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Macroeconomic policy questions: international trade and development

New trade dynamics and industrial policies: realizing inclusive trade gains

Report of the Secretary-General

Summary

At the 2023 Sustainable Development Goals Summit, world leaders underscored the pressing need to act with urgency to expedite the implementation of the 2030 Agenda for Sustainable Development and the achievement of the Sustainable Development Goals. In that context, trade remains a crucial instrument for delivering sustainable and inclusive outcomes. Over the past few decades, trade has been instrumental in driving economic growth and convergence across countries, but the distribution of trade gains needs to be more sustainable and inclusive in order to ensure that countries meet the targets of the Goals in the next five years.

To enable countries to reap more inclusive gains, it is essential for trade policies to be implemented along with a set of supportive domestic and international policies. In the present report, it is acknowledged that trade does not happen in a vacuum; it is conditioned by a multitude of global economic and geopolitical factors, including the rise of new industrial policies. The importance of implementing national policies to reap the benefits of trade more evenly across all populations and countries, in the light of the significant reconfiguration of trade flows currently under way, is also discussed.

The present report has been prepared by the secretariat of the United Nations Conference on Trade and Development pursuant to General Assembly resolution [78/134](#).

* [A/79/150](#).



I. Introduction

1. In the political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly (resolution 78/1, annex), world leaders at the 2023 Sustainable Development Goals Summit reconfirmed their commitment to implementing the 2030 Agenda for Sustainable Development and achieving the Sustainable Development Goals. To accelerate progress, trade should continue playing an integral part in delivering sustainable and inclusive outcomes. Trade has been a critical medium for economic growth and has contributed significantly to economic convergence across countries in the past several decades. However, the distribution of gains from trade needs to become more inclusive to ensure that participating in trade helps countries to regain their momentum towards achieving the Goals in the five years remaining before 2030.

2. In the present report, prepared by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) pursuant to General Assembly resolution 78/134, the importance of national policies and global partnerships for spreading the benefits of trade more evenly across all populations and sectors of society is discussed in the light of the significant reconfiguration of trade flows currently under way. Section II of the report contains an analysis of emerging trade dynamics through the lens of evolving global trade trends, the impacts of geopolitical and economic events on global trade and the rise of industrial policies among major economies. Section III contains an assessment of the inclusivity of international trade today and a discussion of national policy interventions and the global partnerships that could promote more inclusive sharing of trade gains within and across countries. Section IV contains recommendations on issues for discussion by Member States.

II. Emerging trade dynamics

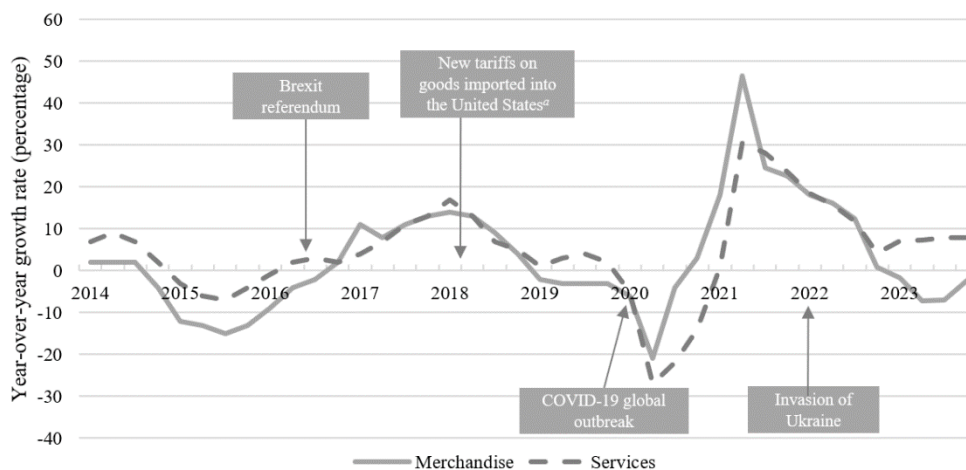
A. Global trade trends

3. Global trade in 2023 totalled about \$31 trillion, a slightly decline from the record levels of 2022. About \$7 trillion, or 23 per cent of total trade, represented services.¹

4. Figure I shows that the changes in global trade growth reflect global shocks and geopolitical events. Trade flows rebounded from the coronavirus disease (COVID-19) shock, with trade in goods and services now following more muted trends, in line with historical averages. The decision by the United Kingdom of Great Britain and Northern Ireland to leave the European Union, or “Brexit”, induced significant changes in the policies of the European Union and the United Kingdom concerning their trade relationships with developing countries. Recent economic and geopolitical events, such as the war in Ukraine and ongoing trade tensions involving major economies, have substantially altered bilateral trade flows, as discussed later in this section.

¹ UNCTAD, *Key Statistics and Trends in International Trade 2023: Recent Trade Patterns – Slowdown, Volatility and Heterogeneity* (Geneva, 2024).

Figure I
International trade reaction to economic and geopolitical events



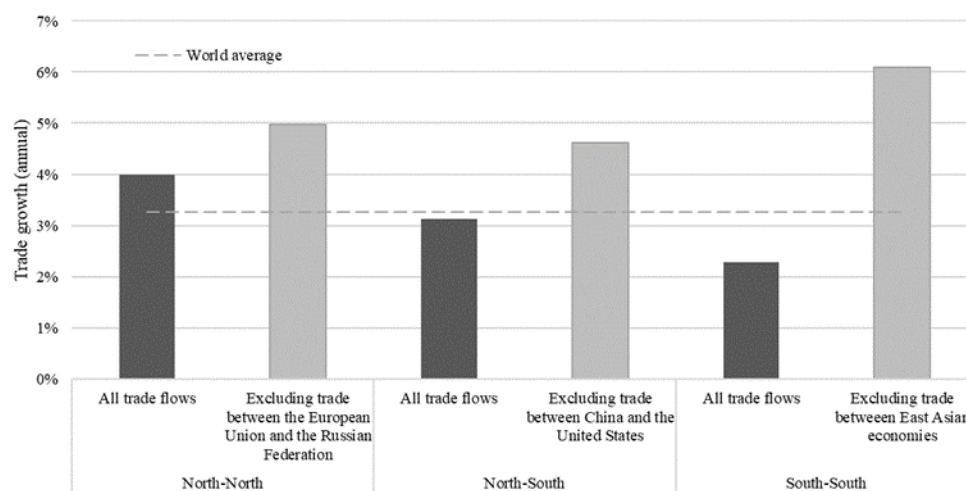
Source: UNCTADstat. The growth rate for each quarter reflects the growth in global trade since the same quarter in the previous year.

^a Under section 301 of the Trade Act of 1974 of the United States of America.

5. Between 2021 and 2023, merchandise trade among developed economies, or North-North trade, surged and grew at a faster rate, at around 4 per cent per year, than the world average, while trade growth between developed economies and developing countries, or North-South trade, was below that average (see figure II).

6. Beyond the aggregated picture, those trends are observed to be driven by a sizeable reduction in bilateral trade flows between major economies. For example, North-North trade grew at a higher speed, at 5 per cent, when the fall in bilateral trade between the European Union and the Russian Federation was excluded. Similarly, growth in North-South trade became significantly higher when the fall in trade between the United States of America and China was excluded.

