

Call for inputs for report on practices, progress and achievement in the 20th anniversary of the Declaration on the Promotion of Human Rights

Trade, the Multilateral Trade System & Human Rights

The Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms (the Declaration of Human rights defenders), of which we celebrate its 20th Anniversary this year, stresses that all members of the international community shall fulfil, jointly and separately, their solemn obligation to promote and encourage respect for human rights and fundamental freedoms for all without distinction of any kind. The WTO and the multilateral trading system have played a constructive role in this regard particularly in contributing to the promotion of the right of everyone to a social and international order in which the rights and freedoms set forth in the Universal Declaration of Human Rights and other human rights instruments can be fully realized. It has also played an important role in helping to drive inclusivity and economic empowerment making a difference at the individual level.

The architecture for the multilateral trading system established 70 years ago is underpinned by principles such as transparency, predictability and non-discrimination which remain fundamental to the proper functioning of the global economy today. Trade has proven to be an engine for development and poverty reduction by boosting growth. Over the past 15 years accelerated economic growth in developing countries has resulted in narrowing of the income gap between developing and developed countries. This growth explosion has greatly contributed to an unprecedented reduction of poverty levels leading to an early achievement of MDG 1.

Today, trade plays an important role in the economy of developing countries. Trade now represents 34% of developing countries' GDP on average – compared to 20% for advanced countries. Integration into the Multilateral Trading System of the WTO helps the long-term growth prospects of developing countries by providing them with access to new markets, new technologies and new investment. And by increasing growth trade can also make available the necessary resources to implement other development targets in the social and environmental sphere.

Trade also contributes directly to poverty reduction by opening up new employment opportunities, and reducing prices of goods and services for poor consumers, including foodstuffs. For all these reasons trade and the WTO will continue to play a key role in the achievement of SDG:1 on ending poverty, as well as, SDG:8 on decent work and sustainable economic growth.

The value of the trading system was proven during the financial crisis. The WTO's monitoring shows that trade restrictions imposed by the G20 economies since the 2008 crisis cover just 4.25% of world trade. This is because when countries have a disagreement on trade, instead of resorting to unilateral measures that would result in a downward spiral of tit-for-tat retaliation, they ask the WTO to step in and resolve the dispute using rules that both sides have agreed and helped to design. This shows that the system is doing what it was created to do and contributes to a stable international order in which the rights and freedoms set forth in the Universal Declaration of Human Rights can be fully realized.

The multilateral trading system and the WTO bring predictability, security and fairness to international economic relations. And this is particularly important for developing countries. So it is important for states and individuals to keep strengthening and championing the system. Failure to do so would reinforce existing inequalities between developed and developing economies, and within countries between women and men, rural and urban, and large and small firms. The multilateral trading system is the world's best effort to ensure that the mistakes of the past that lead to economic isolation and even war are not repeated, with disastrous consequences for the human rights.

Trade and Human Rights are to an extent interlinked.

Trade can, and has helped achieve the right to adequate standard of living; the right to work; the right to food; and gender equality (Preamble, Articles 23 and 25 of the Universal Declaration of Human Rights).

Trade is also explicitly mentioned as a tool for achieving Sustainable Development Goals: SDG 2 on hunger, food security, nutrition and sustainable agriculture; SDG 3 on healthy lives and wellbeing; SDG 8 on economic growth, employment and work; SDG 10 on inequalities within and among countries; SDG 14 on oceans, seas, and marine resources; and SDG 17 on strengthening the global partnership for sustainable development.

Trade opening plays an important role in economic growth, poverty reduction and development. The WTO has created opportunities in increasing income levels and creating a better standard of living in developing countries. It has also helped countries get better access to food and provides for food security. Over the past 12 years, the Aid for Trade Initiative has been building the trade capacity of developing and least developing countries with the aim of reducing poverty. Aid for Trade is one of WTO's significant development tool. Another important platform is the Buenos Aires Declaration on Trade and Women's Economic Empowerment. Although not binding, this Declaration constitutes a platform for advancing women's right through economic empowerment.

Achievements, progress and changes have been made in reducing poverty and raising standards of living in development countries; in job creation; in facilitating access to food and ensuring food security; and in gender equality through economic empowerment of women.

Trade as a tool for growth, development and poverty reduction

In the preamble of the WTO treaty, raising standards of living, ensuring full employment and sustainable development are a key objective of the Organization.

By creating growth and wealth in developing countries, trade has helped raise standards of living. Over the last 14 years the share of developing countries in world trade has continued to increase. Their share in world merchandise exports has risen from 30% in 2001 to 42% in 2016. That share, which totalled US\$ 6,559.8 billion in 2017, has translated into more economic growth (World Trade Statistical Review 2001 and 2017). Figures show that in developing and emerging economies, more trade openness is strongly correlated with increases in real incomes of the 20% of the population during 1993-2008.

Trade is also an engine for job creation. The World Trade Report 2017 has shown that trade's impact on a country's labour market is to increase overall employment and real wages. However, in some sectors, the effects of trade opening could be negative and would require policy responses and adjustment programmes.

Trade plays a vital role in food security and access to food. International trade serves as a transmission belt between supply and demand. It allows countries with surplus food to supply countries in need. But persisting distortions to trade in agriculture have created imbalances between supply and demand, particularly for the developing countries. Over the last few years, the WTO has taken decisions ensuring food security and creating a sound economic environment in the trade of agricultural products, thus facilitating access to food.

In 2013, at the Bali Ministerial Conference, Trade Ministers decided that food security programmes in developing countries could not be challenged legally even if a country's agreed limits for trade-distorting domestic support were breached. Intensive discussions have been taking place in the WTO to find a permanent solution on this issue, and preserve the sovereign right of each WTO member to put in place food security programmes, while ensuring that stocks acquired under such programmes do not distort trade or adversely affect the food security of other members, especially the most vulnerable.

