

O 30 , w w , n n , n n . Between 1995 and 2023, global per capita income, adjusted for inflation, increased by approximately 65 per cent, while the per capita income of low- and middle-income economies increased by more than to 191 per cent. This notable economic growth helped reduce extreme poverty in low- and middle-income economies, which declined from 40.3 per cent in 1995 to 10.6 per cent in 2022. Nevertheless, a staggering 712 million people worldwide still live in extreme poverty, and inequality levels remain consistently high.

G n , n n w w n . The debate has formed the basis f(d)9 (e-1.1 (sz()0.6 p122.8 (9 Tw 7.3 (t)-4.2 (h h)-8.9 (e) (t)-42o039 Tw 0v-8.9 (e).1)-3)-42o039 T')22(e)-9. w o l e w o t wo((20o328g)-1b.7 ;1d1,4 r7 91(22.eh0v-8.9 7.4 (d)1.4 f-G.4 8 (i)D.4 7 (1)0P .62)-9.9((r)-37.39122.8 7.3 (t)

face mobility barriers that prevent them from relocating to more prosperous regions to benefit from new job opportunities. Some regions have struggled to adapt to new economic conditions following trade-opening. Some individuals may not benefit from price reductions associated with trade openness because of high transport costs and uncompetitive distribution sectors. Nevertheless, the impact of trade on development and inclusiveness has been sufficiently diverse across economies to suggest that obstacles are due more to a lack of sound trade policies and adequate domestic complementary policies accompanying the process of globalization than to the process itself.

As the world grapples with increasing geopolitical tensions, the digital revolution and a greater push for sustainability, achieving more sustained inclusiveness and poverty reduction may require, among other things, a sizeable middle class. A robust middle class supports the overall development process by driving domestic consumption, fostering entrepreneurial activities, and contributing to social stability. Many developing economies are unlikely to be large enough to have a sufficiently large middle class to experience sustained economic growth without access to large, lucrative export markets, and indeed, for economies that face high trade costs, limited trade participation is precisely the problem. Meanwhile, for economies that do trade but do not manage to diversify and move up the value chain, less trade is not a solution either. Inward-looking policies that promote import substitution through domestic production are fiscally costly and may discourage innovation and increase the risk of trade retaliation from other economies, ultimately hindering long-term economic growth and inclusiveness.

While trade-restrictive measures may protect some sectors and jobs from import competition, they do this at a high cost for the rest of the economy, which, consequently, will suffer from higher prices, lower incentives for innovation, and reduced competitiveness in exporting industries. Trade-restrictive measures can also lead to retaliatory measures from other economies, and these may threaten jobs supported by trade. In addition, strategies to relocate or reshore certain manufacturing industries may not, in reality, bring back many jobs, because the automation and digitalization of production processes are increasingly essential if firms are to remain competitive in international markets.

In fact, the overall objective of the WTO is to help its members to use trade as a means to raise living standards, create jobs and improve people's lives. In this context, the WTO already contributes to economic convergence and inclusiveness by promoting an open, rules-based and predictable multilateral trading system. Because economic reform is a condition of WTO membership, the WTO also contributes to improving governance. WTO members that implemented reforms and made deeper commitments during their WTO accession negotiations have grown, on average, 1.5 percentage points faster than they would have without those reforms and commitments.

Many distortions that lead to unequal effects from trade-opening are often rooted in structural domestic factors that are best addressed through domestic complementary policies, such as