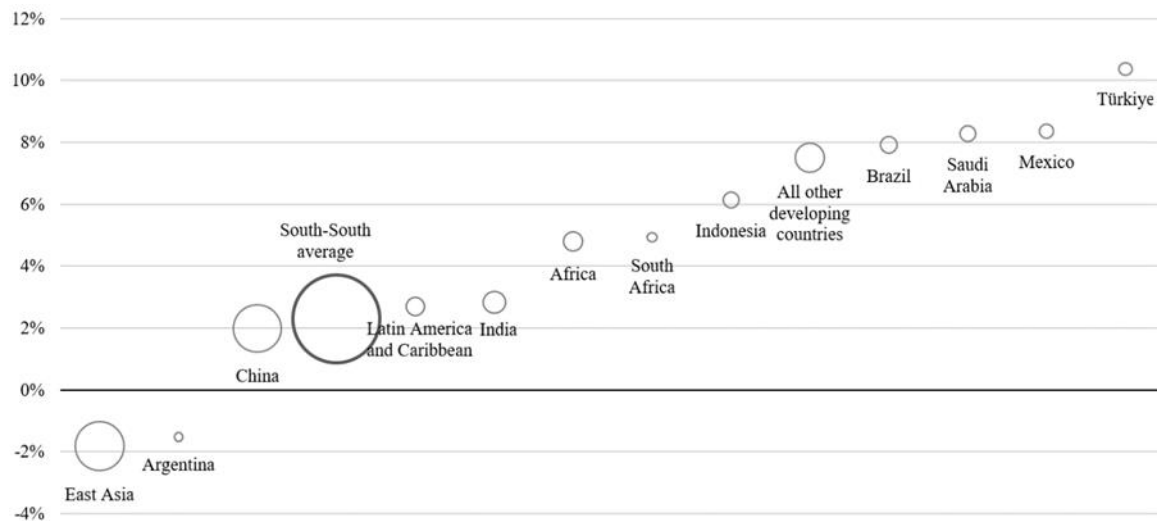
Figure II
Dynamics of trade in goods among and between developed countries (the global North) and developing countries (the global South), 2021–2023



Source: UNCTAD calculations based on data from the UN Comtrade Database and the UNCTAD global trade update.

7. Regarding trade among developing countries, or South-South trade, the average annual growth rate was significantly lower than the global average, reversing its historical trend of high growth. This was due mainly to the relatively weak trade performance of East Asian developing economies, which had driven the rapid growth of South-South trade for many years. Excluding East Asian economies, South-South trade growth since 2021 has substantially overperformed global trade growth (see figure III). In the chart, developing countries are mapped according to the average annual growth of their trade with other developing countries. Developing economies that belong to the Group of 20 (except for Argentina, China and India) have experienced a dynamic increase in South-South trade, ranging between 5 per cent for South Africa and over 10 per cent for Türkiye.

Figure III
Average annualized rate of South-South merchandise trade growth, 2021–2023

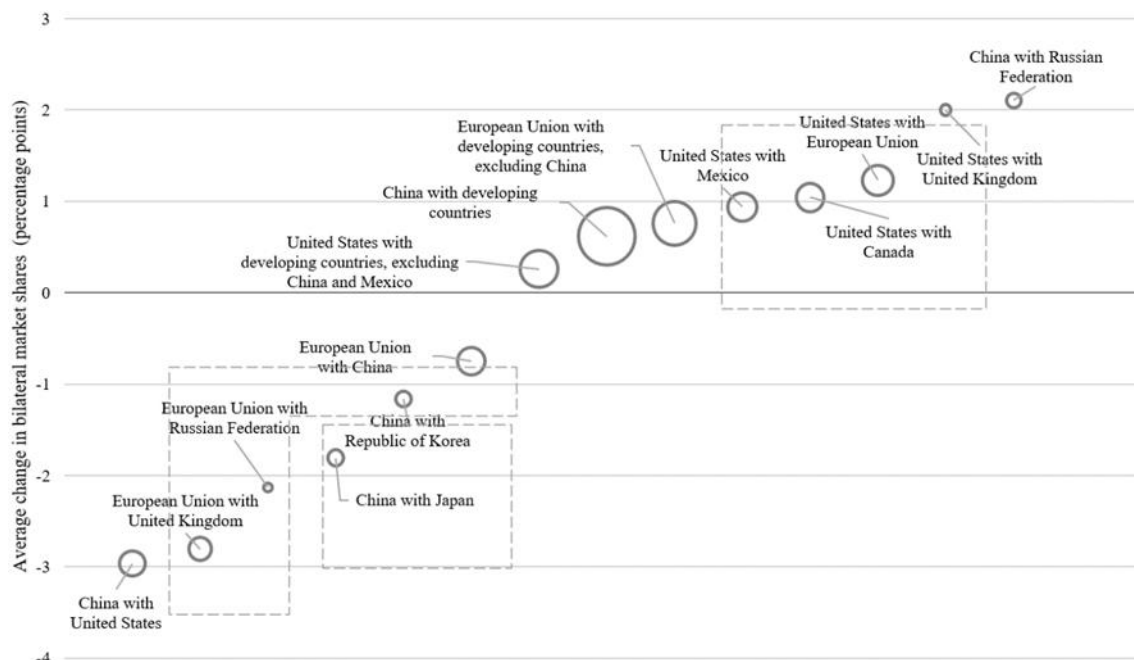


Source: UNCTAD calculations based on data from the UN Comtrade Database and the UNCTAD global trade update. Bubble size is proportional to the United States dollar value of trade with the South in 2023.

B. Impact of geopolitical and economic events on trade

8. Recent economic and geopolitical events have significantly influenced trade dynamics at the bilateral and regional levels. Figure IV shows changes since 2021 in trade interdependence, defined as the share of bilateral trade in the pair’s total trade with the world, reflecting fragmentation among major economies.

Figure IV
Changes in trade interdependence between selected economies, ranked, 2021–2023



Source: UNCTAD calculations based on data from the UN Comtrade Database and the UNCTAD global trade update. Bubble size is proportional to 2023 bilateral trade value in United States dollars.

9. The left-hand side of the chart in figure IV shows bilateral trade relationships that experienced a fall in trade interdependence. Bilateral trade interdependence has decreased for China with the United States, Japan, the Republic of Korea and the European Union, possibly as a result of the global supply chain reconfiguration triggered by trade tensions between major economies. Similarly, trade interdependence between the European Union and both the United Kingdom and the Russian Federation has declined, affected by Brexit and the war in Ukraine, respectively.²

10. The right-hand-side of figure IV shows bilateral trade relationships among major economies that expanded in the same period. Both China and developed economies that reduced trade with China have increased trade with traditional or new trade partners. These changes suggest the degree of spillover effects that changes in trade relationships among major economies can have on international trade.³

11. Against that backdrop, trade growth within regional trade agreements has outpaced that with countries that are not members of such agreements (see figure V). For instance, since 2021, trade among 47 African States within the Africa Continental Free Trade Area has grown twice as fast as trade with countries outside the Area. That pattern is also evident with other regional trade agreements, such as the Southern Common Market (MERCOSUR) among Argentina, Brazil, Paraguay and Uruguay and the Agreement between the United States of America, the United Mexican States, and Canada, the latter of which became effective on 1 July 2020.

