

SRC TRADE QUICK GUIDE #3



TRADE & THE SDGS A CARICOM PERSPECTIVE

The 2030 Agenda for Sustainable Development was adopted by all United Nations Member States in 2015. At its core, are 17 interlinked sustainable development goals (SDGs) which provide a blueprint for creating a sustainable future by 2030. This SRC Trade Quick Guide explores how trade can help CARICOM, and by extent other SIDS, to achieve the 17 SDGs.



End poverty in all its forms everywhere.

One in five Caribbean people live below the poverty line, with youth and children among the most affected, and half of the population at risk for returning to poverty (OECD 2019). With COVID-19 causing the first increase in global poverty in decades, coupled with the recent surge in natural disasters, CARICOM's poverty reduction progress is threatened.

Trade can contribute to economic growth and alleviate poverty. "A dramatic increase in developing country participation in trade has coincided with an equally sharp decline in extreme poverty worldwide" (WTO and WB 2015). Macroeconomic wise, significant growth in export demand stimulates domestic production and investment, in turn increasing GDP and reducing unemployment. Microeconomic wise, trade liberalization increases access to goods and services at better prices, impacting household consumption.

To ensure that these benefits reach the most vulnerable, Hayashikawa (2008) speaks of 'propoor' growth through trade, highlighting the importance of policies that allow the poor to participate in and benefit from economic growth, by connecting them to markets and mitigating adjustment costs.

End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Undernourishment levels are 77% in Haiti and average close to 15% in other Caribbean small islands (FAO and CDB 2019). The region's food security is threatened by *inter alia* productivity challenges, climate change and an inordinate external dependence, with 80-90% of food consumed being imported (Ewing-Chow 2020).

Despite its 'agriculture-conducive' climate, CARICOM continually incurs a rising food import bill. However, boosting regional agricultural productivity and trade can help reduce poverty-related hunger by "raising farmer incomes at any output price level, lowering the cost of food to poor consumers, and raising real wages" (Ivanic and Martin 2018). Improved transportation links, a harmonized sanitary and phytosanitary regime and committed political will are needed to improve CARICOM's regional agri-food trade. Capitalizing on opportunities like trade in agricultural inputs can also raise the sector's productivity and improve the region's state of food security.



Ensure healthy lives and promote well-being for all at all ages.

Non-communicable diseases (NCDs), HIV/AIDS, dengue, and recently the COVID-19 pandemic are among health challenges plaguing the region. The Caribbean has the highest NCD-mortality rate in the Americas, the second highest prevalence of HIV in the world, and currently COVID-19 & dengue cases are on the rise (HCC 2017, USAID 2021, PAHO 2020).

Through all four modes of supply, developing countries can improve access to healthcare services. Consider for example, virtual telemedicine consultations with global experts (Mode 1), travelling abroad for treatment (Mode 2), establishing foreign private healthcare facilities (Mode 3), and/or temporarily employing the services of foreign medical personnel (Mode 4). These examples represent trade in services opportunities capable of improving health outcomes, especially absent local expertise.

Trade in health-related goods (vaccines, pharmaceuticals, medical equipment) also helps equip developing countries with necessary supplies. However, Helble and Shepherd (2017) found that "developing countries apply tariffs and non-tariff measures that have the effect of increasing prices and decreasing availability of health-related products", highlighting the importance of trade liberalization and supporting trade facilitation measures.

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



"The Caribbean has achieved universal primary education and near secondary education, with some exceptions" (OECD 2019). However, challenges include low school performance, low pass-through rates to tertiary levels (approx. 15% – less than half the rate in developed countries), quality of education, teacher shortage (worsened by increased migration of qualified teachers), low enrolment in STEM subjects, etc. (OECD 2019).

