

HOW DO INTERNATIONAL ECONOMIC LAWS IMPACT SUSTAINABLE DEVELOPMENT GOALS?

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Abstract

IEL plays an important role in achieving the SDGs which is influenced by the design and application of the law. International trade agreements can limit government policies that support sustainable development, while international financial regulations affect the flow of funds for sustainable projects. The role of multilateral development banks and international investment is significant in supporting the SDGs. This study examines the extent to which IEL affects the implementation of the SDGs and recommends best practices and strategies that can be adopted to increase IEL's contribution to sustainable development. This research uses a qualitative approach and analyzes legal documents, case studies, and expert interviews. The interesting findings of this study show that the IEL supports the rule of law by promoting transparency and accountability. However, there are still challenges such as power imbalances between developed and developing countries, legal compliance, and the integration of IELs with the SDGs. In addition, IELs can support or hinder the SDGs, depending on their design and implementation. The impact of free trade agreements on the SDGs shows the economic and environmental benefits as well as the challenges of inequality and environmental degradation. Meanwhile, the recommendations that can be given from this study are that to increase IEL's contribution to the SDGs include the integration of sustainable policies in trade agreements, green investment, strengthening law enforcement mechanisms, transparency and stakeholder participation, and the development of international cooperation.

Keywords: *economic, SDGs, multilateral, and financial regulation.*

Abstrak

IEL memainkan peran penting dalam mencapai SDGs yang dipengaruhi oleh desain dan penerapan hukum. Perjanjian perdagangan internasional dapat membatasi kebijakan pemerintah yang mendukung pembangunan berkelanjutan, sementara peraturan keuangan internasional mempengaruhi aliran dana untuk proyek-proyek berkelanjutan. Peran bank pembangunan multilateral dan investasi internasional sangat penting dalam mendukung SDGs. Artikel ini mengkaji sejauh mana IEL mempengaruhi implementasi SDGs dan merekomendasikan praktik terbaik dan strategi yang dapat diadopsi untuk meningkatkan kontribusi IEL terhadap pembangunan berkelanjutan. Penelitian ini menggunakan pendekatan kualitatif dan menganalisis dokumen hukum, studi kasus, dan wawancara dengan para ahli. Temuan menarik dari penelitian ini menunjukkan bahwa IEL mendukung supremasi hukum dengan mempromosikan transparansi dan akuntabilitas. Namun, masih ada tantangan seperti ketidakseimbangan kekuatan antara negara maju dan berkembang, kepatuhan hukum, dan integrasi IEL dengan SDGs. Selain itu, IEL dapat mendukung atau menghambat SDGs, tergantung pada desain dan implementasinya. Misalnya, dampak perjanjian perdagangan bebas terhadap SDGs menunjukkan manfaat ekonomi dan lingkungan serta tantangan ketidaksetaraan dan degradasi lingkungan. Sementara itu, rekomendasi yang dapat

diberikan dari artikel ini adalah untuk meningkatkan kontribusi IEL terhadap SDGs meliputi integrasi kebijakan berkelanjutan dalam perjanjian perdagangan, investasi hijau, penguatan mekanisme penegakan hukum, transparansi dan partisipasi pemangku kepentingan, serta pengembangan kerja sama internasional.

Kata Kunci : *keuangan, multilateral, regulasi ekonomi, dan SDGs.*

Introduction

Today's global developments are characterized by the increasingly complex relationship between international economic policies and sustainable development goals (or SDGs). This encourages various circles, ranging from governments and academics to international institutions, to examine how international economic law (or IEL) can play a role in achieving the SDGs in various fields. The world has witnessed significant changes in global economic policies driven by globalization and increased interconnectivity between countries. This development was accompanied by the formulation of the IEL, which aims to regulate trade, investment, and economic relations between countries. Meanwhile, in 2015, the United Nations (or UN) adopted the 2030 Agenda, which contains 17 SDGs.¹ These goals include economic, social, and environmental aspects and aim to end poverty, protect the planet, and ensure prosperity for all the world's communities by 2030.²

The relationship between IEL and SDGs is very close because international economic policies and regulations can have a significant impact on efforts to achieve SDGs. For example, free trade agreements can open up market access for products from developing countries, which can help reduce poverty and improve economic well-being.³ On the other hand, regulations that are too strict or unfair can exacerbate inequality and damage the environment. In fact, IEL includes various legal instruments such as free trade agreements, bilateral investment treaties, global trade regulations regulated by the World Trade Organization (or WTO), and international financial policies regulated by institutions such as the International Monetary Fund (or IMF) and the World Bank (or WB).⁴ The regulation aims to create a stable economic environment and facilitate effective cross-border trade and investment.

¹ Hossein Hassani et al., "Big Data and the United Nations Sustainable Development Goals (UN SDGs) at a Glance," *Big Data and Cognitive Computing* 5, no. 3 (June 28, 2021): 28, <https://doi.org/10.3390/bdcc5030028>.

² Jonas Ebbesson and Ellen Hey, "Introduction: The Sustainable Development Goals, Agenda 2030, and International Law," in *The Cambridge Handbook of the Sustainable Development Goals and International Law* (Cambridge University Press, 2022), 1–49, <https://doi.org/10.1017/9781108769631.002>.

³ Idris Abubakar, Thomas Onimisi Abaukaka, and Muhammad Kabir O. Momoh, "Implications of Free Trade Area For Poverty, Household Welfare And Economic Development In Nigeria," *International Journal of Social Sciences and Economic Review*, September 30, 2020, 1–11, <https://doi.org/10.36923/ijsser.v3i3.88>.

⁴ J. Wouters and J. Odermatt, "Comparing the 'Four Pillars' of Global Economic Governance: A Critical Analysis of the Institutional Design of the FSB, IMF, World Bank, and WTO," *Journal of International Economic Law* 17, no. 1 (March 1, 2014): 49–76, <https://doi.org/10.1093/jiel/jgu008>.

