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TRADE AND TRADE POLICY ISSUES IN THE UNITED NATIONS' MILLENNIUM DEVELOPMENT GOALS AND THE SUSTAINABLE DEVELOPMENT GOALS

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Abstract

This paper presents an overview of the trade and policy issues in the United Nations' Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs). It assesses the dramatic changes in the political, economic, and business background from the early 2000s (shaping the MDGs) to the early 2010s (designing the SDGs). These changes rarely get the attention they merit, despite their profound consequences on how to use—or not use—trade policies for promoting development. Following this, it examines the three major phases in the MDG/SDG progress: first, a pro-trade agenda during the preparation of the MDG Report (2002–2005) insisting on the positive impact of trade for development if—a big if—economically sound trade policies are adopted; then, uninspiring MDG8 Gap Reports cantoned in the increasingly sterile—and economically unsound—World Trade Organization negotiations during the implementation period of the MDGs (2007–2015); finally, the ignorance of the trade potential for a "better life" during the preparation of the SDGs (2013–2015). The paper also provides a telling comparison of the MDGs' and SDGs' very different inputs and outputs. The paper concludes by stressing the largely ignored common regulatory agenda between trade policies and the SDGs, arguing that a well-designed trade policy could play a key role for improving domestic regulations, and, hence, contribute to the SDGs' ultimate goal—a "better life".

JEL Classification: F10, O10

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INTRODUCTION

The impression that the United Nations' Sustainability Development Goals (SDGs) have been much less interested in trade issues than its Millennium Development Goals (MDGs) flows neither from there being few places in the former's documents where they are explicitly mentioned, nor to the SDGs having much wider "transformational" ambitions than the MDGs. While MDGs were shaped with a heavy aid perspective targeting poor countries, SDGs addressed the roots of world poverty by adopting a holistic development approach, with every country expected to work for them (United Nations Association – UK 2016). With such a change of scale, one should expect that trade would be somewhat "downscaled" compared to their position in the MDGs—as indeed with every other prominent issue in the MDGs. Rather, this impression flows from the SDG ideas and suggestions being mere replicas of those highlighted by the MDGs, as if the issues raised by trade policies in the 2010s and beyond were similar to those faced between 2000 and 2005. This is this routine approach which signals best a profound lack of interest in trade.

This paper presents an overview of the MDG and SDG trade and policy issues in three steps. Section 1 shows the dramatic changes in the political, economic, and business background from the early 2000s (shaping the MDGs) to the early 2010s (designing the SDGs). Section 2 focuses on the differences in the inputs used in the preparatory process of the MDGs and SDGs. MDGs have been largely driven by small teams of experts in a limited number of topics, while SDGs have relied on grand-scale UN consulting and negotiating machinery for defining and addressing a much wider agenda. The section also shows how the MDG Gap Reports have failed to bridge the MDGs and SDGs. Finally, section 3 focuses on the MDG and SDG outputs, that is, their goals, targets, and indicators, showing the very different scale of these two endeavors, before making a first tentative economic assessment of the SDGs vis-à-vis trade issues.

1. DRAMATIC CHANGES IN THE POLITICAL, BUSINESS, AND ANALYTICAL ENVIRONMENT

The MDG and SDG preparation phases occurred in dramatically different environments in almost all possible dimensions: increasingly chaotic domestic politics, severe and unresolved economic turbulence, growing tensions in international relations, etc. Having emerged in such different environments, these two endeavors could hardly have been similar even had they wanted to be, which was not the case.

1.1 The MDG Preparation Phase: Still a Pro-trade Agenda

The core MDG preparation phase was from 2002 to 2005, and was a product of recent world trade achievements. A pro-trade environment and the successful conclusion of the Uruguay Round in 1995 and the expansion of the topics it covered meant that supporting opening markets was still perceived as politically beneficial by most world politicians. This was greatly amplified by the broad political and economic consequences of the Fall of the Berlin Wall, which confirmed the prevalence of market economies and suggested a shift from the adversarial US-USSR relationship to a US-China duopoly, with China seen as slowly but firmly conforming to the Western economic model.

In addition, two events kept trade policy at the center of the world diplomacy and stage: First was the "Millennium syndrome", that is, the desire shared by many politicians to use the change of millennium as an opportunity to scale up ambitions and their political visibility. One of the very first manifestations of this happened in trade policy: Sir Leon Brittan, then the EU Trade Commissioner, tried to launch a new round of negotiations (the "Millennium" Round) at the brand new World Trade Organization (WTO) in the very late 1990s. This attempt ultimately failed in the 1999 Seattle WTO Ministerial not so much because of the anti-globalization movement, but because it relied on a fundamental mistake: there was still a decade left before the full implementation of the Uruguay Round commitments. As a result, many countries, including in the developed world, were waiting until the last minute to fulfill their commitments in sensitive areas, such as textiles (elimination of quotas) or agriculture (tariffication of existing trade barriers). In such a context, nobody was eager to go back to the negotiating table so soon. The second important political event was the 11 September 2001 attacks on New York and Washington D.C. that triggered a strong desire among the international community to unite against terrorism. As the WTO is the largest gathering of countries outside the UN, it was the best place to show this short-lived consensus, with its first Round thus launched in Doha, Qatar, only two months after the terrorist attacks.