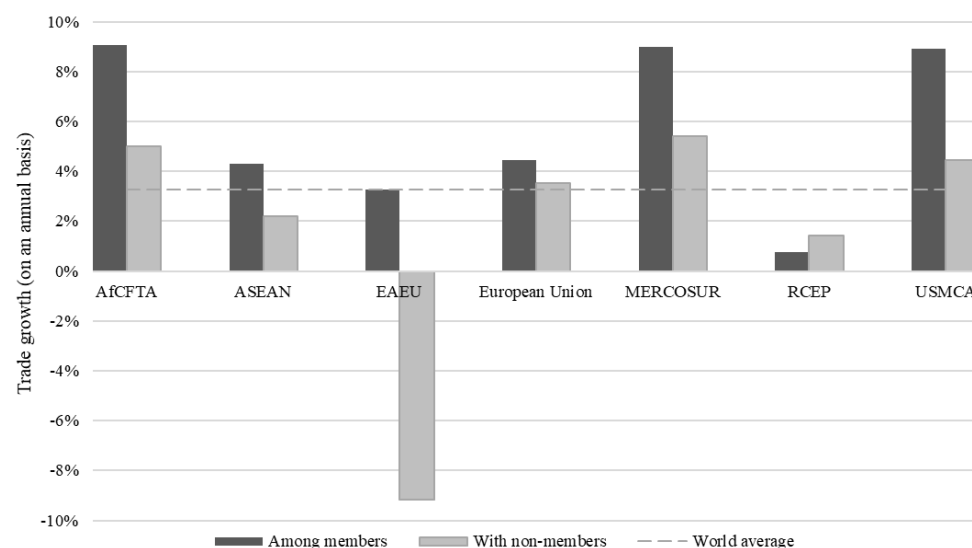
² UNCTAD, *Trade and Development Report 2022: Development Prospects in a Fractured World – Global Disorder and Regional Responses* (Geneva, 2023).

³ UNCTAD, “Global trade update”, June 2023; and UNCTAD, *Trade and Development Report 2023: Growth, Debt, and Climate: Realigning the Global Financial Architecture* (Geneva, 2024).

12. Exceptions to that trend include the Regional Comprehensive Economic Partnership and the Eurasian Economic Union.⁴ The growth of trade among members of the Regional Comprehensive Economic Partnership was slower than their trade with non-members, driven by diminished trade between developed members and China and among East Asian economies.⁵ The deceleration of extraregional trade by the five members of the Eurasian Economic Union is due to the massive reduction in trade by the Russian Federation with the European Union, the United States and other major developed economies.

Figure V

Trade growth within selected regional trade agreements compared with growth under agreements with non-members, 2021–2023



Source: UNCTAD calculations based on data from the UN Comtrade Database and the UNCTAD global trade update.

Abbreviations: AfCFTA, Africa Continental Free Trade Area; ASEAN, Association of Southeast Asian Nations; EAEU, Eurasian Economic Union; RCEP, Regional Comprehensive Economic Partnership; and USMCA, United States-Mexico-Canada Agreement.

13. Geopolitical events have affected the transport and logistics services required for trade. The war in Ukraine has shifted the demand for grain from Ukraine to alternative sources, which require higher shipping distances. Given the short-term fixed supply of shipping, importing countries must pay for more days of shipping, while the costs per day of chartering ships have also risen. A similar effect can be seen in shifting oil trade patterns, as Russian Federation oil exports are now increasingly being exported to India and China, rather than to European destinations, and are thus travelling farther (see figure VI).

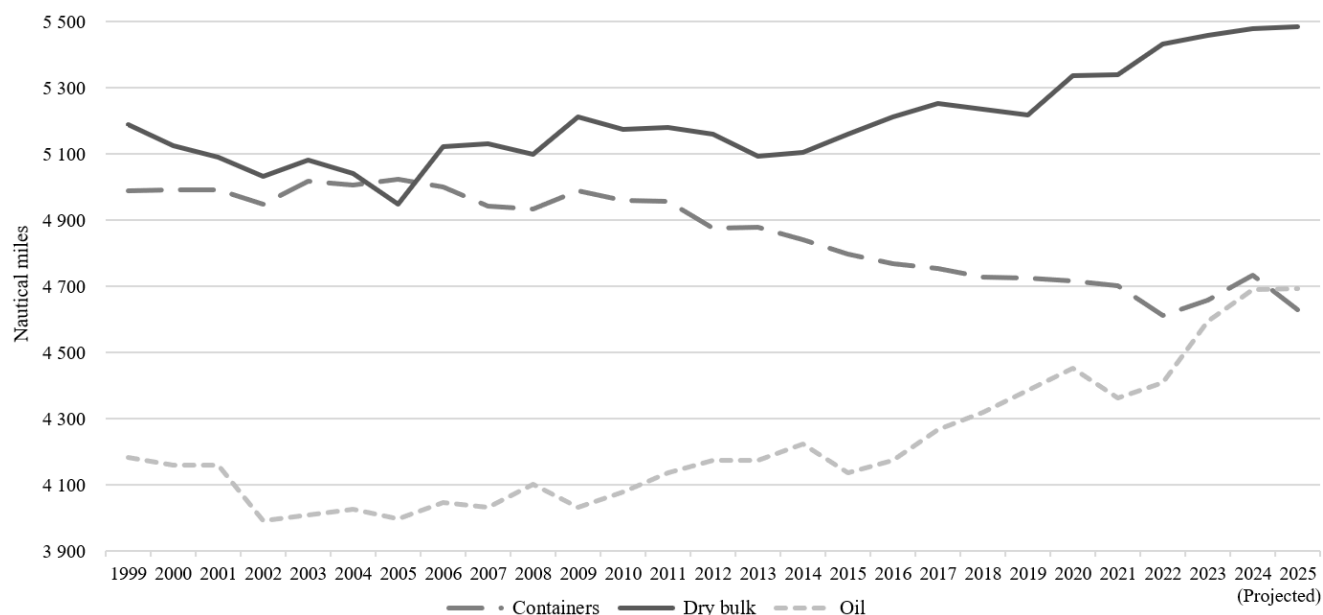
14. Following the recent crisis in the Red Sea, containerized shipping costs have risen, as many ships favour travel around South Africa over the Suez Canal, leading to higher distances travelled and a global surge in daily charter rates for container

⁴ The members of the Regional Comprehensive Economic Partnership are the 10 States members of the Association of Southeast Asian Nations (Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand and Viet Nam), plus Australia, China, Japan, the Republic of Korea and New Zealand. The members of the Eurasian Economic Union are Armenia, Belarus, Kazakhstan, Kyrgyzstan and the Russian Federation.

⁵ UNCTAD, "Global trade update", December 2023.

ships.⁶ In addition, because container shipping is more time-sensitive than dry and liquid bulk cargoes, carriers have increased the voyage speed on their journeys around South Africa, raising fuel costs and greenhouse gas emissions.

Figure VI
Average distance travelled for three major cargo types, since 1999



Source: UNCTAD calculations, based on data from the Clarksons Research Shipping Intelligence Network.

15. The long-term trend of distance travelled by container ships had been in decline for the average ton of cargo, given the growing share of intra-Asian trade in total containerized trade (see figure VI). However, since the developments in the Red Sea, the latest data indicate an upturn in distance travelled for containerized cargo. The 2025 forecast is based on the assumption that traffic through the Suez Canal will resume unhindered as before the attacks carried out on shipping.

16. A further disturbance to global shipping services has been the decline of transits through the Panama Canal due to a shortage of fresh water, caused mainly by climate change, needed to fill the locks. The reduction in available transits has led to a shift of containerized services from Asia: instead of unloading at ports on the east coast of the United States, more ships call at ports on the west coast; the containers are then transported by intermodal services (rail or road) to their final destinations in the eastern United States. This modal shift is more costly and emits more greenhouse gases.⁷

C. Impact of new industrial policies of major economies on trade

17. One of the primary drivers of recent trade dynamics, in particular the reconfiguration of bilateral trade flows among major economies, is the increased uptake in industrial policies by those economies. For instance, the United States passed its Inflation Reduction Act and the Creating Helpful Incentives to Produce

⁶ UNCTAD, “Navigating troubled waters: impacts to global trade of disruption of shipping routes in the Red Sea, Black Sea and Panama Canal – UNCTAD rapid assessment”, February 2024.

⁷ See <https://transportgeography.org/contents/applications/transportation-bottlenecks/north-america-landbridge/>.

Semiconductors (CHIPS) and Science Act in August 2022, and the European Union presented its Green Deal Industrial Plan, which includes a cross-border adjustment mechanism, in February 2023.

