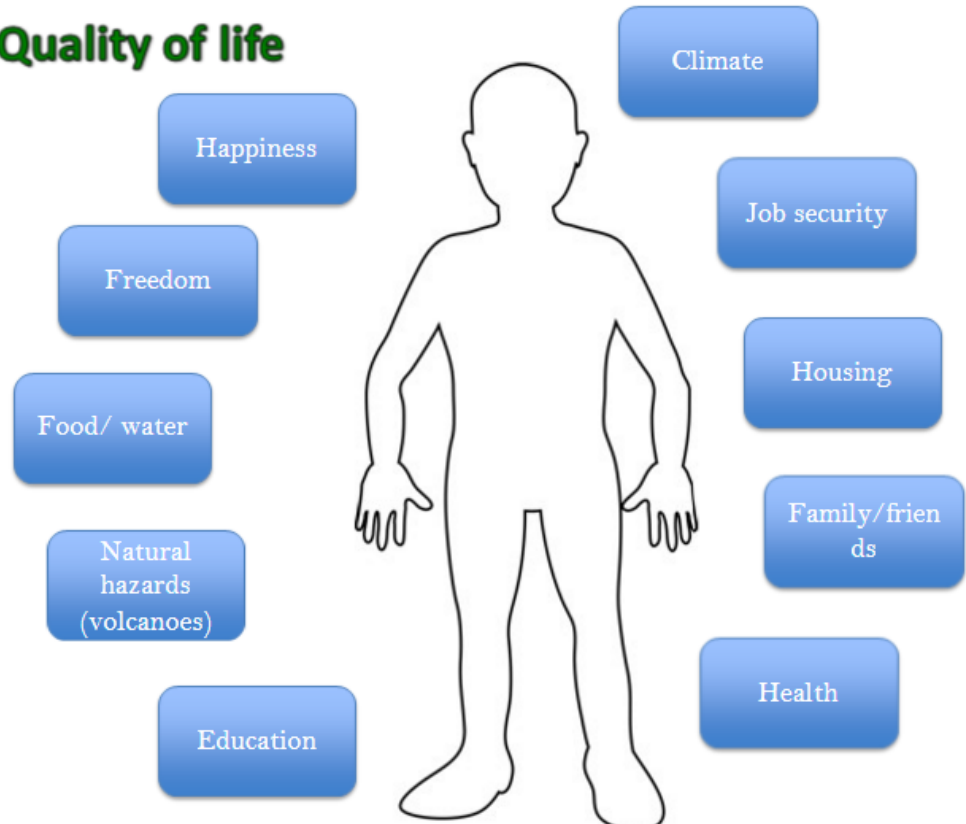


Trade as a means of reaching SDGs

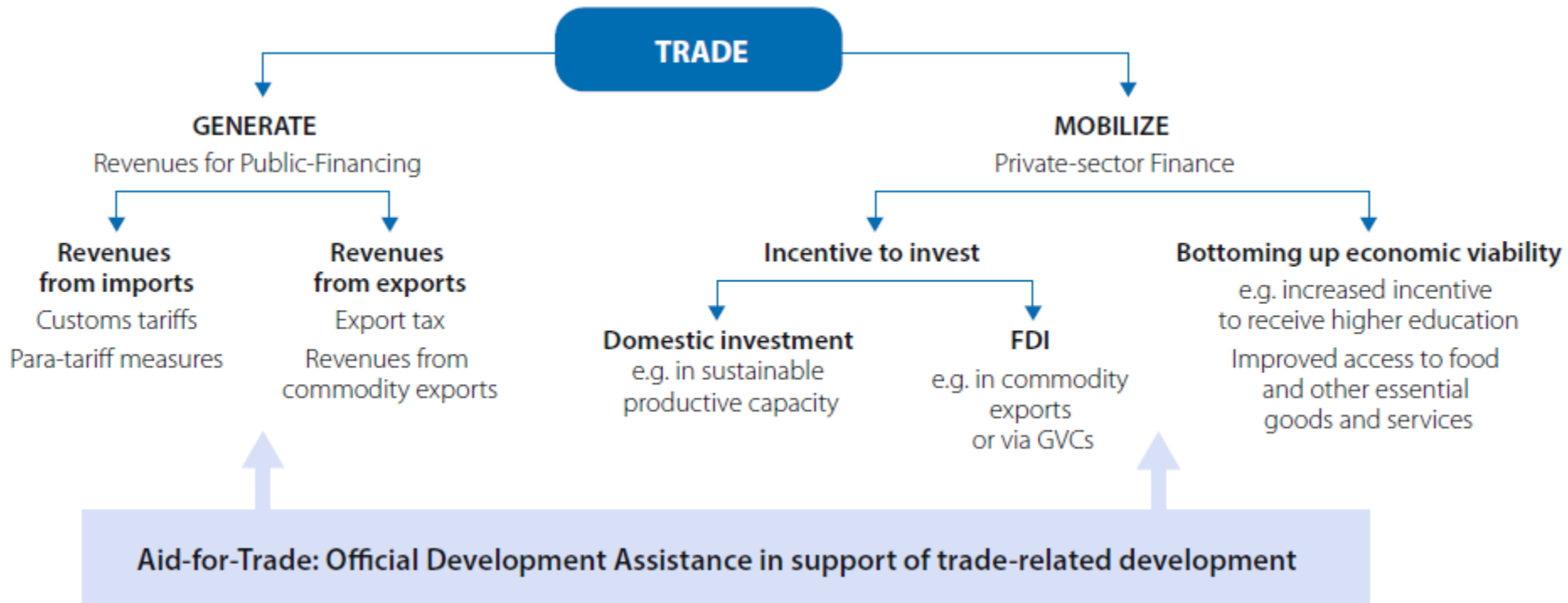


- Is economic growth necessary?
- Is trade the only mean?

