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Trade as a tool to achieve the SDGs in Africa

In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, including a set of 17 Sustainable Development Goals (SDGs) and 169 related targets. This ambitious new global development programme provides a broad framework that will guide international development efforts for the next 15 years. It covers a wide range of aspects spanning across the economic, social, and environmental dimensions of sustainable development. While the extensive nature of the 2030 Agenda shows the international community's willingness to address sustainable development issues in a comprehensive way, translating the aspirational SDGs into practical reality will not be an easy task.

Implementing this new agenda will require policy actions on many fronts, including trade and investment. Several targets related to various SDGs refer directly to trade and trade policy with a view to achieving specific outcomes. More generally, trade policy arguably has a role to play in achieving most of the SDGs, which is reflected in the 2030 Agenda by recognising trade as a cross-cutting means of implementation under SDG 17.

In Africa, the stake is especially high. The continent has witnessed only limited progress towards achieving some of the most crucial targets of the Millennium Development Goals (MDGs), and it continues to lag behind on many aspects of development. In particular, Africa is the only developing region where the MDG of halving extreme poverty by 2015 was not met. Against this backdrop, how can trade and trade policy be leveraged to spur development and help achieve the SDGs on the continent? This issue aims at shedding light on this question.

In the first article of this issue, Christophe Bellmann offers an overview of the potential contribution of trade to realising the SDGs. After having provided a snapshot of the way trade is treated in the 2030 Agenda framework, the author presents potential avenues for trade governance reforms to help advance these goals.

This article is complemented by three other pieces, which look at the trade-SDGs nexus from different angles. In their contribution, Lily Sommer and David Luke explore the potential of trade to improve African livelihoods and outline nine key trade policy actions in order to achieve the SDGs on the continent. Eugenio Díaz-Bonilla and Jonathan Hepburn's article, which addresses the issue of food security, looks at how policies on trade and markets can help overcome malnutrition. In a more geographically-focused piece, Francis Osiemo offers a reflection on the challenge of energy insecurity in Eastern Africa.

As usual, we welcome your substantive feedback and contributions. Write to us at bridgesafrica@ictsd.ch.

2030 SUSTAINABLE DEVELOPMENT AGENDA

The role of trade policy reform in advancing the 2030 Agenda

Christophe Bellmann

How is trade treated in the SDG framework, and what are possible avenues through which trade governance reforms could help advance the goals and targets embedded in the 2030 Agenda?

In September 2015, the UN General Assembly adopted the 2030 Agenda for Sustainable Development, including a set of 17 Sustainable Development Goals (SDGs) supported by 169 targets and commitments under the Addis Ababa Action Agenda (AAAA). The goals and targets touch upon a broad range of issues, from poverty alleviation and food security to natural resources and clean energy. For the first time, they integrate the economic, social and environmental aspects of sustainable development and recognise their interlinkages. In the next 15 years, the high level of ambition and universal nature of this agenda will guide action by governments and the private sector.

As we move towards implementation, however, generating sufficient resources to reach these aspirational goals will represent a major challenge. In the absence of any specific new financial commitment, international trade as a catalyst for transformative growth is likely to play a critical role in achieving those objectives. The 2030 Agenda largely reflects this view, recognising that trade – if well-regulated – can contribute to sustainable development. To be sure, trade is not considered as an end in itself, but rather as a means to support implementation and advance other SDG targets. In a similar vein, the role of the WTO, as the central institution in global trade governance, is particularly emphasised, with the AAAA calling on the WTO General Council to "consider how the WTO can contribute to sustainable development."

How is trade addressed under the SDG framework?
The SDGs include a variety of direct and indirect references to trade which can be broadly organised under three groups.

A first set of references focus on trade governance frameworks. They highlight the need to promote a universal, rules-based, open, non-discriminatory, and equitable multilateral trading system and to conclude negotiations under the Doha Round (17.10). They also recall the need to implement the principle of special and differential treatment (10.a) or to take advantage of existing flexibilities provided by WTO rules in areas such as the trade-related aspects of intellectual property rights (TRIPS) and public health (3.b). The AAAA goes further by highlighting the importance of regional integration and regional trade agreements to promote inclusive growth, while at the same time calling for enhanced coherence among bilateral and regional trade and investment agreements on the one hand and WTO rules on the other (para 87).

A second group of references includes a series of specific actions and targets on trade and trade policy. These range from enhancing aid for trade and capacity building (8.a), to providing duty-free and quota-free market access for least developed countries (LDCs) (17.12), or doubling the share of LDCs in global exports by 2020 (17.11). Beyond those cross-cutting measures and objectives, the framework also contains sector-specific actions, including the need to correct and prevent trade restrictions and distortions in world agricultural markets (2.b), the prohibition of certain forms of fisheries subsidies which contribute to overcapacity and overfishing (14.6), and the need to provide market access for small-scale artisanal fishers (14.b) or to rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions (12.c). Finally, the agenda envisages a series of cases where trade should be prohibited or restricted as reflected in targets around illegal trade in minerals or efforts to address trafficking in hazardous waste and protected species.

The third group could be defined as indirect references. Trade is not mentioned explicitly here, but would contribute directly to the achievement of certain goals and targets. This category is probably the largest one, as most, if not all, SDGs are arguably related to trade in a way or another. Examples of such targets include the need to ensure fair and equitable sharing of the benefits arising from the utilisation of genetic resources, a topic directly related to intellectual property rights under the TRIPS agreement (15.6). Sustainable public procurement practices envisaged under goal 12.7 are similarly related to government procurement agreements. Trade in services will be essential to expand access to banking, insurance and financial services (8.10). Trade in environmental goods, services and technologies will play a critical role in promoting access to clean energy (7.a and 9.4) and improving resilience to the impacts of climate change (13.1). Finally, the references to integration into value chains and market diversification (9.3 or 2.3), technology diffusion (8.2), or transborder infrastructure (9.1) arguably are closely linked to trade, trade policy or trade-related technical assistance.

How relevant are such trade-related commitments?

As is often the case when cross-cutting action agendas are negotiated, the formulation of specific commitments tends to reproduce language already agreed in other international forums. Indeed, the references to trade – particularly those from the second category – largely reflect previous WTO decisions, ministerial declarations, or other international commitments such as those from the Istanbul Programme of Action for LDCs, and may not appear fundamentally innovative. One could also regret a certain backward-looking conception of trade as illustrated by the limited references to digital trade, trade facilitation, or the close integration of goods, services, investment, and technology in the context of internationally fragmented production networks or global value chains. The lack of emphasis on trade in services as a way to generate value addition, to enhance connectivity, or to boost productivity (e.g. through education, health, or sanitation) is particularly striking in this respect.

Recent years have seen a surge in protectionist measures against a background of trade slowdown, with available evidence suggesting that LDCs are particularly affected.

Notwithstanding these weaknesses, the SDG trade-related targets remain critical for at least two main reasons. First, recent years have seen a surge in protectionist measures against a background of trade slowdown, with available evidence suggesting that LDCs are particularly affected. According to a recent report by the WTO Secretariat, WTO members applied 154 new trade-restrictive measures between mid-October 2015 and mid-May 2016, amounting to 22 new measures per month – the highest monthly average registered since 2011[1]. In this context, the fairly balanced and overall positive stance on the role of trade for sustainable development highlighted in the SDGs provides a powerful alternative narrative to the anti-trade rhetoric prevailing not only in the US but also increasingly in Europe.

