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International trade strengthens sustainable development

Sustainable development is one of the greatest global challenges of our time. Business is not the problem, but part of the solution: international trade promotes sustainable environmental, social and economic development. Swiss companies contribute significantly to this process. This is demonstrated by a comprehensive analysis by economiesuisse.

The former UN Secretary General Kofi Annan recognised the importance of international trade for sustainable development: He was convinced that the cause of poverty and underdevelopment was not too much trade, but too little. A comprehensive analysis by economiesuisse supports this view. The latest dossier not only presents the relevant research findings, but also highlights the positive contribution of Swiss companies to sustainable development abroad.

Sustainability is three-dimensional

The UN sustainability goals recognise global economic integration as an important motor for the environmentally, socially and economically sustainable development of our planet. Thus, trade and investment have led to enormous welfare gains worldwide. More than one billion people have been lifted out of extreme poverty since 1990. At the same time, life expectancy in the world's poorest countries increased by 13 years thanks to international trade and investment.

Open markets, trade and foreign direct investment not only strengthen the economic and social dimensions of sustainability, but also have positive long-term

effects on environmental sustainability. Established new technologies and changing consumer behaviour lead to more resource-efficient production and stronger demand for environmentally sustainable products.

Swiss trade and investments strengthen sustainability

Swiss companies contribute significantly to sustainable development in the world and to achieving the UN sustainability goals. Their products and services are innovative and of high quality. Not only do they export their products but also their comparatively high sustainability standards. This is achieved in particular through Swiss direct investments abroad.

Therefore, open access to world markets is key not only for Swiss companies but also for sustainable development. However, the chances of success for sustainable development depend to a large extent on the structure of the economic and political institutions in the respective country. Appropriate institutional reforms must come from within, in other words they must be sought and demanded politically by the people and decision-makers in the respective country.

Coherent policy instruments

Trade and free trade agreements alone do not create a balance in the sustainability triangle. However, trade gains can and should be used to strengthen the three dimensions of sustainability (economic, environmental and social) and bring them more closely into line. Promoting sustainability therefore requires holistic solutions and a strong involvement of business as a key actor towards more sustainability.

Responsible Business Initiative (RBI) would have compromised sustainable development

In November 2020, Switzerland rejected the RBI in a popular vote. If approved, the RBI would have mandated the government to propose a bill with the possibility to sue multinational companies at their place of business for violation of environmental regulations and human rights abroad. The liability provisions foreseen by the RBI would have forced Swiss companies with high human and environmental risks to review their foreign investments in developing countries or even substantially reduce their business activities there, thus compromising the successful model of Swiss development cooperation.
Instead, the Swiss Parliament adopted changes to the company law which are far going, however internationally aligned and combine the world's most advanced corporate responsibility instruments. While avoiding a regulatory stand-alone approach, the new regulatory framework puts Switzerland in the class of the most progressive countries regarding CSR regulation worldwide.

Read dossier