Quality of life



Trade as a means of development of LDCs



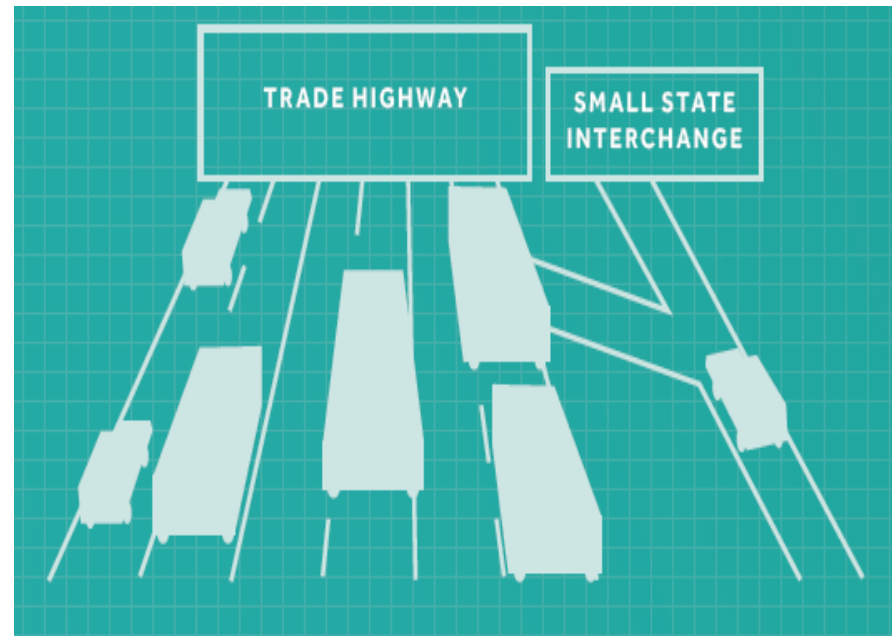
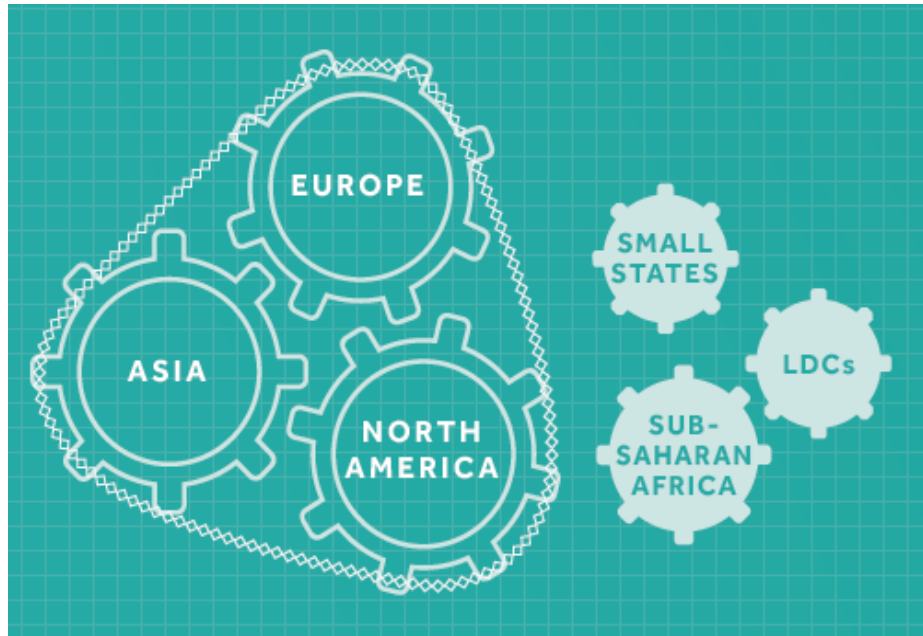
Trade as a financial means of development

