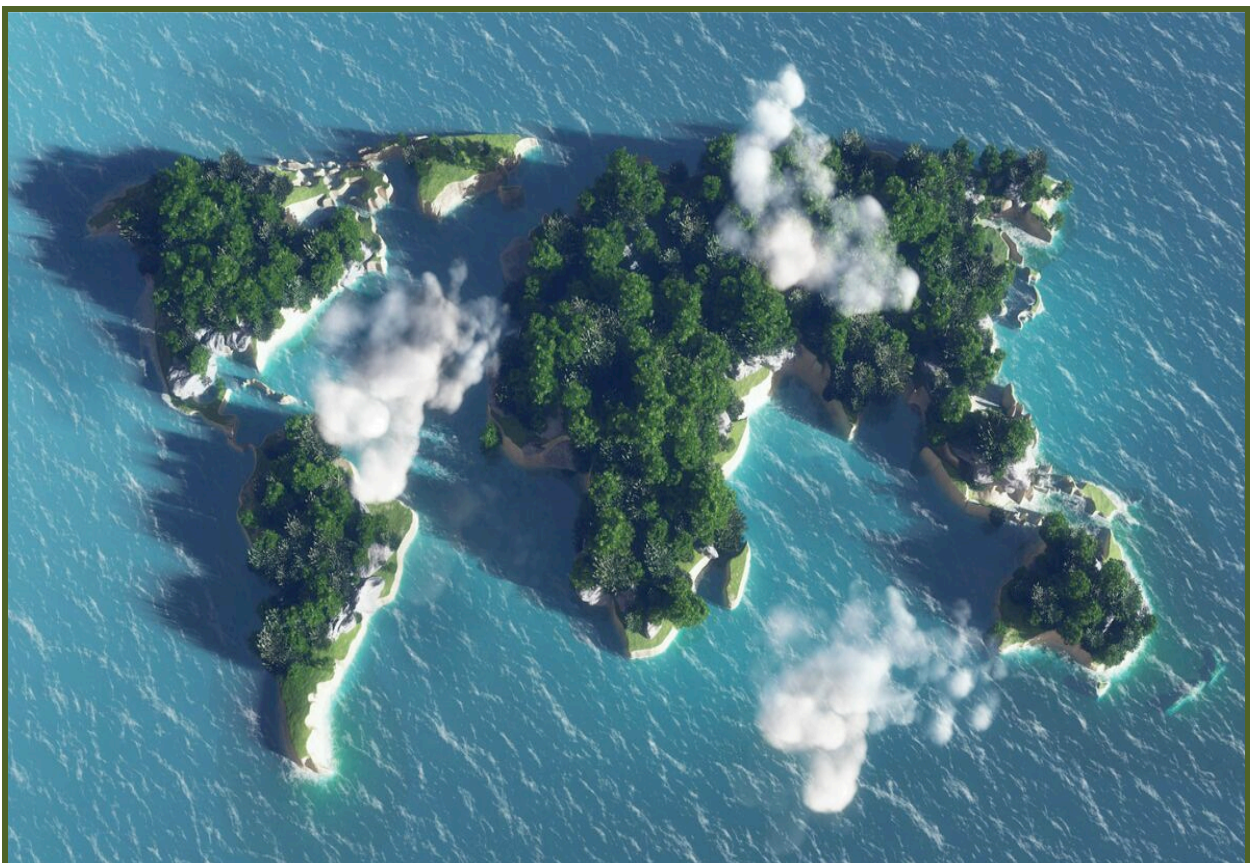




SUSTAINABLE TRADE AND INVESTMENT: ACHIEVING THE SUSTAINABLE DEVELOPMENT GOALS

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Trade in the Post-2015 Agenda

2015 is a key year for the development and adoption of various sustainable development related processes that will influence the trade agenda for the next decades. These include the Financing for Development (FfD) Agenda adopted in Addis Ababa in July, the UN Summit to adopt the Post-2015 Agenda in September in New York, the Climate Summit to be held in Paris, and the WTO Ministerial Meeting in Nairobi in December. These summits present major opportunities for shaping the trade and environment nexus, related policies and practices, and creating enabling conditions for more sustainable trade and investment.