However, the pro-trade agenda faced obstacles from two quarters. First, the most often mentioned—although arguably the less damaging in the long run—was the rise of nongovernment organizations (NGOs), mostly from Organisation for Economic Co-operation and Development (OECD) countries, which, almost invariably, perceived trade as a negative force for their very specific agendas. Those such as Oxfam that took a more balanced view of the trade role in development and governance were relatively few. In this context, the early 2000s witnessed a complex chemistry between the trade community (economists and negotiators) and the anti-free trade NGOs. Despite their opposing views, both needed the other side. On the one hand, their anti-trade platform notwithstanding, the NGOs had fragmented positive development agendas competing against each other for public attention. On the other hand, the trade community, realizing the progressive lack of public support, was highlighting its role in development. In short, both sides became part of an ecosystem based on the WTO "sound box" in hopes of making their individual goals better known, understood, and supported.

The second obstacle, which was much less apparent in the early 2000s,although it could be seen as the most seriously damaging for trade in the long run, was the fading support for multilateral trade negotiations from the Western business community (most notably in the US). This support was at its zenith among the large firms in the second half of the 1990s when the Uruguay Round expanded the General Agreement on Tariffs and Trade (GATT) coverage to issues such as services and intellectual property rights. However, by the mid-2000s, most large Western firms had already lost interest in the Doha WTO negotiations, which were felt to be too slow—indeed, the arcane Doha discussions on "modalities" did their best to confirm this impression. Even more important, the Doha discussions were increasingly irrelevant for large international firms since they paid scant attention to such issues as norms in goods, market access (and the related regulations) in services, and intellectual property rights. This mismatch became deeper and more entrenched when large firms found their own alternative to WTO negotiations by designing tailor-made liberalization via global value chains, that is, extracting tariff cuts on specific goods of interest in exchange for investments in the countries at stake. These tailor-made tariff cuts and foreign investments had an additional advantage for the firms: they did not need to be "bound" in the GATT-WTO sense, and did not require the huge political investments associated to bound deals.

In the early 2000s, trade still predominated in the MDG program, and policy recommendations were largely dominated by the hope that the 2005 Hong Kong WTO Ministerial could open the door to a successful Doha Round within a few years. As a result, trade was involved at every step of the MDG production process, with a special task force and a special report on Trade and Development (UN Millennium Project 2005a). Trade was part of target 12 on global governance and target 13 on the Least Developed Countries; in addition, it was part of the recommendations of the eighth MDG "Developing a global partnership for development," a point examined in more detail in section 2.

1.2 The SDGs' Preparation: Lack of Interest in Trade

Twelve years later, the policy and analytical environment of the SDGs is vastly different, following a slow, but continuous political evolution in the developed countries and a brutal world economic shock. Indeed, it is very revealing that, while the early 2000s were rich in anti-trade books, papers and op-eds, such literature almost disappeared in the early 2010s.

The political evolution, which is related neither to trade nor development, but to the functioning of representative democracies, started in the 1990s when freer trade was still firmly part of the international consensus. Since then, in almost all the large democratic countries, presidential and/or parliamentary elections have repeatedly brought increasingly thin governing majorities. Such ill-elected governments have a hard time fighting even the smallest vested interests, which exacerbates the asymmetrical situation between trade and development. In trade, small vested interests are mostly defensive, and easy to mobilize because they have a strong sense of the potential economic damage in case of liberalization, as well as their own political clout. Offensive trade interests are generally weaker since they don't perceive as robust or clear the opportunities brought by more open foreign markets, they are often not politically powerful since they are often emerging sectors, and they are simply too busy, with little time for lobbying. The situation in the development-related issues is largely the opposite, where offensive interests with their often anti-trade corollaries are often supported by small groups that lobbied hard at home, but also used the world to bypass local opposition.

In short, during the last two to three decades, democratic governments elected by increasingly thin majorities have had to face defensive interests in trade issues and offensive interests in development matters. Such a situation could only result in an increasing anti-trade bias, with the SDGs abandoning the more balanced approach on trade and development that prevailed during the MDGs. This was all the easier because, as stressed above, the SDGs have been an inter-governmental process in the UN context.

The SDGs have also been profoundly shaped by the 2008 Great Crisis, which, interestingly, hurt trade's reputation as much as—if not more than—finance. This is strange for two reasons: first, it is not yet very well known that, while there has been a very long financial crisis (especially in the EU), there has been no trade crisis. The trade collapse in 2008–2009 only lasted a few months and was largely driven by the collapse of trust, including among subsidiaries of the same firm located in different countries. Though the WTO annual reports provided the information showing the very time-limited trade crisis, the public at large did not pay attention, and still does not realize that trade has been a strong stabilizing force in the post-2008 world economy.