Second, while similar commitments have been made in other forums, global responses to the challenges they attempt to address have largely remained elusive. In several instances, recent developments or policy changes have even increased the urgency to update existing trade rules or elaborate new ones. In agriculture for example, substantial increases in trade-distorting domestic support by large emerging economies and the resurgence of such instruments in the EU and the US have highlighted the need to update agricultural subsidy rules. Over the last five years, the prices of several agricultural commodities have experienced a continuous decline from their 2011 peaks. With food prices reaching their lowest levels since 2006, governments have been under growing pressure to increase tariff protection or provide state aid to guarantee remunerative prices and maintain farm income domestically. Such protectionist policies may in turn push international prices even lower and affect farmers' livelihood and development prospects in smaller countries which cannot compete with the treasuries of large agriculture players. In a similar vein, the spate of trade remedy disputes around renewable energies such as wind and solar have prompted environmentalists to question the adequacy of existing rules on local content requirements or antidumping measures. Finally, the growing negative environmental externalities associated with resource-depleting subsidies in the area of fisheries or fossil fuels have exposed the limits of current international subsidy disciplines.

How can SDG targets be pursued through trade governance reforms?

Despite the emphasis on the multilateral trading system as a means of implementation, several WTO members including major players seem to have lost interest in WTO negotiations in recent years. Since 2008, many have been exploring alternative pathways to deal with their trade issues, including through the so-called "mega-regional" agreements such as the EU-Japan free trade agreement; the Trans-Pacific Partnership (TPP); or the EU-US Transatlantic Trade and Investment Partnership (TTIP). Yet, the extent to which such mega-deals offer a viable alternative to multilateral negotiations is increasingly questioned. At the time of writing, major uncertainties remain around the prospects for a TPP ratification in the US and political opposition to the TTIP is growing rapidly in France and Germany. In contrast, the success of the last two WTO ministerial conferences, in Nairobi and in Bali, with new agreements being reached in areas such as trade facilitation, tends to prove that progress is possible multilaterally including on issues of direct relevance to the SDG framework such as agricultural export subsidies. Building on these successes, WTO members have the opportunity to advance critical elements of the 2030 Agenda through incremental progress at the multilateral level. The SDG framework arguably provides clear negotiating mandates and specific deadlines in a number of areas such as agricultural domestic support, fisheries subsidies, DFQF for LDCs, and – why not – fossil fuels subsidies, even if some may consider these negotiating mandates as external to the WTO.

Beyond the WTO, advancing the 2030 Agenda might require looking at alternative approaches, including plurilateral or regional solutions. While some fear that such approaches might further fragment the international trade system and discriminate against non-parties, these avenues clearly offer opportunities to address some of the challenges described here. The plurilateral Environmental Goods Agreement, while currently limited in scope, could pave the way for future cooperative arrangements in the area of clean energy. The TPP provides an innovative basis for specific disciplines on a subset of fisheries subsidies which could later on be adopted by a wider set of countries. Other RTAs contain innovative approaches to tackling illegal logging. Finally, the G20 can offer a forum for commitments to reduce fossil fuel subsidies among large economies, leading the way for others to follow. If these initiatives are designed in an inclusive manner, they could form the basis for future cooperation with a larger number of countries. The multilateral system could ultimately provide a forum to multilateralise these innovations once a critical mass of countries have subscribed to them.

1 See: WT/TPR/OV/W/10, WTO, 4 July 2016

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AFRICA

How can trade policy be used to transform African livelihoods?

Lily Sommer and David Luke

How can African countries and the international community overcome the existing challenges to building the poverty-reducing trade needed to meet the poverty-related Sustainable Development Goals in Africa?

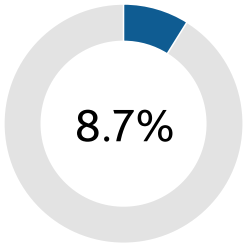
To date, Africa's progress in poverty reduction has been disappointing. Africa is the only developing region for which the Millennium Development Goal (MDG) of halving poverty was not met. The number of extremely poor Africans increased by more than 100 million between 1990 and 2012. Over the same period, the share of extremely poor Africans in the population declined from 57 percent to 43 percent. This represents about a 25 percent reduction, half of what was targeted under the MDGs. The world's extreme poor are expected to be increasingly concentrated in Africa over the new 2030 Agenda for Sustainable Development period. In addition, deprivation is not confined to income poverty. Africa, excluding North Africa, has the world's highest poverty rates as measured by the Multi-dimensional Poverty Index (MPI).

These persistent levels of high poverty in Africa are not a result of a lack of growth. In fact, the continent's economies grew at an average of at least five percent above the global average of three percent over the MDG period. The problem was that this growth was not well-distributed, so it failed to lift more people out of poverty. At a time when the implementation of the 2030 Agenda has just started, it is clear that fresh thinking is needed on how to meet the challenge of inclusive growth and achieve the poverty-related Sustainable Development Goals (SDGs) on the continent.

Trade has a key role to play, although it has been under-exploited thus far in Africa. In particular, specific emerging policy reforms may provide significant momentum for progress. The establishment of a continental free trade area (CFTA) and an emphasis on boosting intra-African trade are key priorities of the continent's development vision, the African Union's "Agenda 2063 – the Future We Want for Africa." This ambitious trade agenda is reinforced by important trade-related targets that are included as means of implementation for the SDGs, and the Addis Ababa Action Agenda (AAAA) contains several other trade elements.

Why has Africa failed to use trade as an effective tool for poverty reduction? The answer is that a robust policy response is required to meet the challenges of inclusive, diversified, and transformative trade. Trade costs and services restrictions are relatively high on the continent. Average tariffs for intra-African exports are higher than for exports to the rest of the world, which is further discussed below. Limited productive capacities have boxed African countries into the export of primary commodities with little value added. High global commodity prices only served to increase Africa's commodity dependence and aggravate inequalities within and between African countries. In addition, while the global trade regime falls short of what is needed for Africa, mega-regional trade agreements (MRTAs) and reciprocal trade agreements with the EU are expected to create additional challenges for Africa's structural transformation. The current slowdown in global trade and growth will also make poverty-reducing trade even more difficult.

Overcoming these challenges will not be easy. The nine key trade policy actions discussed in the remainder of this article, however, can go a long way towards trade reforms that can contribute more effectively to poverty reduction and the achievement of the 2030 Agenda in Africa.



8.7 percent

The average applied rate of tariff protection within Africa is 8.7 percent, compared to only 2.5 percent imposed on the rest of the world.

Enhancing regional integration: the top priority for Africa

Intra-African trade has great potential to facilitate economies of scale, diversification, and value addition. In 2013, about two thirds of intra-African trade was in manufactured products. However, intra-African exchanges stood at just 16.3 percent of total African trade in the same year, providing significant scope for expansion. We propose three strategic policy imperatives that are needed to harness this potential and fast track the continental integration agenda.

Timely implementation of an inclusive CFTA agreement

The average applied rate of tariff protection within Africa is 8.7 percent, compared to only 2.5 percent imposed on the rest of the world. Disciplines are also needed for non-tariff barriers. Timely implementation of the CFTA would allow to rectify this and also offset the expected negative impact of MRTAs on preference erosion and the increased reciprocity of the Economic Partnership Agreements (EPAs). Modelling work at the ECA indicates strong positive impacts of the CFTA on intra-African trade – which is already more diversified than Africa's trade with the rest of the world – as well as on real incomes and industrial development. Real wages for all categories of African workers are shown to receive a positive boost from the CFTA, with unskilled workers benefiting the most.[1] To ensure the realisation of these positive welfare impacts, safeguards are needed to protect agriculture livelihoods, along with a mechanism to review the CFTA's impact on trade and poverty running up to 2030.