The Changing Nature of Global Trade

Countries are increasingly linked through global value chains. As a result, the world has seen a steady increase in the importance of international trade for the global economy. While since 1980, the global economy has roughly tripled, world trade has grown by a factor of six. But global trade growth has been slow over recent years following the financial crisis. Renewed efforts to spur growth in trade offer major opportunities but also many challenges for achieving sustainable development, meeting the Sustainable Development Goals (SDGs), and contributing to a shift to greener economies.

Indeed, sustainable trade and green global value chains offer crucial means for countries to prosper and to grow sustainably. If accompanied by appropriate environmental and social policies and incentives, trade can generate economic opportunities and decent employment while reducing environmental risks and ecological scarcities. Avenues for making trade more sustainable include a focus on enhanced production capacity, use and exchange of environmentally sound technologies, goods and services, increased resource efficiency, and reduced environmental and resource impacts through more sustainable consumption, production and life-cycle approaches. The integration of trade in the Post-2015 Agenda needs to reflect these avenues.



Trade in the Financing for Development Agenda

Heads of State at the FfD Conference in Addis Ababa in July committed to coherent policy, financing, and trade frameworks to protect, manage and restore our ecosystems as well as to build resilience, reduce pollution, and combat climate change, desertification and land degradation. The FfD Outcome Document recognizes trade as an important engine for

achieving the SDGs, commits countries to integrating sustainable development into trade policy at all levels, and invites the UN General Council to consider how the WTO can contribute to sustainable development.

The FfD Outcome Document also highlights the need for strengthened domestic enabling environments and sound domestic policies and reforms conducive to realizing the potential of trade for inclusive growth and sustainable development. Importantly, governments committed to supporting capacity building to help countries benefit from opportunities in international trade and investment agreements and emphasized the need for preserving policy space for public policy objectives, such as sustainable development.

The Financing Agenda for the Post-2015 period also includes a call to increase world trade in line with the SDGs, correcting agricultural and fisheries subsidies, enhancing access to affordable medicines, supporting regional cooperation frameworks, developing countries' participation in global value chains, women's involvement in trade, and global efforts to combat illegal trade in species, hazardous waste and minerals.

Trade and Investment in the SDG Context

The SDGs to be adopted in September 2015, take up many of these calls. The SDGs are a set of 17 proposed goals with 169 targets and 304 indicators. Implementation of the goals and targets presents an opportunity to shape national and economic development strategies, plans, policies, and actions by governments, civil society, and international organizations towards greater sustainability. The indicators serve to guide and hold stakeholders accountable to achieving the goals.