The second strange aspect of the loss of credibility in trade pertained to the criticisms addressed to the efficiency of the markets. The belief in “perfect” markets that prevailed in most financial circles before 2008 was never a strong element in trade matters; rather, trade economists spend most of their time looking for more efficient public measures, with one of the oldest basic elements of trade theory (the Stolper-Samuelson theorem) stressing that freer trade will always face opponents since any attempt to eliminate barriers will generate some losers. In this context, no wonder that trade policy requires very determined and pro-active governments—in sharp contrast to the widespread public opinion that freer trade strips domestic governments of their powers.

All these forces converged to weaken the SDGs’ pro-trade approach. Top politicians became mute on trade, before becoming increasingly outspoken on plain mercantilist actions which started with a focus on job-creating exports in the late 2000s and is ending up in the mid-2010s with unrestrained advocacy for retaliatory tariffs and trade wars. The long agony of the Doha Round has added its burden—to the point to even divide the trade economists’ community, as illustrated by two fora in 2011, that is, the year before the launch of the SDG production process (Messerlin and van der Marel 2011). Following the Doha Round, these two groups was split in half a dozen sub-groups pushing for different concrete solutions, a recipe for becoming increasingly irrelevant.

2. DIFFERENCES IN THE MDGS AND SDGS PRODUCTION PROCESS

The differences in the MDG and SDG environments have extended to their respective philosophy and related production process. The MDGs were a relatively limited exercise when they were launched, with a carefully defined mandate. That made their production process relatively light and well organized. By contrast, as already mentioned, the SDGs have an agenda which was almost borderless at the beginning; its final definition required several years of debate. It is thus not astonishing that the SDG production process was more volatile and complicated. This section presents in more detail the two preparatory processes before looking at the missed opportunity of the Gap Reports set up by the MDGs for monitoring their implementation until 2015.

2.1 The MDG Preparatory Phase

The MDG preparation phase was a two-step process. First, a very limited number of top UN officials worked in “relative casualness” for shaping the list of the topics to be addressed. This first step was so short that topics that today seem a must for such an endeavor were nearly overlooked, with environmental issues being included literally at the last minute (Tran 2012). The second phase was a three- to four-year work done by the 10 task forces listed in Table 1 (task force 5 on Diseases and Medicines was composed of four sub-task forces to better address the wide spectrum of its issues). Each task force was invited to write a comprehensive report documenting and analyzing the main issues in the fields covered and suggesting the key MDG targets for the end-year 2015. An overview report was then presented (UN Millennium Project 2005b).

As trade was one of the topics listed at the MDGs' very start, its issues received a fair amount of attention. This enviable situation is illustrated by examining the input side of the MDGs production process, that is, the various task forces. Table 1 shows an average number of participants of 30 persons per task force. This size seems to allow enough diversity in opinions and analysis while achieving coherence and an acceptable level of consensus when making recommendations. The modest size of all the task forces allowed a smooth process of the whole endeavor which was facilitated by a very small core group around Secretary General Kofi Annan, comprising MM. M. Malloch-Brown, J. Sachs and a few influential members with both a high political visibility and robust economic expertise, such as Ernesto Zedillo, former President of Mexico and Chair of the Trade task force. This organization helped make trade matters fairly well represented in the final MDG outcome.

Table 1: The Millennium Development Goal Production Process: The Inputs

		Number of Members	Distribution according to Background				
	Task Forces' Topics		**Academics**	**Businesses**	**International Institutions**	**National Authorities**	**NGOs**
1	Poverty and Econ. Development	35	22.9	0.0	57.1	11.4	8.6
2	Hunger	30	10.0	10.0	30.0	13.3	36.7
3	Education and Gender Equality	30	23.3	0.0	33.3	6.7	36.7
4	Child and Maternal Health	18	33.3	0.0	38.9	22.2	5.6
5A	Access to Essential Medicines	28	21.4	14.3	21.4	17.9	25.0
5B	HIV/AIDS	24	8.3	4.2	33.3	16.7	37.5
5C	Malaria	17	29.4	5.9	41.2	5.9	17.6
5D	Tuberculosis	15	13.3	0.0	40.0	26.7	20.0
6	Environmental Sustainability	21	28.6	0.0	23.8	9.5	38.1
7	Water and Sanitation	26	11.5	3.8	26.9	7.7	50.0
8	Improving the Lives of Slum Dwellers	18	27.8	5.6	11.1	16.7	38.9
9	Open, Rule-Based Trading System	13	23.1	7.7	53.8	0.0	15.4
10	Science, Technology and Innovation	17	47.1	5.9	29.4	11.8	5.9
	All Task Forces	292	21.9	4.5	33.9	12.7	27.1

Note: Figures do not include the chair persons (often two).

Source: MDGs 2005.

The Trade task force exhibits two special features in terms of inputs. First, it is the smallest one due to its well-circumscribed mandate. Second, its composition differs in several respects from the average task force: the absence of representatives of national authorities, a larger participation from international institutions, a better representation of business interests, and a smaller representation of NGOs.