Supportive non-tariff policy initiatives to enable firms to take advantage of the CFTA

To date, implementation of the Boosting Intra-African Trade (BIAT) initiative has been disappointing, slow, and uncoordinated. In order to reduce the relatively high costs to intra-African trade, this must change. Mainstreaming the seven BIAT clusters – trade policy, trade facilitation, productive capacity, trade-related infrastructure, trade finance, trade information and factor market integration – into the development policy and programmes of African countries and regional economic communities (RECs) would go a long way in achieving this. In particular, efforts to enhance cross-border infrastructure should continue to receive attention. African leaders must take full ownership of the continent's infrastructure agenda and adopt innovative financial strategies to mobilise funds required for its implementation. As the scope of the CFTA includes services, its aim should also be to increase the degree of services liberalisation beyond the current status in the RECs.

Establishment of a Continental Customs Union (CCU) supportive of structural transformation

The trade-weighted applied tariff on industrial products in least developed countries (LDCs) is 18 percent for intermediates, compared to 12 percent for finished products. High import costs for intermediates is constraining industrialisation in Africa, where intermediates account for a stable share of 60 percent of merchandise imports.[2] A CCU would help to align African countries' attempts to achieve strategic consistency between trade and industrial frameworks, as discussed further below. ECA modelling work highlights the potential positive impacts a CCU can have on driving Africa's structural transformation, if appropriately designed.[3] An African common external tariff (CET) should impose lower tariffs on intermediate inputs and capital goods important for industrialisation but not available locally. This would facilitate their use as imported inputs in production processes, and increase the possibilities for exporting transformed products. A sensitive item list for specific agricultural and industrial goods that are produced locally would help to avoid a rapid influx of imported goods on the African market, which could hold back domestic competitiveness, economic transformation, and poverty reduction efforts.

Harnessing regional opportunities at home: smart industrialisation through trade

Actions are needed at the national level to support regional integration and its role in industrialisation, both of which are imperative for economy-wide productivity improvement, job creation, and poverty reduction in Africa. The key lies in providing a conducive environment for the integration of African businesses into regional and global value chains (RVCs and GVCs) – in particular micro, small, and medium enterprises

(MSMEs), which are key to reducing poverty through trade. Trade policy can be used in the following three "smart" ways to maximise the gains from closer regional integration and drive structural transformation and value addition in Africa.

Tariff reforms to ensure strategic consistency between trade and industrial frameworks
African governments need not wait for a CCU to reduce tariffs on strategic industrial production inputs. Domestic tariff reforms to promote industrialisation are needed now – this will also make the process of aligning external tariff structures as part of an African CET easier further down the line. Governments should lower protection for imported intermediate and capital inputs such as fertilisers, machines, and spare parts that are crucial to industrialisation but not produced locally. Tariffs should also be reduced on energy-access technologies, which are seldom manufactured in African countries. These interventions would cut costs of industrialisation and foster domestic value addition in RVCs, thereby facilitating integration into higher rungs of GVCs. Such smart industrialisation through trade is not a new concept. The East Asian Tigers all benefited from deliberate trade policies. To avoid a sudden fiscal shock due to loss of tariff revenues, however, there is a strong case for development partners to support compensation schemes over the 2030 Agenda period.

Appropriate intellectual property (IP) policies to support the cross-border transmission of knowledge and innovation
To facilitate technological transmission and catch-up, the global IP system provides flexibilities for LDCs in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Using these flexibilities can be helpful in building the competitiveness needed to integrate into GVCs and ensuring income convergence with developed countries and poverty reduction more generally. The Association of Southeast Asian Nations (ASEAN) countries rarely sign external agreements that are stricter than their global IP obligations, for example, and eligible members have also exploited flexibilities offered by the global IP system. This has helped to transform ASEAN into an innovative and competitive bloc.[4] African countries must be supported to establish domestic IP policies and laws that are appropriate to their level of development. The CFTA agreement provides a perfect opportunity for Africa to set common IP rules and use flexibilities based on a common approach.

Effective and efficient services that facilitate trade and investment
Services trade restrictions do not feature prominently in the 2030 Agenda, yet competitive services are key to poverty reduction since they improve downstream productivity, cut business costs, enhance access to GVCs and generate employment. Liberalisation of services sectors that facilitate trade, investment, and MSME competitiveness should thus be prioritised to secure quick gains for African economies. As noted above, services liberalisation and the establishment of common regulatory frameworks are part of the CFTA negotiating agenda.

A global trade regime that addresses Africa's needs
The international trade landscape will influence how well Africa can take advantage of welfare-enhancing trade opportunities. Very little has been achieved under the Doha Development Agenda and there is broad consensus that, overall, the outcomes of the 2015 WTO 10th Ministerial Conference were sub-optimal. As the WTO's post-Nairobi work programme is being developed, African countries should continue to push for multilateral trade reform. In addition to these efforts, three critical areas of support are required from the international community.

Move beyond the 2030 Agenda's focus on market access
African countries already benefit from duty-free quota-free (DFQF) access in their main foreign markets. The priority for the continent is support to mobilise productive capacities, alongside more generous rules of origin to stimulate investment, boost exports, and address Africa's development needs. Flexible requirements for domestic value added and cumulation zones extending beyond narrow regional groupings would encourage diversification, local and regional processing, and integration into GVCs.

Appropriately manage tariff reductions contained in reciprocal trade agreements
A shift towards greater reciprocity in Africa's trade agreements is expected over the next decade. The recently agreed EPAs between the EU and regional African groupings, while asymmetric, call for the partial and gradual opening of African markets to EU imports. In 2025, the African Growth and Opportunity Act (AGOA) is also expected to be succeeded by an agreement with a more reciprocal structure. Tariff reductions on imports from outside Africa need to be appropriately phased, so that African industries have time to adapt. Tariffs on intermediate and capital goods not produced locally could be removed first, followed by tariffs on intermediate and capital goods for which some domestic and regional production exists, and finally by tariffs on finished products.

This sequencing would support Africa's industrialisation and technological catch-up, while also providing temporary protection for local producers to guard against premature de-industrialisation. Agreements should also contain provisions that African countries can use for industrialisation purposes, as in the proposed East African Community EPA. It is imperative that signatory countries undertake comprehensive analyses of new agreements' implications on industrial development and poverty reduction.

Improve the targeting of Aid for Trade (AfT)
Empirical studies show that AfT can support poverty reduction through increased export diversification, employment, and foreign direct investment. Although boosting intra-African trade in particular would offer significant gains for Africa in terms of export diversification and poverty reduction, regional AfT is lacking. CFTA implementation would benefit from short-term regional AfT support. For example, although revenue losses from tariff reductions are expected to be small given the relatively low level of intra-African trade, adjustment assistance from donors may be required to meet budget shortfalls, especially in the current context of low commodity prices.

Conclusion

Although Africa is unlikely to eliminate extreme poverty by 2030, it can make serious strides in this direction. The policy actions presented above all point to the need for economic transformation in order to support Africa's poverty-reduction agenda. This is the key to creating decent jobs, improving productivity, increasing incomes, reducing vulnerability and risks, and overcoming poverty in Africa. In particular, industrial development must become the core objective of trade policy for African governments, RECs, and the international community.

In this context, the importance of regional integration should not be underestimated. Closer collaboration and increased intra-African trade is required if Africa is to benefit from economies of scale and develop significant RVCs. Intra-African trade has already proved to be an important source of industrial upgrading and export diversification on the continent, yet it has a lot more to offer.

This piece is based on a longer paper which is published by ICTSD here. The views expressed in this article are the authors' own and may not necessarily reflect the position of UNECA.

