MARKET ACCESS, TRANSPARENCY AND FAIRNESS IN GLOBAL TRADE

EXPORT IMPACT FOR GOOD 2010

International Trade Centre

EXPORT IMPACT FOR GOOD

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International Trade Centre (ITC)
Market Access, Transparency and Fairness in Global Trade: Export Impact For Good 2010
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First of an annual series on market access issues, focusing on reducing global poverty by improving market entry for developing countries and fairness in trade – discusses trade transparency and fairness in the context of global trade; highlights key market access issues for developing countries such as tariffs, non-tariff measures and the utilization of preferences; examines the relationship between export development and poverty reduction, and outlines implications for both developing country policies as well as international measures to improve markets; presents an analysis of the outcomes and impact of 'Fair Trade' voluntary standards on producers and exporters in developing countries; includes statistical data, and bibliography (pp. 136–144).

Descriptors: **Poverty Reduction, Market Access, Non-Tariff Barriers, Preferential Tariffs, Fair Trade, Standards.**

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FOREWORD

The International Trade Centre seeks to promote export impact for good – a normative position that recognizes that mere exporting in itself is not enough. Through supporting and facilitating export development in developing countries, we seek to contribute to enhancing value added and welfare in developing countries and contribute to achieving the Millennium Development Goals (MDGs).

Improving market access and market entry for developing countries will improve fairness in global trade because it will contribute to reducing global poverty. Developing countries need to export more in order to boost growth and reduce poverty and provide opportunities for wealth creation in their domestic markets, which are typically small. Moreover, across developing countries a large share of the growth will be needed for investments in infrastructure, both 'hard' and 'soft', in order to build up countries' competitive advantages. Hence, developing countries will typically only realize slow domestic consumption growth in the short and medium term – but export development can boost growth prospects. Halving poverty and achieving other MDGs, with the set back of the global financial crisis, will therefore critically depend on improving market access and entry to large and dynamic markets.

Actions to be taken will have to be international as well as regional, national and bilateral, notably including the conclusion of the Doha Round while irreversibly securing the commitments to improved market access and entry. This ITC report on *Market Access, Transparency and Fairness in Global Trade: Export Impact for Good 2010*, the first of an annual series on market access issues, provides conclusive evidence that 'market access begins at home'. It also argues that further reducing barriers to trade between developing countries will have to be an essential part of the way forward.

Non-reciprocal preferences for designated groups of countries, in particular least developed countries (LDCs), must continue to be supported and expanded. But the main instruments to achieve improved market entry will have to include interventions to ensure that the capacity to produce for export is improved. The goods and services offered by developing country exporters must be aligned to products and services demanded by consumers and companies at prices permitting reasonable profits and decent work across developing countries.

While our understanding of the functioning of markets has improved dramatically over the last three decades, our practical knowledge of how to succeed in export markets is still poor. Limited access to trade intelligence continues to hamper developing country trade and exports. Therefore, this report calls for improved trade transparency. This includes reducing regulatory discretion about tariff and non-tariff measures, improved participation in the setting of standards, better analysis of the incidence and impact of non-tariff barriers, as well as better information about preferential and regional trade agreements, which often overlap in inconsistent ways.

Evidence is provided throughout this report that:

- Poverty reduction will require export development
- Duties paid on imports from developing countries still remain high – in excess of $50 billion during 2008, a sum greater than all aid-for-trade assistance; tariff levels and structures continue to be a formidable barrier to trade in many sectors, while non-tariff measures are proliferating
- Improved trade transparency, especially about non-tariff measures and private standards, will be a major step towards greater fairness in global trade.

I am excited about this new ITC series with its focus on export development and market access and entry issues and would like to warmly thank all the contributing authors and analysts from within ITC, in particular our Lead Economist Willem van der Geest, as well as the authors from academic and policy research institutes.

Patricia Francis
Executive Director
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Chapter I focuses on the key conceptual discussion of trade transparency and fairness in global trade and its main author was Prof. Francis Snyder, C.V. Starr Professor of Law, Peking University School of Transnational Law, Shenzhen, China; and Visiting Professor, London School of Economics.

Chapter II on tariffs, non-tariff measures and preference utilization was prepared by a team of ITC's in-house market analysts, in particular Kerfalla Conte, Yvan Decreux, Takako Ikezuki, Brian Jackson, Olga Skorobogatova and Xavier Pichot. Jorge Nunez Ferrer of the Centre for European Policy Studies in Brussels contributed to the analysis of tariff peaks and tariff escalation.

Chapter III on export development and poverty reduction was prepared by Prof. Massoud Karshenas, School of Oriental and African Studies, University of London, with contributions from Willem van der Geest and Brian Jackson of ITC.

Chapter IV on voluntary standards was prepared by Oliver von Hagen, Associate Expert of ITC, working closely with his colleagues from the Trade for Sustainable Development programme of ITC.

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