Trade specifically in higher education services, occurs through all four modes of supply. Under Mode 1, distance learning promotes universal access once it remains affordable; under Mode 2 study abroad opportunities provide access to education in specialized fields; under Mode 3 establishing international/off shore campus branches attracts education-related FDI and develops local education offerings; under Mode 4 temporarily employing the services of foreign academics helps overcome teacher shortage and creates academic exchange/research opportunities (Lim, Apaza and Horj 2017). Evidently, trade can promote quality education, but to do so, issues like Internet infrastructure, migratory restrictions, FDI regulatory frameworks, scholarships, brain drain risk, etc. need to be considered.



Achieve gender equality and empower all women and girls.

Gender inequality persists in the Caribbean. Despite higher educational enrolment/achievements, Caribbean women make 60-70 cents for every dollar made by men, and "gender gaps between young women and men experiencing unemployment are around 10%" (Turner–Jones 2020, OECD 2019). Subsequently, female-headed households are more prone to poverty. Challenging also, is gender-based violence which continually disempowers Caribbean women (CDB 2016).

Digital trade/E-commerce provides opportunities for the economic empowerment of women. "The digitalization of output, especially for trade in services, combined with online supply, affords women the opportunity to work even in cultures where they are confined to the domestic space and in industries where they lack men's professional networks and resources" (Remy and Brathwaite 2019). Through the Internet and by leveraging digital financial services, women can increase their participation in global trade and boost their financial independence. Increased access to Internet and digital technologies, coupled with improved digital literacy among women, will be important.

Ensure availability and sustainable management of water and sanitation for all.



Despite reports of over 95% of potable water access in most Caribbean countries (OECD 2019), population growth and climate change are compromising the region's water sustainability. Seven of the world's top 36 water-stressed countries are in the Caribbean, with Barbados among the top 10 (FAO 2016). Solid waste management is also concerning, "51.5% of households lack sewer connections and 85% of wastewater entering the Caribbean Sea remains untreated" (Cashman 2014).

For water–scarce countries, importing water–intensive commodities is an immediate/short term solution, capable of reducing national water demand. Virtual water is the volume of water used to produce a commodity. "Currently, international trade reduces global water use in agriculture by 5% because water–intensive commodities are traded, on average, from countries with high to countries with low water productivity" (Hoekstra 2010). Water can also be directly traded as a commodity to overcome shortages. Additionally, through the trade–investment nexus water–related infrastructure can be developed. Consider how tourism and manufacturing related FDI are used to develop energy, transportation, and in this context water infrastructure (desalination plants, sewage systems, etc.), but it is important that efficient water and sanitation management systems accompany such efforts.

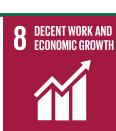


Ensure access to affordable, reliable, sustainable and modern energy for all.

The Caribbean relies heavily on fossil fuels and has some of the highest energy costs in the world, remaining vulnerable to global oil price shocks (PPIAF 2014). Considering natural resource endowments (year-round sunshine, rivers and seas, volcanoes, etc.), the Caribbean has great potential for developing a sustainable energy matrix. However, financial and skill resource constraints, coupled with inadequate governance frameworks and other challenges, are hindering the region's energy transition (OECD 2019).

Trade liberalization in four main clean energy technologies (solar, wind power, clean coal, and efficient lighting) across developing countries with high GHG emissions, can increase green energy deployment (WB 2008). Through the trade-investment nexus, renewable energy-related infrastructure can also be developed. OCED (2015) found that both trade and investment have played important roles in the growth of the wind and solar energy sectors.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Economic growth in the Caribbean (0.71%) was below average when compared to other small states (4.7%) during 2019, and with COVID-19, growth projections are expected worsen (Brathwaite, Nicholls, Remy 2020). Unsustainable debt levels, lack of competitiveness, low productivity and unemployment are contributing factors. Youth unemployment is particularly alarming, reaching 25% in the Caribbean, compared to an 8% adult unemployment rate (OECD 2019).

