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The post-2015 agenda – keep your eye on the global economy!

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The post-2015 agenda – keep your eye on the global economy!

Bonn, 22 September 2014. Negotiations on the goals that are to succeed the Millennium Development Goals (MDGs) after 2015 are entering a critical phase. On 24 September 2014 the proposals of the Open Working Group (OWG) for Sustainable Development Goals (SDGs) will be presented to the UN General Assembly. Global economic governance is set to play a central role in this. The rules and mechanisms for the control of global economic processes are essential for sustainable development and the prevention of international crises. Trade and the international financial architecture therefore need to form forward-looking cornerstones of the post-2015 agenda. Insufficient thought has been paid to this thus far.

The SDGs cannot and should not determine new global rules of trade. This remains the responsibility of the World Trade Organization (WTO). Nevertheless, trade should be a prominent component of the SDGs, as they offer an opportunity to align the regulation of international trade expressly towards the goals of sustainable global development, thereby moving increasingly into the spotlight of the decision makers. It remains to be seen how SDGs can offer an adequate framework in which to tackle the acute challenges with regard to trade. This applies in particular to less-developed countries mired in primary production without noteworthy processing capabilities who find it difficult to integrate into the global value chains that have grown increasingly in importance in recent years.

In order to counter this challenge the SDGs should move beyond merely setting goals for market access. And in fact, the proposals of the OWG not only contain goals such as doubling the exports of the poorest countries and offering them customs and quota-free market access. For example, they also point out that transparent and simple rules of origin should apply for imports from poorer countries.

However, gaps still remain. The SDGs offer the opportunity to reinforce the significance of ecologically sustainable trade regulations, for example by removing distorting subsidies. In addition, the SDGs should also keep an eye on the negotiations for so-called mega regionals that are currently underway, in particular the transatlantic and transpacific trade and investment partnerships TTIP and TPP. One clear goal should therefore be that such treaties are in concordance with the post-2015 agenda.

Financial issues, too, should have a significant role in the SDGs. One positive aspect is that the OWG proposal not only includes goals for development financing. It also comprises systemic goals that concern the function of the world financial system, such as the stability of the international financial markets. The financial crisis has demonstrated a clear requirement for reform here.

The proposal of the OWG also shows that gaps still exist in the area of international financial architecture. An expert committee in the context of the UN recently drew up a report on sustainable development financing. This recommends, for example, the strengthening of regional co-operation. This is important, as it helps to mobilise financial resources for regional public goods. In addition, the OWG also points out that illicit flows of finance should be reduced, but it is not stated who should undertake which tasks. Decisive here is that in the forthcoming intergovernmental negotiations regarding the SDGs ongoing processes are interlinked with one another and a coherent vision for sustainable and development-friendly global economic regulations is developed.

The same also applies for processes outside of the UN. Because the UN in its capacity as a representative forum plays a key role in the drafting of global economic governance by bringing together different global institutions. With regard to the regulation of the financial markets it is largely non-UN institutions such as the Basel Committee on Banking Supervision and the Financial Stability Board that play a key role in the establishment of rules of ultimately global validity. When the goals and indicators for the post-2015 agenda are developed the aim should therefore be to establish an overall concept of global economic regulations for sustainable development, also including these institutions.

The SDGs and the post-2015 agenda offer the opportunity to anchor the principles of sustainable development in global economic governance, taking into account the connections between different areas of policy. For example, the current proposals of the OWG reveal overlapping between trade and financing that has not thus far been addressed within the scope of the WTO. Conversely, a suitable global economic governance system is a necessary condition for sustainable development.