

Sustainable trade: a key driver for the transition to inclusive green economies and sustainable consumption and production patterns.

Currently global trade amplifies the triple planetary crises of climate instability, nature loss and rising levels of pollution.

The world is on track for **global warming of 2.7°C** (by 2100).

Resource extraction: has contributed to **90% biodiversity loss**.

Intl. trade drives **30% of threats to species**

Land use change **affected 32% of global land (1960-2019)**, driven by **deforestation for crops**.

Since 1970, Trade has grown **10x** and the world population **2x**.

Global trade in plastics tops **\$1 trillion** yearly.

The UNEP Environment & Trade Hub inspires and enables countries in developing and implementing sustainable trade policies and trade agreements that foster environmental sustainability and human well-being. The Hub works with public and private partners to offer analyses, research, tools, methodologies, and advisory services. The Hub also promotes national, regional, and international cooperation between environment and trade communities. This document captures some of our key facts and messages.



1 Trade contributes to sustainable development if trade policies align with environmental and social policies.

Incentives to encourage circularity are regulations to design products to be more resource-efficient, recyclable, and reusable and reduce hazardous or unrecyclable materials. Also access to green technologies and environmental goods and services;

Policies to promote high environmental standards: on sustainable agricultural production, sustainable use of forests, low carbon production, and circularity;

Trade pacts to restrict harmful products: like plastic waste, which importing countries cannot manage in an environmentally sound manner;

Encourage effective implementation of MEAs: Trade pressures must not undermine the implementation of the international accords, which cover everything from mercury pollution to the transport of hazardous waste;

Trade deals include provisions for environmental cooperation and assessment of environmental impacts;

Liberalize trade of environmentally sound technologies: eliminating tariff and non-tariff barriers to clean technologies to increase the volume and a country's resilience to natural disasters and climate change.



Photo: Alex Hudson, Unsplash

2 Trade can support action on climate, nature, and pollution if we harness trade policies and agreements to eliminate harmful subsidies.

In 2021 governments spent \$423 billion subsidizing **fossil fuel production** and consumption, which is one of the most significant barriers hampering the shift to renewable energy (84% of energy is sourced from fossil fuel). But change is possible: At least 53 countries reformed their fossil-fuel subsidies between 2015 and 2020.

Over two-thirds of estimated USD 540 billion agricultural support yearly is harmful to health and nature (deforestation, overuse chemicals) and is expected to reach USD 1,8 trillion by 2030. About 73% (USD 1.3 trillion) are border measures, affecting market prices. The remaining 27% (USD 475 billion) are fiscal subsidies for agricultural producers. Currently, over 90% of our fisheries are overexploited, and USD 35 billion are put into **fisheries subsidies**. This would instead create better open trade practices, leading to economic and social benefits of USD 83 billion (The World Bank, 2017).

In December 2021, more than 50 WTO members of the Trade and Environmental Sustainability Structured Discussions (TESSD) launched Ministerial Statements on: 1) Trade and environment, 2) Plastics pollution, 3) Fossil fuels subsidy reform. These statements start important work towards intensifying discussions and identifying actions to make trade contribute to environmental and climate goals, and advance towards achieving the SDGs.

3 International cooperation is vital to achieving global environmental goals and supporting developing countries.

The number of environmental provisions in regional free trade is rising. In 2018, free trade agreements contained an average of 73 different environmental provisions, many referring to Multilateral Environmental Agreements (MEAs). We need to identify options for harnessing trade policies and agreements to foster and incentive action to achieve global environmental goals. Multilateral cooperation is vital to promoting ambitious, inclusive, transparent, and effective approaches.

4 In the context of the COVID-19 recovery efforts, trade policies must help foster resilience to future shocks and support to build back better.

Governments can rebuild trade by using policies to support sustainable production and consumption:

a) incentives to support sustainable production and a circular economy; b) harnessing trade rules to discipline environmentally harmful subsidies; and c) restricting trade flows in environmentally sensitive or harmful products.

5 What countries could do to make trade work for sustainable development:

- A) Establish a national level body to link Environment and Trade ministries and policies** to ensure alignment of trade policies with environmental goals and harness synergies instead of creating trade-offs. (These national bodies can scale-up their work and share experiences in the Committee of Trade and Environment at the WTO);
- B) Reform and eliminate environmentally harmful and wasteful subsidies** (fossil fuel, fisheries and agriculture);
- C) Remove trade barriers for environmental goods and services**, including environmentally sound technologies;
- D) Join international discussions and negotiations;**
- E) Promote sustainable production and consumption**, for example, by implementing Sustainability Standards.

2022 is a critical year for trade and the environment

Trade policy and sustainable development goals should align, and thus it is critical that trade and environment ministers sit at the same table. We need to support developing countries in designing and implementing green trade policies, pursuing green business opportunities, and diversifying their economies.

We must follow the principle of doing no harm; any trade agreement (bilateral, regional, multilateral) needs to be good for the environment, now, and tomorrow. We need leaders to push for a low-carbon, resource-efficient, circular economy centered around the SDGs