18. Today's industrial policies are characterized by objectives aimed at improving supply capacity and competitiveness in sectors that are pertinent for achieving net zero by 2050, such as energy transition, or that are considered strategic in the increasing digital economy, such as information and communications technology (ICT).⁸ Policy actions to achieve those objectives include public investment, tax credits, cross-border adjustment mechanisms to control carbon leakages and subsidies to promote technological and skill developments and supply capacity for domestic firms.

19. Central to the discussion of new industrial policies is the role of critical energy transition minerals, such as lithium, cobalt, graphite and nickel, which are fundamental for the twin transition, namely, energy transition and digitalization. Critical minerals constitute vital inputs for clean energy technologies, such as solar panels, wind turbines and rechargeable batteries for electric vehicles. Semiconductors, essential for the manufacturing of various electronic devices and clean energy technologies, also require multiple critical minerals, including arsenic, cobalt, palladium, silicon and rare earth minerals.⁹

20. Amid the surge in demand for critical energy transition minerals, major economies include measures to secure and stabilize access to them in new industrial policies (see [TD/B/C.I/57](#)). Semiconductors were the target of around 20.6 per cent of industrial policies at the end of 2023 and their upstream inputs, such as critical minerals, accounting for 3.0 per cent.¹⁰ Leveraging the high demand, critical mineral-producing countries are adopting policy actions to stimulate domestic value addition and other industrial development. These include the Critical Minerals Strategy 2023–2030 of Australia, the Canadian Critical Minerals Strategy, the National Lithium Strategy for Chile and its People and the Mineral Beneficiation Strategy for Namibia. Such strategies are aimed at increasing local value addition across the mineral value chain, through State participation, investment attraction, skills development and support for research and development.

21. Such industrial policies generate direct and indirect impacts on trade dynamics, as many such policy actions can be framed as trade measures. Research has revealed a total of 2,500 industrial policy measures worldwide, of which 71 per cent have trade and investment flow implications.¹¹ Many measures commonly used in recent industrial policies explicitly favour domestic firms, through measures such as local content requirements, preferential access to raw materials for local producers and the localization of public procurement.¹²

22. Trade-related policy actions such as subsidies also raise the risk of retaliation by other countries.¹³ Recent data for China, the European Union and the United States, which account for 48 per cent of new industrial policy actions in 2023, suggest that a subsidy for a given product by one major economy is met with a subsidy for

⁸ Réka Juhász, Nathan J. Lane and Dani Rodrik, "The new economics of industrial policy", NBER Working Paper Series, No. 31538 (Cambridge, Massachusetts, National Bureau of Economic Research, 2023).

⁹ Omanjana Goswami, "Chipping in: critical minerals for semiconductor manufacturing in the U.S.", *MIT Science Policy Review*, vol. 4 (August 2023).

¹⁰ Simon Evenett and others, *The Return of Industrial Policy in Data*, International Monetary Fund (IMF) Working Paper, No. WP/24/1 (2024).

¹¹ Simon J. Evenett and Fernando Martin Espejo, "Why the return of industrial policy matters for business", IMD, 8 January 2024.

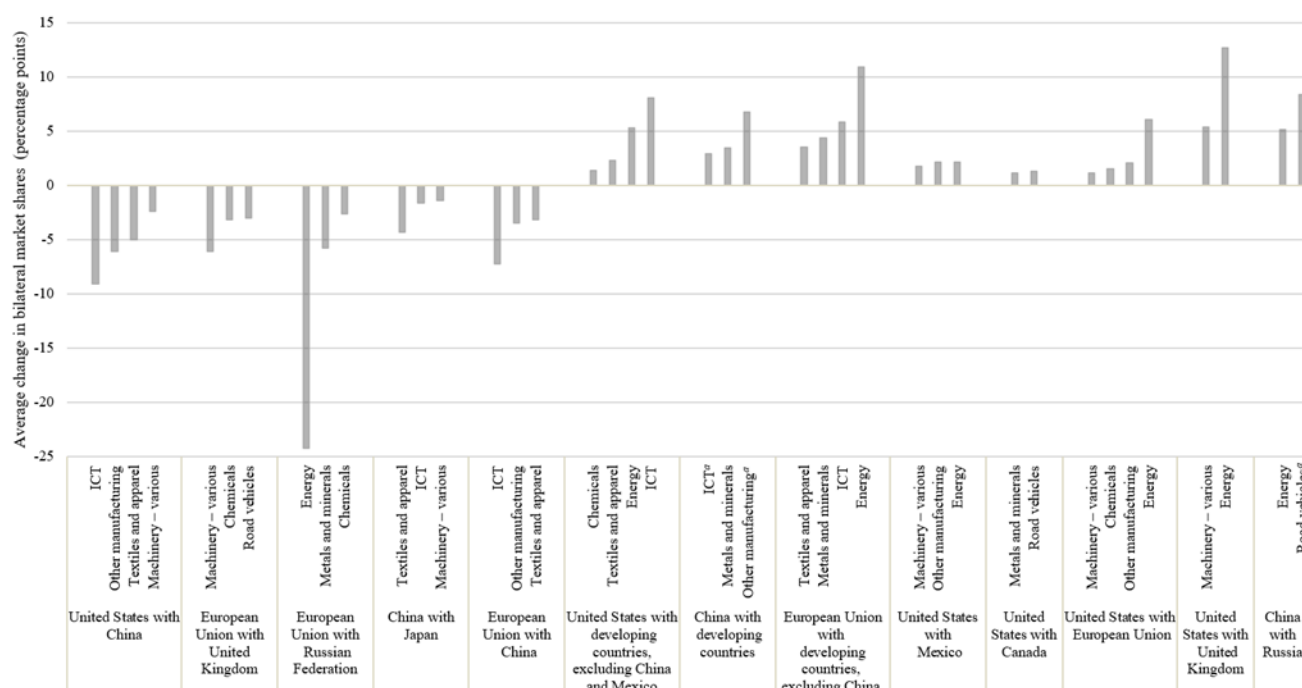
¹² Ibid.

¹³ Lorenzo Rotunno and Michele Ruta, *Trade Spillovers of Domestic Subsidies*, IMF Working Paper, No. WP/24/41 (2024).

the same product by another major economy within one year, with an average 73.8 per cent probability.¹⁴ Moreover, subsidies are often challenged at the World Trade Organization (WTO). For instance, according to WTO data, of the 49 cases involving China, 10 are related to industrial subsidies.¹⁵ Other countries are also using subsidies that have been challenged at WTO.¹⁶

23. Industrial policies of major economies that carry significant weight in the international economy generate substantial spillover effects on other countries by influencing international trade flows. Figure VII shows the changes in selected bilateral trade dependence disaggregated by product sectors. Between 2021 and 2023, the 8 per cent reduction of trade in ICT-related products between the United States and China seemed to have been replaced by trade with other partners, such as Mexico for the United States and other developing countries for China. As suggested by the figure, whether such spillover effects are positive or negative depends on an individual country's trade characteristics, such as size, the degree of economic diversification, the magnitude of integration in global supply chains and the composition of export goods.

Figure VII
Changes in selected trade interdependence by product sector, 2021–2023



Source: UNCTAD calculations based on data from the UN Comtrade Database. Sectors are defined on the basis of the Standard International Trade Classification.

Note: Bilateral shares are based on imports, unless otherwise indicated.

^a Bilateral shares in these instances are based on exports.

¹⁴ Ibid.

¹⁵ These numbers do not include the most recent cases under consideration by the WTO dispute settlement mechanism.

