

## CHAPTER 9



*Contributed by the United Nations Conference on Trade and Development*

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**Abstract:** *“Sustainable development must be an integrated agenda for economic, environmental and social solutions. Its strength lies in the interweaving of its dimensions. This integration provides the basis for economic models that benefit people and the environment; for environmental solutions that contribute to progress; for social approaches that add to economic dynamism and allow for the preservation and sustainable use of the environmental common; and for reinforcing human rights, equality, and sustainability. Responding to all goals as a cohesive and integrated whole will be critical to ensuring the transformation needed at scale.” (Paragraph 84 of the UN Secretary-General’s Synthesis Report on the Post-2015 Agenda).*

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## INTRODUCTION

The year 2015 may witness a significant directional shift in the development paradigm. In July, the member states of the United Nations (UN) will present a new development agenda for the 2015-30 timeframe, the primary focus of which is to achieve development that is sustainable in the social, economic and environmental dimensions. Also in July, at the third international conference on Financing for Development (FfD) in Addis Ababa, the international community is expected to present its collective position towards mobilising public and private financial resources and other means of implementation needed when implementing the new development agenda (See paragraph 4, United Nations, 2014a).









the fact that the marginal benefit of a unit of a good is higher in the larger country. The larger country has a higher marginal benefit from a unit of a good because it has a larger population. The larger country also has a higher marginal cost of a unit of a good because it has a larger population. The larger country has a higher marginal benefit and a higher marginal cost than the smaller country. The larger country has a higher marginal benefit and a higher marginal cost than the smaller country.

As a result, the larger country has a higher marginal benefit and a higher marginal cost than the smaller country. The larger country has a higher marginal benefit and a higher marginal cost than the smaller country. The larger country has a higher marginal benefit and a higher marginal cost than the smaller country.

**BOX 9.2 Targets related to the functional nature of trade (non-exhaustive)**

**Goal 8.** Ensure that trade and financial flows and investment lead to growth and sustainable development in all countries

**8.2:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**8.3:** Promote development-oriented trade and investment policies, including trade facilitation, and support for entrepreneurship and innovation in all countries

**8.9:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**8.a:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**Goal 9.** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

**9.1:** Develop quality infrastructure resilient to hazards and disasters, including transboundary and regional infrastructure, and promote inclusive and sustainable industrialization and foster innovation

**9.3:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**9.b:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**Goal 10.** Reduce inequality within and among countries

**10.c:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**Goal 14.** Conserve and sustainably use the oceans, seas and marine resources for sustainable development

**14.7:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**Goal 15.** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, conserve and enhance freshwater ecosystems and enhance resilience

**15.7:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**15.c:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

**Goal 17.** Strengthen resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

**17.11:** Promote policies, programmes and initiatives to support and strengthen productive activities, in particular micro, small and medium enterprises, and support for entrepreneurship and innovation in all countries

Source: <https://www.un.org/sustainabledevelopment/>





## Trade as a source of public domestic finance

Figure 13E.13 illustrates the effect of a trade tax on the government budget. The initial budget deficit is  $BD_0$  (the vertical distance between  $DD_0$  and  $DD_1$ ), the initial budget deficit with trade tax is  $BD_1$  (the vertical distance between  $DD_1$  and  $DD_2$ ), and the initial budget deficit with trade tax and a lump-sum tax is  $BD_2$  (the vertical distance between  $DD_2$  and  $DD_3$ ). The initial budget deficit with trade tax and a lump-sum tax is  $BD_2$  (the vertical distance between  $DD_2$  and  $DD_3$ ).

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## Trade as a source of private domestic finance







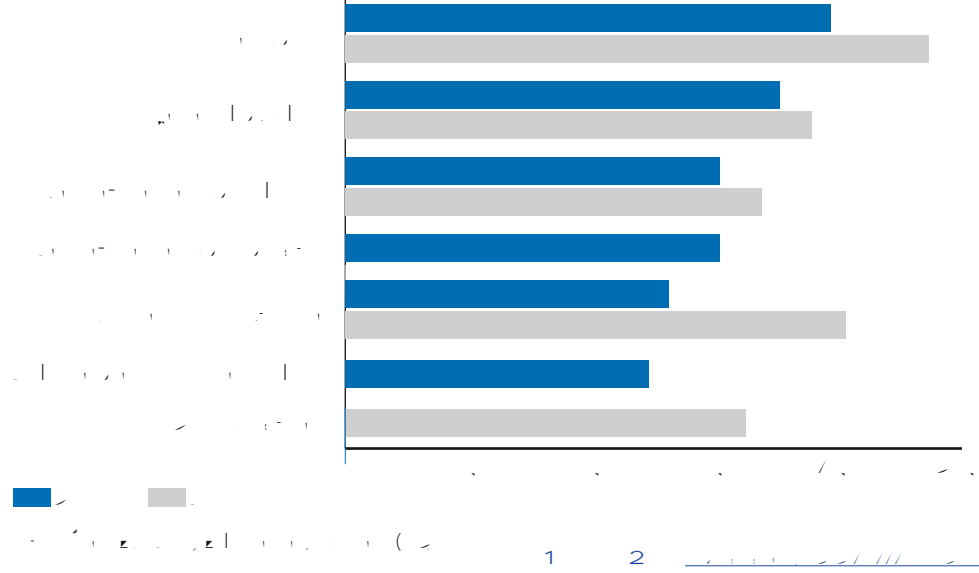








Figure 9.6 Contribution of a reduction in trade costs to inclusive and sustainable development



## CONCLUSIONS

The analysis shows that the impact of trade cost reductions on inclusive and sustainable development is significant. The reduction in trade costs leads to a decrease in income inequality and employment inequality, which in turn contributes to a more inclusive and sustainable development. The impact is particularly strong in the areas of income and employment, where the reduction in trade costs leads to a significant increase in the percentage contribution to inclusive and sustainable development. The impact is also significant in the areas of income inequality and employment inequality, where the reduction in trade costs leads to a significant increase in the percentage contribution to inclusive and sustainable development. The impact is also significant in the areas of income inequality and employment inequality, where the reduction in trade costs leads to a significant increase in the percentage contribution to inclusive and sustainable development.

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