Significant growth in export demand can stimulate domestic production and investment, in turn increasing GDP and reducing unemployment. Although the relationship between trade and employment is complex, cross-country evidence suggest a correlation between greater trade openness and lower unemployment rates (Vandenberg 2017). UNCTAD (2013) found that, "the economic integration of developing countries, including through export-led growth strategies, appears to have had great potential for job creation." Entrepreneurship is also an avenue, especially for young people, to create decent work. Through e-commerce and digital trade, MSMEs and entrepreneurs can more easily create sustainable enterprises by capitalizing on access to world markets.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

For Latin America and the Caribbean (LAC), RRING (2020) found that the manufacturing value added share in GDP is well below global average, R&D expenditure is lagging, and access to loans or credit lines for small–scale industries is increasingly difficult, with Tacsir (2011) noting that in cases where LAC service firms do innovate they face burdensome financial constraints.

Trade, infrastructure and development are interrelated. Investments in national and international infrastructure have positive impacts on international trade, and in turn development (Olarreaga 2017). Through the trade-investment nexus, countries can direct FDI towards infrastructure development and benefit from positive spillovers like innovation and technology transfers.

Reduce inequality within and among countries.

Inequality varies across the region. When measured using the Gini coefficient, the region's inequality is below the Latin America and Caribbean average (47.85), but is still above the OECD average (33.2), with Barbados having the least inequality



(32.23) and the others having Gini coefficients ranging between 36-43 (Beuermann and Schwartz, 2018). Contributing factors to inequalities include occupational segregation and wage gaps, social exclusion, unequal access to education, etc. Vulnerable groups typically include the elderly, disabled persons, children, women, and indigenous people.

Regarding global inequality, empirical evidence suggests that "an increase in developing countries' trade openness appears to have contributed to narrowing the development gap vis-à-vis developed countries" (Urata and Narjoka 2017). By participating in international trade, developing countries can spur economic activity through export-led growth and the importation of more growth-conductive factors of production (technology, capital, etc.). Within-country inequality can also be addressed through trade opportunities. For example, e-commerce offers side-lined actors like women and MSMEs the opportunity to participate in global trade. Trade liberalization can also reduce within-country inequality by providing improved access to goods and services.



Make cities and human settlements inclusive, safe, resilient and sustainable.

Ensure sustainable consumption and production patterns.



Across the region, governments have increasingly strong roles in public service delivery (Donovan 2019). However, the Caribbean's social investment has lagged in recent years, as resources are diverted from social development to debt servicing (OECD 2019). Consequently, social challenges facing the region include inadequate housing, sanitation, healthcare, etc. – all of which negatively impacts social inclusion.

Through improved standards of living, trade can give impetus to SDG 11. By generating increased economic activity, trade can create new employment opportunities and even lead to higher salaries. The trade-investment nexus can also lead to the development of much needed infrastructure (transportation, energy, water, telecommunications, etc.).

Material footprint refers to the total amount of raw materials extracted to meet final consumption demands. For Latin America and the Caribbean, domestic material consumption was around 7.3 billion metric tonnes in 2010, rising to 8.5 billion metric tonnes in 2017 (UN 2019).

In transitioning to a circular economy which looks beyond the traditional take-make-waste extractive model, trade can play an important role. Consider trade in materials and waste for recycling and energy recover, trade in second-hand goods, or even trade in goods for refurbishment and remanufacturing (OECD 2018). Additionally, through the digitalization of output, e-commerce and digital trade can help to reduce the material footprint of digitizable goods (CDs, DVDs, books, newspapers, etc.).



Take urgent action to combat climate change and its impacts.

Despite contributing less than 1% to global GHG emissions, SIDS are the most impacted by climate change (UNDP 2017). In fact, the Caribbean is the second most environmental hazard-prone region in the world (OECD 2019) – its geographic location in the Hurricane alley and low-lying costal topography increases exposure to climate change shocks (FAO and CDB 2019).

