TESS | Forum on Trade Environment & the SDGs

Roundtable on trade and deforestation: options for enhanced and inclusive international cooperation

Geneva, 28 April 2023, 9:00 – 11.30

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Forests are critical for climate

- Forest ecosystems are the largest terrestrial carbon storage, accounting for **92% of all terrestrial biomass** globally and storing approximately 400 gigatons of carbon.[1]
- 23% of total anthropogenic greenhouse gas emissions (2007-2016) come from agriculture, forestry and other land uses. **About 11% of emissions are from deforestation** and conversion of natural ecosystems.[2]
- Tropical **primary forests, in particular, are critical** for carbon storage and biodiversity → loss in 2021 resulted in 2.5 Gt of carbon dioxide emissions, equivalent to the annual fossil fuel emissions of India.[3]
- Halting deforestation and maintaining forests could avoid emitting 3.6 +/- 2 Gt of carbon dioxide equivalent per year between 2020 and 2050, including about **14% of what is needed up to 2030 to keep planetary warming below 1.5 °C**.[4]

Sources: 1) Kayler et al. (2017), 2) IPCC (2019), 3) University of Maryland / Global Forest Watch (2021) and 4) FAO (2022)

But also for livelihoods and wellbeing

- About **33 million people** are estimated to work directly in the formal and informal forest sector. The sector contributed (directly, indirectly and induced) more than USD 1.52 trillion to world gross domestic product in 2015.[1]
- Estimated **3.5 – 5.76 billion people use non-timber forest products** for own use or to support livelihoods, supporting food security and nutrition of especially in remote areas in the tropics and subtropics.[1]
- In developing countries **environmental income** accounts for 28% of total household income, 77% of which comes from natural forests.[2]

Sources: 1) FAO (2022) and 2) Angelsen et al. (2014)

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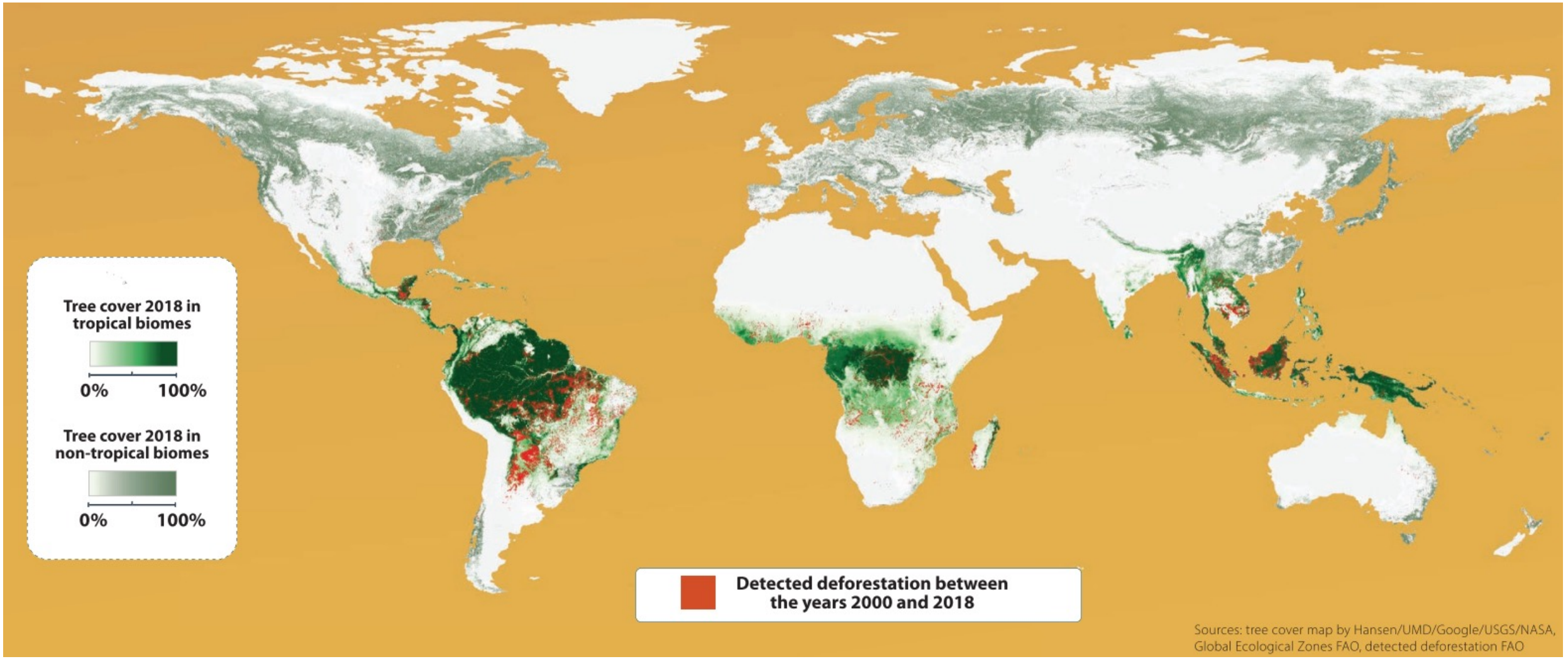
Global deforestation is slowing but tropical rainforests remain under threat