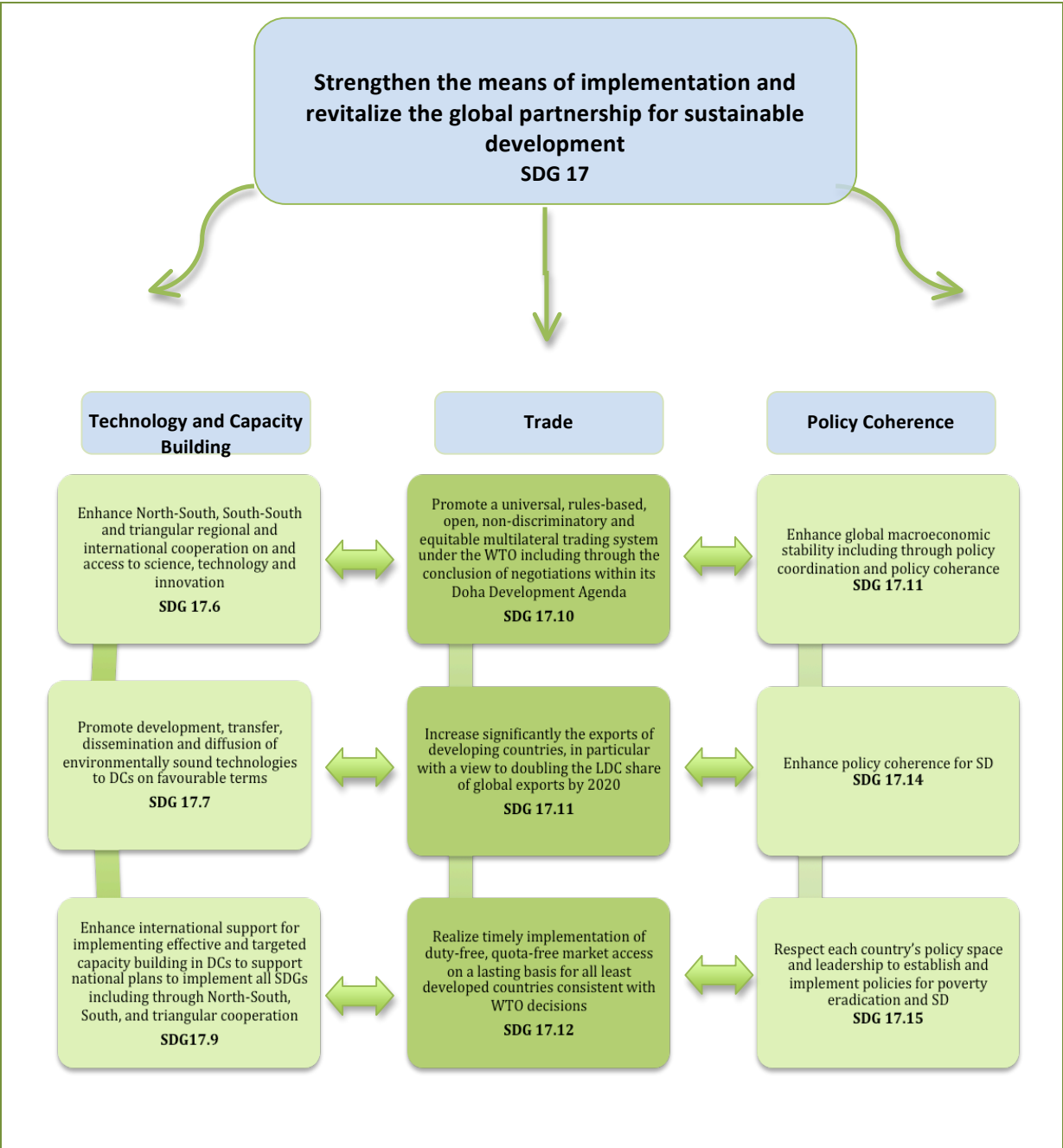
Goal 17: Trade as a means of implementation

Trade is most visibly addressed in Goal 17 (Strengthening the Means of Implementation and Revitalizing Global Partnerships for Sustainable Development), with concrete trade targets. First, Goal 17 promotes a universal rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO, including the conclusion of the Doha Development Agenda (SDG 17.10). Second, it seeks to significantly increase the exports of developing countries; in particular with a view to doubling the Least Developing Country (LDC) share of global exports by 2020 (SDG 17.11). Third, it calls for timely implementation of duty-free, quota-free market access for all LDCs (SDG 17.12).

These WTO-related and export-driven goals are important and mirror language adopted in the WTO and other fora. The pronounced emphasis of trade-related opportunities in the SDGs and FfD Agenda offers prospects for renewed growth and higher inclusiveness of trade policies and practices. This opens up new potential for environmental and social sustainability.

Importantly, targets 17.13 and 17.14 refer to policy coherence for sustainable development, which is key for sound governance and policy development related to trade. Target 17.15 calls for respecting each country’s policy space and leadership to implement policies for sustainable development. This call – which also features strongly in the FfD Agenda - is essential in relation to international, regional and bilateral trade and investment agreements to avoid risks that such policies prevent governments from developing policies geared towards public, environmental and social goals.