It is necessary to underline that the SDGs are not just a set of goals, but also a framework that requires the involvement of the government, the business world, civil society, and individuals. IELs, such as trade agreements, investment agreements, and intellectual property law, can facilitate or hinder the achievement of the SDGs.⁵ Therefore, IEL cannot be separated from the SDGs because it has become a unit of sustainable development. The SDGs are interconnected and interdependent, and achieving one goal often requires progress in another.⁶

The SDGs are a key component of the UN development agenda and are supported by various international organizations, governments, and civil society organizations and are a set of goals and targets designed to be achieved through a combination of national and international actions. In this context, the role of IEL is crucial in achieving SDGs. Legislation can help create regulatory frameworks that support investment and innovation, as well as govern sustainable international economic cooperation. In addition, the law can also help regulate environmental protection and intellectual property rights, which are very important in achieving sustainable development goals.⁷

Ironically, the implementation of IELs often poses its own challenges, including power imbalances between developed and developing countries, differences in national interests, and compliance and law enforcement issues. However, there is also a great opportunity to use this legal framework as a tool to support the achievement of the SDGs. For example, by integrating sustainability principles into trade or investment agreements, as well as ensuring that global economic policies support social inclusion and environmental protection.⁸

The research by Zanten and Tulder examines the contribution of multinational companies to the implementation of the SDGs in their countries of origin and goals. The research shows that although the SDGs apply globally, the challenges faced by companies are tailored to the local context of each country.⁹ On the other

⁵ Thabo Fiona Khumalo, "Sustainable Development and International Economic Law in Africa," *Law, Democracy and Development* 24 (May 25, 2020): 133–57, <https://doi.org/10.17159/2077-4907/2020/ldd.v24.6>.

⁶ Vincent Chapaux, Frédéric Mégret, and Usha Natarajan, *The Routledge Handbook of International Law and Anthropocentrism* (Routledge, 2023), <https://api.taylorfrancis.com/content/books/mono/download?identifierName=doi&identifierValue=10.4324/9781003201120&ctype=googlepdf>.

⁷ Sutiarnoto Sutiarnoto, Affila Affila, and Afrila Afrila, "Perlindungan Hak Ekonomi Dan Hak Sumber Daya Alam Negara-Negara Berkembang Dalam Era Globalisasi Perdagangan: Berdasarkan GATT/WTO" (Proceeding Seminar 2019, n.d.).

⁸ Uwaga Monica Adanma and Emmanuel Olurotimi Ogunbiyi, "A Comparative Review of Global Environmental Policies for Promoting Sustainable Development and Economic Growth," *International Journal of Applied Research in Social Sciences* 6, no. 5 (May 21, 2024): 954–77, <https://doi.org/10.51594/ijarss.v6i5.1147>.

⁹ Jan Anton van Zanten and Rob van Tulder, "Multinational Enterprises and the Sustainable Development Goals: An Institutional Approach to Corporate Engagement," *Journal of International Business Policy* 1, no. 3–4 (December 12, 2018): 208–33, <https://doi.org/10.1057/s42214-018-0008-x>.

hand, the research conducted by Arianto and Wirasenjaya highlights how the Indonesian government seeks to integrate the SDGs into national policies through Presidential Regulation No. 59 of 2017. This study emphasizes the importance of the government's role as a key actor in localizing the SDGs and making them a guide for the private sector and civil society.¹⁰ The main difference between the two studies lies in the focus of their analysis. Arianto and Wirasenjaya's research emphasizes the role of the government in the implementation of the SDGs, and Zanten and Tulder's research focuses more on the contribution of multinational companies. Meanwhile, the relevance of this research that is related to novelty lies in the integration of international economic law analysis with local perspectives and the private sector in the context of achieving the SDGs.

This research will explore how IEL affects the achievement of the SDGs, focusing on analyzing the positive and negative impacts of various global economic legal and policy instruments related to international trade, foreign direct investment, international environmental law, and free trade investment. In addition, the study will identify best practices and strategies. By using the approach of international legal theory and institutional theory. International legal theory explains how international norms, such as the SDGs, are internalized into a country's domestic law¹¹ Meanwhile, institutional theory provides an understanding of how economic actors, such as multinational corporations, interact with those norms in their local contexts.¹² With this approach, it is hoped that this research can make a new contribution to the existing literature and help formulate more effective policies in achieving sustainable development goals in Indonesia.

Method

In this study, we will examine how international economic law affects the achievement of the SDGs. For this reason, we will use a normative juridical approach that focuses on the analysis of legal norms contained in international laws and regulations.¹³ Through the analysis of legal documents such as international trade agreements and economic policies, we will evaluate how these provisions support or hinder the achievement of the SDGs. In addition, an in-depth literature study will be conducted to identify international legal principles relevant to the context of sustainable development. Furthermore, this research will involve case studies from various countries that have applied international economic law in the context of

¹⁰ Zaki Arianto, "Upaya Pemerintahan Joko Widodo Dalam Mendorong Implementasi Sustainable Development Goals Di Indonesia," 2019, <http://repository.umy.ac.id/bitstream/handle/123456789/18987/11.JURNAL.pdf?sequ>.

¹¹ Jan Klabbbers, *International Law* (Cambridge University Press, 2020).

¹² Marco Balzano, Giacomo Marzi, and Teresa Turzo, "SMEs and Institutional Theory: Major Inroads and Opportunities Ahead," *Management Decision* 63, no. 13 (December 25, 2024): 1–27, <https://doi.org/10.1108/MD-05-2023-0734>.

¹³ Paul Schiff Berman, "The New Legal Pluralism," *Annual Review of Law and Social Science* 5, no. 1 (December 1, 2009): 225–42, <https://doi.org/10.1146/annurev.lawsocsci.093008.131539>.

sustainable development. By analyzing the successes and challenges faced by these countries, we hope to identify best practices and legal impacts on the achievement of the SDGs. This qualitative analysis method aims to provide in-depth insights into the relationship between legal policies and sustainable development outcomes so as to provide a clearer picture of the effectiveness of existing legal frameworks.¹⁴ To complement the qualitative data obtained from literature studies and case studies, we will also conduct surveys and interviews with stakeholders. This includes policy-makers, academics, and practitioners in the field of law and economics. Through this empirical data collection, we hope to explore perspectives on the effectiveness of international economic law in supporting the SDGs and the challenges faced in their implementation. Data obtained from surveys and interviews will be analyzed to provide strategic recommendations for the development of a more inclusive and sustainable legal framework so as to contribute to the achievement of global development goals.