These differences deserve some explanation. The absence of national authorities is by far the starkest difference with the SDGs, which have been driven by government representatives at the UN. This was because selecting a few countries would have run the risk of appearing to play favorites; and there was always the possibility of consulting the countries' ambassadors to the WTO through regular contacts and meetings in Geneva. The large participation of international institutions was meant to take on board all these main actors involved in the multilateral trade system in order to ensure that they will feel reasonably committed to support the implementation of the MDG recommendations until 2015. The only slightly better representation of the business community mirrored its ongoing erosion of interest in the multilateral trade system. Finally, the smaller representation of the NGOs reflected most NGOs having taken positions on trade issues in the early 2000s, not so much because of their interests, but largely as a corollary of their positions and, as said above, as a free ride on the media attention generated by the WTO Ministerials during this period. The MDGs' preparation process offered them an organizational structure much more appropriate to their core issues.

2.2 The SDG Preparatory Phase

In sharp contrast with the MDGs, the SDG preparatory phase has been largely an inter-governmental process held at the UN and under its rules (Lunn et al. 2015), hence the impossibility of drafting a table equivalent to Table 1 for the MDGs. The year 2012 witnessed the birth of the three key SDG bodies: in January, the UN Task Team made up of more than 60 UN agencies and international institutions; in June, the Rio+20 Summit mandated the creation of an Open Working group (OWG) to come up with a draft agenda; and in July, a high-level panel co-chaired by Presidents Ellen Johnson Sirleaf (Liberia) Susilo Bambang Yudhoyono (Indonesia) and Prime Minister David Cameron (UK) was established. The OWG had representatives from roughly 70 countries, mostly drawn from the members' missions to the UN. The wide range of SDG issues and such a narrow pool of official representatives made it very difficult for most countries to align the needed expertise—a point that emerged as a deep source of difficulties when defining the indicators. Alongside the OWG, the UN conducted 12 international thematic consultations (groups until 2015 and networks since 2016, for instance on social inclusion, health, sustainable cities, etc.), and national consultations with 83 UN members, with the results being fed into the OWG discussions. The final OWG draft was presented to the UN General Assembly, which endorsed it in September 2014, opening the phase of negotiations among the members. The final document stating 17 goals and 169 associated targets was agreed upon in September 2015. However, negotiations on the 229 indicators continued until March 2016 (Sachs, Schmidt-Traub, and Durand-Delacre 2016).

Clearly, this procedure was not able to harness the trade potential in promoting development and governance—the two ultimate SDG objectives. Moreover, the lack of written reports on the issues covered introduced a bias favoring fragmented views to the detriment of a more comprehensive and consistent approach. Such a fragmentation concerned all the topics—very often, reading the SDGs gives the impression of looking at unconnected silos—but it was particularly detrimental to topics that seemed "peripheral" to many SDG drafters, such as trade.

2.3 A Missed Opportunity: The MDG8 Gap Reports

Despite the differences of approach between the MDGs and SDGs, one instrument could have established a useful link between them: the annual MDG8 Gap Reports. In May 2007, the UN Secretary General established an MDG Gap task force integrating more than 30 UN and international agencies to monitor the implementation of the MDG8 Goal "Developing a global partnership for development." The Gap Reports covered not only trade issues, but also official development assistance, debt relief, access to medicines and new technologies (especially information and communication)—all prominent and highly charged topics. However, their impact in trade matters has been minimal, as they were unable to convey to the SDG participants that trade policy could be a development and governance tool, even in the political and economic environment of the 2010s.

This failure does not flow from a meager coverage of trade by the successive Gap Reports (a possibility since trade had to compete with the several other issues, as stressed above). Block A of Table 2 shows that trade received its “fair” share of words in the Gap Reports, which were organized in three components: the executive summaries, the recommendations included therein, and the detailed texts. The executive summaries contain a large share of the words devoted to trade issues, except for the 2014 Report, which is a clear result of the meager results of the Bali Ministerial. The recommendations show signs of a more marked decline in trade visibility in the 2013 and 2014 Gap Reports (the 2015 Report has no recommendation for any issue covered by the MDG8). Finally, the full texts of the Gap Reports show again a relative stability in terms of words, except in 2015. In short, a word count suggests some signs of erosion in trade visibility, but nothing systematic or dramatic.

Table 2: MDG8 Gap Report: “Revealed” Preferences

	2011	2012	2013	2014	2015
Share of words devoted to trade issues in the MDG8 Gap Reports					
Executive summaries					
Texts	15.6	14.7	16.4	11.1	16.5
Recommendations	26.6	24.2	14.8	17.9	–
Whole Reports (excluding Executive summaries)	18.9	20.7	19.7	20.7	15.1
Breakdown of recommendations on trade issues by issue					
Doha Round	47.4	47.4	79.1	84.7	–
Completion	7.7	19.5	27.9	23.6	–
DFQF	25.5	14.3	–	–	–
Agriculture	14.3	13.5	51.2	19.4	–
Bali package	–	–	–	41.7	–
Trade capacity	18.4	21.8	–	15.3	–
Trade finance	16.3	0.0	–	–	–
New trade restric.	17.9	17.3	–	–	–
Green economies	–	13.5	–	–	–
Supply issues	–	–	20.9	–	–
Total number of words	**196**	**133**	**43**	**72**	**–**

DFQF: duty free quota free.