On one hand, trade openness increases economic activity which requires greater energy use, in turn increasing GHG emissions. On the other hand, trade openness can lead to improvements in the way that goods and services are produced. For example, trade liberalization can increase access to climate–friendly goods and services by lowering costs, in turn increasing the deployment of these goods globally (WTO and UNEP 2009).

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Climate change (specifically rising sea levels and sea surface temperatures), coupled with unsustainable fishing practises (illegal, unreported and unregulated (IUU) fishing, overfishing, etc.) and competition from tourism and oil extracting industries, are threatening the sustainability of the Caribbean's marine resources (FAO and CDB 2019).

Fisheries trade is important for many developing countries, providing both employment and food supplies. Once supported by enabling policies which address IUU fishing, sustainable aquaculture practices, increased participation of women in fisheries, climate change adaptation, and other issues, fisheries trade can promote sustainable earnings for developing countries. Sumaila (2017) further argues that "by facilitating the transfer of technology between nations, international trade can promote more environmentally friendly technology at lower costs, which can help ease the pressure on marine ecosystems and fish stocks."



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Improper land management practises, land-based sources of pollution and natural disasters are destroying natural habitats in the Caribbean and creating biodiversity loss (CEPF 2010). Additional pressure on the region's natural ecosystems are also being applied by the tourism industry – one of the region's major economic drivers (OECD 2019).

While it is true that increased trade can have negative environmental impacts, if managed sustainably and facilitated in an environmentally-friendly way, trade can assist with some of the targets under SDG 15 such as: 15.A (increase financial resources to conserve and sustainably use ecosystem and biodiversity) and 15.B (finance and incentivize sustainable forest management) (Andrew 2017). More specifically, the region's export of tourism services can be repurposed to be more sustainable and ecofriendly, in a way that balances the sector's economic development with environmental and resource protection (Brathwaite 2020).

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Strong trade ties can encourage and strengthen regional cooperation and in turn promote peace across countries. Through positive integration, existing institutions are modified and strengthened, and where necessary new ones are created. As economic integration occurs, whether through free trade areas, customs unions, etc., participating countries benefit from positive institutional developments created to support this progress. Consider for example, the Caribbean Court of Justice (CCJ) established in its original jurisdiction to interpret and apply the Revised Treaty of Chaguaramas, but also in its appellate jurisdiction acts as the court of last resort in both civil and criminal matters (CARICOM 2021).



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

All CARICOM countries except the Bahamas and Montserrat are Members of the World Trade Organization. Through increased participation in global trade and improved representation at the multilateral level, developing countries can advocate for greater support. As noted by the UN's Secretary General, "SIDS are a special case for sustainable development. They require concerted long-term attention and investment of the entire international community" (Morgan 2020). At the end of 2019, global net official developmental assistance totalled US\$ 147.4 billion (UN 2021). Through global partnerships and regional groupings, Caribbean countries can leverage various developmental assistance and aid for trade opportunities to advance their sustainable development.

This SRC Trade Quick Guide provides a brief overview of how trade can theoretically contribute to the overall achievement of the 17 SDGs. This Quick Guide should not be seen as a holistic analysis of the relationship between trade and the SDGs, but rather an overview that can be used to gain initial insight on some of the ways that trade can positively contribute to the SGDs. While for the purposes of this Quick Guide the contribution of trade to the SDGs is discussed in isolation, it is important to note that broader polices and frameworks are needed to support trade. Absent such, and if conducted in an unsustainable manner, trade can actually hinder the achievement of the 17 SDGs.

REFERENCES

This SRC Trade Quick Guide was compiled by Chelcee Brathwaite, a Trade Researcher with the Shridath Ramphal Centre for International Trade Law, Policy & Services of The University of the West Indies, Cave Hill. Learn more about the SRC at www.shridathramphalcentre.com.

The following sources were used to aid in this report's compilation.