Result and Discussion

Understanding International Economic Law and Sustainable Development Goals

IEL plays an important role in shaping policies and regulations that affect economic relations between countries. With the increasing globalization, the relationship between IEL and the achievement of the SDGs is becoming increasingly important to understand. The IEL covers a wide range of regulations and policies governing international trade, investment, and finance. According to Jackson, Davey, and Sykes explained that IEL involves institutions such as the WTO, IMF, and the WB, as well as multilateral and bilateral agreements that regulate trade and investment between countries. These agreements aim to create global economic stability and promote economic growth.¹⁵ Global cooperation driven by international agreements and organizations such as the WTO and IMF is essential to achieve sustainable development goals. For example, the WTO plays a critical role in monitoring and implementing trade commitments related to the SDGs,¹⁶ while the IMF provides financial and technical support to help countries achieve economic stability and inclusive development.¹⁷ SDG 17 emphasizes the importance of global

¹⁴ Bagus Rahman and Ahmad Redi, "Review of Theory of Legal Objectives on Article 31 Section (1) and (2) of Law Number 37 Of 2004 Concerning Bankruptcy and Suspension of Debt Payment Obligations," *Edunity: Kajian Ilmu Sosial Dan Pendidikan* 2, no. 1 (January 15, 2023): 105–14, <https://doi.org/10.57096/edunity.v1i105.42>.

¹⁵ Alan O Sykes, William J Davey, and John Howard Jackson, "Legal Problems of International Economic Relations," 1995.

¹⁶ Rohini Acharya et al., "Trade and Women—Opportunities for Women in the Framework of the World Trade Organization," *Journal of International Economic Law* 22, no. 3 (September 20, 2019): 323–54, <https://doi.org/10.1093/jiel/jgz023>.

¹⁷ Kalindu Abeywickrama et al., "Factors Influencing IMF Assistance in the Sub-Saharan African Region," ed. Md. Monirul Islam, *PLOS ONE* 19, no. 7 (July 16, 2024): e0307071, <https://doi.org/10.1371/journal.pone.0307071>.

partnerships for sustainable development, and international economic law plays a vital role in this framework.

Meanwhile, the SDGs are a series of global goals designed to address the main challenges faced by the world community, including poverty, inequality, and climate change. Sachs explained that the SDGs offer a holistic and integrative framework for sustainable development, combining economic, social, and environmental aspects. These goals emphasize the importance of social inclusion and environmental sustainability in economic growth.¹⁸ International trade has great potential to support the achievement of the SDGs. Bhagwati states that free trade can promote economic growth, which in turn can reduce poverty and inequality (SDG 1 and SDG 10).¹⁹ On the other hand, as stated by Stiglitz, trade liberalization that is not well-regulated can exacerbate inequality and cause environmental damage (SDG 13).²⁰

Bilateral investment treaties (or BITs) and other trade agreements help attract foreign direct investment (or FDI) needed for infrastructure development and technological innovation. These investments strengthen the capacity of local industries, increase productivity, and encourage the development of critical infrastructure such as transportation and communications, which supports sustainable economic growth. This is in accordance with SDG 9 which focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and encouraging innovation.²¹ Therefore, FDI is an important component that can contribute to sustainable development. Based on a report from the United Nations Conference on Trade and Development (or UNCTAD), FDI can increase technology transfer and job creation in developing countries (SDG 8).²² Therefore, a fair and transparent IEL contributes to the building of strong institutions and the prevention of corruption. Legal standards developed by bodies such as the United Nations Commission on International Trade Law (or UNCITRAL) create a stable and predictable legal environment. This is important to ensure fairness, transparency, and accountability in international trade and investment transactions, which supports the SDG 16 goal of promoting peaceful and inclusive societies.²³

¹⁸ Jeffrey D Sachs, *The Age of Sustainable Development* (Columbia University Press, 2015).

¹⁹ Jagdish Bhagwati, *In Defense of Globalization: With a New Afterword* (Oxford University Press, 2004).

²⁰ Joseph E Stiglitz, *The Price of Inequality: How Today's Divided Society Endangers Our Future* (WW Norton & Company, 2012).

²¹ Jaroslaw Brodny and Magdalena Tutak, "Assessing Regional Implementation of Sustainable Development Goal 9 'Build Resilient Infrastructure, Promote Sustainable Industrialization and Foster Innovation' in Poland," *Technological Forecasting and Social Change* 195 (October 2023): 122773, <https://doi.org/10.1016/j.techfore.2023.122773>.

²² Viktoria Aust, Ana Isabel Morais, and Inês Pinto, "How Does Foreign Direct Investment Contribute to Sustainable Development Goals? Evidence from African Countries," *Journal of Cleaner Production* 245 (February 2020): 118823, <https://doi.org/10.1016/j.jclepro.2019.118823>.

²³ Kimberly Marie Brown, "The Transformative Power of Sustainable Development Goal 16: The Rule of Law, Controlling for Nuance, and Unlocking Potential," *SSRN Electronic Journal*, 2019, <https://doi.org/10.2139/ssrn.3423341>.

Although, criticism has arisen regarding the negative impact of FDI on human rights and the environment.²⁴ However, the role of IEL in environmental protection needs to be echoed to get the intention of the world community. This is because environmental protection is regulated in various international agreements that are closely related to IEL and aim to minimize the negative impact of economic activities on the environment. For example, the 2015 Paris Agreement on Climate Change, which focuses on reducing greenhouse gas emissions, is particularly relevant to SDG 13 (Climate Action). According to Bodansky, the effective implementation of this agreement requires a strong commitment from all countries, including in the context of international economic and trade policies.²⁵

Analysis of the Impact of International Economic Law on the Sustainable Development Goals

As explained in the previous section, IEL has a significant impact on the achievement of the SDGs. These impacts, for example closely related to international trade, investment, and financial regulation agreements, can affect various aspects of development, including economic, social, and environmental. This analysis will explore the positive and negative impacts of IEL instruments on the SDGs.

Table 1: Correlation IEL and SDGs

International Trade	IEL	Foreign Direct Investment
Environmental Protection	and	Imbalance of Power and Compliance
	SDGs	

Source: The data was managed by based on the authors' analysis

International Trade and the Sustainable Development Goals

International trade is considered a key driver of economic growth that can contribute to poverty reduction (SDG 1) and the creation of decent jobs (SDG 8). This, in line with Bhagwati's expression, is that trade liberalization can improve market access for developing countries, thus allowing them to export their products and increase national income.²⁶ In addition, international trade can encourage the transfer of technology and knowledge, which is essential for innovation and industrial development (SDG 9). However, international trade can also have a negative impact if not managed properly. International trade has the potential to provide many benefits, but it can also have negative impacts if

²⁴ Solomon Nathaniel et al., "Energy Consumption, FDI, and Urbanization Linkage in Coastal Mediterranean Countries: Re-Assessing the Pollution Haven Hypothesis," *Environmental Science and Pollution Research* 27, no. 28 (October 27, 2020): 35474–87, <https://doi.org/10.1007/s11356-020-09521-6>.

