

# Trade as an engine for poverty reduction

## SDG 1 - Expert Group Meeting

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Geneva, 7 May 2024



# Many benefits from trade, Yet supply-side constraints persist

- Important benefits to be had from participation in trade:
  - enhanced productivity
  - sophistication
  - diversification of exports
- Both buying and selling activities in value chains can bring about economic benefits
- MSMEs can benefit from direct and indirect exporting



# What is needed for trade to be an engine for poverty reduction?

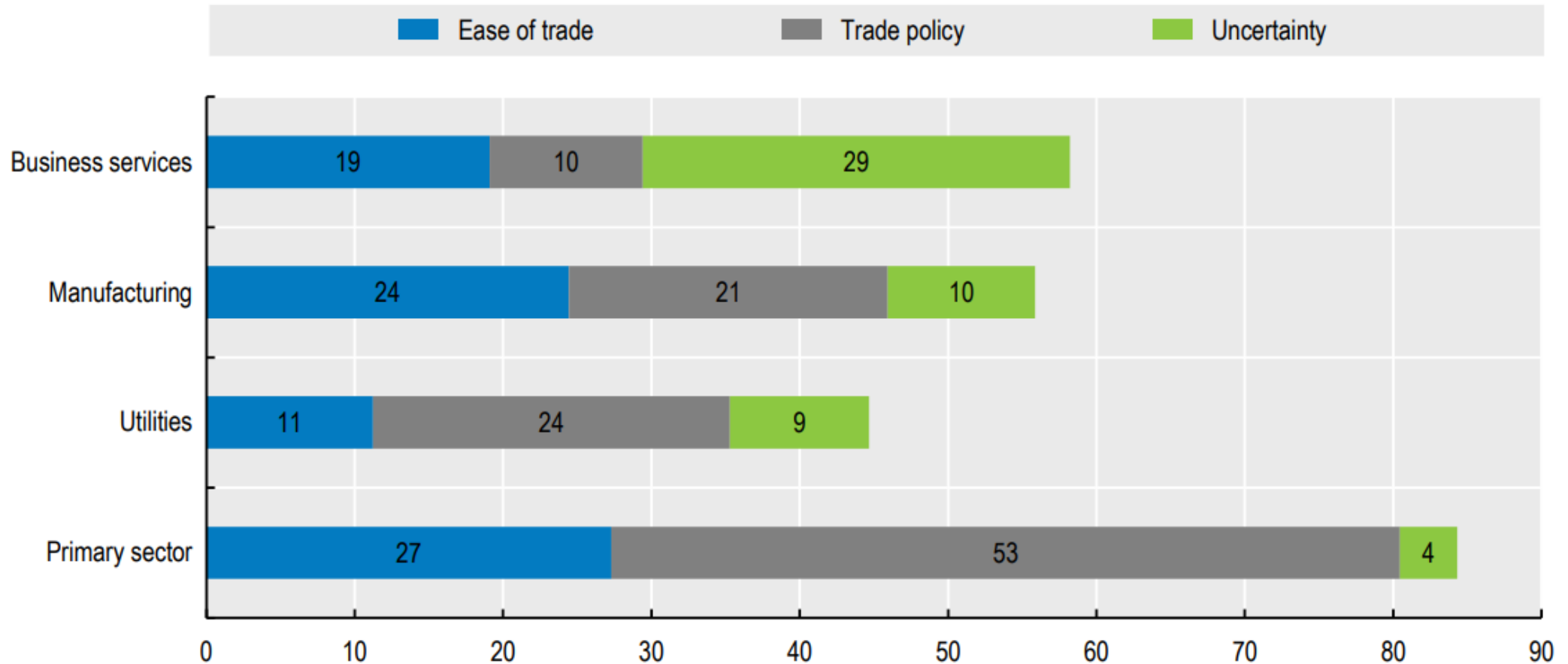
- 1) Understanding trade costs
- 2) Trade facilitation
- 3) Digital solutions
- 4) Regulatory frameworks and trade policy



