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Introduction

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In September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, a global effort under the auspices of the United Nations (UN) to tackle poverty, climate change and violence while promoting more equal, inclusive and prosperous societies. They agreed on 17 Sustainable Development Goals (SDGs) and 169 ambitious SDG targets covering all areas of human development and the environment to guide development efforts through the 2030 time horizon. The SDGs represent a fundamentally distinctive approach to development that moves away from a narrow perspective on economic development to an integrative agenda that simultaneously pursues ecological, social and economic goals (Stevens and Kanie 2016). By aiming to create social floors and to ensure that the human impact on the environment does not exceed planetary boundaries, the SDGs encapsulate the seeds of substantive transformation toward *sustainable* development. The effective implementation of the SDGs requires national action and international cooperation, as well as the involvement of a wide variety of both state and non-state actors.

Illustrative of this holistic development approach, the promotion of international trade and investment is not per se an objective of the SDGs. Instead, trade, foreign investment and related domestic and international policies are seen as important vectors though which many of the core goals and targets can be achieved. To that end, some of the SDGs explicitly call for the active use of trade measures, in particular when meeting compelling public policy goals. Goal 2 (Zero Hunger) includes a call to correct and prevent trade restrictions and distortions in world agricultural markets, while Goal 14 (Life Below Water) points to the need to reduce fishery subsidies to avoid overcapacity and overfishing. Trade benefits for poorer states are also explicitly raised in Goal 17 (Partnership for the Goals), through commitments to improve market access for least developing countries (via, among other tools, increased aid for trade support, duty-free and quota-free market access) with the objective of doubling their export market share. From a broader economic perspective, general economic growth remains the most important channel through which trade can support the SDGs (Helble and Shepherd 2017b; Hoekman 2017). Indeed, the valuable benefits to individuals that can flow from inclusive and sustained economic growth are explicitly recognised in Goal 8 (Decent Work and Economic Growth).

That broader vision requires careful attention to a variety of economic pathways to the achievement of the SDGs beyond trade policy. Domestic and foreign investment is especially vital and, not surprisingly, occupies a central place in the normative vision of the SDGs. The 2030 Agenda for Sustainable Development openly frames 'private business activity, investment and innovation [as] major drivers of productivity, inclusive economic growth and job creation' (United Nations 2015, p. 29). According to the 2030 Agenda, increased investment in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks is instrumental to enhance agricultural productive capacity, in particular in least developed countries, in the framework of Goal 2 (Zero Hunger). Investment in energy infrastructure and clean energy technology is centrally positioned within Goal 7 (Sustainable and Modern Energy). Moreover, official development assistance and financial flows, including foreign direct investment, should be encouraged in the framework of Goal 10 (Reduce Inequality Within and Among Countries). And the adoption and implementation of investment promotion regimes for least developed countries should be encouraged in the framework of Goal 17 (Global Partnership for Sustainable Development). Against this backdrop, this edited volume focuses on various channels through which both international trade and investment can help contribute to the realisation of the SDGs. We are particularly interested in two sets of questions that are explored through a range of methodologies – including legal and statistical analysis as well as case studies – incorporating insights from law, economics and political science.

First, we explore the channels through which the Agenda for Sustainable Development has found its way into international trade and investment agreements, and related public and/or private initiatives. One can conceive of this inquiry on a vertical plane. Beginning from the international/supranational level, there is the vital mapping question of whether treaty design features of recent international trade and investment agreements incorporate substantive commitments on states parties to contribute towards sustainable development. Yet those treaty commitments require engagement by both public bodies and private entities to internalise and realise these goals. The importance of investigating the multiplicity of channels thorough which various public and private actors are involved in sustainable development is evident when one considers the sizeable challenge of achieving the SDGs by 2030 (United Nations 2019). For one, efforts by governments alone will not suffice. Many developing countries in particular have only limited financial and human resources at their disposal. While civil society organisations (including non-governmental organisations and social partners) and international organisations have a crucial role to play, business as the main economic actor in trade and investment (and innovation) occupies a place of choice without which the 2030 Agenda cannot be achieved (van Zanten and van Tulder 2018).

