



EXECUTIVE SUMMARY

With the release of the 17 SDGs, trade facilitation has been mentioned in proposed targets 8a, 9.1 and 17.10, 17.11 and 17.12 in the newly published document with trade playing immense importance in goals 1, 8, 12, 13 and 17. These specified targets seek to enhance trade in developing countries through improved connectivity; however FIATA advocates that more emphasis and focus should be placed on logistics connectivity beyond the text of proposed targets

During its 7th session the OWG recommended that there should not be a dedicated SDG on transport and that the cross-sectorial nature of transport is best served by integrating transport in a range of SDGs. This proposal by the OWG was carried through, as we can see in their newly published Goals and Targets document. Transport and trade were not given stand-alone Sustainable Development Goals, but were mentioned across a range of proposed SDGs.

GOALS – LOGISTICS CONNECTIVITY

Goal 1. End poverty in all its forms everywhere

Over the years we have witnessed greater openness has helped many countries in reducing poverty. In Asia today, less than 20% of the people live in absolute poverty. In 1975, it was 60%.¹ In Africa this year, for the first time, fewer than half the people live in such poverty.² Trade has been an important component in the development and poverty alleviation in both regions.

According to a World Bank, a dramatic increase in developing country participation in trade has coincided with an equally sharp decline in extreme poverty worldwide. Developing countries now constitute 48 percent of world trade, up from 33 percent in 2000, and the number of people living in extreme poverty has been cut in half since 1990, to just under one billion people. Trade has helped increase the number and quality of jobs in developing countries, stimulated economic growth, and driven productivity increases.³

Global trade brings to mind images of sophisticated container ports, bustling rail hubs, modern superhighways, broadband Internet connections, and complex trade agreements. But trade is equally – if not more – important for the almost one billion poor people living on less than \$1.25 a day, who struggle to connect themselves to trade opportunities.⁴

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Enhancing logistics connectivity can lead to significant job creation not only for the logistics industry but surrounding industry which can benefit greatly from trade. There are many instances where the facts show that the opportunity has been grasped — where freer trade has been healthy for employment. The EU Commission calculates that the creation of its Single Market means that there are somewhere in the range of 300,000–900,000 more jobs than there would be without the Single Market.⁵

¹ https://www.wto.org/english/thewto_e/whatis_e/tif03_e/tif03_03_e.htm

² <http://www.worldbank.org/en/topic/poverty/overview>

³ <http://www.worldbank.org/en/topic/trade/publication/the-role-of-trade-in-ending-poverty>

⁴ Same as above.

⁵ https://books.google.com/books?id=gfv2NePkYngC&pg=PA102&lpg=PA102&dq=The+EU+Commission+calculates+that+the+creation+of+its+Single+Market+means+that+there+are+somewhere+in+the+range+of+300,000%E2%80%9393900,000+more+jobs+than+there+would+be+without+the+Single+Market.&source=bl&ots=Btl9_36uOl&sig=T8VCtixaw2lOjz_pqaEayXb7who&hl=en&sa=X&ved=0ahUKEwiA

Often, job prospects are better in companies involved in trade. In the United States, 12 million people owe their jobs to exports; 1.3 million of those jobs were created between 1994 and 1998. And those jobs tend to be better-paid with better security. In Mexico, the best jobs are those related to export activities: sectors which export 60 per cent or more of their production, pay wages 39% higher than the rest of the economy and maquiladora (in-bond assembly) plants pay 3.5 times the Mexican minimum wage.⁶

It is important to acknowledge that while trade holds real benefits for most people, most of the time — consumers as well as producers — there are people who are hurt by trade. Recognizing that trade can be a threat is important socially and politically. Workers who have lost their jobs need support and analysis strongly suggests that people are far more likely to favour trade opening if they know that such support will be available. This is why governments need to maintain effective social programmes that can protect workers who lose their jobs through trade and help train them to find new jobs.⁷

Goal 12, promote sustainable consumption and production patterns

FIATA emphasises the importance of inserting such a target to enable sustainable supply chain patterns with focus on enhanced connectivity that allow for sustainable, facilitated trade. Sustainable consumption and production cannot happen, or at best are not sustainable, without good logistics connectivity and trade facilitation instruments.