¹⁶ See www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

III. Realizing inclusive trade gains

24. In the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, international trade is framed as an engine for development (General Assembly resolution 69/313, annex, paras. 79–92). Indeed, in the three decades prior to the formulation of the 2030 Agenda, the share of world exports in global gross domestic product (GDP) rose from 20 per cent, in 1984, to 30 per cent, in 2014. Concurrently, the share of the poor in the world population fell from almost 50 per cent in 1984 to around 11 per cent in 2014.¹⁷

25. Since 2015, however, world trade growth has become more staggered, and trade has been considered more as the source of growing within-country inequality than the driver for narrowing the cross-country income divide. In 2020, the COVID-19 pandemic reversed decades of progress on poverty, severely hurting the people in greater need.¹⁸ The COVID-19 disruption to the global economy has subsided, at least at the aggregate level. However, a series of geopolitical incidences in the years since then have raised obstacles to many developing countries recovering fully from the socioeconomic crisis left by the pandemic.

26. Against that background, in the political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly, world leaders reconfirmed their commitment to taking “bold, ambitious, accelerated, just and transformative actions, anchored in international solidarity and effective cooperation at all levels” and to promoting “a more inclusive, just, peaceful, resilient and sustainable world for people and planet, for present and future generations” (Assembly resolution 78/1, annex, para. 9).

27. To ensure that trade plays an integral part in delivering sustainable and inclusive outcomes, gains from trade must be shared more inclusively among people, in particular among the poorest and those in vulnerable situations, including women, young people and persons with disabilities, and across countries. This approach holds the potential to uplift those communities, fostering a sense of hope and optimism for a brighter future.

28. Analytically, the gains from trade are the sum of consumer surplus and producer profit in each country’s international trade transactions. From the perspective of accelerating the achievement of the Sustainable Development Goals with leaving no one behind, and for the purposes of the present report, those gains may also be interpreted as greater opportunities for more economic actors and countries to participate in trade and to make positive socioeconomic changes in the mid- to long-term.

29. This section contains: (a) an assessment of the inclusivity of international trade today; (b) a discussion of policy actions that can make trade gains more inclusive, with a specific focus on Sustainable Development Goals 5, on the economic empowerment of women, and 8, on inclusive and sustainable economic growth; and (c) an overview of areas where global partnerships under Goal 17 could be strengthened, with a view to supporting the realization of inclusive trade gains in ongoing trade dynamics.

A. How inclusive is trade today?

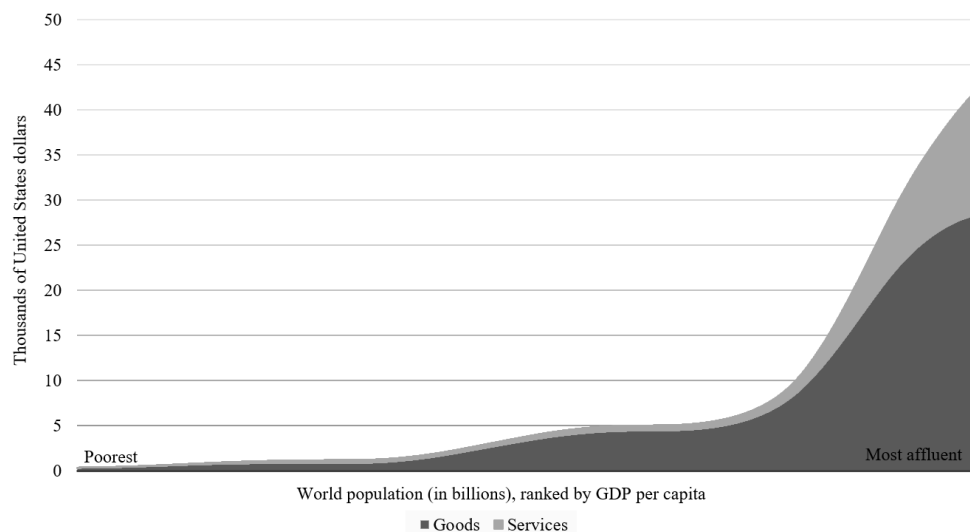
30. How inclusive does international trade look today? Statistics confirm cross-country economic convergence in the past several decades, when developing countries significantly increased their participation in international trade. However, the gains from trade in monetary terms remain divergent across countries when the gains are measured

¹⁷ World Bank and WTO, *The Role of Trade in Ending Poverty* (Geneva, WTO, 2015); and World Bank *Poverty and Shared Prosperity 2016: Taking on Inequality* (Washington, D.C., 2016).

¹⁸ *The Sustainable Development Goals Report 2020* (United Nations publication, 2021).

in terms of each country's trade per capita, calculated by dividing the country's total imports and exports of goods and services by its population in the same year.

Figure VIII
Trade per capita distribution across levels of income, 2022



Source: UNCTAD calculation based on data from UNCTADstat.

31. Figure VIII illustrates the ongoing concentration of trade gains among the most affluent countries. The graph depicts the distribution of trade per capita across the world's population of 8 billion people, ranked according to national GDP per capita. The poorest cohorts, comprising 3 billion people, barely participate in international trade: their trade per capita is less than \$2,000. Trade per capita starts increasing only beyond the threshold of around 5.5 billion people. For the most affluent cohort of about 1 billion people, trade per capita amounts to between \$30,000 and \$45,000. This cohort also dominates the trade in services.

32. Many factors are behind this skewed distribution. One factor common across countries with low trade per capita is the pattern of participation in global value chains. Some of those countries are commodity export-dependent and do not effectively participate in global value chains.¹⁹ In the case of selected minerals, extraction activities yield the lowest value addition. In contrast, the value increases through subsequent processes, including beneficiation, processing, refining and component manufacturing. Others in the lower end of trade per capita include developing countries that participate in low value added aspects of global value chains, such as assembly, while higher value added processing and downstream activities are typically conducted outside those countries (see [TD/B/C.I/57](#)).

33. Similarly, trade of agricultural products also reflects the large differences in value added in the different segments of agricultural value chains, including those associated with coffee and cocoa. In particular, the share of the total value added of food and other consumer agricultural products received by producers tends to be only a small fraction of the total, although the situation varies significantly across products and countries. Studies on different value chains found significant heterogeneity, even within the same country, in the prices received by farmers, intermediaries and

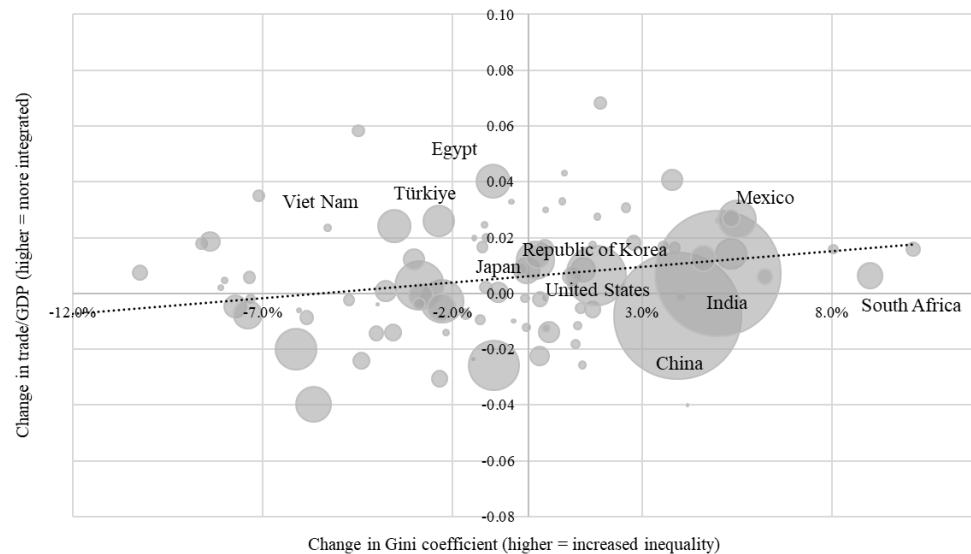
¹⁹ Organisation for Economic Co-operation and Development (OECD), *OECD Skills Outlook 2017: Skills and Global Value Chains* (Paris, 2017).

exporters.²⁰ Nevertheless, the generally narrow profit margins of smallholder producers make them highly vulnerable to external shocks, such as weather events and geopolitical events. For example, the war in Ukraine raised significant volatility and uncertainty over the prices of fertilizers. For example, during the planting season from May to July 2022, West African cotton producers faced international fertilizer prices that were 30 per cent higher than the previous year.²¹

34. Concerning cross-country shares of trade gains, an increase in trade per capita does not necessarily mean that the benefits from trade are inclusively shared within a country. On the contrary, trade integration, measured by trade as a share of GDP, has often been accompanied by an increase in income inequality, measured by the Gini coefficient, as shown in figure IX.