Notes: A reasoned assessment of the word count should consider that WTO Ministerial Conferences occurred in December 2011 (Geneva), 2013 (Bali) and 2015 (Nairobi). As the Gap Reports were published in September, the 2011, 2013, and 2015 reports were written and released before the Ministerials, while the 2012 and 2014 reports were written after the Ministerials.

Source: MDG8 Gap Reports.

However, this observation could simply reflect an institutional constraint, namely the obligation to give equal weight to the various issues to be monitored by the Gap Reports. There is thus a need for content-based analysis, presented in Block B of Table 2. This analysis suggests a much less benign conclusion: the Gap Reports have become an increasing formality leading to a progressive fossilization of the trade issues in the MDG, and, hence, UN context, facilitating their marginalization in the SDG context.

Block B of Table 2 shows that the Report recommendations have increasingly focused on the Doha Round: the share devoted to the multilateral trade negotiations increased from 47 to 85 percent (of increasingly shorter texts, to be fair). This evolution occurred precisely at a time when it was becoming increasingly clear that the Doha negotiations were going nowhere—whereas trade was being reshaped by powerful structural changes (such as global value chains) and policies of the major trading powers were shifting from multilateral to *de facto* bilateral negotiations. In other words, the Gap Reports were increasingly out of touch with the realities of international trade.

One could argue that such a narrow focus of the Gap Reports on the Doha Round was reflecting the MDG Trade task force report. But, the task force report has clearly focused on the Doha Round because it was written between the Cancun and Hong Kong Ministerials. At this time, it seemed reasonable to focus on WTO issues, and not to miss what could have been an historic opportunity. By contrast, the successive Gap Reports kept focusing on the WTO after the June 2008 Geneva failure to reach an agreement and after the US “pivot to East Asia” (Trans-Pacific Partnership) in September 2008. They made no attempt to mention new ways of improving market access among developing countries, such as the Pacifico Arco. This “routine” approach could only lead to a progressive fossilization of trade issues in the MDG context and their marginalization in the SDGs.

From this perspective, it is important to note that, by contrast, the MDG Trade task force report was very careful to insist on key elements going much beyond the Doha negotiations. These elements could have been used as a basis by the Gap Reports for stressing the continued relevance of trade policy for development. Three illustrations follow.

First, the MDG Trade task force report insists on the capacity to export depending largely on efficient domestic production processes, hence on the easiness with which domestic firms can get good quality and affordable, that is, imported inputs, a key dimension of global value chains. The various Gap Reports never stressed imports; on the contrary, they kept repeating the need to open the markets of the developed countries—hence adding no value to the (non-performing) rhetoric prevailing in Geneva. The only exception was the 2013 Gap Report, which alluded in a cryptic way to the “supply issues” in developing countries and Least Developed Countries (LDCs) (see Block B, Table 2 last line).

Second, the Gap Reports have made no attempt to reflect the progressively emerging understanding of the possible complementarities between the WTO and economically sound Preferential Trade Agreements. These complementarities have many facets, the most important of which is that the WTO forum is not well suited to address trade-related regulatory issues. Defining norms for products and/or production processes, shaping regulations for getting efficient markets in services, and drafting innovative agreements on public procurements or on state-owned enterprises are tasks largely out of reach for the WTO in the short to medium term because they require a level of trust among the partners that does not exist among all its members. Such a trust can only be achieved by introducing trade negotiations—or rather in “trade-related conversations”—on these topics to the appropriate domestic regulators in charge of defining and monitoring the corresponding norms and regulations in the various countries. Underlining this tectonic shift of modern trade policy from negotiators to regulators could have attracted the interests from those SDG drafters who were interested in domestic governance.

Finally, the MDG Trade task force report has made some effort to show how trade policies could support other MDGs. Arguably, these developments were limited to the trade impact on poverty and to a few environmental issues, such as agriculture and fisheries, and the corresponding texts were often relatively short. However, these limits also reflected a balance still hard to achieve in the early 2000s between the need to make a case for the Doha Round from the development perspective, and the still-conflictual relations between the trade and other crucial communities (such as for climate change or for water) involved in the MDGs. These relations became much better in the second half of the 2000s. However, the Gap Reports did not make any attempt to reflect these increasingly fruitful debates, for instance, between the trade, climate and water communities, except with a somewhat awkward recommendation on "greening" the developing economies in the 2013 Report.

To sum up, if the Gap Reports did not reveal any strong apparent sign of erosion of trade visibility, their inability to de-link trade issues at large from the narrow and increasingly hopeless Doha negotiations have been a missed opportunity to keep trade policy as an attractive topic in the SDG context.

3. MDG AND SDG OUTPUTS: TARGETS AND INDICATORS

This section presents the main outputs—goals, targets and indicators—of the two endeavors, and underlines the difference of scale between them, the SDGs being 8 to 12 times "bigger" than the MDGs. It also assesses some SDG targets, and looks in more detail on trade indicators.