# Trade policy and “ease of trade” are important drivers of bilateral trade costs

Determinants of bilateral trade costs by aggregate sector

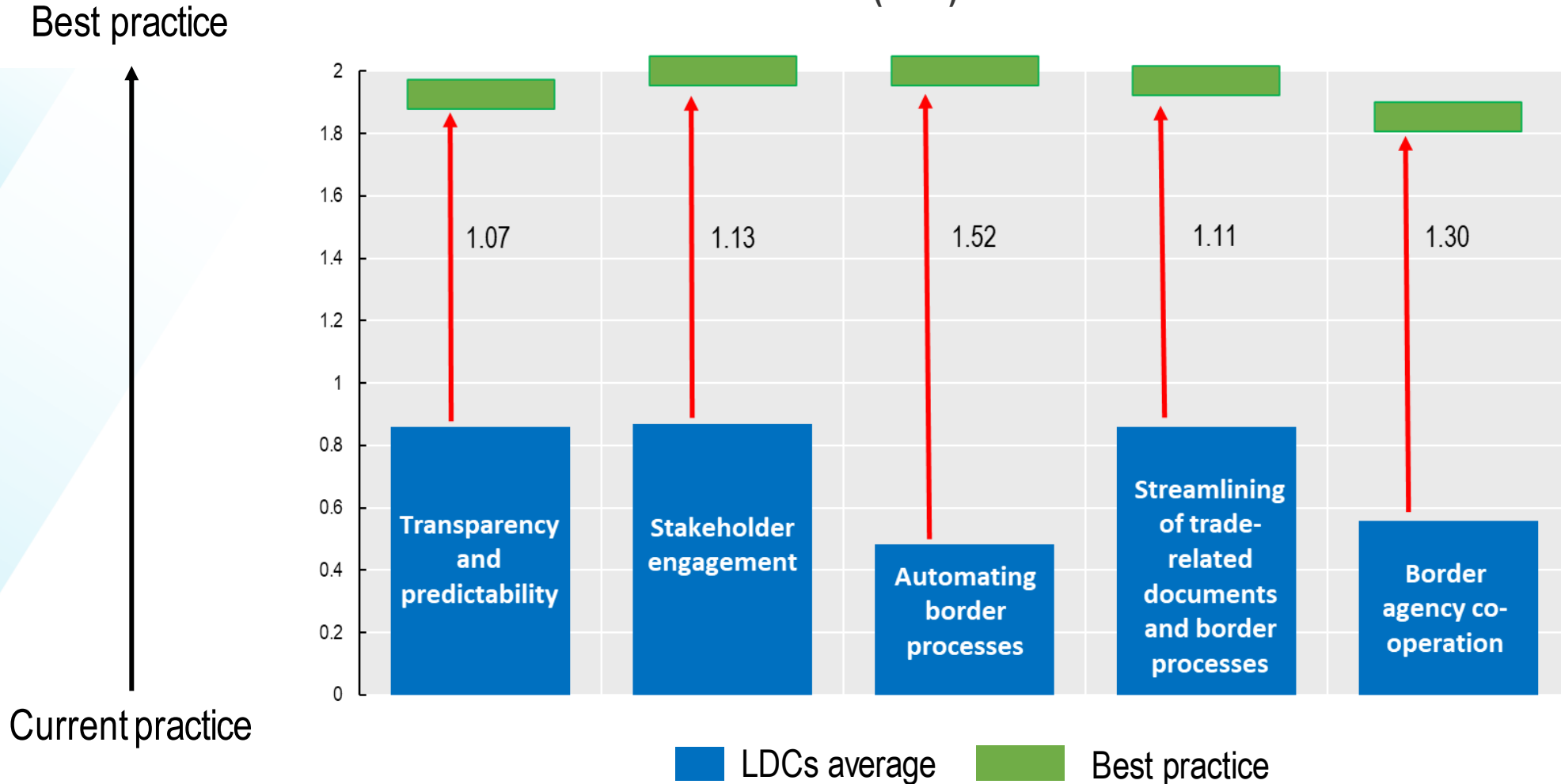
Percentage of bilateral variation explained