1. See United Nations Economic Commission for Africa, "Assessing Regional Integration in Africa V: Towards an African Continental Free Trade Area," 2012.
2. United Nations Economic Commission for Africa, "Economic Report on Africa 2015: Industrializing Through Trade," 2015.
3. See Mevel, Simon and Stephen Karingi, "Deepening Regional Integration in Africa: A Computable General Equilibrium Assessment of the Establishment of a Continental Free Trade Area followed by a Continental Customs Union," Paper presented at the 7th African Economic Conference, 2012.
4. United Nations Economic Commission for Africa, "Assessing Regional Integration in Africa VII: Innovation, Competitiveness and Regional Integration," 2016.

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FOOD SECURITY

Overcoming malnutrition: Why policies on trade and markets matter

Eugenio Díaz-Bonilla and Jonathan Hepburn

At the UN General Assembly last month, world leaders reiterated their commitment to the 2030 Agenda – including commitments in the Sustainable Development Goals (SDGs) on ending hunger and malnutrition. How can policies on trade and markets now help to achieve these objectives?

The 2030 Agenda for Sustainable Development, approved last year in New York, sets a ground-breaking new commitment for all countries: to end hunger and "all forms of malnutrition" by 2030.[1] This short article examines how policies affecting trade and markets are relevant to the new commitments on hunger and malnutrition; looks at past progress and projected trends; and examines options for government action in years ahead.

What do the SDGs say about food security and sustainable agriculture?
Sustainable Development Goal 2 (SDG 2) commits governments to "end hunger, achieve food security and improved nutrition and promote sustainable agriculture"[2]. Five specific targets with deadlines also complement this goal[3].

The first two targets refer to hunger and malnutrition. In SDG 2.1, governments pledge to "end hunger and ensure access by all people [...] to safe, nutritious and sufficient food all year round" by 2030. In SDG 2.2, they add that they will aim "to end all forms of malnutrition", also by 2030 – as well as to reach internationally agreed targets on stunting and wasting in children under 5 years old, and address "the nutritional needs of adolescent girls, pregnant and lactating women and older persons."

Under SDG 2, governments also agreed to three targets linked to support for small-scale food producers and vulnerable groups. In SDG 2.3, they state their aim of doubling "the agricultural productivity and incomes of small-scale food producers [...] 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 SDG 2.4, governments promise to ensure the sustainability and resilience of food production systems, while in SDG 2.5 they commit to maintain genetic diversity and promote equitable access to it.

The signatories to the SDGs also agreed three "means of implementation" targets under SDG 2, specifying actions to help achieve the objectives in this area. SDG 2.a addresses the need to "increase investment [...] in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks." SDG 2.b addresses trade explicitly, committing governments to "correct and prevent trade restrictions and distortions in world agricultural markets," while referring to the mandate of the WTO's Doha Development Round. Finally, SDG 2.c states that governments will "adopt measures to ensure the proper functioning of food commodity markets."

To achieve the 2030 Agenda goals, governments will therefore need to focus on all three aspects of the "triple burden of malnutrition": undernourishment, the traditional focus of efforts to fight hunger; micronutrient deficiencies, or "hidden hunger"; and over-nutrition, which leads to problems such as obesity and diabetes.

Finally, commitments under other goals might also require governments to pursue policies and rules affecting trade and markets in ways that have significant consequences for food and nutrition security. While all of the goals are arguably relevant, some might be

800 million

Estimates from the Food and Agriculture Organization of the UN (FAO) show that, globally, almost 800 million people are still undernourished, of whom 98 percent live in developing countries, mainly in Asia (512 million) and Africa (230 million).

especially important – such as those on poverty, education, gender, energy, employment, and inequality.

And what do the SDGs say about trade?

The 2030 Agenda makes clear that trade is a means to achieve broader objectives, rather than an end in itself. It adopts a positive view of international trade, while also calling for governments to take action to improve the functioning of global markets.

In particular, SDG 17.20 commits countries to "promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization." The declaration also refers to the importance of concluding negotiations under the Doha Development Agenda – although at the WTO's Nairobi ministerial conference, three months later, members acknowledged that there was no consensus on whether to reaffirm the Doha mandate.

However, the Nairobi ministerial did put in place a framework to eliminate agricultural export subsidies, along with disciplines on measures seen as having similar effects – one of the commitments governments had made under SDG 2.b. Other more significant types of trade distortions, such as domestic support for farm goods, nonetheless remain to be fully addressed by international rules.

Trade policy and rules can help governments to achieve 2030 Agenda targets, such as the commitments in SDG 2.3 on doubling agricultural productivity and incomes for small producers, by improving access to markets, fostering opportunities for value addition, and creating rural jobs. However, while the new goals say explicitly that tackling trade restrictions and distortions in global agricultural markets could help, actions to implement the new commitments that affect non-agricultural markets could be just as important for food and nutrition security.

For example, governments will need to address trade policy challenges in the fisheries sector (an issue addressed under SDG 14), as well as distortions affecting markets for farm inputs, such as fertilisers, seeds, farm equipment, and energy. In addition, they will also need to address services such as credit markets, agricultural insurance, transport, and logistics; and also consider trade policies affecting employment markets in both rural and urban areas, such as those affecting trade in manufactured goods.

Other SDG commitments could also affect trade and markets in ways that have consequences for achieving SDG 2 – such as those on intellectual property, "aid for trade," fossil fuel subsidy reform, fisheries, and least-developed countries (LDCs).

Will progress in improving nutrition continue?

Governments have made rapid if uneven progress in fighting global hunger, with over 200 million fewer people undernourished in recent years. However, recent success in reducing micronutrient deficiency has still been too slow to end malnutrition by 2030, while overweight and obesity has worsened.

Reductions in undernourishment have been driven primarily by progress in Asia, and especially in China. On the other hand, in Africa, there are now almost a quarter more undernourished people than in the early 1990s – despite a drop in the overall share of undernourished people.

Estimates from the Food and Agriculture Organization of the UN (FAO) show that, globally, almost 800 million people are still undernourished, of whom 98 percent live in developing countries, mainly in Asia (512 million) and Africa (230 million).

Meanwhile, indicators of micronutrient deficiency remain high – such as the prevalence of anemia in women and children under five. Although this indicator suggests that percentages have declined in the last two decades, progress is still too slow if governments are to achieve the target of eliminating all forms of malnutrition by 2030.

Finally, data on the prevalence of obesity and overweight among adults suggests no decline in any of more than 190 countries with data. An increase in demand for "convenience" in food consumption in particular has led to the expansion of fast foods and highly processed products, which appear correlated with health problems associated with over-nutrition and non-communicable diseases.

How are food and agriculture markets changing?

Better functioning food and agriculture markets will be critical in ensuring that governments can achieve the new commitments, especially as undernourishment disproportionately affects rural populations in low-income countries. Small farms are still estimated to be home to half the world's hungry, suggesting that agriculture and rural development remain key to achieving the SDGs.

Many developing countries are increasingly relying on food imports to meet growing demand as urban populations grow and average incomes rise. While much of this increased trade is between developing countries, LDC exports have grown far more slowly.

However, food imports represent a declining share of total merchandise exports in developing countries as a group, as well as in LDCs. The trend suggests that, overall, the food import bill has become more affordable for these countries as a group.

Better functioning food and agriculture markets will be critical in ensuring that governments can achieve the new commitments.

At the same time, agriculture and trade policies have also changed in recent decades. Some developed countries which previously provided heavy subsidies to their farm sectors have now reduced the support they provide, or have switched to less distorting forms.

Meanwhile, several large developing countries, some of which historically taxed agriculture, have moved towards providing increased domestic support for the sector. Levels of agricultural investment in many of the poorer developing countries nonetheless remain low, with public goods provision often lagging behind governments' stated objectives.