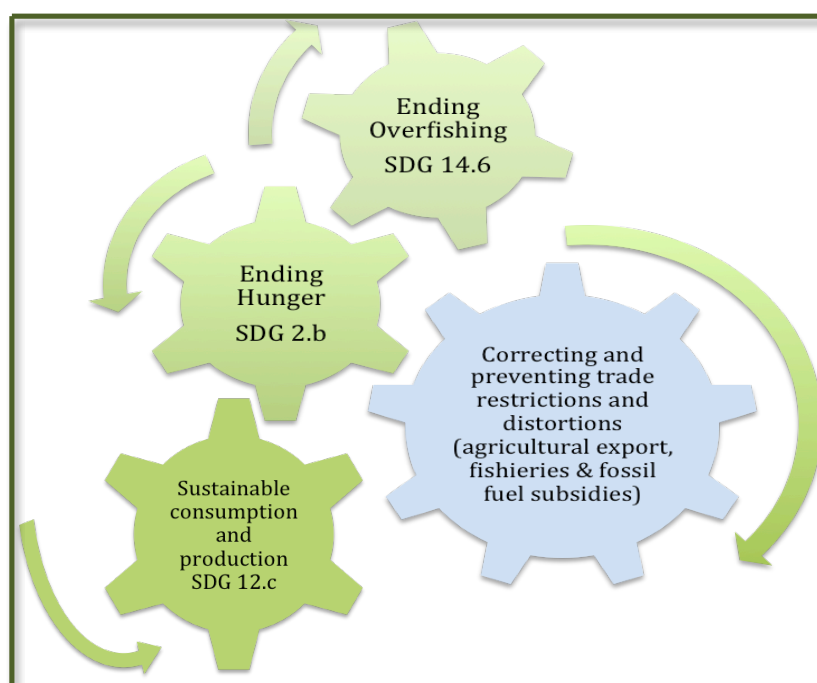
**Figure 1 – Means of Implementation and Global Partnerships:
SDG 17 Targets Most Relevant to Trade**



Reforming trade-distorting subsidies for sustainable development

Further direct links between trade and the sustainable development agenda are included in other parts of the SDGs. For example, as illustrated in figure 2, the target of correcting and preventing restrictions and distortions in world agricultural markets (SDG 2.a) is directly related to the goal of achieving food security and promoting sustainable agriculture (SDG 2). Targets of prohibiting harmful fisheries subsidies (SDG 14.6.) as well as illegal, unregulated, and underreported fishing (SDG 14.4), as also foreseen in the WTO Doha Development agenda, specify the 2020 timeframe and are linked to the goal of conserving and sustainably using marine resources for sustainable development (SDG 14). Finally rationalizing inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions (SDG 12.c) is a target for achieving sustainable consumption and production (SDG 12).

