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The role of fair and free trade and investment in achieving the SDGs, especially regarding economic equality, sustainable infrastructure, industrialization and innovation

***Draft resolution submitted by the co-Rapporteurs
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The 140th Assembly of the Inter-Parliamentary Union,

- (1) *Noting* that in September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development (A/RES/70/L.1), better known as the Sustainable Development Goals (SDGs), and that this agenda includes 17 ambitious goals and 169 accompanying targets integrating economic, social, and environmental imperatives into a framework designed to guide government action through to 2030,
- (2) *Recognizing* that the rules and forms of trade and investment will influence the successful pursuit of the SDGs objectives, and that only when trade is conducted on a fair and free basis will it deliver sustainable and equitable outcomes, it follows that parliaments must play a key role in working to that end, and in measuring and communicating that progress,
- (3) *Acknowledging* the work of the IPU in examining the role trade and investment can play in sustainable development, including at the 112th IPU Assembly (Manila, 2005) which noted "the role of parliaments in establishing innovative international financing and trading mechanisms to address the problem of debt and achieve the Millennium Development Goals", and, more recently, the 128th IPU Assembly (Quito, 2013) which called on "parliamentarians and the IPU to play a pivotal role in advocating for fair trade as a means of ensuring sustainable development",
- (4) *Taking into account* the specific trade-related targets within the SDGs, namely: Target 17.10, "Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda"; 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"; and Target 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",

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(5) *Being mindful* that, in addition to the specifically trade-related targets, there is an array of results of other targets that will be influenced by international trade and investment, namely: Target 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"; Target 8.A, "Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries"; Target 9.3, "Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets"; and Target 10.A, "Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements",

(6) *Taking appropriate guidance* from the World Trade Organization's (WTO) relevant work, particularly the 2018 report *Mainstreaming trade to attain the Sustainable Development Goals*, which notes that "for countries to fully reap the benefits of trade, it is necessary to adopt approaches which aim to mainstream trade into their national sustainable development strategies",

(7) *Paying due regard* to the work of the United Nations Conference on Trade and Development (UNCTAD), especially the 6-stage action plan for investing in the SDGs contained in the 2017 publication *Mobilizing investment for the Sustainable Development Goals*, and the 2015 publication *Investment Policy Framework for Sustainable Development*,

(8) *Noting* the value that trade has for increasing the social and economic empowerment and participation of women,

(9) *Recognizing* that as a global community we need to reduce resource consumption, with special regard for water resources and that, on that basis, a focus on improving fair and sustainable trade should not mean abjuring opportunities to reduce waste and prevent resource depletion, or underrating the benefits of circular economies,

(10) *Noting* that in many countries the negotiation of, and consent to, trade and investment arrangements can be a prerogative of the executive, and that there is a range of mechanisms or structures through which parliament and parliamentarians have, to a greater or lesser degree but generally limited, visibility of and influence over the shape of such arrangements,

(11) *Wary of* the extent to which global trade can tend to replicate and even reinforce the developmental status quo, and recognizing that the vertical integration of manufacturing and supply chains by multinational corporations can tend to reduce competition, and consign less developed nations to lower value-added and primary production activities,

(12) *Acknowledging* the concerns that communities have about the impact of globalization in terms of workforce displacement and other harmful distortionary effects, especially in subsistence industries like agriculture, and noting the potential for such concerns, if unaddressed, to create political pressure that has the tendency to lead to the unhelpful practice of isolationism, chauvinism, and nativism,

1. *Reaffirms* the vital importance of a rules-based multilateral approach to trade and investment and arbitration mechanisms that seek to deliver fair development outcomes, especially as outlined in the broad goals and specific targets contained within the SDG framework;
2. *Also reaffirms* the contribution that fair and free trade, and properly regulated foreign investment, can make to reducing poverty, inequality, instability, and conflict, and to building economic capacity, self-sufficiency, international cooperation, and peace;
3. *Supports* the Enhanced Integrated Framework (EIF) as a partnership between least developed countries, international agencies, donors, and the United Nations Development Programme (UNDP), especially the work to create a framework for mainstreaming trade into national development strategies at the three principal levels of policy, institutions, and resourcing;
4. *Urges* parliaments to ensure that official development assistance funding is provided and applied to support genuine economic development and trade in developing nations, and especially least developed nations, through the EIF and has regard to the initiatives within the Mainstreaming, Acceleration and Policy Support (MAPS) approach adopted by the United Nations Development Group (UNDG);

5. *Welcomes* the inclusion within trade arrangements of standards in relation to workers' rights and workplace health and safety matters, and the inclusion of standards in relation to environmental protection and human rights, and calls for the wider application of such standards in future with improved compliance mechanisms;
6. *Calls on* parliaments to initiate a review of existing national trade and investment arrangements, noting, for example, that three-quarters of bilateral investment arrangements were settled between 1980-2000 and are often ill-matched to subsequent treaties, meaning there can be insufficient alignment in present arrangements between trade and investment, industrial policy, and sustainable development;
7. *Also calls on* parliaments to advocate for policy coherence, coexistence, and integration in the implementation and monitoring of global and regional developmental goals on trade and investment within governments and government institutions with the aim of enhancing consistency, and to remove policy overlaps and redundancies;
8. *Further calls on* parliaments to examine, assess and, where it is judged appropriate, seek to introduce mechanisms through which parliamentary oversight of trade and investment arrangements can occur with the benefit of access to independent economic assessment and due regard for the input of stakeholders from both industry and civil society;
9. *Encourages* parliaments to take account of emerging concerns about investor-state dispute resolution clauses, whose purpose is to allow foreign companies to challenge national laws and policies in tribunals of questionable integrity, and which have the potential to undermine regulation in the interest of public health, environmental protection, and human rights;
10. *Urges* parliaments and governments to focus on the delivery of infrastructure that can unlock trade opportunities in developing countries, and allow existing industries to graduate towards higher value-added production, rather than simply facilitate the export of lower value resources for incorporation into a value chain that may reinforce current disparities;
11. *Calls on* parliaments to examine the means by which infrastructure projects are planned and assessed at the national, regional, and local level, with a view to ensuring there is coordination of significant public and private investment in the national interest according to a set of priorities that includes formal reference to the SDGs;
12. *Also calls on* parliaments to be particularly mindful of government programmes to deliver effective digital communication and finance infrastructure, noting that e-commerce and access to finance and to internationally competitive communication technology is just as important as traditional forms of "hard" infrastructure, and is key to unlocking development potential in least developed countries;
13. *Further calls on* parliaments to take a key interest in sector-specific foreign direct investment (FDI) allocation to ensure an even distribution of resources in all spheres of the economy, but especially in agriculture and agro-processing since these are sectors where developing and least developed countries have some comparative advantages, and these sectors also have the propensity to reduce poverty and economic hardship as enshrined in the SDGs;
14. *Urges* parliaments to use legislative and policy frameworks to ensure that the interests of women, youth, and vulnerable communities are mainstreamed in the development and implementation of trade and industrial policies of government to deliver equality, equity, and fairness;
15. *Calls on* parliaments to take considerable interest in the soundness of the financial systems of developing and least developed countries since effective and efficient industrialization, innovation, and sustainable infrastructure are to a large extent premised on sound and resilient financial systems.