Tariffs on farm goods have also fallen in all world regions as a result of unilateral liberalisation and due to the impact of preferential trade deals. Tariffs and other non-tariff barriers nonetheless remain significant on a number of "sensitive" farm goods such as beef, dairy, rice, and sugar.

As regards fisheries, while about 40 percent of fishery and aquaculture products are traded internationally, production and trade are adversely affected by illegal, unreported, and unregulated fishing, as well as harmful subsidies.

Under "business as usual" conditions, the FAO and OECD estimate that the number of undernourished people will fall by about 20 percent in the coming decade. However, this would still leave more than 600 million people undernourished, of which about 220 million are projected to be in sub-Saharan Africa. The projections imply that governments will need to change current policies in order to reach the zero hunger target by 2030 – alongside action on nutrition deficiencies, and on overweight and obesity.

Although food prices have fallen from unusually high peaks in recent years, many poor countries arguably remain vulnerable to sudden market shocks, in particular if, as the evidence suggests, climate-related extreme weather events are becoming more frequent and intense.

Analysis from the OECD and FAO suggests that in the medium term, both production and consumption are due to grow. However, Africa's consumption of rice, wheat, vegetable oils, and sugar is expected to grow much faster than production, while Latin America is expected to continue producing more oilseeds, meat, fruit, and vegetables than the region is set to consume.

While governments in many developing country regions have significant scope to take actions that would boost farm productivity sustainably, increased trade can also be expected to become more important to ensure that countries can meet growing demand in the future.

What can governments do next?
Both national policies and global rules affecting trade and markets will be relevant as policymakers set their minds to achieving the SDGs. However, governments will need to move quickly in order to ensure that the challenge can be met in time.

Governments can already take action under existing global rules on trade to boost farm productivity and raise incomes in rural areas. Investments in "public goods" such as pest and disease control, research, basic infrastructure, land titling, or farm advisory services are allowed without limits under current WTO rules.

In other areas, such as agricultural domestic support, fisheries subsidies, or access to markets for farm goods, governments will need to start now to negotiate meaningful international disciplines. Trade policy reforms aimed at improving employment opportunities and raising incomes could usefully be targeted at food insecure population groups. Advance planning and additional international resources will also be needed if governments are to collaborate across borders to finance expanded food aid provision to poor consumers, and, in general, poverty-based safety nets, so as to improve economic access to food without adversely affecting how markets function.

Effective trade policy measures to mitigate volatility in global markets are also likely to become more important in the future – such as better global rules on export restrictions, to prevent price spikes from harming consumers in poor food-importing countries.

At the same time, the ambition of the 2030 Agenda can only be realised if governments determine not to shy away from difficult questions, such as correcting and preventing trade distortions in the area of agricultural domestic support. At the WTO, many negotiators have identified this issue as a potential deliverable for the organisation's upcoming ministerial conference in 2017, despite historical difficulties in making progress in this area.

While policymakers may feel daunted by the scale of the task ahead, recent steps forward on agricultural export subsidies suggest that incremental progress is feasible and realistic. Government officials now have an opportunity to take concrete measures towards ensuring that more equitable and sustainable markets actually contribute to the goals of ending hunger and malnutrition.

This piece is based on a longer paper which is published by ICTSD here.

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1. For the full list of Sustainable Development Goals (SDGs) and related targets, please see : http://bit.ly/1Qk5cql

2. At the 1996 World Food Summit, governments declared that "food security exists when all people, at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life".

3. The targets can be seen as giving effect to the progressive realisation of the right to food, as well as building on and going beyond other objectives that governments have collectively set themselves, such as the Millennium Development Goals and the targets agreed at the 1996 World Food Summit.

ENERGY

Four priorities for sustainable and inclusive energy security in Eastern Africa

Francis Osiemo

Energy plays a central role in modern economies. Addressing challenges hindering energy security in Eastern Africa is a crucial first step in the achievement of the SDGs in the region.

The adoption of the Sustainable Development Goals (SDGs) in September 2015 demonstrates the global political apiration to transition into a more inclusive and sustainable economic model. Under SDG 7, countries have committed to ensure access to affordable, reliable, sustainable, and modern energy for all. The realisation of this goal by 2030 in the economies of Eastern Africa would go a long way in contributing to poverty alleviation, enhancing food security, and promoting efforts towards industrialisation. Previous economic growth in the region has not been structurally-driven, sustainable, nor inclusive. While poverty rates in Eastern Africa varies among countries, it is generally observed that a significant percentage of the population lives in poverty. Eastern African countries still feature in the bottom 40 of the United Nations Development Programme's Human Development Index.

Since all the countries in the region signed the Paris Agreement on climate change adopted on 12 December 2015, their future efforts towards energy security must be environmentally sustainable. The Paris Agreement marked the first formal multilateral climate agreement after 18 years. Unlike the Kyoto Protocol that took effect 8 years after its signature, the accord will enter into force next month, less than a year after its adoption. The Paris Agreement aims at stabilising global average temperatures below a two degree Celsius rise from pre-industrial levels, while ensuring best efforts to limit the increase in temperatures to a 1.5 threshold. Achieving stabilisation in global temperatures is especially important for Eastern Africa, as the region would be among the worst affected by the effects of climate change.

Energy security in Eastern Africa

Energy insecurity is a major challenge in the Eastern African region, with governments having problems in providing affordable, reliable, sustainable, and modern energy. A recent economic forecast by the IMF projects that Ethiopia is set to overtake Kenya as the leading regional economy in 2016. This recent economic forecast might be unlikely, considering the current political turmoil in the country, with the government recently declaring a state of emergency. Despite significant spending by the Ethiopian government on infrastructure, energy poverty is still an issue in the country. Data from the World Energy Council shows that Ethiopia ranks low on indicators related to energy equity, energy security, and environmental sustainability in the energy industry.

Inequitable access to energy in Ethiopia is mirrored across the region. There is a huge divide in terms of energy access between urban and rural areas. While previous rural electrification programmes have improved access, the limited geographic coverage of most power grids limits the potential of such programmes. The cost of access faced by rural households within the geographic coverage of the electricity grids is also high compared to their low level of income. The high cost of access also affects households living in informal and semi-formal settlements in urban areas.

The Eastern African population relies heavily on biomass for both cooking and heating, with biomass being the only source of energy in rural areas and informal settlements in urban areas. Data from the International Energy Agency (IEA) shows that over 80 percent of households in the region rely primarily on biomass for cooking and heating. The reliance on biomass poses serious challenges related human health and environmental sustainability. Further, recent years have seen an increased demand for biomass as a result of population growth. This has led to an increase in deforestation, with a country like Ethiopia estimated to have lost over 95 percent of its forest cover in the past 50 years.

There is therefore an urgent need in the region to work towards addressing the issue of energy insecurity in a sustainable manner. As the G7 summit noted in 2016, access to energy plays a central role in the achievement of the targets in the Paris Agreement. Similar sentiments were echoed during the 2016 G20 summit, where G20 leaders stated that energy plays a crucial role in enhancing quality of life, poverty reduction efforts, and economic growth. Thus, if Eastern Africa is to meet its economic transformation and industrialisation targets, governments need to increase the percentage of citizens with sustainable and affordable access to energy.

Current challenges in the region

Political and regulatory instability poses one of the main challenges to energy security in the region. A good example is the Great Renaissance Dam Project started by the Ethiopian government in 2009. The main purpose of investing in the project was to create surplus energy for export, especially to neighbouring countries. However, the construction of the dam currently faces political challenges, since Ethiopia is seen to have commenced the project without consulting Egypt. The two countries are presently negotiating policies that might reduce the risks for Egypt once the dam is operational. The delays in the project are nonetheless expected to affect the potential benefits of energy trading in the region.

Political and regulatory instability poses one of the main challenges to energy security in the region.