35. Developing countries, such as Egypt, Türkiye and Viet Nam, are seen in the top-left quadrant, representing trade growth with a fall in income inequality. In the top-right quadrant, representing trade growth with a rise in income inequality, appear some developing countries and some major economies. A large quantity of literature suggests a causal relationship between trade growth and a country's income distribution.²² Such a relationship, however, is also strongly influenced by a set of country-specific contexts. It depends on the country's general economic strength, in terms of its human, natural and financial resources and its technical and institutional capacity, and on its policies on labour and gender equality, among other factors.

Figure XI
Changes in trade integration and inequality, 2000–2022



Source: UNCTAD calculation based on data from UNCTADstat and the World Bank world development indicators. Bubble size is proportional to population size.

²⁰ For example, data gathered on 168 maize farmers and 111 maize traders in three provinces of the Lao People's Democratic Republic showed significant price heterogeneity across provinces and evidence that cooperative members obtained a significant price premium for their maize, even when controlling for selling in cob form or grain form. See UNCTAD, *Analysing the Maize Value Chain for Export in Lao People's Democratic Republic* (Geneva, 2020).

²¹ World Bank price data show that the international prices of key fertilizer inputs increased significantly between July 2021 and July 2022, as follows: diammonium phosphate increased by 27.9 per cent; triple super phosphate by 32.6 per cent; and urea by 36.1 per cent. See, for instance, Dani Rodrik, "A primer on trade and inequality", August 2021.

²² See, for instance, Rodrik, "A primer on trade and inequality".

B. Policy mix to promote inclusive trade gains

36. Trade growth alone will not be sufficient to help a country to enjoy more inclusive trade gains. Trade policy must be combined with coherent and supportive policy actions that address the needs of people or population segments that tend to be isolated from benefiting from trade gains. In this subsection, two cases of such a policy mix are set out, one targeting the promotion of the economic empowerment of women in trade (Sustainable Development Goal 5), and another the facilitation of the effective participation of economic actors in the fast-expanding digital economy (Goal 8).

Case 1: benefits achieved through the economic empowerment of women

37. The relationship between trade policies and the way different trade dynamics affect women and men in their multiple economic roles is complex and multifaceted. Trade can create employment opportunities for women, in particular in export-oriented industries, but it can also exacerbate existing inequalities if policies are not designed with women's specific needs in mind.

38. It is estimated that \$6.4 trillion per year is needed across 48 developing countries to close the gender gap in key areas and advance progress towards achieving Sustainable Development Goals 5 and 8, among other Goals.²³ Achieving gender equality is expected to unlock productivity gains globally. For instance, increasing the participation of women in the workforce and in managerial positions in countries of the Organisation for Economic Co-operation and Development would contribute an estimated \$7 trillion to the global economy.²⁴

39. Women are still underrepresented in tradable sectors across regions.²⁵ In developing countries, they constitute 39 per cent of workers in those sectors.²⁶ In 2020, women's contributions to domestic value added in gross exports in Africa were estimated at one fourth of the exported value that men generated.²⁷ Moreover, low-technology export industries such as food, beverages and textiles, which typically employ more women, often face higher tariffs on imported inputs, which can increase trade costs and ultimately hinder the competitiveness of sectors that offer employment opportunities for women.²⁸

40. It is estimated that the transition to a green global economy will lead to 122 million jobs in the energy sector by 2050.²⁹ Most of those new jobs will likely be concentrated among mid-skill occupations and in sectors that are currently male-

²³ United Nations Entity for Gender Equality and the Empowerment of Women and United Nations, *Progress on the Sustainable Development Goals: The Gender Snapshot 2023* (2023).

²⁴ Dawn Holland and Katrina Ell, "Close the gender gap to unlock productivity gains: limited and divergent progress has been made elevating females in the workplace", Moody's Analytics, March 2023, available at www.moody.com/web/en/us/insights/resources/close-the-gender-gap-to-unlock-productivity-gains.pdf.

²⁵ Proportion of female employees in tradable sectors globally, based on the most recent data (2022): agriculture; forestry and fishing (38.5 per cent); mining and quarrying (14.5 per cent); manufacturing (41.9 per cent); utilities (20.9 per cent); transport; storage and communication (15.3 per cent); financial and insurance activities (47.2 per cent); and other services (57.3 per cent). See International Labour Organization (ILO), "Indicators and data tools", ILOSTAT database, available at <https://ilostat.ilo.org/data/> (accessed on 15 April 2024).

²⁶ UNCTAD calculations based on data from the ILOSTAT database (accessed on 15 April 2024).

²⁷ UNCTAD calculations based on data from the ILOSTAT database and from OECD, Data, available at www.oecd.org/en/data.html (accessed on 15 April 2024).

²⁸ World Bank and WTO, *Women and Trade: The Role of Trade in Promoting Women's Equality* (Washington, D.C., World Bank, 2020).

²⁹ International Renewable Energy Agency and ILO, *Renewable Energy and Jobs: Annual Review 2021* (Abu Dhabi and Geneva, 2021).

intensive.³⁰ Consequently, targeted interventions will be needed to ensure that women benefit fully and equally from new opportunities. Many new industrial policies are made up of digital strategies or are focused on green energy transition technologies. Digital transformation may also open promising avenues for the economic empowerment of women, by supporting business growth and diversification through their participation in e-commerce. However, moving into higher-technology sectors as a result of digital transformation may also have negative implications for the female labour force.³¹ Technological upgrading has been widely associated with the defeminization of labour,³² which raises concerns about the gender-specific effects of firms upgrading into more sophisticated production.

41. Trade policy can contribute to reducing gender inequalities and promote an inclusive trade agenda. The number of trade agreements incorporating gender considerations has risen significantly, with nearly one third of regional trade agreements reported to WTO containing gender provisions. The inclusion in trade agreements of stand-alone chapters on gender has further raised the profile of gender issues in trade policymaking. Countries such as Argentina, Australia, Brazil, Canada, Chile, Ecuador, Israel, Japan, New Zealand, the United Kingdom and Uruguay are introducing such chapters into bilateral trade agreements. As most such provisions or chapters are very recent, evidence about whether they have led to better outcomes for women is still scarce.