²⁵ Daniel Bodansky, "The Paris Climate Change Agreement: A New Hope?," *American Journal of International Law* 110, no. 2 (April 20, 2016): 288–319, <https://doi.org/10.5305/amerjintelaw.110.2.0288>.

²⁶ Pian Shu and Claudia Steinwender, "The Impact of Trade Liberalization on Firm Productivity and Innovation," *Innovation Policy and the Economy* 19 (January 2019): 39–68, <https://doi.org/10.1086/699932>.

not managed properly. One of the main problems that arise is unbalanced trade liberalization, which can exacerbate economic inequality within and between countries, in line with the SDGs.²⁷ When developing countries are forced to open their markets too quickly, local industries are often unable to compete with cheaper imported products. This can result in job losses and economic instability, which in turn worsens the social conditions of the community. In addition to the social impact, increased international trade also often contributes to environmental damage. Higher production and transportation of goods can lead to increased carbon emissions, which contributes to global climate change.²⁸

There are significant instances regarding international trade under GATT. This case established a precedent in international trade policy. In the United States – Tuna II 1994, the US prohibited the importation of tuna from nations employing fishing practices deemed hazardous to dolphins. This pertains to the Marine Mammal Protection Act (MMPA), which safeguards marine animals, such as dolphins, from being ensnared in tuna fishing by purse-seine nets. The United States instituted a 'dolphin-safe' labeling system for tuna goods obtained by fishing methods that do not endanger dolphins. Both the Penal and Appellate Body in the US – Tuna II determined that the 'dolphin-safe' labeling scheme constituted a technical regulation. The agreement between Mexico and the US over the 'dolphin-safe' labeling scheme specified the criteria for identifying tuna products as 'dolphin-safe.' Additionally, the US Shrimp case prohibited the importation of shrimp products obtained using methods detrimental to sea turtles outside the US, representing a step 'relating to' the policy purpose of safeguarding and conserving sea turtle species.²⁹

In addition, unsustainable exploitation of natural resources often occurs in line with the increasing demand for goods. Countries with weak environmental regulations may experience ecosystem damage and environmental degradation due to irresponsible trade practices. Therefore, it is important for countries to develop sustainable and inclusive trade policies. This includes implementing regulations that protect local industries as well as ensuring that trade practices do not harm the environment. With the right approach, international trade can be a tool to improve economic well-being without sacrificing social justice and environmental sustainability. Through international cooperation and commitment to

²⁷ Tamara Maria Nae, Margareta-Stela Florescu, and Gabriela-Ioana Bălășoiu, "Towards Social Justice: Investigating the Role of Labor, Globalization, and Governance in Reducing Socio-Economic Inequality within Post-Communist Countries," *Sustainability* 16, no. 6 (March 7, 2024): 2234, <https://doi.org/10.3390/su16062234>.

²⁸ Andrianarivo Andriandafiarisoa Ralison Ny Avotra and Ahsan Nawaz, "Asymmetric Impact of Transportation on Carbon Emissions Influencing SDGs of Climate Change," *Chemosphere* 324 (May 2023): 138301, <https://doi.org/10.1016/j.chemosphere.2023.138301>.

²⁹ Xuechan Ma, "An Economic and Legal Analysis of Trade Measures against Illegal, Unreported and Unregulated Fishing," *Marine Policy* 117 (July 2020): 103980, <https://doi.org/10.1016/j.marpol.2020.103980>.

sustainable development principles, countries can minimize the negative impacts of trade while maximizing its benefits for all parties.³⁰

Foreign Direct Investment and SDGs

FDI has great potential to provide significant benefits to recipient countries, especially in the context of sustainable development. One of the main advantages of FDI is its ability to accelerate infrastructure development, which is in line with SDGs. Foreign investment is often required to build and repair infrastructure such as roads, ports, and energy facilities. This not only improves economic connectivity and efficiency but also creates new jobs, which contributes to a reduction in the unemployment rate and an improvement in people's welfare. In addition, FDI also encourages the transfer of technology and knowledge, which can increase the productivity of local industries and build human resource capacity. However, while FDI offers many benefits, there are also risks to be aware of. When not properly regulated, FDI can lead to labor exploitation, environmental damage, and human rights violations. Multinational corporations are sometimes more focused on maximizing profits than adhering to the necessary social and environmental standards.³¹

This can hinder the achievement of SDG 8 (Decent Work and Economic Growth) and SDG 13 (Climate Change), as irresponsible business practices can worsen working conditions and damage the environment. Therefore, it is important for recipient countries to implement strict regulations to ensure that foreign investment provides fair benefits to society and the environment. In the context of sustainability, green FDI is becoming increasingly relevant. Investments directed at sectors such as renewable energy can help achieve SDG 7 (Clean and Affordable Energy) goals. By supporting green projects, green FDI not only contributes to economic growth but also reduces negative impacts on the environment. Therefore, countries should encourage this type of investment through policies that support sustainability while keeping an eye on the potential risks that may arise from foreign investment in general.³²

Environmental Protection and International Economic Law

IEL can support environmental protection through various agreements and regulations. The connection between environmental preservation and development was first articulated in international treaties in 1992, specifically in the 1992 Rio Declaration, which asserted that economic progress should not harm

³⁰ Fan Wu, Xingguo Wang, and Tao Liu, "Sustainable Development Goals, Natural Resources and Economic Growth: Evidence from China," *Resources Policy* 83 (June 2023): 103520, <https://doi.org/10.1016/j.resourpol.2023.103520>.

³¹ Lise Johnson, "FDI, International Investment Agreements and the Sustainable Development Goals," in *Research Handbook on Foreign Direct Investment* (Edward Elgar Publishing, 2019), <https://doi.org/10.4337/9781785369858.00011>.

³² Dietmar Stoian, Iliana Monterroso, and Dean Current, "SDG 8: Decent Work and Economic Growth—Potential Impacts on Forests and Forest-Dependent Livelihoods," *Sustainable Development Goals: Their Impact on Forests and People*, 2019, 237–78.

the environment and must take into account the interests of future generations. (article 3 Rio Declaration 1992)

One example is the 2015 Paris Agreement on climate change, which is an international commitment to reduce greenhouse gas emissions and mitigate the impact of climate change (SDG 13).³³ The effective implementation of this agreement requires the support of international economic policies that integrate sustainability principles. However, there are challenges in implementing policies that support the environment in the context of the IEL. The UNFCCC and the Paris Agreement implement the notion of common but differentiated responsibilities, wherein developed and developing nations share duties for addressing climate change, according to their respective economic circumstances.