There is also an overreliance on on-grid solutions to meet the energy demands. Most Eastern African governments have adopted policies to ensure energy access, with different levels of ambition and timelines: Burundi has the objective of increasing its population's access to energy to 25 percent by 2020; Kenya aims for 100 percent by 2030; Rwanda's target is 70 percent by 2017; and Uganda aims for 98 percent by 2020. While such policies are a positive sign of political will, the challenge of implementation remains. Moreover, most policies have a strong bent towards the electricity sector, with limited focus on alternatives, in particular renewables, which are largely off-grid. This limits the creation of a wider energy mix, further contributing to energy insecurity. Almost all public expenditure towards energy focuses on extending on-grid electricity services, especially to rural areas.

Considering the scale of the problem of energy insecurity, Eastern African governments would be better placed in meeting their targets by widening their focus to include off-grid solutions, as many communities and households live far from the existing grid. There is still significant room for improvement when it comes to the adoption of solar panels, wind turbines, or small hydro power systems. This is largely due to the initial costs of adoption and a general slow pace in the adoption of new technology in the region.

At the regional level as well, Eastern African countries are predominantly relying on on-grid solutions. A good example is the establishment of the Eastern African Power Pool (EAPP) in 2005, whose objective is to support energy security in the region by promoting power exchanges between utilities in Eastern Africa. The EAPP, which focuses on the electricity sector, aims at pooling resources with a view to reducing the cost of electricity transmission and increasing energy efficiency. However, the establishment of the East African Centre for Renewable Energy and Energy Efficiency (EACREEE) in 2015 is a welcome sign of political will to move away from overreliance on the electricity sector and widen the energy mix in the region.

A wider energy mix would be a welcome move, as it might reduce the percentage of households that use biomass to meet their cooking and heating needs. Not only does the use of biomass causes important health problems, but it also contributes to deforestation. It is estimated that the use of biomass in the region is a direct cause of more than 50,000 deaths annually. Consistent population growth in the region increases the demand for biomass, leading to deforestation, which further worsens the effects of climate change. Inconsistent weather patterns as a result of the reduction in forest cover also negatively impacts the production of hydropower.

The way forward: Four priorities

For the countries in the region to meet their national energy access targets and achieve SDG 7, they must focus on four priorities. For starters, it is important to have stable political and regulatory environments to attract investors. Eastern African governments might for instance choose to ratify the International Energy Charter, the only multilateral framework that focuses on the energy industry. Political and regulatory stability is largely dependent on strong institutions that provide a positive signal to international investors. Considering that the financial needs for further developing the energy industry largely outstrip government spending, policies aimed at attracting and retaining foreign direct investment (FDI) would strongly increase the possibility for these governments to meet their energy access targets and achieve SDG 7.

Diversifying current energy policies and improving their implementation is another way for governments to strengthen their efforts to alleviate energy insecurity in the region. In the current context, investors are clearly signalling their preference for renewable energy sources. In 2015, developing countries surpassed industrialised countries as a destination for FDI flows targeting the renewable energy industry. Nevertheless, FDI in renewables in the region is still relatively low compared to other regions. Initiatives such as the EACREEE might contribute to further investment in renewables. Such an increase is necessary if Eastern African governments are to succeed in providing affordable, reliable, sustainable, and modern energy for all, while contributing to meeting the targets of the Paris Agreement on climate.

Governments in the region should also leverage existing partnerships and aim at creating new partnerships that would contribute to alleviating energy poverty. Endeavours such as the US' Power Africa initiative are welcome efforts in meeting some of the financing gaps that need to be overcome in order to achieve energy security. Partnerships with institutions such as the Africa Development Bank, the World Bank, and other development organisations are strongly needed considering the scale of the efforts required to boost access to energy. There is also a need for better coordination between various relevant ministries of different national governments, as well as with regional institutions. In order to meet the 2030 target of SDG 7, it will be necessary to pool efforts, share technical capabilities, and foster more targeted investment.

Lastly, as providing energy security for citizens is ultimately the responsibility of national policymakers, Eastern African governments must first work on ensuring that the relevant ministries possess the necessary technical capacity. Despite the lack of political stability which still constitutes an important challenge in the region, it is also up to the governments to create the best possible regulatory environment to attract FDI. This is crucial considering that energy demand in Eastern Africa is expected to increase by around 4 percent annually as a result of population growth within the next 10 years. Governments must ensure that the right policies are adopted and implemented, invest in a wider energy mix, and collaborate in their efforts to reach energy security. This multipronged approach is likely the best way for governments in the region to meet their energy access targets in an environmentally sustainable and inclusive manner.

The views expressed in this article are those of the author and do not in any way represent those of the institution with which he is affiliated.

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REGIONAL INTEGRATION

Tracking regional integration in Africa

William Davis

One of the challenges hindering the implementation of Africa's regional integration agenda has been the lack of an effective monitoring mechanism. How can the Africa Regional Integration Index help filling that gap?

Africa's integration agenda, laid down in documents such as the African Union's (AU) Agenda 2063 and Minimum Integration Programme, as well as the Treaty Establishing the African Economic Community (the so-called "Abuja Treaty"), is ambitious. Through such frameworks, African leaders have time and again reaffirmed their aspiration to build a continent in which people, goods, services, and capital flow freely across borders; in which world-class infrastructure criss-crosses the map of Africa; in which policies (particularly macroeconomic policies) are harmonised; and in which a spirit of pan-Africanism and collaboration drives relations between African states. Agenda 2063, for example, specifically mentions improving the continent's infrastructural integration, achieving free movement of capital, people, goods, and services, ensuring seamless borders, and implementing trade facilitation.

However, turning this vision into a reality has proved challenging. Though some of the continent's regional economic communities (RECs) have made impressive headway in certain areas of integration within their respective sub-region, there remain areas in which progress has been limited. On average, the costs of trading across borders within Africa remain high, in many cases higher than those of trading with countries outside of the continent, and the continent's largest economies still trade with each other on a most-favoured-nation basis. Africa's international infrastructure networks, such as the Trans-African Highway network, continue to have missing links, while flight connectivity is centred around a limited number of continental hubs, making it often time-consuming and costly to travel between African countries. This is reflected in the low levels of formal intra-African trade in goods, which accounts for about 16 percent of total recorded African trade, lower than in South and Central America (17 percent) and much lower than in North America (42 percent), the European Union (62 percent), and Asia (64 percent).

Why have Africa's dreams of an integrated continent suffered from stalled and uneven progress, given the bold frameworks that have been adopted at the pan-African level? The answer lies in the challenges of implementation. One of these challenges is the lack of a monitoring mechanism for Africa's regional integration agenda. Put simply, there is no official mechanism for measuring, in a scientific way, which countries are making the most progress in regional integration, in which areas individual countries are falling behind, and which policies and institutions have proved to be the most effective in driving Africa's integration agenda forward.

Indeed, in 2013, the AU-ECA joint conference of ministers, the conference of African ministers in charge of integration and the board of the African Development Bank (AfDB) all decided that the continent needed such a monitoring mechanism for regional integration. That is why the AU Commission, the AfDB and United Nation Economic Commission for Africa (ECA) decided to develop the Africa Regional Integration Index. The index aims to be a barometer for governments and the general public, enabling them to check the performance of countries and RECs in terms of regional integration. It tracks progress, identifies bottlenecks to be addressed, and informs policy decisions at the national, regional, and continental levels with the aim of a more integrated Africa.