42. At the national or regional level, trade policy that is targeted to specific female-intensive trade sectors could generate direct and immediate impacts on more inclusive sharing of trade gains for women. In some countries of sub-Saharan Africa, for example, small-scale and informal cross-border trade is a crucial source of livelihood, in particular for women and vulnerable populations in border regions, and constitutes up to 30 to 40 per cent of regional trade.³³ While the majority of informal and small-scale traders are women, they benefit only marginally from such trade because of regulatory barriers, high duties, poor border facilities and information gaps on trade rules, market demand and pricing, as well as challenges with regard to business registration, access to capital and capacity for value addition.³⁴

43. The work carried out by UNCTAD with Governments in eastern and southern Africa (Botswana, Kenya, Malawi, Mozambique, United Republic of Tanzania and Zambia) suggests that relatively simple policy interventions by Governments may dramatically increase trade gains for women in informal cross-border trade. As mentioned above, women traders faced rampant trade barriers, some of which may stem from their lack of knowledge and business skills. Government interventions contributed to reducing trade barriers through building women traders' business skills, their knowledge of trade rules, customs procedures and entrepreneurship and their awareness of rights and obligations. That support helped women traders to cross the border using legitimate channels and to initiate procedures to formalize their businesses, which, in turn, allowed them to increase and stabilize their revenues from trade alongside enhanced personal safety.³⁵

³⁰ ILO, *Skills for a Greener Future: A Global View – Based on 32 Country Studies* (Geneva, 2019).

³¹ Amalie Giødesen Thystrup, "Gender-inclusive governance for e-commerce, digital trade, and trade in services", in *Trade Policy and Gender Equality*, Amrita Bahri, Dorotea Lopez and Jan Remy, eds. (Cambridge University Press, 2023).

³² UNCTAD, *Linking Trade and Gender towards Sustainable Development: An Analytical and Policy Framework* (New York, 2022).

³³ UNCTAD, *Borderline: Women in Informal Cross-Border Trade in Malawi, the United Republic of Tanzania and Zambia* (Geneva, 2019).

³⁴ Ibid.

³⁵ For more information, see <https://unctad.org/project/informal-cross-border-trade-empowerment-women-economic-development-and-regional-integration>.

Case 2: benefits achieved through competition and consumer protection policies in the digital economy

44. In the past two decades, there has been a transformation in trade driven by the rapid development of the digital economy. Digital platforms have grown from technological developments, given rise to new business models and led to the creation of new access channels to international markets and the production of novel products and services. The increasing use of online services during the pandemic further allowed the digital economy to grow larger (see [TD/B/C.I/CLP/74](#)).

45. The rise of digitalization has seen businesses and consumers increasingly move online, enabling more economic actors than before to participate directly in trade. However, the growth of the digital economy does not automatically result in inclusive trade gains, as not all countries are equally positioned to benefit from digitalization. In the least developed countries, for example, only 6 per cent of people, on average, shop online, compared with 62 per cent in advanced economies. In addition, less than half of the population in those countries can access 4G mobile network coverage, which is crucial for supporting digital trade.³⁶

46. Competition authorities worldwide are examining policy options to curb anti-competitive practices in digital markets without stifling innovation. Doing so helps to spread the benefits of the growing digital economy across different economic actors and fosters inclusive trade gains. A growing number of countries have enhanced their competition law frameworks or implemented new regulations targeting digital platforms. Soft-law instruments, such as guidelines, market studies and analysis, and vigorous law enforcement are also being increasingly implemented. For example, China has issued guidelines on the platform economy;³⁷ Nigeria has issued guidelines for market definitions, including zero-price and digital platforms;³⁸ Singapore has issued revised guidelines on market definitions and abuse of dominance;³⁹ South Africa has conducted market studies and revised guidelines on small mergers;⁴⁰ and Thailand has issued guidelines on unfair trade practices between food delivery platforms and business operators of restaurants.⁴¹ However, competition authorities in developing countries face challenges due to their limited experience, a lack of resources and legal obstacles to regulating companies located overseas.

47. Furthermore, in the digital age, consumer protection must extend to online transactions, data privacy and digital services, in order to ensure that consumers are not exploited or deceived in the online marketplace.⁴² Consumer protection not only safeguards the rights, safety and interests of individuals, but also plays a central role in promoting responsible consumption and production, ensuring that consumers have access to accurate and transparent information about products and services.

48. Among the high-impact trade initiatives of the 2023 United Nations Trade Forum,⁴³ consumer protection and competition policies contribute to the achievement

³⁶ UNCTAD, *Fast-Tracking Implementation of eTrade Readiness Assessments*, 3rd ed. (Geneva, 2023).

³⁷ Sofia Baruzzi, “China enforces antitrust guidelines on its online economy”, China Briefing, 19 February 2021.

³⁸ Nigeria, Federal Competition and Consumer Protection Commission, “Commission’s notice on market definition”, 2019.

³⁹ See www.cccs.gov.sg/legislation/competition-act.

⁴⁰ South Africa, Department of Trade, Industry and Competition, “Guidelines on small merger notification”, *Government Gazette*, No. 47302 (14 October 2022).

⁴¹ Thailand, Trade Competition Commission, Trade Competition Commission ruling on unfair discriminatory trade practice of food delivery services via application, 24 February 2021.

⁴² UNCTAD, “Consumer protection can help put development goals back on track, UNCTAD chief says”, 6 December 2023.

⁴³ See <https://unctad.org/meeting/un-trade-forum-2023>.

of Sustainable Development Goal 12 and the delivery of inclusive trade gains, thus helping countries to encourage both businesses and people to adopt more sustainable practices. When empowered consumers value the importance of sustainable products and make well-informed decisions, businesses are encouraged to compete in terms of sustainability. As sustainability becomes a priority for policymakers worldwide, markets will increasingly be expected to deliver sustainable results. This is where competition and consumer protection policies intersect with sustainability. Because such policies are conducive to improving the efficiency and fairness of markets, they are well-placed to promote more inclusive sharing of trade gains.

C. Strengthening global partnerships: making industrial policies contribute to inclusive trade gains

49. As indicated above, today's industrial policies exert sizeable impacts on trade dynamics. The question is whether the current industrial policies, in particular those of major economies, would shape the new trade environment so it becomes conducive to more inclusive sharing of trade gains. It is too early for a decisive answer to that question. However, the disparities observed today in the implementation of industrial policies raise concerns about widening the gap in trade gains across countries.

50. First, such disparity lies in the magnitude of industrial policies between developed economies and developing countries. In 2023, more than two thirds of industrial policy announcements came from developed economies.⁴⁴ That is because few developing countries are equipped with the fiscal capacity and institutional framework that major economies have and that are necessary to finance and manage industrial policy strategies.⁴⁵

51. In addition to having a smaller tax base than developed economies, many developing economies bear a heavy debt burden. Public debt has surged fourfold since 2000, with developing countries owing around \$27.6 trillion in 2022, or about 30 per cent of the global total,⁴⁶ and a significant portion of those countries remaining at high risk of debt distress. When Governments spend more on interest payments than on education or health,⁴⁷ the possibility of paying for industrial policies is slim.

52. The fiscal gap between major economies and most developing countries may have resulted in the different tools chosen by major economies for their industrial policies. Subsidies to domestic industries made up a large proportion of industrial policy tools used by major economies in 2023. Such subsidies are offered in a variety of forms, including financial grants, State loans and other State aid, trade finance and capital and equity injections. On the other hand, most developing economies rely more heavily on trade-related measures, such as import tariffs, import licensing requirements, internal taxation on imports and export taxes. Compared with the provision of subsidies, implementing import-related actions generally requires less administrative capacity and can contribute to increased government revenues through tariff revenues.⁴⁸

53. The second area of disparity lies in the immediate objectives of industrialization. On the one hand, the industrial policies of many developed economies are aimed at transforming their industrial bases in order to achieve climate change imperatives, while augmenting competitiveness in strategic sectors. On the

⁴⁴ IMF, "Industrial policy coverage in IMF surveillance: broad consideration", 29 February 2024.

⁴⁵ United Nations Industrial Development Organization, *EQuIP: Enhancing the Quality of Industrial Policies – Designing a Transformative Industrial Policy Package* (Vienna, 2017).

⁴⁶ UNCTAD, "A world of debt: a growing burden to global prosperity", 2024.

⁴⁷ Ibid.