The second set of questions occupying the book concerns trade-offs between SDGs. Does progress toward any one of the SDGs or targets affect the likelihood to achieve any other Goal or target? Specifically, when and how does pursuing one SDG and its related targets lead to positive synergies for reaching other SDGs and under what conditions does it lead to trade-offs? While interdependence is inherent in the DNA of the SDGs, difficult trade-offs between the various Goals seem inevitable in view of the all-encompassing nature of the 2030 Agenda (Nilsson et al. 2016). Interactions and possible trade-offs across Goals are at the core of several contributions to this volume. The analysis of such interactions and possible trade-offs can be a valuable guide for scholars and policymakers in identifying and evaluating the complex challenges related to sustainable development.

Our approach does not track each of the 17 SDGs in chronological order. Instead, we have structured the contributions of the various authors to this edited collection in three substantive parts. Part I explores patterns of penetration and diffusion of the SDGs, principally through international commitments such as preferential trade agreements (PTAs) and the World Trade Organization (WTO). Part II shifts direction to focus on the role of key public bodies (including entities such as investment promotion agencies) in shaping SDG-related outcomes and trade-offs. Part III contrasts with exploration of the private sector initiatives (such as voluntary sustainability standards and new technologies like blockchain) that have important potential to shape the SDG agenda while raising the ever-present policy question of managing trade-offs.

We are certainly not the first to explore the links between international trade, investment and sustainable development. The question of how trade in particular can contribute to sustainable development is at the core of extensive literature. The recent volume by Helble and Shepherd (2017a) offers a more targeted view of the relationship between trade and the SDGs from the perspective of economic analysis. Our focus too is directed principally at the SDGs, but we seek to explore the potential of *both* trade and investment in the achievement of SDGs. The present volume also adds a multidisciplinary approach incorporating insights from economists, lawyers and political scientists. Given the simultaneous focus of the SDGs on the environment, the society, and the economy, this more holistic approach is much-needed and arguably better equipped to uncover potential trade-offs.

Chapters Overview

Part 1 of the book includes three chapters that explore the penetration and diffusion of sustainability provisions through various international agreements. The contributions here are organised in line with recency and vibrancy of international law-making engaging the SDGs. We thus begin with Adinolfi's exploration of SDG-related provisions in recent PTAs concluded by the European Union (EU). Sustainable development has long been a central policy objective of the EU, enshrined in its treaties since 1997. Aside from its internal manifestations, the EU is a central player in the external projection of the SDGs through various channels. The EU has a set of comparative advantages in acting as a norm entrepreneur for the SDGs, not least strong welfare systems, public investment in research and innovation and high labour and environmental standards. But like many other actors and states, it faces complex and interlinked challenges (engaging trade-offs between SDGs) relating to, for example, climate change, demographic shifts, inequality and social cohesion. Adinolfi explores the EU's role in promoting the SDGs globally to select counterparties through its growing network of PTAs. She does so naturally against the backdrop of stasis in the WTO, particularly the stalled Doha 'development' round of negotiations. Adinolfi offers a legal analysis of the trade and sustainable development (TSD) chapters inserted in recent PTAs concluded by the EU. Her main objective is to assess the extent to which these TSD chapters offer viable mechanisms for the attainment of the SDGs. After an introduction on relevant EU primary law, the chapter is structured in three sections covering the relationship between EU PTAs and multilateral environmental agreements, the recognition of the parties' rights to regulate in environmental matters, and the enforcement and dispute settlement mechanisms enshrined in TSD chapters.

The framing of Adinolfi's contribution ultimately suggests an optimistic account of the role of trade agreements to externally project preferences about the SDGs. By contrast, in Chapter 2 Basedow injects a note of caution for the reader, at least in understanding the complex political economy behind the inclusion of SDG-linked provisions in external treaties. His chapter adopts a more targeted focus exploring whether the EU's recent empowerment to conclude international investment agreements (IIAs) has made these agreements more development-friendly. Focusing on the EU's choice of partner countries, substantive protection and treatment provisions as well as procedural provisions on investor-to-state dispute settlement, the chapter explores whether the EU's IIAs have indeed become more development-friendly in comparison to the international investment agreements of individual EU member states (where in the latter, typically, there is little consideration of developmental goals). Interestingly, the chapter goes on to test whether policy changes are due to European law obligations applying to EU IIAs, increased politicisation of IIA policymaking in the context of EU's Common Commercial Policy or simply the aggregation of diverse member state preferences into a common European approach.