# Trade facilitation can help lower costs of participation

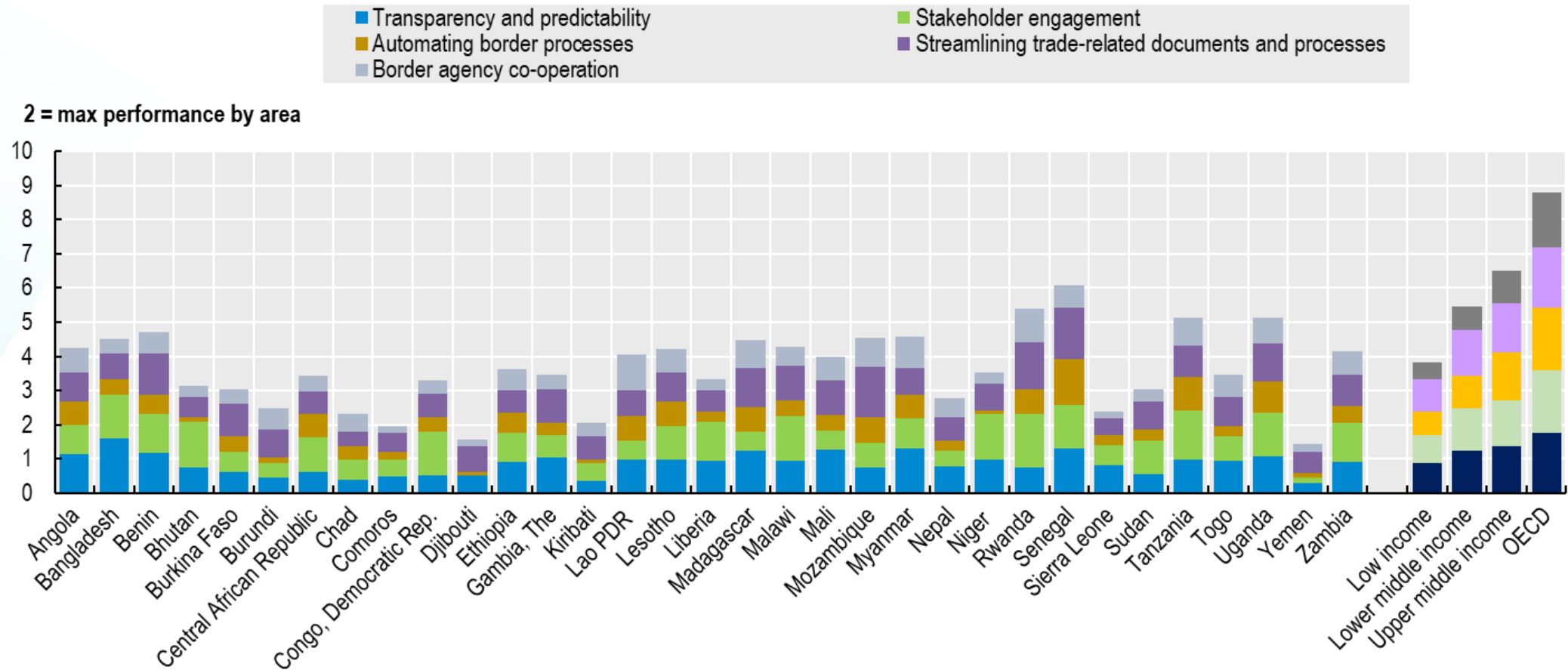
OECD Trade Facilitation Indicators (TFIs): Trade facilitation environment in LDCs