3.1 MDG Output

Table 3 lists the goals, core targets, and indicators for defining MDG achievement. The insistence on indicators reflects the strong preference for "metrics" in the MDGs—as indeed in the SDGs. Table 3 suggests a reasonable output for a worldwide endeavor such as the MDGs: eight goals, 21 targets expressed in fewer than 400 words altogether, and 60 indicators.

The output of the MDG Trade task force deserves two specific remarks. First, the Trade task force does not have its "own" specific goal(s), contrary to some others. Trade was included in two targets that were part of Goal 8 on "Developing a global partnership for development", which covered task forces 5A, 9, and 10. Such a grouping was meant to reflect the MDGs' development focus. However, it should be stressed that it was logical from a trade and trade policy perspective, as it underlines the crucial—but too often forgotten—point that trade and trade policy should not be conceived as a goal *per se*. If well used, they are powerful instruments that can deliver goals, such as growth and development, and improve lives. This view is clearly reflected in targets 8.A and 8.B:

Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development and poverty reduction – both nationally and internationally.

Table 3: The MDG Production Process: Outputs

		Goals		Targets		
	Task Forces' Topics	How Many?	Number of the Goal	How Many?	Nbr of Words	Nbr of Indicators
1	Poverty and Econ. Development	1	1	2	34	7
2	Hunger			1	13	2
3	Education and Gender Equality	2	2, 3	2	42	6
4	Child and Maternal Health	2	4, 5	3	31	9
5A	Access to Essential Medicines	1	8	1	14	1
5B	HIV/AIDS			2	27	5
5C	Malaria	1	6	1	16	5
5D	Tuberculosis					
6	Environmental Sustainability			2	32	7
7	Water and Sanitation	1	7	1	17	2
8	Improving the Lives of Slum Dwellers			1	18	1
9	Open, Rule-Based Trading System	1	8	2	73	4
10	Science, Technology and Innovation			1	17	3
	Goal not Task Force-specific	1	8	2	63	8
	All Task Forces	8	–	21	397	60

Nbr = number.

Note: The goal of the task forces 5A, 9 and 10 is the same "MDG8".

Source: MDGs 2005.

Target 8.B: Address the special needs of the least developed countries

Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.

It is particularly interesting to note that trade is linked to "good governance"—a term that appears nowhere else in the MDG target list, but that constitutes a pillar of the SDGs.

3.2 SDG Output: Goals and Targets

Table 4 summarizes the SDGs' and the MDGs' goals, and the number of words defining them, and shows the SDGs had eight times as many targets as compared to the MDGs. It also shows how it took time to stabilize the number of SDG targets in particular. However, it should be noted that this difficulty was largely solved by merging two or more previously independent targets—hence the stability in the number of words in Table 4 between the 12th OWG and the final document. In addition, the change of scale between the MDGs and the SDGs is even bigger in terms of words—by a factor of 12. In international negotiations, the number of words can be interpreted in two opposite ways: as a source of increased precision, or of "constructive ambiguity", that is, a way for keeping each participant largely free to do whatever it wants beyond broad (often non-committing) principles. Reading the SDG targets suggests that the second alternative is more common, not such a surprising result in the UN or trade negotiation forum. Finally, the number of targets per goal and the number of words per target are significantly higher in the SDGs than in the MDGs. Such a feature can again be interpreted in two ways: an effort to be more precise, or a propensity to add different aspects with less of a sense of priorities. Reading the SDG targets suggests again the second alternative is more common.

Table 4: The Proliferation of SDG of Goals, Targets, and Words

	Number of			Targets per Goal	Words per Target
	Goals	Targets	Words		
MDGs	8	21	374	2.6	17.8
SDGs					
High Level Panel	–	54	889	–	16.5
11th OWG	–	139	2,360	–	17.0
12th OWG	–	212	4,389	–	20.7
Final	17	169	4,369	9.9	25.9

MDGs = Millennium Development Goals; SDGs = Sustainable Development Goals; OWG = Open working group.

Sources: Table 1 for the MDGs and Copenhagen Consensus Center for the SDGs.

These observations raise questions: To what extent have the SDG targets been able to keep an economic dimension? Has the proliferation of goals, targets and words been achieved by piling up too many quantitative elements? For instance, is the indicator 12.6.1 "*number of companies publishing sustainability reports*" useful and appropriate for monitoring the target 12.6 "*encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycles*"? Answering these questions goes beyond this paper and would require an in-depth analysis. However, key words suggest that basic economic terms rarely appear: for instance, the word "price" appears only twice in the targets and indicators (United Nations Economic and Social Council 2015). Similar observations could be made for trade, exports, and imports, with again the notable bias of exports preferred to imports, revealing a mercantilist approach not amenable to improving trade policies.