Of course, regional trade agreements are not the only international vector through which the SDGs can be promoted or constrained. The law and practice of the WTO remain a vital multilateral script to set the rules of economic globalisation and to manage its downside effects. That said, most of the rules of the WTO predate the September 2015 adoption of the UN 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals. But the WTO legal system has proven itself (particularly through adjudication) to be reasonably elastic in the incorporation of contemporary values and needs of its membership. Chapter 3 by Espa explores this dynamic when assessing whether the law and practice of the WTO are sufficiently aligned with the international law principle of sustainable use of natural resources as enshrined in the SDGs. Focusing specifically on WTO dispute settlement (in cases involving the notion of 'conservation' under Article XX(g) of the General Agreement on Tariffs and Trade and Article 2 of the Agreement on Technical Barriers to Trade), she analyses whether such provisions have been interpreted by WTO adjudicators so as to preserve sufficient flexibility for WTO members to pursue sustainable natural resource management goals through trade-related policy instruments (including, provocatively, those that are unilateral measures with extraterritorial reach).

Part II of the book then turns to a series of chapters exploring the impact of select public (both governmental and intergovernmental) interventions on SDG-related outcomes and trade-offs. As the chapter by Adinolfi demonstrates, the inclusion of social and environmental provisions in PTAs has become a tool of choice for developed country governments to promote compliance with internationally recognised labour, human rights and environmental standards. While the jury is still out on the effectiveness of trade linkage strategies to achieve social and environmental goals – among others because the incentives to take costly enforcement action again non-complying partners is low – many developing countries are also inclined to view such provisions as amounting to protectionism in disguise (Beattie 2019). Surprisingly, we still know very little about the economic impact of social and environmental provisions in PTAs. One reason is that data on the inclusion of non-trade issues in PTAs has long been missing. This has now changed as detailed datasets on the design of environmental and labour provisions in PTAs have recently been made available (e.g., Trade and Environment Database [TREND], Morin et al. 2018; Labor Provisions in Trade Agreements [LABPTA], Raess and Sari 2018). Using the TREND dataset, Chapter 4 by Berger, Brandi, Morin and Schwab investigates the impact of the introduction of environmental provisions in PTAs on bilateral trade flows. In line with the protectionism in disguise argument, the authors hypothesise that such provisions will reduce bilateral trade flows, particularly Southern exports into Northern markets. This contribution is long overdue. To our knowledge, it is the first study that systematically examines the trade flow effect of environmental provisions in PTAs.

No doubt, achieving the SDGs will require significant private financial investment. In the global race to attract and retain foreign direct investment (FDI), almost every country in the world has established its own investment promotion agencies (IPAs). As domestic institutions embodied with particular mandates that prioritise certain goals over others, IPAs provide a country-led means of both catalysing new foreign investment and targeting certain types of investment – perhaps promoting some type of investment while discouraging other types. This tension inherent in the dual nature of IPAs, as agents of government and advocates for foreign firms, is at the core of our next contribution. In Chapter 5 Bauerle Danzman and Gertz ask whether and how the governance structures of IPAs, by reflecting particular interests and ideas, influence their potential contribution to sustainable development. The chapter has a rich empirical base that combines quantitative and qualitative data, including World Bank surveys of IPA officials and a case study of Costa Rica's IPA on the basis of a 'before-and-after' research design. Both contributions draw our attention to the important question of trade-offs. While Berger et al. focus on possible trade-off between economic and environmental goals, Bauerle Danzman and Gertz more broadly tackle potential trade-offs between economic goals and general development goals.

Lastly, Part III of the book analyses 'bottom-up' private initiatives that have potential to drive outcomes on the SDGs. The UN Secretary General recently forcefully reiterated the need of private sector involvement to make progress towards the attainment of SDGs (Guterres 2019). There are several dimensions of private sector participation in activities that might be relevant for the achievement of SDGs. One of them is private finance. As reported by Bauerle Danzman and Gertz, the UN has estimated that an additional US$2.5 trillion in annual public and private finance will be needed to meet the SDG targets. Another relevant dimension relates to the private sector as standard setter, in particular in the domain of so-called voluntary sustainability standards (VSS). These are defined by the United Nations Forum on Sustainability Standards as 'rules that producers, traders, manufacturers, retailers or service providers may be asked to follow so that the things they make, grow or do don't hurt people and the environment' (UNFSS, unfss.org). The involvement of firms is essential because, by their very nature, such standards are not compulsory standards set by the government. VSS can, in principle, impact SDGs because they help keep workers healthy and safe, protect communities and land and uphold human rights, as well as moderating the environmental impacts of production and consumption. In Chapter 6 Fiorini, Gnutzmann, Gnutzmann-Mkrtchyan and Hoekman discuss the channels through which the adoption of VSS can impact different SDGs. The authors draw on and complement the mapping proposed by UNFSS (2018), according to which VSS have a direct impact on sustainable development (because they strengthen sustainability in the economic activity to which they are directed) and an indirect one, through their trade effects. The chapter argues that the impact of VSS on SDGs can be categorised based on five economic channels: pricing, supply chain competitiveness, certificate design, production process and public goods. A distinction is introduced between Fair Trade VSS developed by non-governmental organisations and corporate-backed private VSS, which the theoretical and empirical literature carefully surveyed in the chapter has shown to have distinct effects on the five channels above. Finally, the chapter discusses the existence of trade-offs between different dimensions of sustainability, which should be considered to identify the most appropriate design of VSS.