In 2015, the Nairobi Ministerial Conference agreed to eliminate export subsidies in agriculture (WT/MIN(15)/45), a distortion to trade disadvantaging poorer countries and preventing their development. In particular, it was agreed that developed countries would immediately remove export subsidies, and developing countries would do so by 2018, with a longer time-frame in some

limited cases. In addition, developing countries would keep the flexibility of covering marketing and transport costs for agriculture exports until the end of 2023, while the poorest and food-importing developing countries would enjoy additional time to cut export subsidies. To this day, out of the 16 WTO Members still using export subsidies at the time of the Nairobi Decision, five have now eliminated their farm export subsidies.

Challenges remain on other distorting measures such as domestic subsidies where the WTO is still negotiating solutions. Also significant tariffs are still imposed on a limited number of products of export interest to many countries, including developing countries. Worldwide average customs protections in agriculture are 50 times higher than those in the industrial sector (bound tariffs).

Aid for Trade, a powerful tool for development

At the Tenth Ministerial Conference in 2015, trade ministers recognized "the importance of the Aid for Trade initiative in supporting developing country Members to build supply-side capacity and trade-related infrastructure ... and the continuing need for this initiative ". (Ministerial Declaration: WT/MIN(15)/DEC).

The SDGs call for an increase in Aid for Trade support for developing countries, with a specific focus on least-developed countries (LDCs). In particular, SDG 8 provides for an increase in "aid-for-trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework."

The Addis Ababa Action Agenda adopted at the Third International Conference on Financing for Development in 2015, provides that "Aid for Trade can play a major role" and outlines the importance of allocating "an increasing proportion going to least developed countries, provided according to development cooperation effectiveness principles."

What has been achieved since the launch of the Aid for Trade Initiative in 2005?

Aid for Trade supports developing and least-developed countries in building their trade capacity and in increasing their exports by turning market access opportunities into market presence. It does by addressing trade-related infrastructure and supply-side constraints.

It has helped developing countries and LDCs better integrate trade priorities into their national and regional development policies. In so doing, greater policy focus has been brought to trade issues and more resources have been allocated to address trade-related needs.

More than US\$300 billion of aid-for-trade support has been disbursed since the initiative was launched in 2005. Some 146 developing countries have received support, mainly in Asia (41.5%) and Africa (38.7%), with 27% of the total going to LDCs. Disbursements to LDCs reached a record US\$10.5 billion in 2015. Over 500 case stories since 2006 have also demonstrated the concrete effectiveness of Aid for Trade on the ground.

Aid for trade was launched just before a major global economic crisis which negatively impacted trade finance. Access to affordable financing is essential to facilitate trade. Up to 90% of world trade relies on commercial financing, and Aid for Trade has played a catalytic role by helping address trade finance access issues for developing countries. Many institutions, partnering with the WTO, provide assistance to developing countries in this area through Aid for Trade, thus addressing trade finance gaps.

Advancing women's right through economic empowerment

Women play a vital role in the economy and if given equal opportunities, they could contribute to economic growth and social inclusion at all levels - global, regional and national. Increasing women's participation in the economy and trade means more jobs and more economic autonomy. When women have their own incomes, their status and bargaining power in the family increase as well as their quality of life. Women invest most of their incomes (90%) back in their families (notably in education and health) and in their communities. Increasing their economic power has therefore a "snowball effect" on society by increasing living standards for all and therefore reducing poverty. With economic gains also come social rights and equal rights between men and women.

Trade has a role to play in delivering economic opportunities for women

Supporting the participation of women in international trade is one of its key components of the inclusive trade solutions that many governments now want to see. In fact, by signing the Buenos Aires Declaration on Trade and Women's Economic Empowerment, 121 WTO Members and Observers (2/3 are developing countries) has clearly stated that the WTO needs to make a real impact on trade and gender.

This Declaration provides guidance from Members to the WTO for the way forward. It is in fact a vital element in the WTO's work to make trade more inclusive and increase the participation of women in trade.

The participants of this initiative agreed to some specific points:

- Working together in the WTO to remove barriers for women's economic empowerment and increase their participation in trade;
- Exploring ways to tackle barriers to women in trade and in public procurement markets; Exchanging information about best practices and collecting relevant economic data;
- Using (on a voluntary basis) Trade Policy Reviews to emphasize policy developments that contribute to gender equality;
- Ensuring that Aid for Trade supports tools and know-how for analysing, designing and implementing more gender-responsive trade policies;
- Keeping the conversation going, through dedicated events and discussions on these issues.

Through **Aid for Trade**, the WTO has been focusing on women with the aim of building their capacity to trade and using trade as a tool for their development.

Past Global Reviews have highlighted a broad range of areas in which Aid for Trade support is effective. Econometric studies of the impact of Aid-for-Trade, programme and project case studies all highlight that the positive impact that properly directed and directed cooperation can have on women's economic empowerment.

The new Aid for Trade Work Programme 2018-2019 should go deeper into the issue and among other topics will focus on women-owned firms, young women and the digital gender divide. One particular area where further work is planned is with the OECD on analyzing the impact of Aid for Trade on women's empowerment.

The right to life: understanding the interaction between trade and disaster relief

The WTO could also contribute to the right to life (Article 3 of the Universal Declaration of Human Rights) especially in situations of natural disasters. The WTO is currently embarking with other International Organisations on a research project to better understand the interaction of trade with natural disasters and how trade provisions such as the WTO's Trade Facilitation Agreement, could help in disaster response, recovery and resilience, hence providing solutions on the ground to populations in distress and danger.