# Reforms are needed to address performance gaps

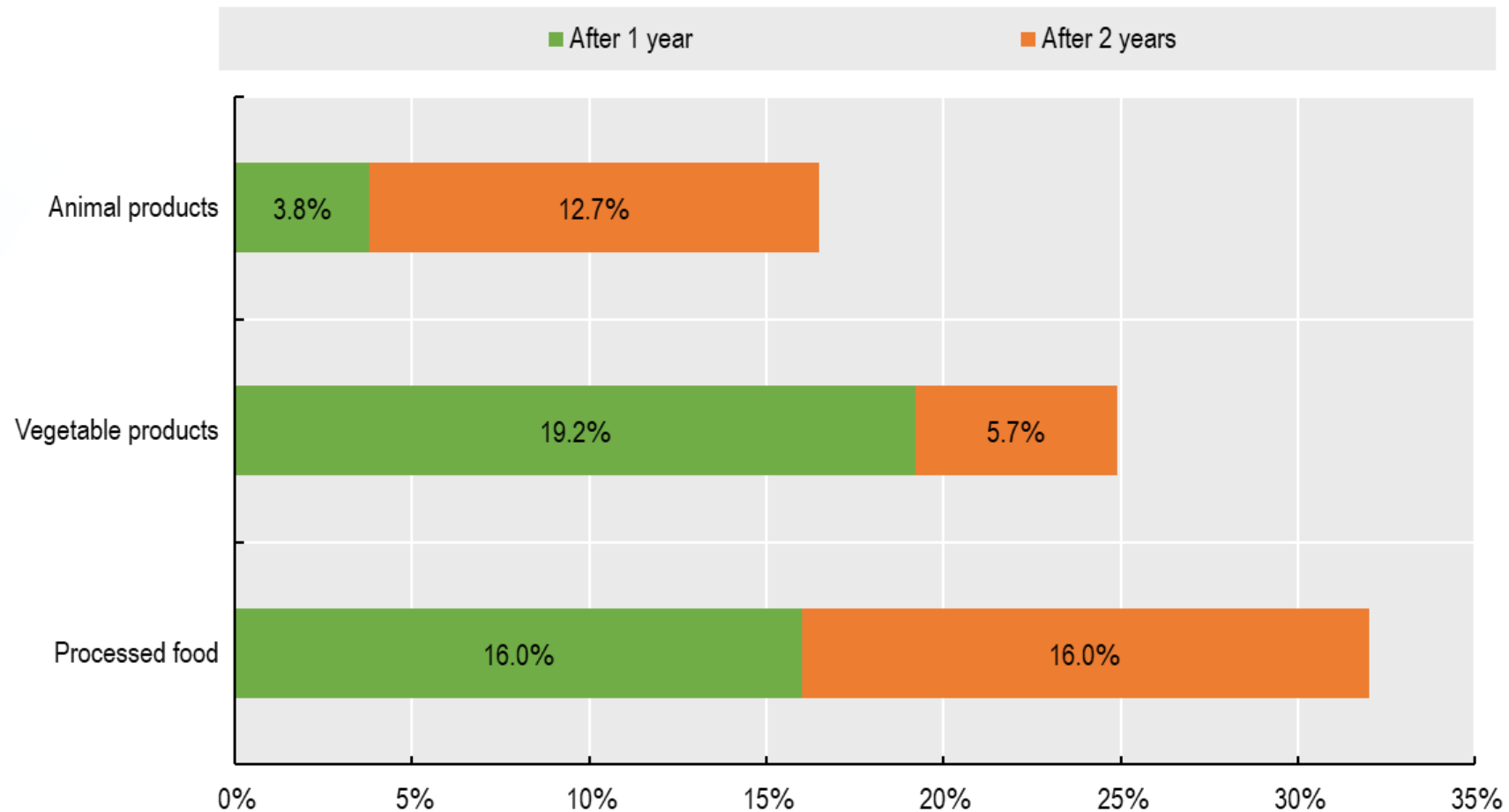
## OECD Trade Facilitation Indicators (TFIs): Trade facilitation environment in LDCs