TABLE 9.1 Trade-related revenue (as % of total public revenue)

	2000	2011
High income	1	1
Middle income	7	5
Low & middle income	8	6
East Asia & Pacific	9	8
Europe & Central Asia	6	3
Latin America & Caribbean	7	5
Middle East & North Africa	10	5
South Asia	15	14
Sub-Saharan Africa	...	25*

Source: World Bank World Development Indicator (2013); Cagé and Gadenne (2014).

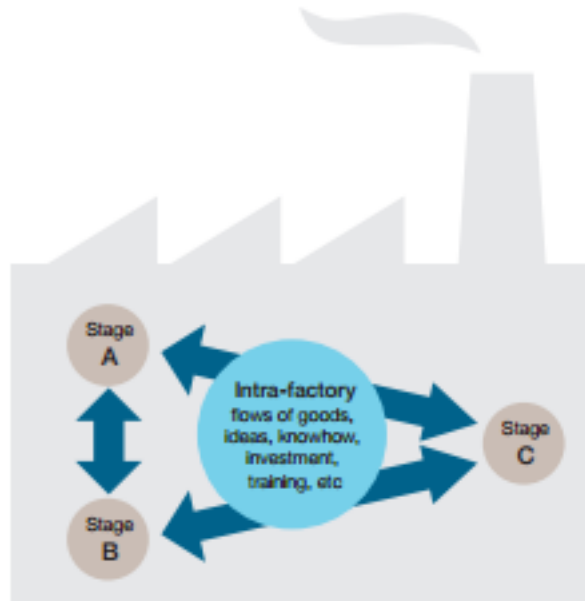
Managing for success in the changing global production and trade landscapes



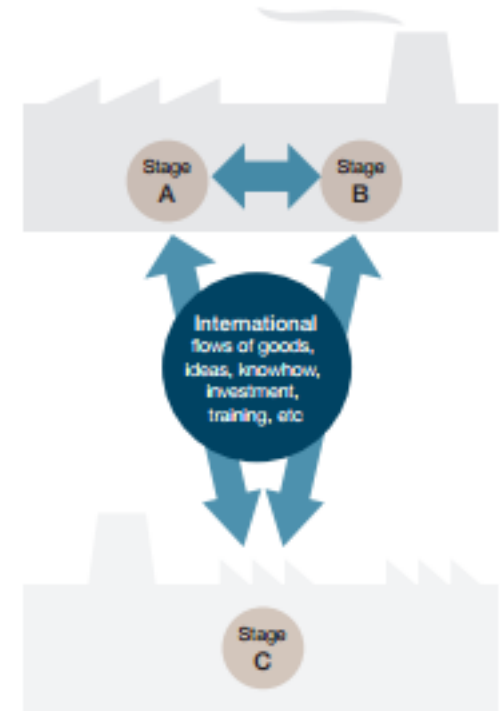
Changes in the global production and trade landscape