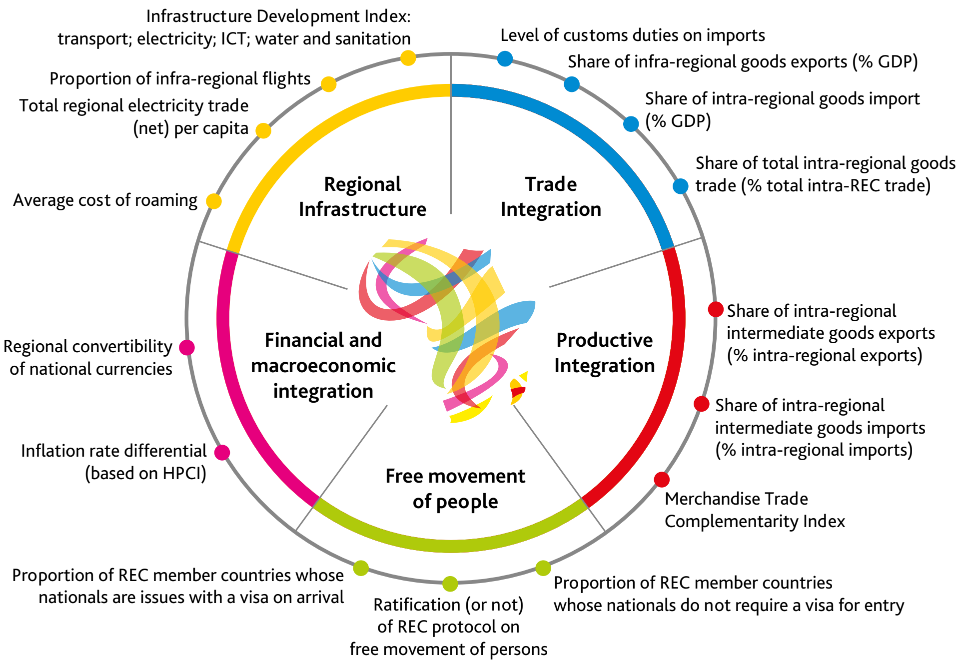
Developing the Africa Regional Integration Index

The index was developed based on consultations with the secretariats of six RECs recognised by the AU, 33 African member states, and experts on regional integration and its measurement from universities and international organisations from within Africa and beyond, including AFRISTAT, the EU, the Organisation for Economic Co-operation and Development, the United Nations Conference on Trade and Development, the United Nations University, the World Bank, the World Economic Forum, and the World Trade Organization. The index was also presented at, and revised based on feedback from, the Seventh AU-ECA Conference of Ministers, the Seventh Conference of African Union Ministers in Charge of Integration, the April 2013 meeting of AfDB's board, and the First Joint Session of the Committee of Directors General of African National Statistical Offices and the Statistical Commission for Africa in December 2014.

Based on these consultations, the index development team across AUC, AfDB, and ECA developed a methodology for the index in which indicators were to measure African countries' progress towards implementing their commitments under integration frameworks that had been agreed at the pan-African level, such as the AU's Minimum Integration Programme. For the first edition of the index, it was decided to focus on examining member states' integration with the RECs of which they are members, rather than with the continent as a whole, and to rank member states only within their RECs.[1]

The methodology developed following these consultations included numerous indicators spread across seven dimensions. However, due to a lack of data for many indicators, this number was reduced to a core of 16 indicators for which data was available for at least 80 percent of African countries. As a result, two of the dimensions (social and cultural integration and political economy) were dropped from the Index. The index thus covers five dimensions: (i) trade integration, (ii) regional infrastructure, (iii) productive integration, (iv) free movement of people, and (v) financial integration and macroeconomic policy convergence. The graphic below (Figure 1) shows the structure of the index and the indicators that fall within each of these dimensions.

Figure 1: Structure of the Africa Regional Integration Index



Source: AfDB, AUC and ECA, 2016.

The index team collected data from national statistical offices, RECs, and corridors directly, after conducting training with their designated representatives to ensure that the data would be comparable across countries. In addition, the project collected data from national statistical offices' and RECs' websites and publications and from public international databases, including those of the African Airlines Association, the AfDB, the ECA, the International Air Transport Association, the International Trade Centre, UN

COMTRADE, UNCTAD, the United States' Energy Information Administration, and the IMF's World Economic Outlook database.

Selected key findings

Overall scores for the eight RECs stand at below half of the scale, showing that overall integration in the regions could significantly progress. Looking at individual dimensions, Africa appears to have made the most progress in trade integration, followed by free movement of persons. The least progress has been made in productive integration, followed by financial integration and macroeconomic policy convergence.

Examining individual regional groupings, the East African Community (EAC) is the REC which performs the best overall, followed by the Economic Community of West African States (ECOWAS). The EAC also has higher than average scores across all dimensions of regional integration, except for Financial and macroeconomic integration.

At the country level, countries with the largest economies are not always the best performers in terms of regional integration. Some countries that are leading the way in their respective regions include Cameroon, best performing country overall in the Economic Community of Central African States (ECCAS); Côte d'Ivoire, best performer in ECOWAS and the Community of Sahel-Saharan States (CEN-SAD); Kenya, best performer in the Common Market for Eastern and Southern Africa (COMESA), EAC, and the Intergovernmental Authority on Development (IGAD); and South Africa, best performer in the Southern African Development Community (SADC).

Finally, some "low-hanging fruit" that would seemingly boost regional integration at limited cost are to be found in the area of free movement of persons, where most REC-level legal instruments on free movement of persons have not been ratified by all of the RECs' member states. Similarly, the average African still requires a visa before travel for trips to 55 percent of other African countries; steps to liberalise visa regimes for other Africans would therefore seem to be a straightforward way to boost regional integration. Ghana, Nigeria, Rwanda, and Zimbabwe have all recently launched initiatives to liberalise their visa regimes for travellers from other African countries.

Next steps

Monitoring mechanisms such as the Africa Regional Integration Index are far less effective if they cannot track progress over time. That is why the index will not just be a one-off report, but a recurring publication of the three institutions. It will also facilitate further policy analysis based on the data collected for the index that can inform the integration agenda. Given that the continent is currently negotiating the Continental Free Trade Area (CFTA), which, if achieved, would promise to revolutionise Africa's integration, a credible monitoring mechanism is needed now more than ever, in order to ensure that what is agreed through the CFTA is put into practice.

For the preparation of the second edition of the index, the three institutions behind it (AUC, AfDB and ECA) will conduct a thorough review of the methodology, including through gathering feedback from member states and other stakeholders on the first edition and how the methodology might be improved. They will then revise the methodology accordingly. In addition, the three institutions will add a system for measuring countries' integration with the continent as a whole, as well as for comparing all African countries' performance in this regard against that of one another.

1 AfDB (African Development Bank), AUC (African Union Commission) and ECA (United Nations Economic Commission for Africa). 2016. The Africa Regional Integration Index: 2016 Report.

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The newsroom

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More work ahead for CFTA negotiators as third round concludes

African negotiators gathering in Addis Ababa, Ethiopia, on 3-5 October continued their discussions towards the establishment of a Continental Free Trade Area (CFTA) at the third meeting of the CFTA Negotiating Forum (CFTA-NF), addressing mostly preparatory and procedural questions as during the previous rounds.

The meeting agreed on terms of reference for a series of technical working groups covering issues such as technical barriers to trade and non-tariff barriers, sanitary and phytosanitary measures, rules of origin, trade remedies, and customs procedures and trade facilitation.

It also considered the draft modalities for the CFTA negotiations on trade in goods and trade in services. On this matter, however, negotiators did not reach an agreement. Additional work will thus be necessary during the next CFTA negotiating round, which is expected to be held in late November.