In this context, the analysis done by the Copenhagen Consensus Center (CCC), the only existing systematic review of the SDGs from a purely economic perspective, deserves some attention (Lomborg 2014). Table 5 summarizes its main conclusions. Columns 1 and 2 list the 17 goals and 169 targets associated with each goal. Column 3 presents the goals in which there are some references to trade (based on the words "trade", "export", and "import") and trade policy (based on the words "tariff", "quota" and "subsidy"). Columns 4 through 9 summarize the CCC's conclusions. Column 4 shows the distribution of the "reviewable" targets, that is, the targets for which the CCC has estimated to have enough knowledge and information to provide a reasoned economic assessment of those that do not contain internal inconsistencies. Only 38 of the targets have been considered reviewable. Column 5 shows that the distribution of these targets is very uneven among the various goals: at one end of the spectrum, a few goals have no reviewable target at all, while at the other end, two goals have listed targets two-thirds of which have been considered reviewable.

For the 38 reviewable targets, Columns 6 to 9 show that the CCC cost-benefit analysis has led to four outcomes: "phenomenal" (robust evidence that benefits are 15 times higher than costs); "good" (robust evidence that benefits are 5 to 15 times higher than costs); "fair" (robust evidence that benefits are 1 to 5 times higher than costs); and "poor" (robust evidence that benefits are smaller than costs, or that the target definition is inconsistent or provides wrong incentives).

Table 5: An Initial Economic Assessment of the SDGs' "Reviewable" Targets

	Targets		Targets Reviewed by the CCC [b]		CCC's Assessments				
Goal	Number	Refer to Trade [a]	Number	Ratio 4/1	Phenomenal	Good	Fair	Poor	Number of Indicators
1	2	3	4	5	6	7	8	9	10
1	7		1	14.3			1		9
2	8	yes	3	37.5	1	1	1		15
3	13		8	61.5	3	4		1	25
4	10		4	40.0	1		2	1	11
5	9		1	11.1	1				14
6	8		1	12.5	1				10
7	5		3	60.0		2	1		6
8	11	yes	4	36.4	2		1	1	15
9	8		2	25.0	1		1		12
10	10		2	20.0		1		1	12
11	10		0	0.0					13
12	11		2	18.2		1	1		12
13	6		0	0.0					5
14	10		3	30.0	2	1			10
15	12		0	0.0					15
16	12		0	0.0					21
17	19	yes	4	21.1	1	1	1	1	24
All	169	3	38	22.5	13	11	9	5	229

Source: Copenhagen Consensus Center (CCC), 2014.

The CCC review leads to two main conclusions. The first deals with all the targets reviewed, either trade-related or not. Two-thirds of the reviewable targets (24) benefit from a "phenomenal" or "good" assessment. Though this seems a very positive outcome, this impression should be seriously nuanced by 131 targets—77 percent of all the total—not being able to be reviewed because of a lack of information or internal inconsistency. The second conclusion deals only with the targets that include one of six key words related to trade ("trade", "export", "import", "tariff", "quota", and "subsidies"). All the targets containing one of these six words are among the 38 reviewable targets, and they have been rated as "phenomenal" or "good". In this context, it is interesting to note that the CCC assessment on trade-related targets (Anderson 2014) has been careful enough to accommodate the most recent developments in trade policy, such as the "mega" preferential trade agreements that have been omitted by the Gap Reports.

3.3 SDG Outputs: Indicators in Trade Matters

Column 10 of Table 5 lists the current number of indicators associated with the targets (Leadership Council of the Sustainable Development Solutions Network, 2015).[1] There are 229 indicators, roughly four times the number under the MDGs. There are wide differences among the targets, some of them having a much higher number of indicators than others. What follows focuses on the indicators under the Trade heading (Goals 17-10, 17-11 and 17-12). A rapid analysis reveals serious problems in the way these indicators are defined.

[1] This number may still be subject to change.

Goal 17-10 is a rewording of the MDG goal: "*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*." The associated indicator 17.10.1 reads as follows:

17.10.1 Worldwide weighted tariff average.

This indicator is hard to understand. Is it the average over all the goods for a given country, or the average over all the countries for a given good? Is this average trade-weighted or not? In any case, broad tariff averages are not useful because they "dilute" the limited number of high tariffs (tariff peaks)—those which really hurt domestic consumers, be they households or firms, and are welfare-deteriorating—in the number of small or zero tariffs imposed on most of the goods. They are particularly unhelpful when one focuses on LDCs, which export a very limited range of goods.

Goal 17-11 requests to "*significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020*." The associated indicator 17.11.1 reads as follows:

17.11.1 Developing countries' and least developed countries' share of global exports.

This goal raises also several questions. Why has "doubling" been preferred to any other pre-determined figure? Even more important, how should such a result be assessed: is it the consequence of the proper functioning of the markets, or of some government policy (for instance, export subsidies)? Is it possible to disentangle the many economic forces and policies that could have led to such a result, with possibly none of them due to the developing countries or least-developed countries?

Goal 17-12 requests to "*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*." The associated indicator 17.12.1 reads as follows:

17.12.1 Average tariffs faced by developing countries, least developed countries and Small Island Developing States

As in the case of Goal 17-11, defining such an indicator exclusively in terms of tariff averages does not provide a robust enough information for monitoring this goal.