Andrew, Dale. 2017. "Chapter 9: Trade And Environment". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

Beuermann, Diether W., and Moisés J. Schwartz. 2018. "Nurturing Institutions For A Resilient Caribbean". IADB. https://publications.iadb.org/publications/english/document/Nurturing-Institutions-for-a-Resilient-Caribbean.pdf.

Brathwaite, Chelcee. 2020. "Beyond Sun, Sand And Sea: Developing An Inclusive, Sustainable & Resilient Tourism Sector In Barbados". SRC Trading Thoughts. Shridath Ramphal Centre. https://shridathramphalcentre.com/beyond-

sun-sand-and-sea-developing-an-inclusive-sustainable-resilient-tourism-sector-in-barbados/.

CARICOM. 2021. "Caribbean Court Of Justice (CCJ) - CARICOM". CARICOM. https://caricom.org/institutions/caribbean-court-of-justice-ccj/.

Cashman, Adrian. 2014. "Water Security and Services in the Caribbean". Water 6 (5): 1187-1203. MDPI AG. doi:10.3390/w6051187. https://www.mdpi.com/.

CDB. 2016. "Gender Inequality Remains Persistent in the Caribbean". Caribank.org. https://www.caribank.org/newsroom/news-and-events/gender-inequality-remains-persistent-caribbean-cdb-report.

Donovan, Michael. 2019. "Caribbean Cities And The Sustainable Development Goals". IADB. https://blogs.iadb.org/caribbean-dev-trends/en/caribbean-cities-and-the-sustainable-development-goals/.

Ewing-Chow, Daphne. 2020. "Five Ways That COVID-19 Has Changed What Food Insecurity Looks Like In The Caribbean". Forbes. https://www.forbes.com/sites/daphneewingchow/2020/03/31/five-ways-that-covid-19-has-changed-what-food-insecurity-looks-like-in-the-caribbean/?sh=23a51e70143e.

FAO. 2016. "Caribbean region must prepare for increased drought due to climate change". Fao.org. http://www.fao.org/news/story/en/item/420835/icode/.

FAO and CDB. 2019. Study on the State of Agriculture in the Caribbean. Rome: FAO and CDB.

Hayashikawa, Masato. 2008. Trading Out of Poverty: How Aid for Trade Can Help. OECD.

HCC. 2017. "NCDs in the Caribbean". Healthy Caribbean Coalition. https://www.healthycaribbean.org/ncds-in-the-caribbean/#:~:text=NCD%20mortality%20in%20the%20Caribbean,30%20to%2040%20years%20ago.

Helble, Matthias & Shepherd, Ben. 2017. Win–Win: How International Trade Can Help Meet the Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

Hoekstra, Arjen Y. 2010. "The Relation Between International Trade And Freshwater Scarcity". World Trade Organization. https://www.wto.org/english/res_e/reser_e/ersd201005_e.pdf.

Ivanic, Maros & Martin, Will. 2018. "Sectoral Productivity Growth and Poverty Reduction: National and Global Impacts". World Development 109: 429–439. Elsevier BV. doi:10.1016/j.worlddev.2017.07.004.

Lim, Aik Hoe, Pamela Apaza, and Alin Horj. 2017. "Chapter 14: Trade In Education Services And The Sdgs". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

Morgan, Elizabeth. 2020. "CARICOM SIDS And Sustainable Development". Jamaican Gleaner, , 2020. http://jamaica-gleaner.com/article/commentary/20201230/elizabeth-morgan-caricom-sids-and-sustainable-development.

OECD. 2015. "Overcoming Barriers to International Investment in Clean Energy". Green Finance and Investment. OECD. doi:10.1787/9789264227064-en.

OECD. 2018. "International Trade And The Transition To A Circular Economy".

https://www.oecd.org/environment/waste/policy-highlights-international-trade-and-the-transition-to-a-circular-economy.pdf.

OECD. 2019. "Latin American Economic Outlook 2019: Chapter 6 Special Feature: The Caribbean small states". Latin American Economic Outlook. OECD. doi:10.1787/g2g9ff18-en.