What are the determinants of VSS adoption in the first place? Chapter 7 by Jackson and Balema uses survey data on cocoa producing households in Côte d'Ivoire to address this question. Côte d'Ivoire is the largest cocoa producing country. With almost 2.7 million hectares dedicated to cocoa production, it accounted for 40 per cent of the world production of cocoa in 2017. Between 2011 and 2015, the number of producers of certified cocoa increased from 55,387 to 225,938. Such four-fold increase in the number of certified farmers most likely implies that the livelihood of farmers is affected in very significant ways by joining certification schemes. The chapter shows that farmers' motivation to become certified relates to a combination of socio-demographic characteristics and farm-specific features. The chapter further tests empirically the public goods channel identified by Fiorini et al., asking whether the adoption of practices such as water conservation, soil management, integrated waste management and ecosystem conservation increased for farmers who joined a certification program, and whether the price premia received by certified farmers' organisations helped finance local public goods such as health care, education and clean water.

Another broad vector through which SDGs are affected is technology. Throughout history, technological innovations have significantly reduced the costs of trading and transformed the way we communicate, consume, produce and exchange goods and services. In the current digital era, a series of innovations that leverage the internet – such as the Internet of Things, artificial intelligence, 3D printing or blockchain – is having and will continue to have profound implications for international trade and investment. In Chapter 8 DiCaprio, McDaniel, Narayanan and Norberg focus on one particular digital technology: blockchain. They ask whether the adoption of blockchain can indirectly affect SDGs through the various impacts of blockchain on international trade. They identify three areas where blockchain technology can greatly reduce trade frictions, lowering the threshold for firms, including small and medium-sized enterprises, to enter global markets: streamlining customs and border measures, increasing access to trade finance and increasing utilisation rates of tariff preferences. The chapter presents an empirical application based on a computable general equilibrium model, showing the potential effects on world trade and world gross domestic product of blockchain-induced reduction in trade costs and in preference utilisation gaps.

Lastly, the long-term feasibility of sustainable-development initiatives and policies depends significantly on the support of the public at large. Individuals play an indirect political role as consumers by purchasing (or not) goods and services produced under 'ethical' conditions, as those generated under VSS. Citizens also interact with their governments through the expression of their (public) opinion, including at the ballot-box. Because of electoral accountability in democracies there is a fair amount of consistency between public opinion and public policy in the medium to long term. Accordingly, it is essential to understand how individuals think about possible trade-offs in charting potential policy choices. The final contribution to this volume, Chapter 9 by Kim and Lee, examines whether concerns about potential negative environmental effects associated with international investment has any bearing on individual attitudes towards FDI, and whether those views differ between developed and developing countries. The authors revisit an old but important debate – namely whether environmental quality is a luxury affordable only by those who live in affluent societies – with survey experiments in the United States and in India, employing state-of-the-art research methodology which arguably avoids some of the pitfalls of survey data.

Science is called upon to play its role in contributing to the realisation of the SDGs (Independent Group of Scientists appointed by the Secretary-General 2019). This volume aims to contribute by outlining the state of play regarding the penetration and diffusion of the SDGs in select international fora pertaining to global economic governance, and by producing new evidence on possible trade-offs relating to the contribution of the trade and investment levers to achieving the SDGs. The size of challenge before policymakers remains formidable. There are significant knowledge gaps as to our understanding of all possible target/Goal-level interactions (Independent Group of Scientists appointed by the Secretary-General 2019: Box 1–2), and as we are currently just under one third into the process, the world is seriously off-track to reach the SDGs by 2030 (Guterres 2019). Sustained scholarly attention to the SDGs is much needed and timely. With this volume, we hope to make a modest scientific contribution to help countries navigate some of the difficult trade-offs involved in sustainable development.

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