# FOREWORD

This joint OECD/WTO *Aid for Trade at a Glance* is a timely publication in a landmark year. From it a strong message emerges about the importance of trade and the multilateral trading system in delivering economic growth and development. It reminds us that high trade costs are a drag on economic development and trade integration, in particular for the

concern is the stubbornly high level of trade costs for agricultural products. Trade costs also fall disproportionately heavily on small- and medium -sized enterprises. These companies are an engine of employment the world over and offer a route out of poverty, particularly for women.

An important step towards reducing trade costs was taken in 2013 at the Ninth WTO Ministerial Conference in Bali where Members concluded the Agreement on Trade Facilitation. Implementation of the Agreement promises to bring substantial cost reductions for traders in developing and least developed countries (LDCs), thereby supporting increased economic activity, and potentially increasing government revenues. Sustained donor support will be needed to assist developing countries if the Agreement is to deliver its full potential. The Trade Facilitation Agreement was only one of a number of decisions taken at the Bali meeting to support the integration of developing countries and LDCs into the global economy. Implementing these other commitments also remains a priority.

Since the start of the Aid -for -Trade Initiative, donors have disbursed a total of USD 264.5 billion in official development assistance and an additional USD 190 billion in other official flows for financing trade-related programmes in developing countries. This publication, and in particular the case stories that beneficiaries submitted, shows that these programmes have improved trade performance, generated employment, including for female workers, and attracted further domestic and foreign investment. The development benefits of reducing trade costs are impressive: a 1% decrease in global trade costs would increase global income by USD 40 billion at a minimum, with close to two-thirds of this amount accruing to developing countries, according to OECD calculations.

Focusing the Aid-for-Trade Initiative more firmly on reducing trade costs offers an action orientated agenda; and … more importantly … one that would make growth more inclusive. Governments, in dialogue with stakeholders, must now work to identify the most distorting trade costs, how best to reduce them, and how to use effectively the different development finance instruments offered by a wide range of providers. Reducing trade costs is an agenda where the private sector has much to offer and the development community much to learn. It is also an agenda that will maximise the contribution of trade to delivering the sustainable development outcomes that are envisaged in the emerging Sustainable Development Goals.

# EXECUTIVE SUMMARY

High trade costs inhibit numerous developing countries from fully exploiting the market access opportunities that the multilateral trading system creates. Cumbersome and time-consuming border procedures, obsolete or ill-adapted infrastructure, limited access to trade finance and the complexity and cost of meeting an ever broader array of standards all serve to price too many countries out of international trade. Comparative advantage remains underexploited. Market access does not always convert into market presence. The potential gains from trade are not always fully realised. The Aid-for-Trade Initiative was launched at the 2005 Hong Kong World Trade Organization (WTO) Ministerial Conference to tackle these kinds of constraints and is making headway. The joint OECD-WTO report, *Aid for Trade at a Glance 2015*, does

Aid for trade and the sustainable development agenda