Figure 1: GVCs turn intra-factory flows into international commerce

Traditional production

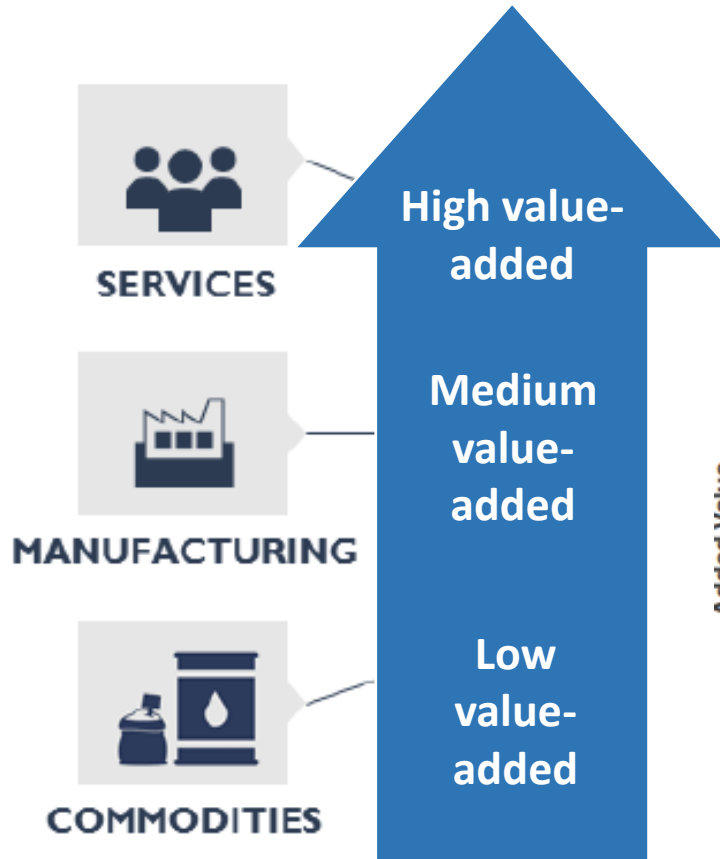


GVC production

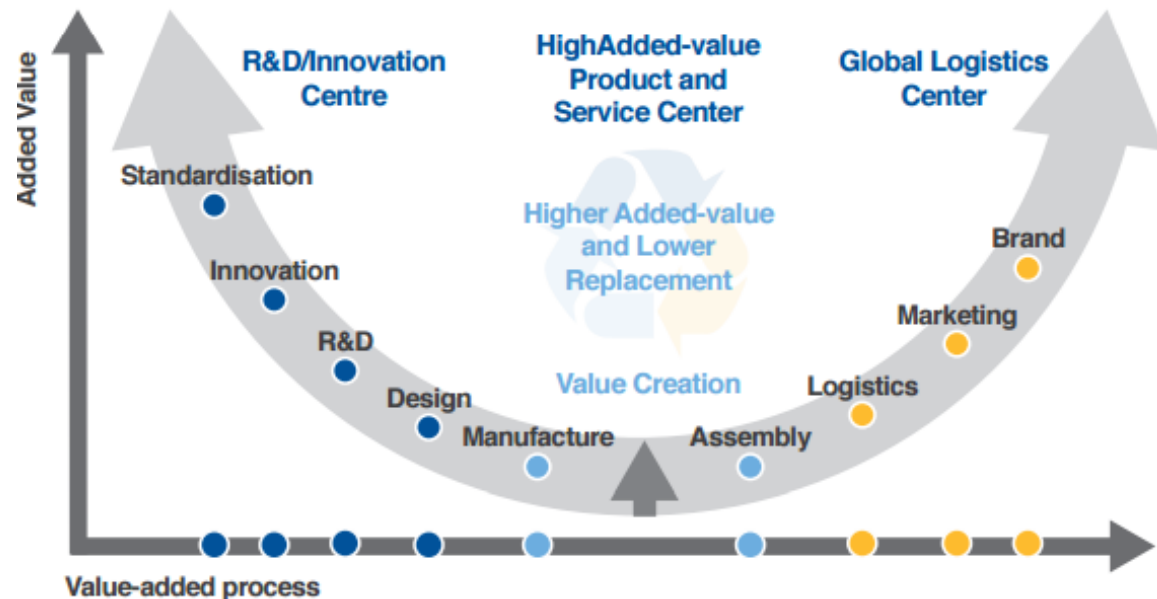


Implications on the opportunities for economic diversification

Old paradigm: Sectoral upgrading



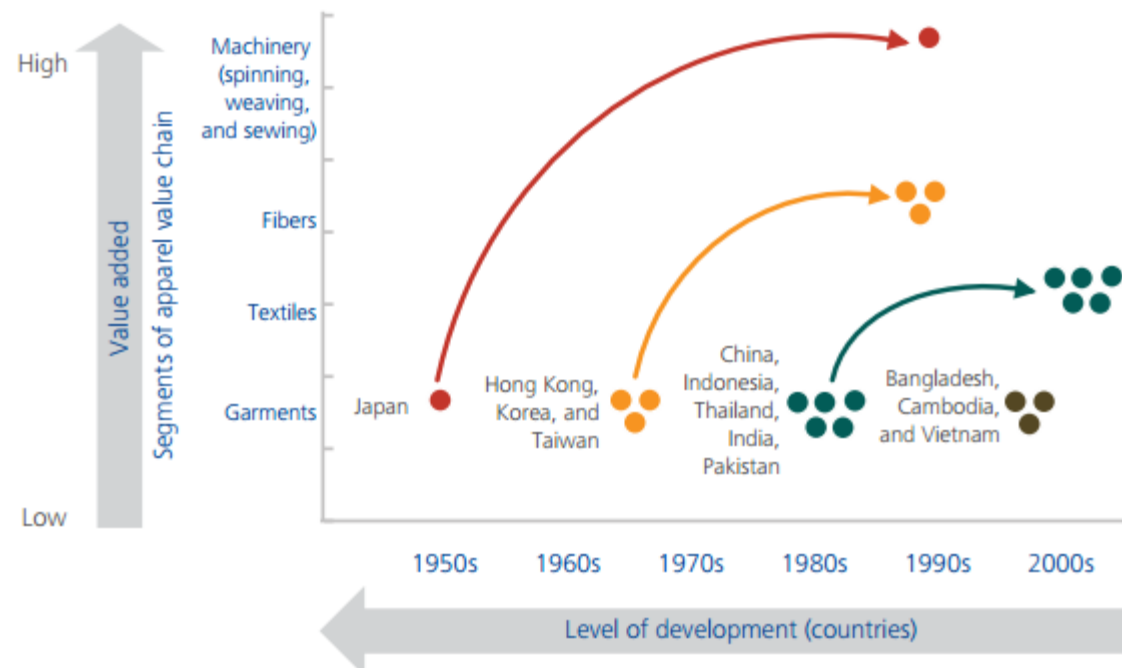
New paradigm: Functional upgrading