Goal 13, tackle climate change and its impact

One of the biggest challenges facing the global transportation sector is its dependence on fossil fuels and its attempt to lowering transport related emissions. This is an epochal endeavour that must ensure the more sustainable mobility patterns of our future. Investment in infrastructure and in optimising the supply chain is as important as cutting on energy consumption and finding alternative fuels. It is extremely important that governments do not turn a blind eye on the fact that “de-carbonising transport” per se has not been a completely winning strategy, even in those countries that have embraced such policy choices as early as the end of the last century or the beginning of this one. Significant results can only come from an integrated approach with the right balance of policies and actions. Just as a matter of interest, the savings in energy that can be achieved by enhanced trade facilitation at borders are more than significant.

Ideally we should all travel on smart infrastructure, enjoy seamless border procedures and reach our destination (goods as well as passengers) undisturbed and without any waste of time and energy. One can say this is a dream, but FIATA maintains that we must live up to our dreams and work to make them possible with appropriate policy choices, today and tomorrow.

Goal 17, strengthen the means of implementation and the global partnership for sustainable development

Under this heading FIATA wishes to highlight the impact of capacity building on trade. The return from investing in capacity building resources in the sector of logistics is immense and therefore more capacity building should be targeted towards the logistics sector, especially in developing countries. As mentioned earlier, the FIATA Foundation is one of the instruments FIATA has to contribute to the

[jYqc4qjJAhXCDSwKHQMaCSwQ6AEIIZAB#v=onepage&q=The%20EU%20Commission%20calculates%20that%20the%20creation%20of%20its%20Single%20Market%20means%20that%20there%20are%20somewhere%20in%20the%20range%20of%20300%2C000%E2%80%93900%2C000%20more%20jobs%20than%20there%20would%20be%20without%20the%20Single%20Market.&f=false](https://www.wto.org/english/thewto_e/whatis_e/tif01_e/10b07_e.htm)

⁶ [https://www.wto.org/english/thewto_e/whatis_e/10b07_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif01_e/10b07_e.htm)

⁷ [https://www.wto.org/english/thewto_e/whatis_e/10thi03_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif01_e/10thi03_e.htm)

achievement. We have seen above that insufficient awareness can seriously hamper the ability to even receive assistance in certain countries and this is certainly a situation that must be avoided.

TARGETS– LOGISTICS CONNECTIVITY

Target - 8.a improve Aid for Trade support for developing countries, notably through the Enhanced Integrated Framework for LDCs

Targeted aid for Trade can immensely assist developing countries, and particularly least developed countries, in terms of trade balances and economic growth. States must be aware that many developing countries face supply choice restrictions and infrastructural obstacles which constrain their ability to trade at global level. Targeted policies and timely investments in trade facilitation are the best assistance that traders in these countries need.

We know that one country in West Africa has been unable to fully benefit from aid for trade, as their local structures were unable to receive the intended measure due to lack of skilled staff that was able to provide the required local assistance. In this regard, we must reiterate that the laudable efforts of the FIATA Foundation for Vocational Training are available to all countries in need to create an appropriate training programme and regular applications are welcome. “Teach a man to fish and you feed him for a lifetime”, we need say no more than this.