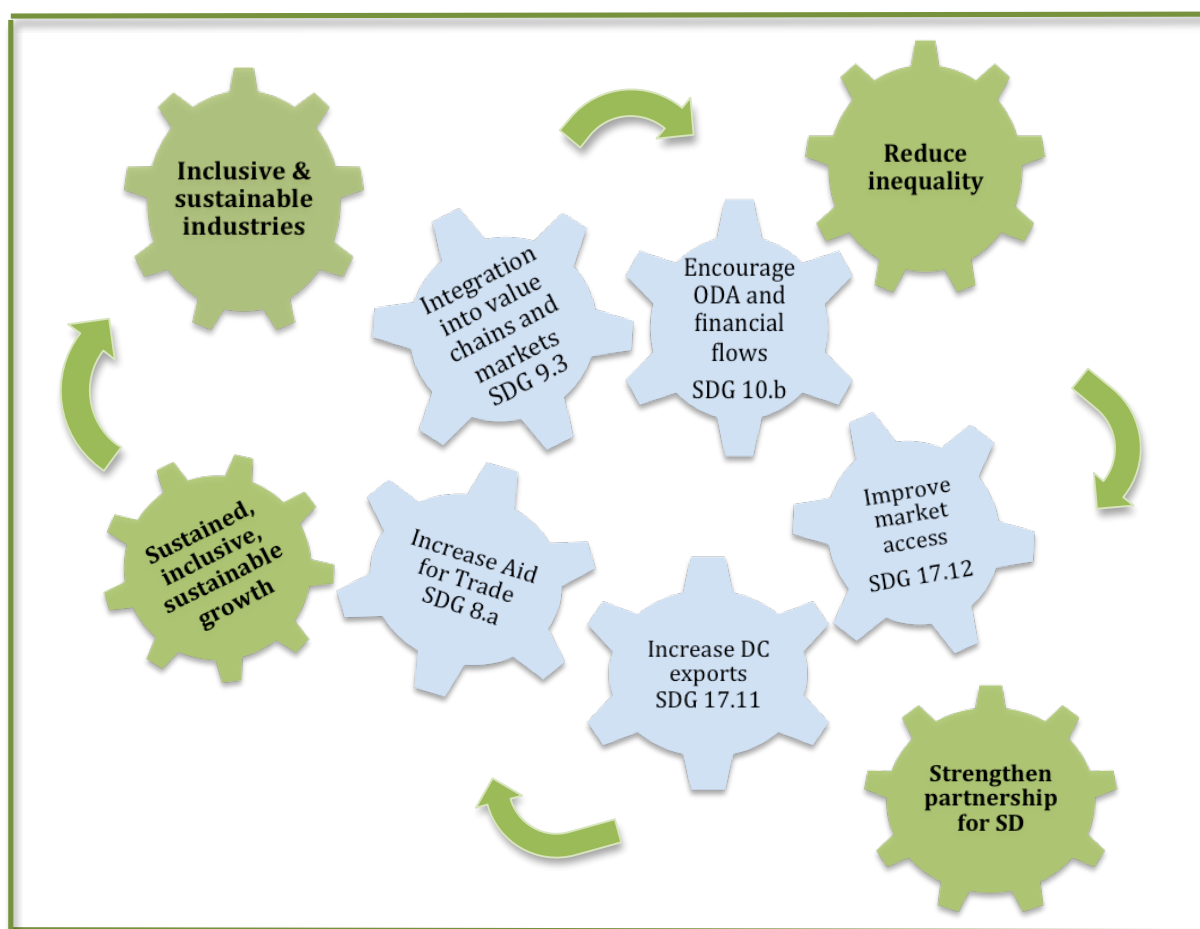
Figure 2 – Reforming Subsidies and other Trade Distortions



Trade cutting across other SDGs

The SDGs involve a number of trade-related priorities that particularly interact to further the development of LDCs. Trade is essential for connecting countries, especially LDCs, to global value chains, finance, and foreign investment (SDGs 9.3, 10.b, 17.5). The SDG targets displayed in the centre of Figure 3 contribute to the global goals of sustainable production and consumption, inclusive and sustainable industries, reducing inequality, and strengthening partnerships for sustainable development.

Figure 3 – Trade and LDCs related SDGs



Trade has also been specifically identified as a driver for inclusive and sustainable economic growth, full and productive employment, and decent work (SDG 8). To reach this goal, countries will have to achieve higher levels of productivity through technological upgrading and innovation (SDG 8.2), global resource efficiency in sustainable consumption and production (SDG 8.4), and increased Aid for Trade support for developing countries, particularly LDCs, through the Enhanced Framework for LDCs (SDG 8.a).

Trade policies will also play a major role in addressing supply and demand for illegal wildlife (SDG 15.7) and to protect ecosystems and halt biodiversity loss (SDG 15). In addition, safe, accessible, and environmentally friendly transportation by 2030 (SDG 11.2) will be a key element for making human settlements safe and inclusive and for making trade more sustainable (SDG 11).

Taken together, these goals demonstrate how trade and investment can act as vehicles for contributing to human well-being as well as to environmental and social sustainability. While there are multiple approaches that countries can adopt to move towards greener economies and sustainable trade, the SDGs will offer a key international framework and guidance for this purpose.