GVC as development strategy

- GVCs enable a grand alliance of businesses—large and small—in the global marketplace.
- The dynamic nature of GVCs opens up new opportunities for new entrants, even as other countries move up.

Figure 10. The apparel GVC and movements for key participating economies

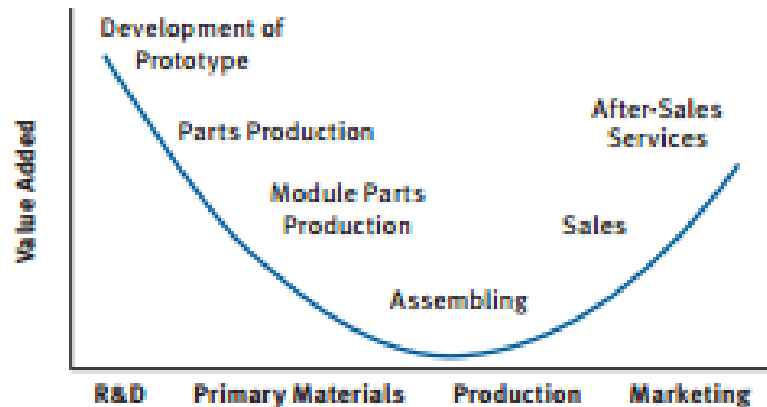


Source: Deloitte Development LLC.