Target - 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Improving connectivity through regional infrastructure is essential for prosperity and sustainable growth. This is the most effective way to contribute to poverty reduction in a great many countries of the world. Cross–border infrastructure projects have helped raise household incomes through improved access to markets and enhanced trade and investment by reducing the cost of doing business, and private sector development through creating business opportunities. Just as an example, the completion of the East-West Economic Corridor in Savannakhet province of the Lao PDR was associated with a 35% decline in the incidence of income poverty in 6 years.⁸

In the years after 2015, Asia-Pacific economies will depend heavily on enhanced regional connectivity to stimulate trade and attract investment, as the member countries seek decisive measures to improve regional economic integration, as well as connectivity with other parts of the world. A prominent researcher at the National Development and Reform Commission stated that the APEC economies, particularly those in Southeast Asia and South America, such as Vietnam, Indonesia, Peru and Chile, are building new platforms for broader cooperation with major APEC economies.⁹ The Asian Highway and the Trans-Asian Railway combined represent approximately 250,000 kilometres of roads and rail networks connecting capital cities, major industrial zones, and other important commercial areas.¹⁰ The ADB has helped finance approximately 18, 000 kilometres of the Asian Highway, accounting for 13% of its total length.¹¹ Optimising these networks and ensuring that they operate at the right level remains within the interest of the governments which obtained donors’ assistance.

This crucial target falls within the subset of a “Proposed goal 9 which seeks to promote sustainable infrastructure and industrialisation and foster innovation” but FIATA encourages the OWG to

⁸ <http://www.adb.org/news/speeches/aid-trade-initiative-asia-pacific-experience>

⁹ Same as above

¹⁰ <http://www.unescap.org/news/asia%E2%80%99s-rebalancing-needs-better-regional-infrastructure-says-ADB-president-escap-public-lecture>

¹¹ Same as above

recognise that enhanced connectivity catalyses trade in all economies, which in turn contributes to creating prosperity globally. The goods have only an expected value until the moment they reach the consumer who receives them: this is the time and place where all the accumulated value flourishes and procures prosperity. Without sufficient connectivity there is little value and no prosperity at all. This is why ensuring logistics connectivity is conducive to increasing prosperity.

Target - 17.11 Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

FIATA views the aim of this target will be to encourage developing countries to open their markets and create an enabling environment for trade to thrive. There is evidence that countries which had adopted more open and liberal policies had performed better than those which had adopted restrictive ones. In addition this proposed target is also meant to identify hidden barriers which make it difficult for developing countries to penetrate into other markets.

In this regard one cannot fail to recognise that market access can be seriously hampered by insufficient logistic connectivity. Contemplating the world trade from the perspective of a country with insufficient logistics connectivity is like contemplating the beauty of a flower shop-window without being allowed to enter because the shop is closed. Obviously insufficient logistics connectivity is not the only obstacle to trade, but it one of the most devious, because it starts conditioning traders from the very beginning: Foreign Direct Investments (FDI) are seldom attracted by countries with bad logistics, whilst good logistics connectivity is often regarded as importantly as staff's skills and a business-friendly legal environment.

17.12 Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access

FIATA has developed appropriate official language to promote the harmonisation of a Customs de-minimis regime. This was disclosed during the FIATA World Congress on October 15th 2014. FIATA encourages all stakeholders to consult the relevant [position paper](#).

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About FIATA

FIATA, the International Federation of Freight Forwarders Associations, was founded in Vienna, Austria on May 31st 1926. It is a non-governmental organisation that today represents an industry covering approximately 40,000 forwarding and logistics firms, employing around 10 million people in some 160 countries. FIATA has consultative status with the Economic and Social Council (ECOSOC) of the United Nations (inter alia ECE, ESCAP, ESCWA, etc.), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL) as well as many other UN related bodies, e.g. the World Bank. It is recognised as representing the freight forwarding industry by many other governmental organisations, governmental authorities, private international organisations in the field of transport and logistics, such as the European Commission (through CLECAT), the International Chamber of Commerce (ICC), the International Air Transport Association (IATA), the International Union of Railways (UIC), the International Road Transport Union (IRU), the World Customs Organization (WCO), the World Trade Organization (WTO), etc. For further information, please go to: www.fiata.com

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