- According to the FAO Remote Sensing Survey 2020:
  - **Annual deforestation** decreased by around 29 percent -from 11 million hectares per year in the decade 2000-2010 to 7.8 million hectares per year in the period 2010-2018
  - **Net forest area losses** have more than halved during the survey period, decreasing from 6.8 million hectares per year in 2000-2010 to 3.1 million hectares per year in 2010-2018.
  - **The highest deforestation** in 2000-2018 occurred in South America (68 million hectares deforested), followed by Africa (49 million hectares).
  - The loss of **tropical forests accounted for more than 90 percent** of the global deforestation from 2000 to 2018, at 157 million hectares – i.e. roughly the size of western Europe.
- In addition to deforestation, forest ecosystems are also **fragmenting and degrading** (e.g. due to illegal or unsustainable logging) and often leads to deforestation.

South America and South and South East Asia tropical rainforest record the highest deforestation rates of all biomes despite slowdown in the 2000 and 2018 period



Source: FAO Remote Sensing Survey 2020

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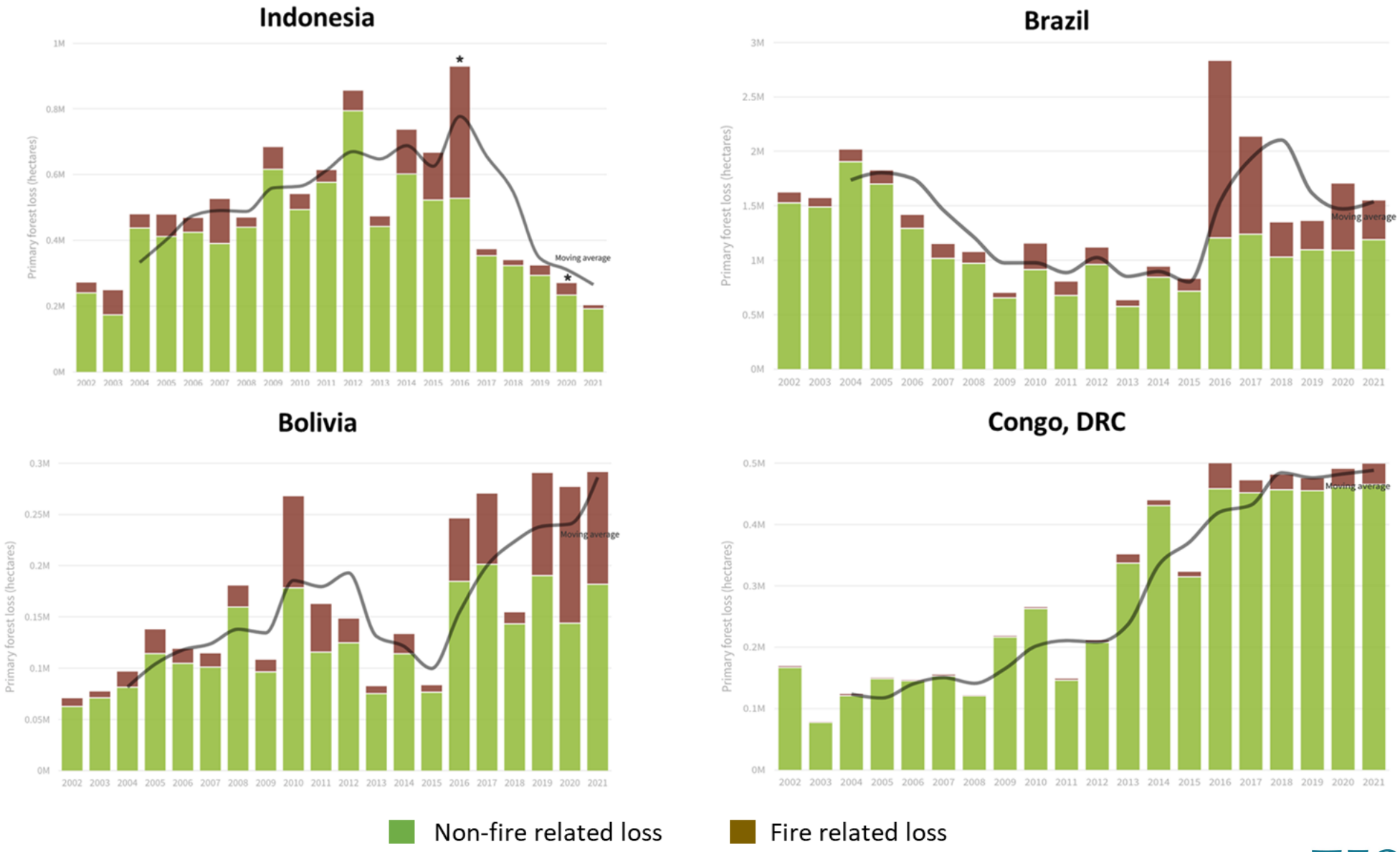
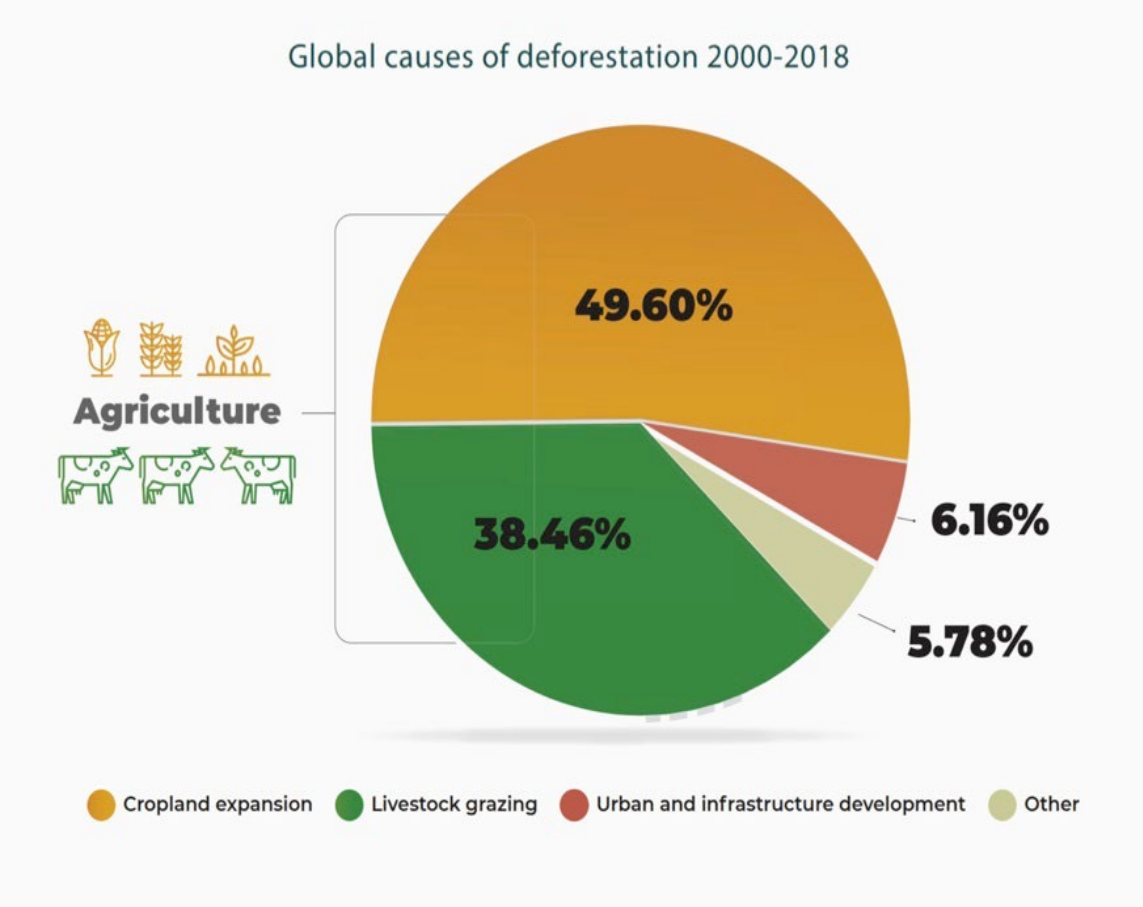
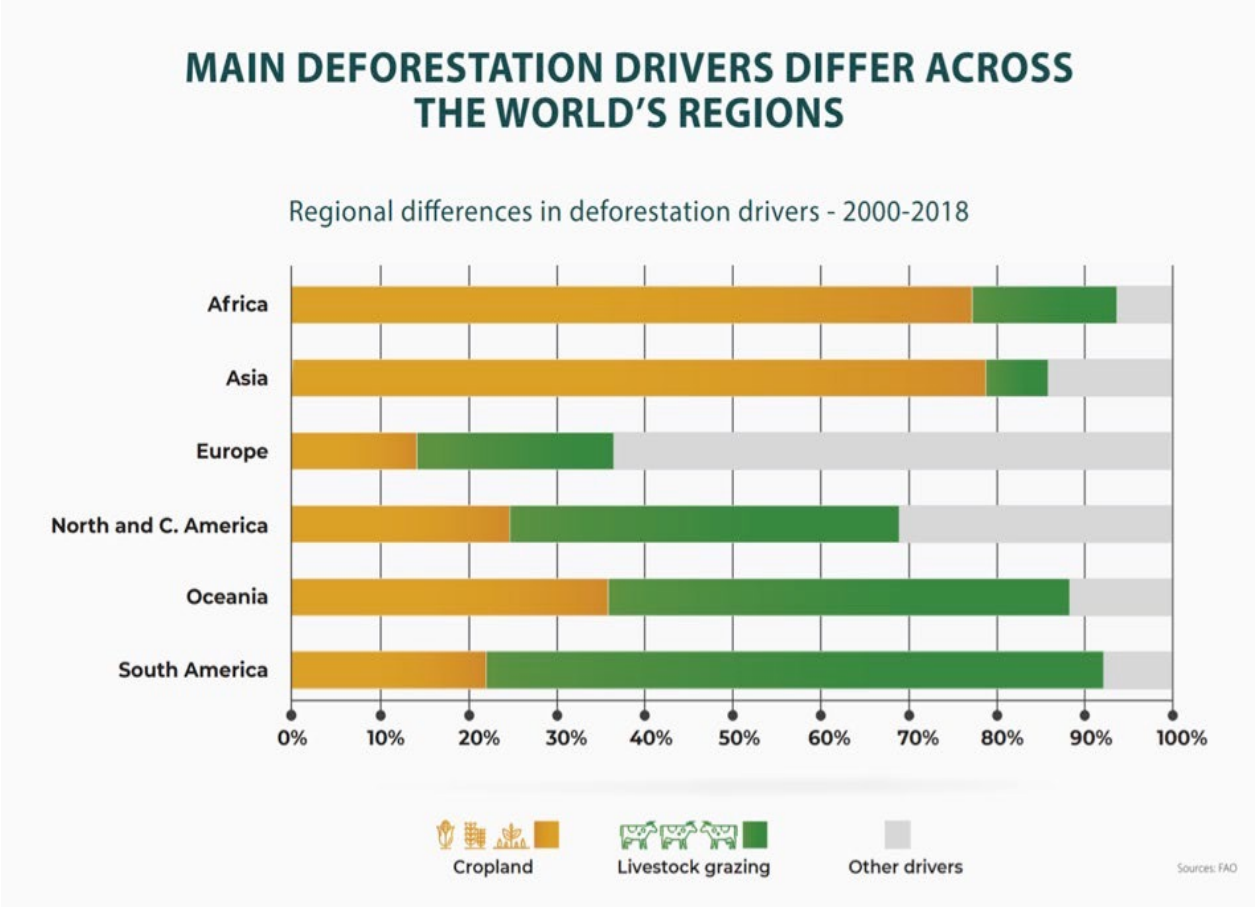
Estimated forest loss (2002-2021)



Source: WRI (2022) Indicators of Forest Extent: Forest Loss

Drivers of deforestation





Source: FAO (2021)

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The trade and trade policy / deforestation interface

- In the absence of effective environmental international trade in response to external demand can exacerbate deforestation pressure.
  - 26% of deforestation can be attributed to international demand.*

- Trade and trade policy can also help address deforestation by:
  - Promoting trade in sustainably produced goods and services:
    - Voluntary standards and environmental labelling;
    - Preferential market access for sustainable products (e.g. preferential tariffs);
    - Removing non-tariff barriers to trade in sustainable products (e.g. regulatory cooperation and harmonizing standards between trade partners);
    - Provide financial support, training and technical assistance that supports sustainable and deforestation-free trade.
  - Discouraging/limiting trade in products associated with unsustainable practices:
    - Restrict trade in agricultural commodities produced on illegally deforested land;
    - Mandatory due diligence requirements or sustainability requirements for products entering the market
    - Removing environmentally harmful subsidies.

* *Sources:* Pendrill et al. (2019) Deforestation displaced: trade in forest-risk commodities and the prospects for a global forest transition, *Environmental Research Letters*, 14/5