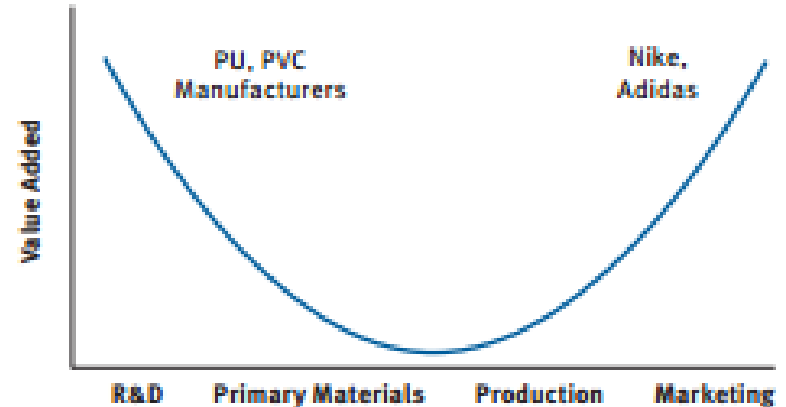
Graphic: Deloitte University Press | DUPress.com

Diversification opportunities

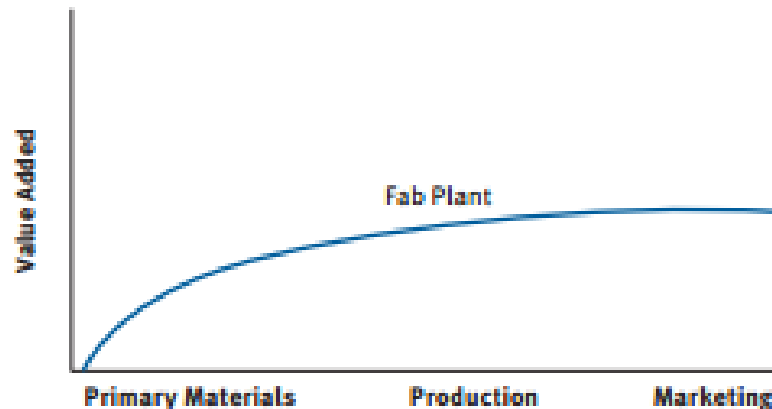
Electronics Value Chain



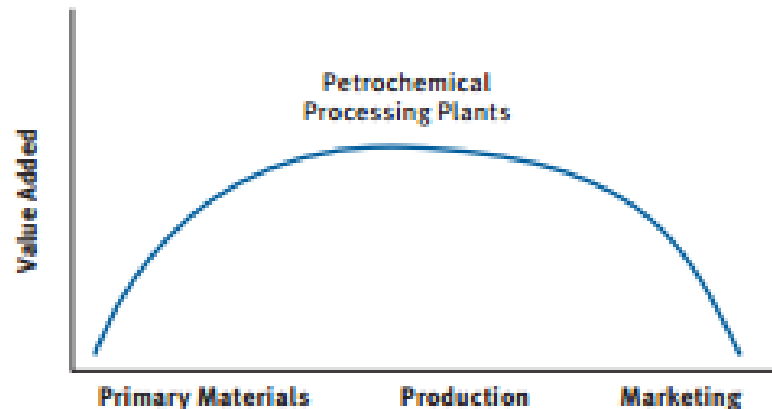
Shoes Value Chain



Semiconductor Value Chain