International legal frameworks safeguard biological resources by governing their utilization to provide equitable economic rewards. The 2010 Nagoya Protocol governs the allocation of revenues derived from genetic resources utilized in commercial products, including cosmetics and pharmaceuticals. (article 5 Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity)

Trade and investment agreements often prioritize economic growth without considering long-term environmental impacts. For example, provisions in free trade agreements that prohibit trade barriers could conflict with strict domestic environmental policies, such as higher emission standards or bans on certain chemicals.³⁴ Therefore, in this context, IEL has an interest in sustainable environmental protection.

Imbalance of Power and Compliance

One of the main challenges in IEL is the power imbalance between developed and developing countries. Wade states that developed countries often have a stronger position in negotiations, which allows them to shape rules that are more favorable to their own interests.³⁵ However, unfair international agreements can hinder the achievement of the SDGs in developing countries. These injustices often arise when developed countries impose conditions in their favor while developing countries are trapped in a weak position. In this context, compliance and law enforcement are crucial issues in IEL international law. Keohane and Nye emphasized that without effective enforcement mechanisms,

³³ Mostafa Mahmud Naser and Prafula Pearce, "Evolution of the International Climate Change Policy and Processes: UNFCCC to Paris Agreement," in *Oxford Research Encyclopedia of Environmental Science* (Oxford University Press, 2022), <https://doi.org/10.1093/acrefore/9780199389414.013.422>.

³⁴ Rossella Palmieri et al., "Beyond the Finish Line: Sustainability Hurdles in the EU–Mercosur Free Trade Agreement," *Social Sciences* 13, no. 7 (July 8, 2024): 362, <https://doi.org/10.3390/socsci13070362>.

³⁵ Robert Hunter Wade, "What Strategies Are Viable for Developing Countries Today? The World Trade Organization and the Shrinking of 'Development Space,'" *Review of International Political Economy* 10, no. 4 (November 2003): 621–44, <https://doi.org/10.1080/09692290310001601902>.

international agreements are often only symbolic commitments that have no real impact. Therefore, to ensure that IEL truly supports the SDGs, a robust mechanism is needed to monitor compliance and enforce agreed rules. This monitoring mechanism should include independent oversight of the implementation of the agreement as well as clear sanctions for violators. With a transparent and accountable monitoring system in place, developing countries can be more confident in participating in international trade without fear of exploitation or injustice. In addition, it is also important to involve civil society and non-governmental organizations in this monitoring process so that the voice of the community can be heard and considered in decision-making.³⁶

Challenges in Integrating International Economic Law with Sustainable Development Goals

Integrating IEL with the SDGs is a complex challenge involving various legal, economic, and political aspects. The SDGs, adopted by the UN in 2015, set ambitious goals to end poverty, protect the planet, and ensure well-being for all by 2030. However, while IELs can play an important role in supporting the SDGs, there are a number of significant challenges that need to be addressed. One of the main challenges is the imbalance of economic power between developed and developing countries. Developed countries often have more influence in formulating international trade and investment agreements. Developing countries are often faced with pressure to accept more favorable provisions for developing countries, which can hinder their ability to achieve the SDGs.³⁷

Developing countries also face structural barriers that prevent them from reaping the full benefits of the IEL. Stiglitz and Greenwald point out that imbalances in access to technology and finance can exacerbate economic disparities, which negatively impact efforts to achieve the SDGs.³⁸ Conflicts between economic and environmental interests are a significant challenge in integrating IELs with the SDGs. Trade agreements often prioritize economic growth at the expense of environmental protection, which can be seen in many trade agreements still ignoring the environmental impact of economic activities despite efforts to integrate environmental provisions.

Examples, for example, the North American Free Trade Agreement (or NAFTA), although NAFTA includes some environmental provisions, critics state

³⁶ Robert O Keohane and Joseph S Nye, "Power and Interdependence, New York, San Francisco and Boston" (Longman, 2001).

³⁷ Global Trends, "Challenges and Opportunities in the Implementation of the Sustainable Development Goals," *United Nations Development Programme's United Nations Research Institute for Social Development*, 2017.

³⁸ Joseph E. Stiglitz, "CHAPTER 1 Alternative Theories of Inequality Causes, Consequences, And Policies," in *The Great Polarization* (Columbia University Press, 2022), 33–100, <https://doi.org/10.7312/arni19926-003>.

that this agreement is not enough to protect the environment.³⁹ As a result, there has been an increase in pollution and environmental damage in the US-Mexico border area due to increased industrial activity, the Trans-Pacific Trade Agreement (or TPP). Although the TPP has a specific chapter on the environment that includes commitments to international environmental agreements, some member states still face challenges in enforcing these provisions. For example, there are concerns that the exploitation of natural resources will increase without adequate oversight, and the Comprehensive Regional Trade Agreement (or RCEP), RCEP, which involves many Asia-Pacific countries, has been criticized for not having strong provisions regarding environmental protection. Many analysts note that the main focus of the agreement is on trade and investment liberalization, while environmental aspects are less concerned.⁴⁰

Countries have different regulations related to social and environmental protection, which can pose challenges in harmonizing policies with the SDGs. These differences often lead to difficulties in creating a uniform and effective framework to address global issues such as climate change and inequality.⁴¹ Compliance and law enforcement are key challenges in the IEL. Weak enforcement mechanisms often make international agreements less effective. In line with what Selonik and MacLeod have said, the lack of effective sanctions for violations of trade and investment agreements can hinder the achievement of the SDGs goals.⁴²

The lack of transparency and accountability in the negotiation and implementation of international agreements is also an obstacle. A closed negotiation process and lack of participation from key stakeholders can reduce the legitimacy of the agreement and hinder efforts to achieve the SDGs.⁴³ Political instability in various countries can hamper efforts to integrate IEL with the SDGs. Countries experiencing conflict or political transition often find it difficult to commit to international agreements that support sustainable development.

In addition, unequal access to new technologies is a major challenge. According to a World Bank report, developing countries often lag behind in

³⁹ Huub Lelieveld and Larry Keener, “Global Harmonization of Food Regulations and Legislation—the Global Harmonization Initiative,” *Trends in Food Science & Technology* 18 (2007): S15–19.

⁴⁰ Kazushi Shimizu, “The ASEAN Economic Community and the RCEP in the World Economy,” *Journal of Contemporary East Asia Studies* 10, no. 1 (January 2, 2021): 1–23, <https://doi.org/10.1080/24761028.2021.1907881>.

