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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 Standing Committee on Sustainable Development, Finance and Trade***

Rapporteur: Ms. V. MUZENDA (Zimbabwe)

The 140<sup>th</sup> 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) and that the 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 Sustainable Development Goals (SDGs) objectives, and that conducting trade on a fair and free basis in a predictable and congenial business environment will deliver sustainable and equitable outcomes, it follows that parliaments should 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 112<sup>th</sup> 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 128<sup>th</sup> 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) *Also acknowledging* the resolution adopted at the 136<sup>th</sup> IPU Assembly (Dhaka, 2017) stressing the importance of women's financial inclusion for the achievement of the SDGs,
- (5) *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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(6) Referring to rules and standards for responsible business conduct, such as the OECD *Guidelines for multinational enterprises* and the UN *Guiding Principles on Business and Human Rights* unanimously endorsed by the UN Human Rights Council in 2011,

(7) *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, including: 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",

(8) *Noting* the ratification of the Trade Facilitation Agreement of the World Trade Organization (WTO), the full implementation of which the WTO estimates could add half a percentage point to global annual Gross Domestic Product, with gains likely to accrue disproportionately to developing countries in particular, including to least developed countries,

(9) *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/2030 Agenda contained in the 2017 publication *Mobilizing investment for the Sustainable Development Goals*, and the 2015 publication *Investment Policy Framework for Sustainable Development*,

(10) *Noting* the value that trade has for increasing the social and economic empowerment and participation of women in the economy, including women's entrepreneurship,

(11) *Recognizing* that, as a global community, we need to change production and consumption patterns to reduce resource consumption, greenhouse gas emissions and environmental damage, with special regard to water resources, and that, on that basis, a focus on improving fair and sustainable trade does not contradict the objectives of reducing waste and preventing resource depletion and greenhouse gas emissions, and does not underrate the benefits of circular economies,

(12) *Noting* that, while negotiating, signing and consenting to trade and investment arrangements is often the prerogative of the executive, parliaments have an important role to play in ensuring that trade liberalization leads to inclusive domestic growth and poverty reduction through policies that promote market access for all and the broad sharing of the benefits of trade,

(13) *Mindful* that global trade might replicate and even reinforce the developmental status quo and existing inequalities, including gender inequalities, and recognizing that the vertical integration of manufacturing and supply chains by multinational corporations might reduce competition and consign less developed nations to lower value-added and primary production activities,

(14) *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, transparent, equitable and non-discriminatory multilateral approach to trade and investment centred on the WTO and arbitration mechanisms that seek to deliver fair and sustainable development outcomes, especially as outlined in the broad goals and specific targets contained within the SDGs/2030 Agenda;
2. *Also reaffirms* the contribution that fair, free and sustainable trade, and properly regulated foreign investment, can make to reducing poverty, inequality, instability, and conflict, to building economic capacity, self-sufficiency, international cooperation, and peace, and to fighting global warming;

3. *Underlines* the importance of integrating sustainable consumption and production into trade and investment legal frameworks, policies and regulations as a means to make progress towards sustainable development;
4. *Calls on* parliaments to address women's underrepresentation in the economy, especially in the technology, finance and trade sectors, through the education of girls, gender-responsive education and training, and affirmative action policies, and to ensure women's participation in decision-making in these sectors;
5. *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;
6. *Encourages* parliaments to ensure that Aid for Trade funding is provided and applied to support genuine economic development and trade in developing nations, and especially for least developed countries, through various channels including the EIF, and that such funding has regard to the initiatives within the Mainstreaming, Acceleration and Policy Support (MAPS) approach adopted by the United Nations Development Group (UNDG);
7. *Urges* the inclusion within trade arrangements of standards for responsible business conduct in general and, more specifically, in relation to workers' rights and workplace health and safety matters, and the inclusion of standards in relation to environmental protection and the fight against global warming and in favour of human rights, and calls for the wider application of such standards in future with effective compliance mechanisms, and with a gender-responsive focus, including on fair working conditions for women and equal pay;
8. *Underlines* that these standards for responsible business conduct should be implemented throughout the entire value chain;
9. *Calls on* parliaments to see to it that environment and climate-change aspects are duly taken into account in international trade policies, with particular focus on measures aimed at removing obstacles to market access for green products and services;
10. *Also calls on* parliaments to be particularly mindful of government programmes so as to continue to identify concrete solutions that will remove barriers to trade and investment in renewable energy;
11. *Further calls on* parliaments to task their respective governments to conduct a periodic review of existing national trade and investment arrangements, and to address any insufficient alignment in present arrangements between trade and investment, industrial policy, and sustainable development;
12. *Also calls on* parliaments to ensure that trade-related domestic legal and regulatory systems are transparent, efficient and accessible to micro, small and medium-sized enterprises, including through the implementation of the WTO's Trade Facilitation Agreement;
13. *Also calls on* individual members of parliament to adopt one or more SDGs and to use their adopted SDG(s) as a guideline in their parliamentary work, promoting the implementation of the goals and preventing policy incoherencies;
14. *Encourages* parliaments to take account of emerging concerns about investor-state dispute resolution clauses, whose purpose is to allow foreign companies to claim compensation for damages resulting from changes in national laws and policies, and of ongoing efforts to reform investor-state dispute resolution, safeguarding the right to regulate in the interest of public health, environmental protection and human rights, while providing effective protection for responsible foreign investment;

15. *Urges* parliaments and governments to focus on the delivery of infrastructure and digital technology 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;
16. *Calls on* parliaments to examine the means by which infrastructure projects are planned and assessed at the national, regional and local level, in consultation with concerned communities, including women, with a view to ensuring that those projects are of sufficient quality, aligned with a set of priorities that includes formal reference to the SDGs, and are of benefit to everyone, particularly rural women;
17. *Underscores* the need to allocate more resources for quality education, in order to increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship, as a means to foster industrial development and innovation;
18. *Calls on* parliaments to ensure an enabling legislative framework and the necessary support for government programmes to deliver effective digital communication and finance infrastructure, noting that e-commerce and access to finance and 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 and to addressing gender gaps in access to digital communication and financial services;
19. *Also calls on* parliaments to stimulate relevant parties to take a key interest in sector-specific foreign direct investment allocation, especially in sectors that have the propensity to reduce poverty and economic hardship, as enshrined in the SDGs/2030 Agenda;
20. *Urges* parliaments to ensure that legislative and policy frameworks recognize and seek to alleviate the barriers that women, youth and vulnerable communities face in accessing markets and benefitting from trade liberalization, with the goal of empowering these groups and achieving fair and equitable outcomes;
21. *Also urges* parliaments to enact relevant legislation and policy frameworks to enable small and medium-sized enterprises (SMEs) to enter the international supply chain by creating a supportive business environment for SMEs and building their human, technical and financial capacities so that they can understand policies and operations in global supply chains and respond profitably to these requirements;
22. *Calls on* parliaments to take considerable interest in the soundness of the financial systems of all countries, since effective and efficient industrialization, innovation and sustainable infrastructure are, to a large extent, premised on sound and resilient financial systems;
23. *Urges* parliaments to promote legislation and policies that comprehensively address the key drivers of export diversification, whose role is crucial in transforming economies and achieving the SDGs, particularly in developing countries in Africa and in least developed countries; and in this regard, invites parliaments to focus on building productive capacities, increasing the share of manufacturing value-added and diversifying the domestic production structure, as well as on infrastructure development encompassing transportation, ICT and energy, particularly renewable energy.