⁴⁸ IMF, "Industrial policy coverage in IMF surveillance".

other hand, many developing countries seek to build industrial capacity that their countries do not yet possess. That is the case for many commodity-dependent developing countries with immediate interests in economic diversification, in order to expand trade opportunities beyond exports of primary commodities.⁴⁹ Moreover, when a large portion of the population does not have access to stable electricity, as is the case for many sub-Saharan African countries, industrialization may be a secondary priority in achieving universal electricity access.⁵⁰ In 2023, around \$250 billion was invested in clean energy in emerging and developing economies, compared with nearly \$450 billion in fossil fuels.⁵¹

54. The multilateral trading system can be conducive to developing countries' efforts to accelerate their progress towards ensuring access to affordable, reliable and modern energy for all (Sustainable Development Goal 7) and sustainable economic growth simultaneously. WTO rules cover some elements of domestic industrial policies, such as subsidies and direct measures on imports and exports. With a significant rise in industrial policy-induced trade actions in recent years, some measures have been brought to the WTO dispute settlement mechanism.⁵² With regard to that mechanism, WTO members committed to conducting discussions with the view to having a fully and well-functioning dispute settlement system accessible to all members by 2024. They also agreed to accelerate discussions in an inclusive and transparent manner, build on progress already made and work on unresolved issues, including issues regarding appeal or review and accessibility.⁵³

55. In recent years, some countries have indicated "national security" as the objective of specific industrial policy actions. Under article XXI (b) of the General Agreement on Tariffs and Trade, WTO members are not prevented from taking any actions that they consider necessary for the protection of their essential security interests. Since 2019, the dispute settlement mechanism has examined four cases of trade actions that were taken to protect national security.⁵⁴

56. In sum, the scope, scale and pace of industrial policies vary widely among countries. This may exacerbate the current technological and productive capacity gap

⁴⁹ A country is considered commodity-dependent when more than 60 per cent of its total merchandise exports is composed of raw materials.

⁵⁰ According to the International Energy Agency, 600 million people in sub-Saharan Africa, or just under 50 per cent of its population, did not have stable access to electricity in 2022. See International Energy Agency, "Access to electricity", in *SDG7: Data and Projections*, online report (2023).

⁵¹ International Energy Agency, "Clean energy investment needs by region/country in the net zero scenario, 2022–2050", chart in *Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach*, Araceli Fernández and others (Paris, 2023).

⁵² Since 2010, a total of 11 cases concerning renewable energy measures have been brought to WTO. See dispute settlement reports: DS419: China – measures concerning wind power equipment; DS412: Canada – renewable energy; DS426: Canada – measures relating to the feed-in tariff programme; DS437: United States – countervailing duty measures on certain products from China; DS452: European Union and certain Member States – certain measures affecting the renewable energy generation sector; DS456: India – certain measures relating to solar cells and solar modules; DS459: European Union and certain member States – certain measures on the importation and marketing of biodiesel and measures supporting the biodiesel industry; DS510: United States – certain measures relating to the renewable energy sector; DS563: United States – certain measures related to renewable energy; DS612: United Kingdom – measures relating to the allocation of contracts for difference in low carbon energy generation; and DS623: United States – certain tax credits under the Inflation Reduction Act.

⁵³ WTO, document WT/MIN(24)/37.

⁵⁴ See the following WTO dispute settlement reports: DS512: Russia – measures concerning traffic in transit; DS567: Saudi Arabia – measures concerning the protection of intellectual property; DS597: United States – origin making requirement; and DS556: United States – certain measures on steel and aluminium products.

across countries, which may, in turn, aggravate the concentration of trade gains in higher-income countries.

IV. Conclusions and recommendations

57. At the 2023 Sustainable Development Goals Summit, world leaders confirmed their commitment to act with urgency to accelerate the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals. In the past several decades, trade has ignited rapid and substantial economic growth in many developing countries and has contributed significantly to economic convergence across countries. However, enlarging aggregate trade gains alone is insufficient to help countries to eliminate poverty, empower women or create jobs on a sustainable basis, in order to reduce inequality within and among countries. Trade must be made more inclusive to benefit people and economic actors who tend to be economically isolated or vulnerable. That must be done in the light of emerging trade dynamics, which are driven by a multitude of economic and geopolitical factors, including the rise of new industrial policies.

58. Promoting more inclusive sharing of trade gains across people and countries needs effective “trade-and-” policy mixes at the national and regional levels. It also requires strengthening global partnerships to redress existing structural impediments in the international trading system, while considering emerging factors driving current trade dynamics. In that context, Member States may consider strengthening global partnerships and international cooperation with regard to the following aspects to achieve more inclusive sharing of trade gains as “bold, ambitious, accelerated, just and transformative actions”, as called for in the political declaration adopted by world leaders at the 2023 high-level political forum.

59. *Sharing best practices.* Trade policy alone is insufficient to promote more inclusive sharing of trade gains. It must be combined with socioeconomic policy actions at the national and regional levels, including with regard to gender equality, competition and consumer protection, in order to ensure more inclusive sharing of trade gains among people and countries. To fully understand the types and effectiveness of such policy mixes, Member States may wish to continue collecting and sharing good practices for effective policy mixes, using an open platform such as the United Nations Trade Forum.

60. *Value chains conducive to inclusive trade gains.* The way in which a global value chain is structured and managed determines the sharing of trade gains within the chain. Fostering international collaboration is imperative to better and more inclusively integrating developing countries into global value chains, in particularly the value chains associated with food and the production of goods needed for energy and digital transitions. Members may wish to continue addressing the importance of international cooperation to facilitate access to the technologies, knowledge and capabilities needed to increase local value addition in resource-rich countries, thus leveraging inclusive development gains without exacerbating commodity dependence.

61. *Enhancing South-South cooperation.* Intraregional and interregional South-South trade has incredible potential to accelerate the achievement of the Sustainable Development Goals by developing countries. Regional value chains incorporating developing countries can alleviate the necessity for immediate and rapid acquisition of skills and technology. The Global System of Trade

Preferences among Developing Countries⁵⁵ agreement provides a sound basis for elevating South-South cooperation beyond tariff concessions and unlocking the full potential of a \$16 trillion market with over 4 billion people. Member States may wish to explore how South-South trade cooperation, including through regional trade agreements and the Global System of Trade Preferences, can be better utilized to enable sustainable and inclusive trade growth.

62. *Support for economic diversification.* Supporting the economic diversification of commodity export-dependent developing countries, including those countries rich in natural resources, such as critical energy transition minerals, can contribute to global supply chain resilience. Because such support is closely related to private sector investment decisions, Member States may wish to facilitate multi-stakeholder collaboration and coordination to help developing countries to build more productive capacity and increase local value addition, including by building on the common and voluntary principles recommended by the United Nations Panel on Critical Energy Transition Minerals.⁵⁶

63. *Inclusive industrial policies.* The rise of new industrial policies reconfigures global trade flows through both direct and indirect effects. Stronger global partnerships are needed to address policy gaps across economies and make industrial policies more inclusive, in particular with regard to sharing the skills and technologies needed to achieve net zero by 2050 and reduce the digital capacity divide. New industrial policies also contain calls for cooperation between competition and industry authorities to mitigate negative trade and competition effects and foster innovation. Member States may wish to continue discussions on the interactive linkages between modern industrial policies and inclusive trade gains, in particular from the perspective of accelerating the achievement of the Sustainable Development Goals by developing countries.

64. *Multilateral trading system contributing to the achievement of the Sustainable Development Goals.* Promoting a universal, rules-based, non-discriminatory, open, fair, inclusive, equitable and transparent multilateral trading system is imperative for facilitating the sustainable and inclusive trade growth of developing countries.

⁵⁵ See <https://unctad.org/es/node/2984>.

⁵⁶ See www.un.org/en/climatechange/critical-minerals.