⁴¹ Eleni Sardianou, Vasilis Nikou, and Ioannis Kostakis, “Harmonizing Sustainability Goals: Empirical Insights into Climate Change Mitigation and Circular Economy Strategies in Selected European Countries with SDG13 Framework,” *Sustainability* 16, no. 1 (December 28, 2023): 296, <https://doi.org/10.3390/su16010296>.

⁴² Robert D. Anderson et al., “Competition Policy, Trade and the Global Economy: Existing WTO Elements, Commitments in Regional Trade Agreements, Current Challenges and Issues for Reflection,” *SSRN Electronic Journal*, 2018, <https://doi.org/10.2139/ssrn.3321116>.

⁴³ Marianne Beisheim, “Conflicts in UN Reform Negotiations: Insights into and from the Review of the High-Level Political Forum on Sustainable Development,” 2021.

the adoption of green technologies and the innovations needed to achieve the SDGs goals, especially related to renewable energy (SDG 7) and sustainable industrialization (SDG 9).⁴⁴ Not only that, in the context of intellectual property rights protection in trade agreements, it often complicates access to important technologies. In fact, strict intellectual property rights treaties can limit the ability of developing countries to acquire the technology necessary for sustainable development.

Case Study: Free Trade Agreement and Sustainable Development Goals

Free Trade Agreements (or FTAs) are legal instruments that aim to reduce trade barriers between participating countries, with the aim of increasing trade and investment. However, the role of FTAs in supporting sustainable development is still a matter of debate. This case study will explore the impact of several significant free trade agreements on sustainable development goals. FTAs can provide significant economic benefits, including increased market access, job creation, and economic growth, all of which contribute to SDG 8 (Decent Work and Economic Growth). FTAs often include provisions that support sustainable trade, such as better environmental and labor standards, which contribute to other SDGs such as SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action).⁴⁵ However, trade liberalization can also have a negative impact. Research by Gallagher and Kozul-Wright shows that FTAs can exacerbate economic and social inequalities (SDG 10) if not accompanied by adequate domestic policies. In addition, FTAs can increase pressure on natural resources and the environment, which is contrary to SDG 15 (Life on Land) and SDG 14 (Life Underwater).⁴⁶

United States-Mexico-Canada Free Trade Agreement (USMCA)

The USMCA, which came into effect in July 2020, is a free trade agreement that replaces the North American Free Trade Agreement (or NAFTA). The USMCA includes provisions designed to correct existing imbalances in NAFTA and support sustainable development. The USMCA has succeeded in increasing trade between member countries and creating jobs in certain sectors. However, these impacts have been uneven across all sectors and regions, with some communities in Mexico continuing to face challenges of labor inequality and exploitation. The USMCA includes a specific chapter on the environment that regulates habitat protection and natural resource management.⁴⁷ Although the USMCA has included

⁴⁴ Avik Sinha, Tuhin Sengupta, and Rafael Alvarado, "Interplay between Technological Innovation and Environmental Quality: Formulating the SDG Policies for next 11 Economies," *Journal of Cleaner Production* 242 (January 2020): 118549, <https://doi.org/10.1016/j.jclepro.2019.118549>.

⁴⁵ Marco Bronckers and Giovanni Gruni, "Retooling the Sustainability Standards in EU Free Trade Agreements," *Journal of International Economic Law* 24, no. 1 (March 16, 2021): 25–51, <https://doi.org/10.1093/jiel/jgab007>.

⁴⁶ Muhammad Mohsin, Hengbin Yin, and Ana Mehak, "Sustainable Solutions: Exploring Risks and Strategies in Pakistan's Seafood Trade for Marine Conservation," *Frontiers in Marine Science* 11 (2024): 1420755.

⁴⁷ Rebecka Villanueva Ulfgard, *Mexico and the 2030 Sustainable Development Agenda: Unsustainable and Non-Transformative* (Springer Nature, 2023).

a specific chapter on the environment that regulates habitat protection and natural resource management, the challenges in its implementation are still very real. A report from the Sierra Club shows that some infrastructure projects driven by free trade continue to cause deforestation and water pollution in Mexico. This shows that environmental policies in the USMCA need stronger enforcement in order to have the expected positive impact.⁴⁸

Without an effective enforcement mechanism, this agreement risks becoming a mere symbolic commitment that does not bring real change to the environment. In this context, it is important to develop better monitoring and enforcement systems to ensure that all parties comply with the agreed environmental provisions. Member states need to collaborate to create a framework that allows for independent oversight of projects that have the potential to harm the environment. With a transparent monitoring system, communities can more easily report violations and ensure that necessary actions are taken to protect natural resources. In addition, the involvement of civil society and non-governmental organizations in the monitoring process can increase accountability and transparency. The voice of local communities is crucial in assessing the impact of infrastructure projects on their environment. By involving them in the decision-making process, USMCA member countries can ensure that environmental policies are not only set on paper but are also effectively implemented on the ground.

Regional Comprehensive Economic Partnership Agreement (RCEP)

RCEP, which entered into force in January 2022, is the world's largest free trade agreement covering 15 Asia-Pacific countries. RCEP aims to deepen economic integration in the region and includes provisions that support sustainable development. Research by the Asian Development Bank suggests that RCEP could increase the collective GDP of its member countries by up to \$209 billion per year by 2030, with positive impacts on job creation and poverty reduction (SDG 1).⁴⁹ However, there are concerns about how these gains are distributed, especially in countries with weak labor regulations. RCEP also includes provisions to strengthen environmental cooperation, but implementation remains questionable. Indeed, the expected increase in trade and investment from RCEP could lead to significant environmental degradation if not accompanied by strict environmental policies. This includes increased carbon emissions and damage to marine ecosystems.⁵⁰

⁴⁸ Fiona Gladstone et al., "NAFTA and Environment after 25 Years: A Retrospective Analysis of the US-Mexico Border," *Environmental Science & Policy* 119 (May 2021): 18–33, <https://doi.org/10.1016/j.envsci.2020.10.017>.

⁴⁹ L E Huong, "Regional Comprehensive Economic Partnership, ASEAN's Agency, and the Role of ASEAN Members in Shaping the Regional Economic Order," 2022.

⁵⁰ Rakesh Kumar et al., "Impacts of Plastic Pollution on Ecosystem Services, Sustainable Development Goals, and Need to Focus on Circular Economy and Policy Interventions," *Sustainability* 13, no. 17 (September 6, 2021): 9963, <https://doi.org/10.3390/su13179963>.