# Digital tools can have important trade facilitating impacts

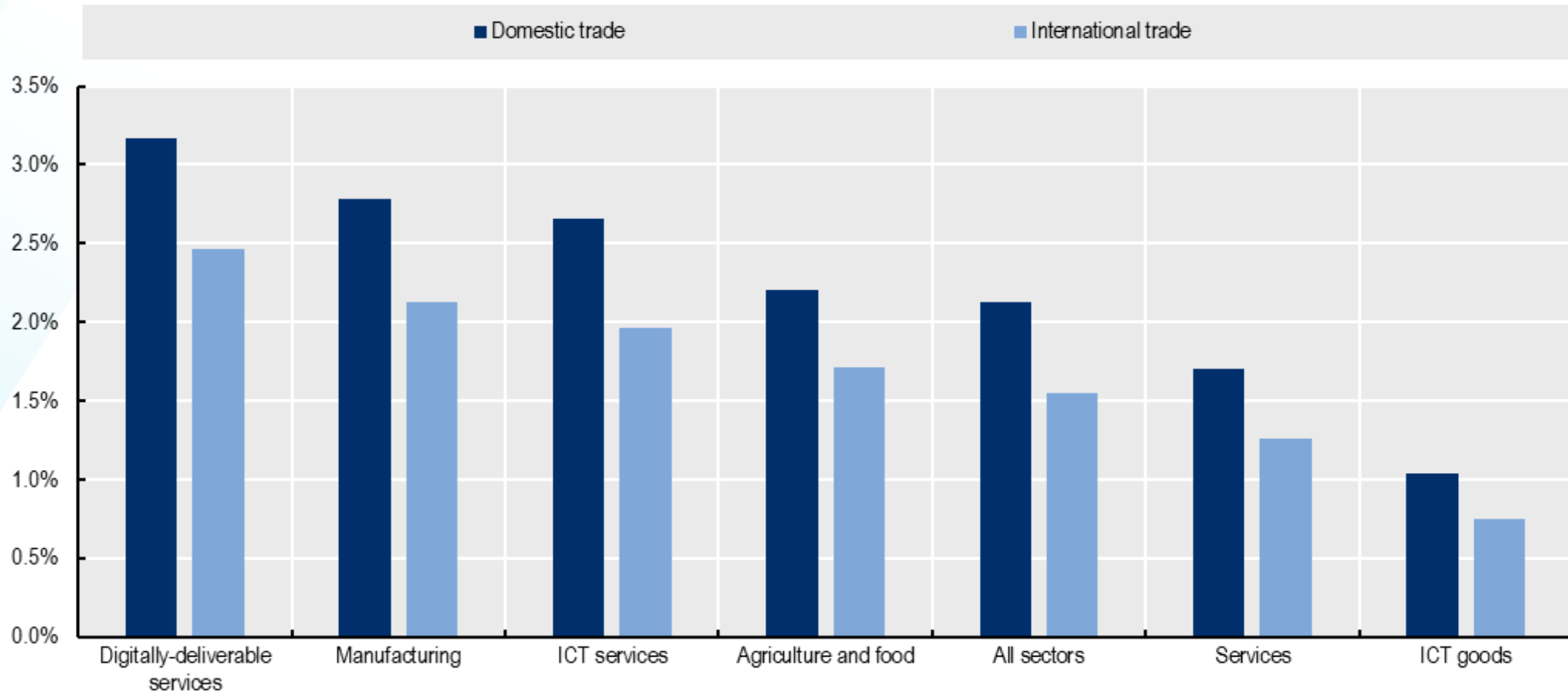
Associated increase in export values from implementing SPS e-certificates (%)





# Digital connectivity enhances domestic and international trade

**Digital connectivity matters across all sectors of the economy**  
Impact of a 1% improvement in bilateral digital connectivity on domestic and international trade