Olarreaga, Marcelo. 2017. "Chapter 18: Trade, Infrastructure, And Development". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

PAHO. 2020. Epidemiological Alert: Dengue in the context of COVID-19. Washington D.C.: PAHO.

PPIAF. 2014. Caribbean Infrastructure PPP Roadmap. Washington D.C.: PPIAF. https://ppiaf.org/documents/1125/.

Remy, Jan Yves & Brathwaite, Chelceé. 2019. "A Holistic Approach to Digital Trade: Closing the Digital Gender Divide". Shridath Ramphal Centre for International Trade Law, Policy and Services. https://dk4.d52.myftpupload.com/wp-content/uploads/2019/10/Remy_Brathwaite_A-Holistic-Approach-to-Digital-Trade-Long-Version.pdf.

RRING. 2020. "Review Of The Sdgs In Latin America And The Caribbean". https://rring.eu/review-of-the-sdgs-in-latin-america-and-the-caribbean/.

Sumaila, U. Rashid. 2017. "Chapter 11: Trade And Sustainable Fisheries". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

Tacsir, Ezequiel. 2011. "Innovation In Services: The Hard Case For Latin America And The Caribbean". Americas Competitiveness Forum V. Compete Caribbean. https://www.competecaribbean.org/wp-content/uploads/2013/06/Ezequiel_Tacsir_final_Innovation-in-Services-english.pdf.

Turner-Jones, Therese. 2020. "The hard facts about gender equality in the Caribbean". Caribbean Development Trends. https://blogs.iadb.org/caribbean-dev-trends/en/the-hard-facts-about-gender-equality-in-the-caribbean/.

UN. 2019. "SDG Indicators - Goal 12". Unstats.Un.Org. https://unstats.un.org/sdgs/report/2019/goal-12/.

UN. 2021. "SDG Indicators - Goal 17 | Department Of Economic And Social Affairs". Sdgs.Un.Org. https://sdgs.un.org/goals/goal17

UNCTAD. 2013. The Impact of Trade on Employment and Poverty Reduction. Geneva: UNCTAD. https://unctad.org/system/files/official-document/cid29_en.pdf.

UNDP. 2017. "Small Island Nations At The Frontline Of Climate Action". UNDP.

https://www.undp.org/content/undp/en/home/news-centre/news/2017/09/18/small-island-nations-at-the-frontline-of-climate-action-.html.

Urata, Shujiro, and Dionisius A. Narjoko. 2017. "Chapter 8: Trade And Inequality". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

USAID. 2021. "Health: HIV/AIDS". USAID.

https://www.usaid.gov/barbados/hivaids#:~:text=HIV%2FAIDS%3A,250%2C000%2Opeople%20living%20with%20HIV.

Vandenberg, Paul. 2017. "Chapter 7: Can Trade Benefit Employment?". In Win–Win: How International Trade Can Help Meet The Sustainable Development Goals. Tokyo: Asian Development Bank Institute.

WTO and UNEP. 2009. "Trade And Trade And Climate Change This Book Was Printed On Paper Certifi Ed By The Forest Stewardship Council (FSC). 9 789287 035226 ISBN: 978-92-870-3522-6 Climate Change". Geneva: World Trade Organization. https://www.wto.org/english/res_e/booksp_e/trade_climate_change_e.pdf.

WTO and WB. 2015. The Role of Trade in Ending Poverty. Geneva: World Trade Organization.

WB. 2008. International Trade and Climate Change: Economic, Legal and Institutional Perspectives. Washington, D.C.:

World Bank. https://openknowledge.worldbank.org/bitstream/handle/10986/6831/41453optmzdOPA101OFFICIALOUSEOONLY1.pdf? sequence=1







FOR MORE SRC QUICK GUIDES VISIT OUR WEBSITE: WWW.SHRIDATHRAMPHALCENTRE.COM