EU-Mercosur Free Trade Agreement

The free trade agreement between the European Union and Mercosur (Brazil, Argentina, Uruguay, and Paraguay) has been under negotiation for two decades and was finally agreed in 2019, but has yet to be fully ratified due to environmental and social concerns.⁵¹ According to the European Commission, the agreement is expected to increase bilateral trade by 36 billion euros per year, which could contribute to economic growth and job creation in both blocs.⁵² However, criticism from some NGOs suggests that this agreement could worsen conditions for workers in the agricultural sector in Mercosur. Environmental concerns are one of the main obstacles to the ratification of this agreement. A report by the World Wide Fund for Nature (or WWF) suggests that increased exports of beef and other agricultural products to the European Union could trigger deforestation in the Amazon, which is contrary to global commitments to mitigate climate change (SDG 13).⁵³

This raises serious questions about how trade agreements can be implemented without harming the environment, especially in regions that are already vulnerable to ecosystem damage. In addition, challenges in environmental law enforcement are also a concern. Although there are provisions governing environmental protection in the agreement, without a strong enforcement mechanism, these provisions may be ineffective. Member states need to ensure that there are clear sanctions for those who violate environmental rules so that all parties feel bound to abide by the commitments that have been agreed upon. Without proper enforcement, these agreements risk becoming only a formal document that has no real impact on environmental protection.

Strategies and Recommendations to Increase International Economic Law's Contribution to the Sustainable Development Goals

IEL plays an important role in achieving the SDGs. However, to effectively scale up its contribution, there is a need for holistic and coordinated strategies and recommendations. These strategies should include improving trade and investment policies, strengthening enforcement mechanisms, and increasing transparency and participation. This section will outline some of the key strategies and recommendations on how IEL can play an important role in promoting development to achieve the SDGs. One important strategy is to integrate sustainable development policies more strongly in free trade agreements (or FTAs). Research by the European Commission shows that including provisions on environmental protection, human rights, and labor standards in FTAs can increase the positive impact of trade

⁵¹ Susan E.M. Cesar de Oliveira et al., "The European Union-Mercosur Free Trade Agreement as a Tool for Environmentally Sustainable Land Use Governance," *Environmental Science & Policy* 161 (November 2024): 103875, <https://doi.org/10.1016/j.envsci.2024.103875>.

⁵² Michał Orzechowski, "The People's Republic of China and the European Union Economic Cooperation and Its Influence on the Polish Economy," n.d.

⁵³ Pamela Chasek and David L Downie, *Global Environmental Politics* (Routledge, 2020).

agreements on the SDGs.⁵⁴ For example, the environment chapter in the USMCA includes commitments to enforce existing environmental laws and seek to address issues such as deforestation and pollution.⁵⁵ Therefore, the authors provide several strategies and recommendations to enhance the contribution of IELs in promoting the SDGs, including encouraging green investment, strengthening enforcement mechanisms, increasing transparency and participation, and developing international cooperation and national policies.

Encouraging Green Investment

Green investment is a key component in achieving the SDGs, especially those related to climate change and clean energy (SDG 7 and SDG 13). Based on a report conducted by the World Bank, countries need to develop policies that encourage investment in renewable energy and green technology sectors. Therefore, fiscal incentives, tax reductions, and green financing can be effective tools to attract sustainable investment, for example, providing tax breaks or subsidies for renewable energy projects can reduce initial capital costs and increase investment feasibility.⁵⁶ Tax deductions for renewable energy equipment can also accelerate the adoption of green technologies in critical sectors. In addition, green financing available from international and national financial institutions can provide the needed source of funding for sustainable projects. This policy not only helps in achieving the SDGs targets related to clean energy and climate change, but also provides long-term economic stimulus by creating new jobs, reducing dependence on fossil energy sources, and improving national energy security.⁵⁷ As such, the integration of green investments is an integral part of the global sustainable development strategy in the 21st century, which can be realized later in the 2030 Agenda for Sustainable Development.

Strengthening Law Enforcement Mechanisms

To ensure compliance with trade and investment provisions that support the SDGs, effective enforcement mechanisms are needed. Elliott suggest that transparent and accountable dispute settlement mechanisms can improve compliance and provide remedies for treaty violations.⁵⁸ This can be seen in the dispute settlement

⁵⁴ Aleksandra Borowicz and Rasa Daugėlienė, “The Role of EU Trade Agreements in Light of the Sustainable Development Goals,” *Global Public Goods and Sustainable Development in the Practice of International Organizations: Responding to Challenges of Today’s World*, 2023, 172–91.

⁵⁵ Geoffrey Garver and Carla Sbert, “Ecological Trade in North America,” *Ecological Law in Practice: Case Studies for a Transformative Approach*, 2024.

⁵⁶ Han Yan, Md. Qamruzzaman, and Sylvia Kor, “Nexus between Green Investment, Fiscal Policy, Environmental Tax, Energy Price, Natural Resources, and Clean Energy—A Step towards Sustainable Development by Fostering Clean Energy Inclusion,” *Sustainability* 15, no. 18 (September 12, 2023): 13591, <https://doi.org/10.3390/su151813591>.

⁵⁷ Md Arif Hasan et al., “The Synergy between Climate Change Policies and National Development Goals: Implications for Sustainability,” *Journal of Cleaner Production* 249 (March 2020): 119369, <https://doi.org/10.1016/j.jclepro.2019.119369>.

⁵⁸ Kimberly Ann Elliott, “Developing a More Inclusive US Trade Policy at Home and Abroad,” *Center for Global Development Policy Paper* 146 (2019).

mechanism in the WTO which allows member countries to sue for adverse actions. The application of effective sanctions against violations of environmental and social provisions in FTAs is also important. Strict sanctions can deter business practices that harm the environment and society, and encourage companies to operate more responsibly.⁵⁹

The application of effective sanctions against violations of environmental and social provisions in FTAs is also important. Strict sanctions can serve as a deterrence for business practices that harm the environment and society.⁶⁰ For example, when a company violates the provisions on environmental protection stipulated in an FTA, sanctions can be imposed to enforce the rules and encourage companies to change their practices to be more socially and environmentally responsible. Effective implementation of dispute settlement mechanisms and application of sanctions is not only about enforcing rules but also about creating incentives that encourage companies and countries to commit to sustainable business practices. As such, a strong and consistent international legal system is an important foundation to support the achievement of the SDGs globally.