Box 1. Trade Related SDGs

Goal 1	End poverty in all its forms everywhere	
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	12.a support DC to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production
	2.a increase investment in DC, in particular LDCs	12.c rationalize inefficient fossil fuel subsidies that encourage wasteful consumption by removing market distortions
	2.b: Correct and prevent trade restrictions and distortions in world agricultural markets in accordance with the Doha Development Agenda	
Goal 3	Ensure healthy lives and promote well-being for all at all ages	Goal 13
Goal 4	Ensure inclusive and equitable quality education and promote life-long learning opportunities for all	Goal 14
Goal 5	Achieve gender equality and empower all women and girls	14.6 by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective S&DT for DCs and LDCs should be an integral part of the WTO fisheries subsidies negotiation
Goal 6	Ensure availability and sustainable management of water and sanitation for all	14.b provide access of small-scale artisanal fishers to marine resources and markets
	6.a by 2030, expand international cooperation and capacity-building support to DC in water and sanitation	Goal 15
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all	15.2 by 2020, promote the implementation of sustainable management of all types of forests
	7.1 by 2030 ensure universal access to affordable, reliable, and modern energy services	15.7 take urgent action to end poaching and trafficking of protected species of flora and fauna, and address both demand and supply of illegal wildlife products
	7.2 increase substantially the share of renewable energy in the global energy mix by 2030	Goal 16
	7.3 double the global rate of improvement in energy efficiency by 2030	Goal 17
	7.a by 2030 enhance international cooperation to facilitate access to clean energy research and technologies, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel technologies, and promote investment in energy infrastructure and clean energy technologies	Strengthen the means of implementation and revitalize the global partnership for SD
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	Finance
	8.1 sustain per capita economic growth at least 7% per annum in the LDCs	17.3 mobilize additional financial resources for DC
	8.2 achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sectors	Technology
	8.4 improve progressively through 2030 global resource efficiency in consumption and production	17.6 enhance North-South, South-South, and triangular regional and international cooperation on and access to science, technology, and innovation
	8.a: Increase Aid for Trade support for DCs, particularly LDCs, including through the Enhanced Integrated Framework for LDCs	17.7 promote development, transfer, dissemination and diffusion of environmentally sound technologies to DCs
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	Capacity building
	9.2 promote inclusive and sustainable industrialization	17.9 enhance international support for implementing effective and targeted capacity building in DCs to support national plans to implement all SDGs including through North-South, South, and triangular cooperation
	9.3 increase the access of small-scale industrial and other enterprises, particularly in DCs, to financial services including affordable credit and their integration into value chains and markets	Trade
Goal 10	Reduce inequality within and among countries	17.10: Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO, including through the conclusion of negotiations within its Doha Development Agenda
	10.a implement the principle of S&DT for DCs, in particular LDCs, in accordance with WTO agreements	17.11: Increase significantly the exports of DC, in particular with a view to doubling the LDC share of global exports by 2020.
	10.b encourage ODA and financial flows, including foreign direct investment, to states where the need is greatest	17.12 Realize timely implementation of DFQF market access on a lasting basis for all LDCs
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	Policy and institutional coherence
	11.2 by 2030, provide access to safe, affordable, accessible and sustainable transport systems for all	17.14 enhance policy coherence for SD
Goal 12	Ensure sustainable consumption and production patterns	17.15 respect each country's policy space and leadership to establish and implement policies for poverty eradication and SD
	12.2 by 2030 achieve sustainable management and efficient use of natural resources	

Indirectly related to trade and investment
 Directly related to trade and investment
 Explicit mention of trade and investment



UNEP's Environment & Trade Objectives

- Assist countries in the identification and realization of trade opportunities arising from a shift to a greener economy;
- Enhance capacity of countries to design and implement trade policies that foster environmental sustainability and human well-being;
- Strengthen the sustainability aspects of cross-border trade and investment agreements in bilateral, plurilateral, and multilateral negotiations;
- Realize a shift of trade trends to more sustainable patterns by addressing the impacts of trade on the environment, including trade footprint, illegal trade, and carbon emissions.



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