EU-Southern Africa Economic Partnership Agreement takes effect

A long-awaited Economic Partnership Agreement (EPA) between the EU and select southern African countries came provisionally into effect last week, officials confirmed on Monday 10 October. The EPA was signed in June by the EU and six member states of the Southern African Development Community (SADC) – Botswana, Lesotho, Mozambique, Namibia, South Africa, and Swaziland.

The EPA will ensure immediate duty- and quota-free access to the EU market for 100 percent of exports – excluding arms and munitions – from all SADC EPA countries except South Africa. South Africa will see 96.2 percent of tariffs lifted in full, and 2.5 percent in part.

In turn, the SADC EPA countries will fully or partially lift tariffs on around 86 percent of imports from the EU (74 percent for Mozambique), allowing for some more sensitive items to retain their existing tariffs.

CITES conference adopts landmark call to close domestic ivory markets

World governments participating in the Seventeenth Conference of the Parties (COP17) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) agreed on a series of important decisions in order to curb illegal trafficking in endangered wildlife species. In particular, the conference adopted a non-binding call for the closure of all domestic ivory markets that contribute to poaching and illegal trade.

The adopted text "recommends that all Parties and non-Parties in whose jurisdiction there is a legal domestic market for ivory that is contributing to poaching or illegal trade, take all necessary legislative, regulatory and enforcement measures to close their domestic markets for commercial trade in raw and worked ivory as a matter of urgency."

Azevêdo urges WTO members to deepen engagement

Director-General Roberto Azevêdo recently urged members to deepen their engagement as they work to determine possible negotiating outcomes for their Eleventh Ministerial Conference (MC11), which will be held in the Argentine capital city of Buenos Aires in late 2017. "This is the time to engage. This is the moment to ensure that your priorities and concerns are reflected," said Azevêdo at a recent meeting.

At an informal meeting of "heads of delegation," some WTO members similarly called for scaling up the negotiating action in order to have a smoother road to MC11 than they had for the previous ministerial. "Although we are seeing some positive developments in certain areas of work, we remain concerned about the overall pace of discussions," said EU Ambassador Marc Vanheukelen.

Publications and resources

Trade, Food Security, and the 2030 Agenda – ICTSD – October 2016
The new 2030 Agenda for Sustainable Development sets a ground-breaking new commitment for all countries: to end hunger and "all forms of malnutrition" by 2030, including undernourishment, micronutrient deficiencies, and overnutrition. This paper examines how policies affecting trade and markets are relevant to those new commitments on hunger and malnutrition, looks at past progress and projected trends, and examines options for government action in the years ahead. http://bit.ly/2eoSBuD

Trade and Water: How Might Trade Policy Contribute to Sustainable Water Management? – ICTSD – October 2016
This paper identifies some of the key intersections between trade policy and water management, in areas such as agriculture, hydropower generation, water services and wastewater management. While the local nature of water systems and the diversity of water management objectives is not conducive to the application of trade instruments to enforce a prescriptive, one-size-fits-all, approach to water management, the paper identifies a range of areas in which trade policy could support the sustainable management of water. http://bit.ly/2dZRlM0

Estimating the Impact of Trade Specialization and Trade Policy on Poverty in Developing Countries – UNCTAD – October 2016
This paper investigates the impact of trade specialization and trade policy on poverty. The empirical findings show that manufacturing exports contribute to poverty reduction in developing countries in general while agriculture exports have a more significant impact in low income countries. The results also show that the impact of tariffs is ambiguous for all countries. The investigation confirms that trade specialization reduces poverty but only if the right complementary policies and institutions are in place. http://bit.ly/2dchHvH

Priority Trade Policy Actions to Achieve the 2030 Agenda and Transform African Livelihoods – ICTSD – September 2016
This think piece, one of a series that analyse the contribution trade and trade policy could make in implementing the 2030 Agenda, explains that the poverty challenge is particularly steep for Africa. The continent's commodity-led growth over the last few years has not, by and large, generated widespread economic opportunities. Against this backdrop, this paper focuses on how trade-related policy, including regional economic integration, could contribute to transforming livelihoods across the continent. http://bit.ly/2dygnAU

Inclusive and Sustainable Growth: The SDG Value Chains Nexus – ICTSD – September 2016
This paper represents the inaugural component of a new research and publication series on GVCs conducted by ICTSD. It offers a framework to generate policy-relevant data intended to support the maximum achievement of the Sustainable Development Goals (SDGs) in value-chain-led economic growth. The paper outlines the key dynamics driving GVCs and discusses the processes involved in enhancing the distribution of gains. It also explores the linkages between value chains dynamics and these SDGs. http://bit.ly/2cye2Gy

Trade Policies and Sustainable Development in the Context of Global Value Chains – ICTSD – September 2016

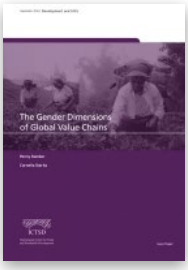
Global value chains (GVCs) have become a major feature of the 21st century economy. This paper argues that the expansion and increased sophistication of GVCs has created a new "trade-investment-services-technology nexus." This paper surveys the types of trade and trade-related policies that are the most relevant to support the development of country participation and upgrading in GVCs. It also explores the implications these policies may have for GVCs to contribute to sustainable development. http://bit.ly/2d54La0

Services and Sustainable Development: A Conceptual Approach – ICTSD – September 2016

This paper, the first in a series of services and SDG-related publications, aims to provide the basis for further work in this area and support positive service sector policy change in the world's poorest countries. It offers a conceptual framework which identifies the primary channels through which services effect the SDGs, as well as a set of criteria designed to guide policymakers in prioritising competitiveness-enhancing policy change in particular service sectors. http://bit.ly/2cLUb6s

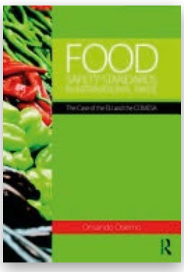
The Gender Dimensions of Services – ICTSD – September 2016

This paper provides an in-depth analysis of the gender-based constraints faced by women in accessing employment and business opportunities in trade in services, and the wider service sector. Additionally, the paper offers a set of policies that support equal access to the benefits of services growth for both genders, and create an inclusive policy and regulatory environment that reduces the gender-based constraints faced by women wage-workers and entrepreneurs in the services sector. http://bit.ly/2eeioRf



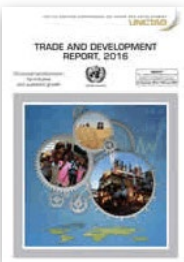
The Gender Dimensions of Global Value Chains – ICTSD – September 2016

Taking gender issues into account and addressing them is critical to harness the potential for GVCs to contribute to both sustainable economic and social goals. This paper seeks to integrate gender into the global value chain framework, to assess the gender dimensions of integration and economic and social upgrading in GVCs, and to offer GVC-related policy recommendations that support economic and social development. http://bit.ly/2dic76T



Food Safety Standards in International Trade: The Case of the EU and the COMESA – Routeledge (O. Osiemo) – September 2016

This book discusses the impact of EU food safety standards on food imports from poor African countries in the COMESA. It critically examines both EU and COMESA food safety standards in light of the WTO SPS Agreement and the jurisprudence of the WTO panels and Appellate Body. The book makes ground breaking proposals on how the standards' divide between the EU and the COMESA can be bridged. http://bit.ly/2e4mRvs



The Trade and Development Report 2016: Structural transformation for inclusive and sustained growth – UNCTAD – September 2016

This year's Trade and Development report reviews recent trends in the global economy and focuses on the policies needed to foster structural transformation. It observes that while economic slowdown in the advanced economies is the biggest drag on global growth, developing countries are now caught in the downdraft. Against this background, it identifies some of the critical issues to be addressed in order to set in place structural transformation processes: http://bit.ly/2cqe8Nd

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