Increased Transparency and Participation

Transparency and stakeholder participation play a key role in supporting the SDGs through IEL. The active engagement of a wide range of parties, including civil society, the private sector, and governments, is important in ensuring that trade policies and agreements reflect the interests of all parties and operate in an accountable manner. According to a report by Transparency International, broad stakeholder engagement can mitigate the risk of decisions that favor only a small number of parties or that do not consider equitable impacts on society and the environment.⁶¹ By involving civil society, for example, the negotiation process can pay more attention to social and environmental aspects that are important for achieving the SDGs, such as social justice (SDG 10) and environmental protection (SDG 13).

The importance of transparency cannot be overlooked either. Providing clear and accessible information on trade and investment agreements allows the public to understand the implications of the policies adopted. Better access to this information enables the public to participate more actively in decision-making processes.⁶² Thus,

⁵⁹ Dilek Cetindamar, "Corporate Social Responsibility Practices and Environmentally Responsible Behavior: The Case of The United Nations Global Compact," *Journal of Business Ethics* 76, no. 2 (October 22, 2007): 163–76, <https://doi.org/10.1007/s10551-006-9265-4>.

⁶⁰ David López Jiménez, Eduardo Carlos Dittmar, and Jenny Patricia Vargas Portillo, "New Directions in Corporate Social Responsibility and Ethics: Codes of Conduct in the Digital Environment," *Journal of Business Ethics*, February 4, 2021, <https://doi.org/10.1007/s10551-021-04753-z>.

⁶¹ Fabio Monteduro et al., "Does Stakeholder Engagement Affect Corruption Risk Management?," *Journal of Management and Governance* 25, no. 3 (September 1, 2021): 759–85, <https://doi.org/10.1007/s10997-020-09527-9>.

⁶² Walter Castelnuovo, Gianluca Misuraca, and Alberto Savoldelli, "Smart Cities Governance," *Social Science Computer Review* 34, no. 6 (December 3, 2016): 724–39, <https://doi.org/10.1177/0894439315611103>.

transparency is not just about disclosing the content of agreements but also about building greater public trust and engagement with the political and policy processes that affect them.

Measures to enhance transparency and stakeholder participation through IEL may include: (1) comprehensive publication of information by ensuring that all agreement documents and decisions related to trade and investment are publicly available and easily accessible. (2) open public consultations, by holding inclusive public consultations before and during the agreement negotiation process to allow for input from a wide range of parties, including civil society groups and small and medium-sized businesses. (3) transparency in implementation, by ensuring that the implementation of trade agreements and policies is conducted transparently, with regular and open reporting on progress and impact on the SDGs. (4) education and training, by improving people's understanding of international trade and investment issues, as well as their impact on daily life and the environment.

Development of International Cooperation and National Policy

International cooperation is an important element in achieving the SDGs. Forming a global alliance focused on sustainable development can improve coordination and cooperation between countries.⁶³ These alliances can facilitate the exchange of knowledge, technology, and resources and strengthen the capacity of developing countries to achieve sustainable development goals. Harmonizing international trade and investment regulations with sustainable development standards is also an important strategy. Adopting consistent international standards can reduce barriers to trade and investment and ensure that all countries operate to the same standards of environmental and social protection.⁶⁴

In addition to the development of international cooperation, it is also important that at the national level, countries should strengthen domestic policies that support sustainable development goals. Strong domestic policies can help countries capitalize on the benefits of trade and investment agreements while mitigating their negative impacts.⁶⁵ These include strict environmental policies, workforce training programs, and support for local industries. Conducting a sustainable impact assessment before signing trade and investment agreements can help identify potential risks and benefits. A comprehensive impact assessment can help governments make better decisions and ensure that agreements support

⁶³ Chuanglin Fang et al., "China's Improving Total Environmental Quality and Environment-Economy Coordination since 2000: Progress towards Sustainable Development Goals," *Journal of Cleaner Production* 387 (February 2023): 135915, <https://doi.org/10.1016/j.jclepro.2023.135915>.

⁶⁴ James X. Zhan and Amelia U. Santos-Paulino, "Investing in the Sustainable Development Goals: Mobilization, Channeling, and Impact," *Journal of International Business Policy* 4, no. 1 (March 8, 2021): 166–83, <https://doi.org/10.1057/s42214-020-00093-3>.

⁶⁵ Kailan Tian et al., "Regional Trade Agreement Burdens Global Carbon Emissions Mitigation," *Nature Communications* 13, no. 1 (January 20, 2022): 408, <https://doi.org/10.1038/s41467-022-28004-5>.

sustainable development goals.⁶⁶ Therefore, to enhance IEL's contribution to the SDGs, a holistic and coordinated strategy is needed that includes integrating sustainable development policies in trade agreements, encouraging green investments, strengthening enforcement mechanisms, increasing transparency and participation, and developing international cooperation and national policies. By implementing these strategies, IEL can play a more effective role in supporting the achievement of sustainable development goals.

Conclusion

Indeed, the IEL intersects with the SDGs, including trade agreements, financial regulation, the role of multilateral development banks, international investment, and the relationship between economic development and the rule of law. This underscores the importance of these laws in creating a stable global economic environment and supporting sustainable development. Trade agreements, such as those governed by the WTO have the potential to restrict policy space for governments, which may limit their ability to implement sustainable development policies. Conversely, if designed with sustainability in mind, these agreements can open markets and foster economic growth that reduces poverty and improves well-being. In addition, the role of multilateral development banks such as the WB and the Asian Infrastructure Investment Bank has an important function in financing sustainable development projects, providing the necessary capital to support SDG-aligned initiatives.

International investment as part of IEL is seen as a double-edged sword, able to contribute to sustainable development by providing capital for projects that support the SDGs, but also potentially causing negative impacts such as human rights violations and environmental damage if not regulated with sustainability in mind. The rule of law is emphasized as the foundation for achieving sustainable development, and IEL supports this by promoting transparency, accountability, and good governance in economic activities. Challenges in implementing IEL include power imbalances between developed and developing countries, differences in national interests, and compliance and enforcement issues. While international economic laws have the potential to significantly impact the achievement of the SDGs, the design and implementation of such laws must be carefully considered to ensure that they are in line with the sustainable development goals.

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⁶⁶ Frank Biermann et al., "Scientific Evidence on the Political Impact of the Sustainable Development Goals," *Nature Sustainability* 5, no. 9 (June 20, 2022): 795–800, <https://doi.org/10.1038/s41893-022-00909-5>.

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