4. CONCLUDING REMARKS

The SDGs have missed the opportunity to harness trade as an instrument for achieving their ultimate target—a "better life". The SDG working framework did not allow them to be both bold and pragmatic in trade matters for two main reasons: first, the Gap Reports have been uninspired, and cantoned themselves in the increasingly sterile WTO negotiations. As a result, they were unable to inform the UN about the new aspects of the trade debate that could be of great interest for the SDG participants. The second reason is that the Missions to the UN have been the main SDG negotiating body. Unfortunately, the UN Missions' staff rarely has an intimate knowledge of how to handle trade, and the limited funds for the SDGs have prevented many countries from bringing trade experts from their capital cities.

This is a great loss because trade and the SDGs have a common regulatory agenda. What the trade aspect could bring to the SDGs is the realization of how a well-designed trade policy can improve domestic regulations. To some extent, this theme has emerged during the MDGs: for instance, the MDG report on Trade for Growth has stressed how eliminating water subsidies for farm production would improve resources and reduce agricultural trade distortions.

What happened during the last decade is the realization that such mutual benefits between better domestic regulations and better trade policies exist in almost every economic sector. Modern economies are split between two economic drivers: the desire for harmonization associated to scale economies and the endless appetite for diversity in goods and services fueled by economies of scope. So far, the first force has been the most powerful—hence the massive efforts until the late 1990s to harmonize norms in goods (harmonization has impacted very few services where diversity has always been prevalent). But the huge technological progress of the two last decades enables an endless diversity in goods and services at increasingly lower costs—turning harmonization into a costly constraint. One of the best illustrations of these changes is provided by the EU “five decades” harmonization approach in the car sector. It has recently faced a remarkable debate, with Daimler (interestingly backed by Greenpeace) refusing to enforce a new, less polluting car coolant because it was found to be more flammable.[2] In other words, this case illustrates the increasing difficulties to define a norm that is unambiguously better than any alternative from all the conceivable criteria (pollution vs. safety in the Daimler case).

The second case is the “Volkswagen (VW) case” of playing with the norms—in fact, most EU carmakers have behaved as VW. To dictate norms is worthless if they are not implemented and monitored. The VW case is a powerful illustration of how useful a trade partner can be for ensuring compliance. It must be stressed that the case did not emerge because of some protectionist intent to hurt VW. On the contrary, the first tests were done in California by an engineer eager to assess the quality of German cars. When the engineer discovered what was going on, he turned to the California authorities, which sent the issue to the US federal authorities after having confirmed the engineer’s results.

The lesson to be drawn from the Daimler and VW cases is simple: designing, enforcing, certifying, and monitoring “better” norms is a very difficult task and would greatly benefit from international “conversations” among the concerned regulating agencies.

This key lesson is embodied in the concept of “mutual equivalence”, which is a much better approach than harmonization or mutual recognition, a weaker form of it (Messerlin 2011, 2015; Morall III 2011).[3] Under mutual equivalence, two countries debate whether their norms or regulations are “different but equivalent”. Their decisions are prepared by a joint evaluation made by the partners’ relevant regulatory bodies—not the trade negotiators—of their existing norms for a given good or of their regulations for a given service. (This process of mutual evaluation can be made at the level of the definition of the norms or regulations, or at the corresponding certification processes, or at both levels.) This preliminary step of mutual evaluation is essential. Beyond its “technical” aspects, it is political to the extent that it creates the trust among the regulatory agencies—hence among the two countries—that is so badly needed

[2] Interestingly, it is reported that the new coolant is produced by only two firms (Honeywell and Chemours) a non-competitive situation opening the way to high prices (Hakim 2016).

[3] At a first glance, mutual equivalence seems a new and untested idea. It is not. The EU 2006 Services Directive is based on this principle, as stated in Article 15.

when dealing with issues as complex and subtle as norms or regulations. If, and only if, mutual equivalence is granted after a satisfactory mutual evaluation process, producers are allowed to produce the good or service in question under the regulations of their own country and/or to sell it to the consumers of the other country without any other formality.

Mutual equivalence is the only way to get a deeper and more beneficial integration of two economies because it does not generate the costs that harmonization imposes. It has two additional benefits that should not be underestimated. First, it is a careful process that requires time and thus fits well the concept of bilateral trade as "living" agreements. An "ambitious" agreement concluded "quickly" is an oxymoron in 21st century economies, as it defies the complex economic and regulatory realities—hence, it is doomed to generate anxiety among the public opinion and ultimately to be self-defeating. Second, mutual equivalence provides a robust solution to the widespread fear of trade agreements generating a "race to the bottom" in regulatory matters. If a country decides to change its regulation for some reason, under mutual equivalence, the regulatory body of the partner could, if needed, evaluate this new regulation. If it does not find the new regulation equivalent, then it can suspend the existing agreement, possibly conditional on some measures being taken by its partner. In such a context, no regulator has an interest to a race to the bottom. The only true option is a race to the top.

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