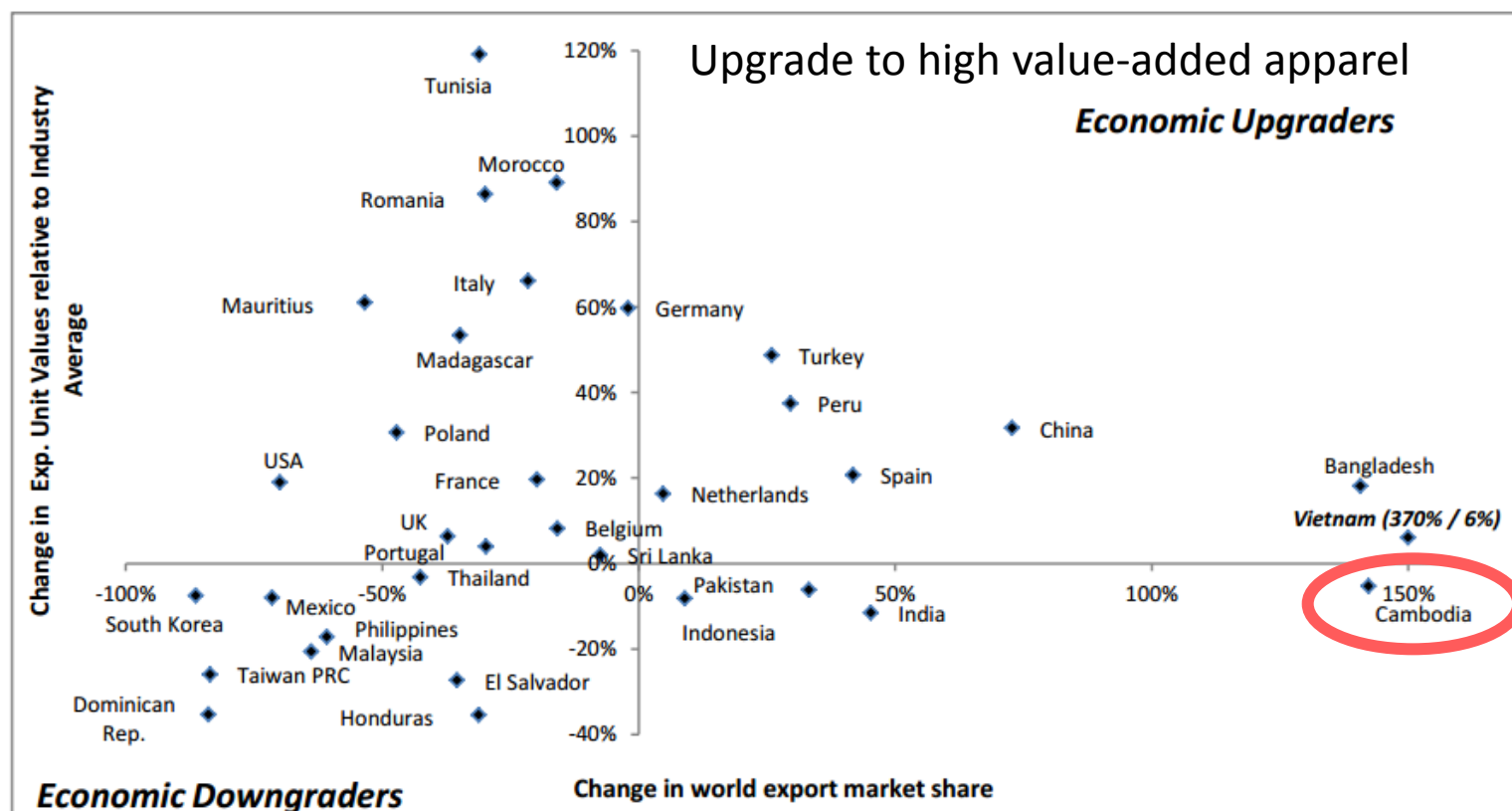
Petrochemical Value Chain



Source: UNIDO (2015), *GVCs and Development*

Ensuring development outcome from trade requires strategic policies

Figure 1: Economic Upgrading and Downgrading in the Apparel GVC (2000-2012)

