





# SUSTAINABLE DEVELOPMENT GOALS



# SDGs and trade: our main questions

- What are the **fundamental links** between trade and SDGs?
- Does trade **help or hinder** efforts to attain the SDGs?

Challenge: Many linkages between trade and the SDGs are **implicit** or **indirect**

# Introductory modules : overview

## A.1 Overview

- Trade raises incomes and productivity
- It is **complementary** with many SDGs, such as SDG 1 & 2
- It may be **contradictory** with others—ex., environmental SDGs or Decent Work, if other elements are not in place
  - If institutions governing resource use and/or labor rights are weak

## A.2 Tools and some stylized facts

- **Basic economic principles:** opportunity cost, comparative advantage, increasing opportunity cost
- Trade may redistribute income and opportunities
- Externalities and other market failures may break the positive trade-SDG link

# Introductory modules: overview

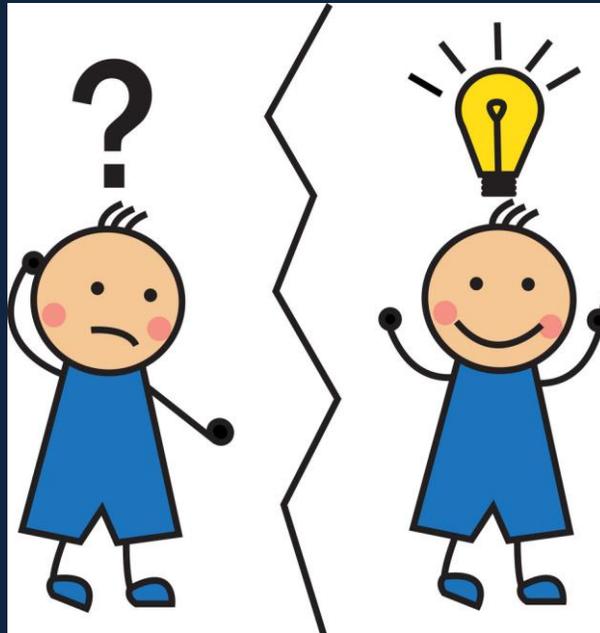
## A.3 Trade and environmental SDGs

- Decompose trade effects on environmental variables:
  - scale, composition and technique effects

## A.4 Trade policy reforms and SDGs

- Trade liberalization promotes efficiency & specialization
- Winners and losers from trade liberalization
  - By ownership of productive assets (labor, capital, land... )
- Indirect effects through fiscal accounts
- “Old” and “new” style trade agreements
  - Behind-the-border measures on environment, labor standards, ...
  - New FTAs provide more support for SDGs

# Your questions and discussion...



# Some key insights

## Complementarity

- Income and productivity gains reduce the cost of attaining core SDG goals. Ex.: wealthier households spend more on education

## Invisibility

- SDG impacts of trade are often indirect – ex., fiscal effects when increased trade raises gov't revenues

## Conditionality

- Gains from trade mediated by institutions & policies. Ex.: Weak institutions --> “race to the bottom” in environment or labor standards. Two targets/instruments problem

# A few questions to consider

- **If trade is both a blessing and a curse, why rely on it?**
  - Can a country be better off by closing its borders?
- **Do large, rich countries play fair in global markets?**
  - What if they don't, does that affect developing countries' efforts to reach SDGs?
- **Must trade have both winners and losers?** Is there any way to ensure that everyone can gain?

# Looking ahead

**11/28: Specific issues and policies, expert panel**

- Prerequisite: complete B and C modules, including tests
- Accomplishment: certificate for completing online course, passing quizzes (75%), attending workshops
- Questions: **post to chat on the course platform**
- **Please note different starting time on 11/28**

**Thank you for your  
participation today!**

# Gains from trade depend on markets and institutions (example)

How does increased trade reduce poverty?

- Trade (and FDI) takes advantage of abundant resources – including labor
- Labor demand increases wages and incomes
- Direct effects on those employed
- Indirect effects on ancillary industries
- Gains spread more widely through migration and remittances to poorer origin communities
- But **gains depend on labor mobility**, so the institutions of the labor market conditions results
- Typical conclusion: **two targets, two instruments**