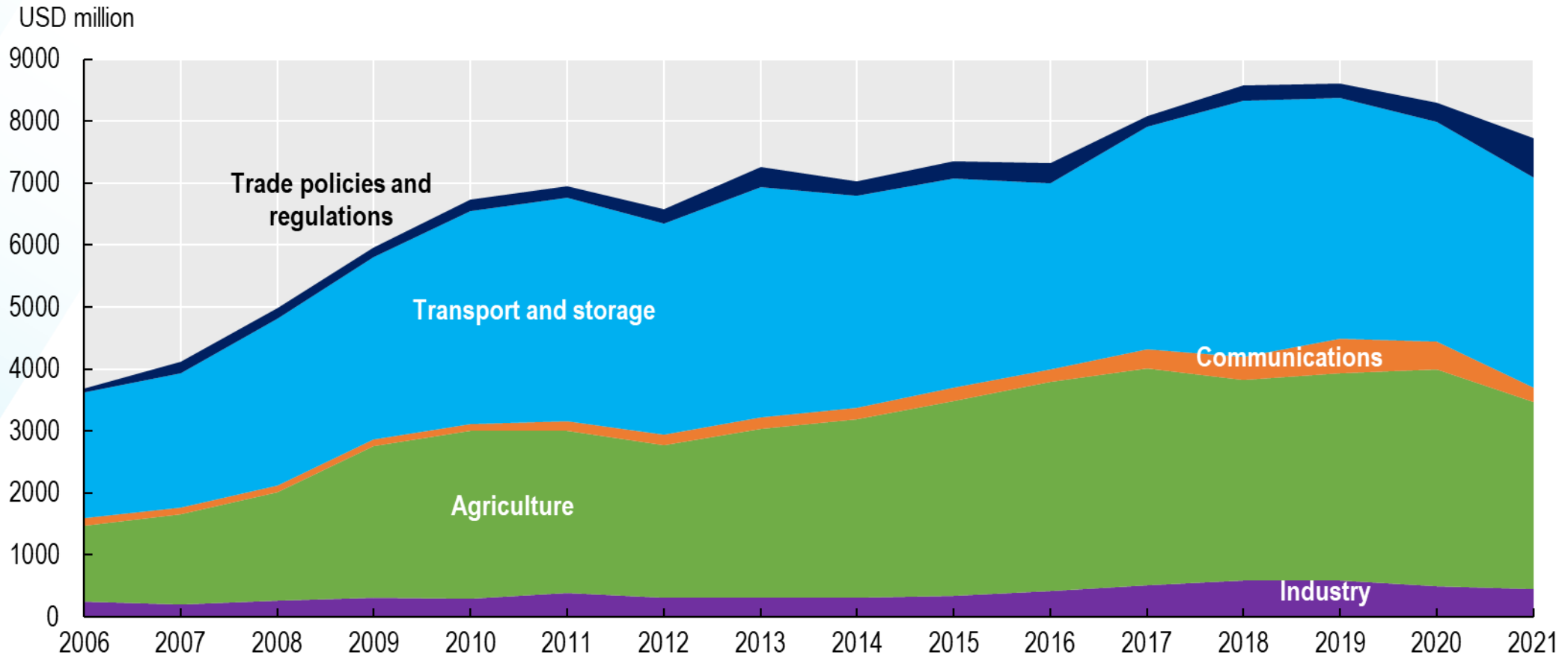






# Regulatory frameworks are key to meet new challenges from digitalization

Aid for Trade disbursements to LDCs  
Selected categories, 2006-21 (2021 constant USD million)



Note: Preliminary data for 2021.

Source: OECD (2023), Creditor Reporting System (CRS) database.



## Key takeaways

- Trade policies are important drivers of trade costs
- Trade facilitation can help lower overall trade costs, but reforms are needed to address performance gaps.
  - Consultation processes
  - Streamlining procedures
  - Automating processes
- Digital connectivity can enhance domestic and international trade, and level the playing field for market access
  - Electronic documents
  - Information technologies for risk management
- Regulatory frameworks are key to meet new challenges from digitalization



# Thank you for your attention!

## Contact us



Access all of the OECD's research and analysis on trade at:

[www.oecd.org/trade](http://www.oecd.org/trade)  
[www.oecd.org/agriculture](http://www.oecd.org/agriculture)



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