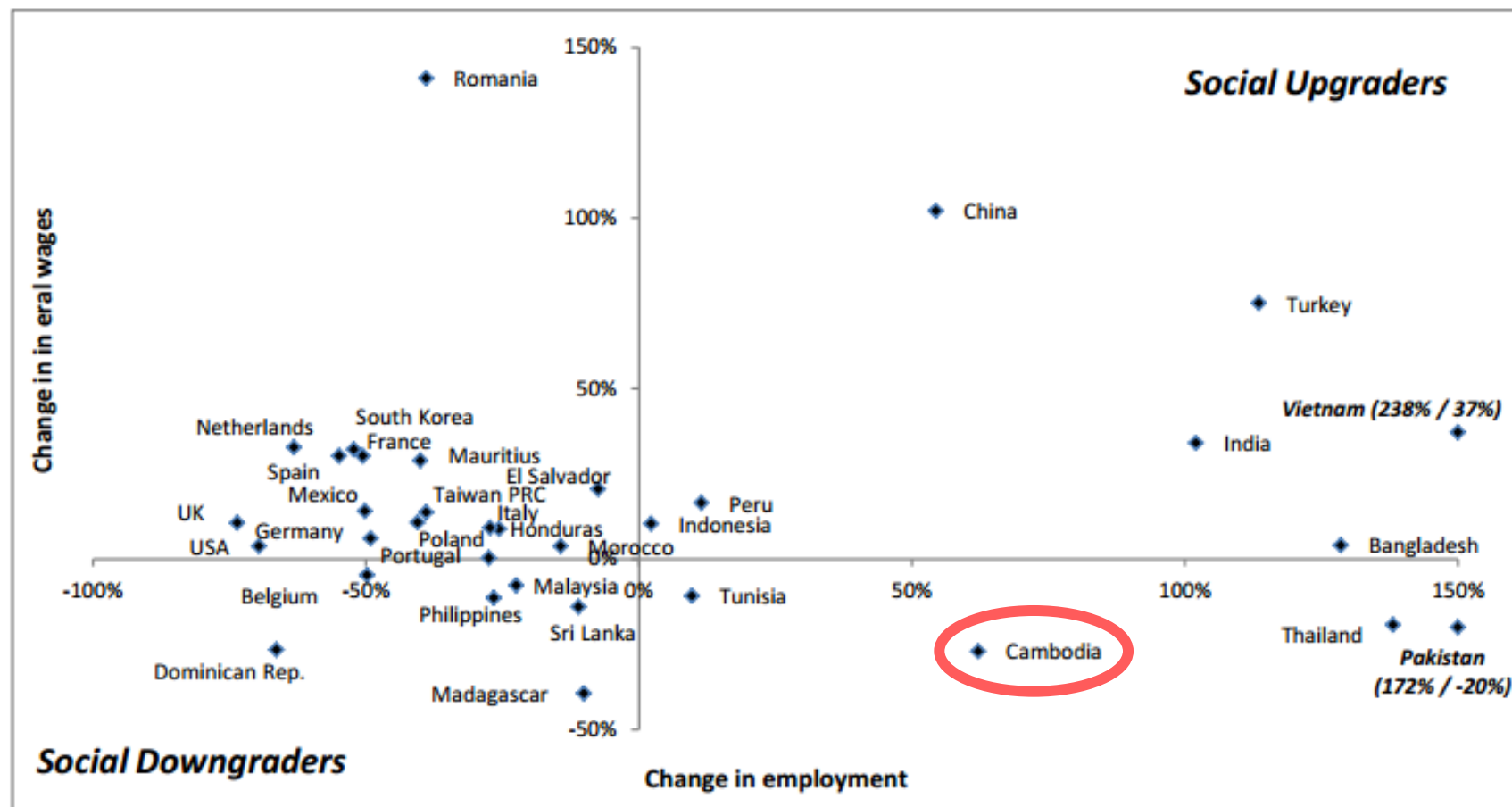


Note: In all graphs, countries written in bold and italic letters are outliers which were relocated within the graph to enhance legibility with figures in parentheses being the actual values

Source: Bernhardt and Pollak (2015), p. 15.

Ensuring development outcome from trade requires strategic policies (ct'd)

Figure 2: Social Upgrading and Downgrading in the Apparel GVC (2000-2012)



Source: Bernhardt and Pollak (2015), p. 16.

Trades as a means to achieve SDGs

- No country has developed successfully without economic openness to international trade and investment.
- Development outcome is not automatic and depend upon appropriate complementary policies.
- **Policies to establish “good fundamentals” has a clear role.**

Thank you

Q&A

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