

Brainstorming Roundtable on Nature-Positive Trade Rules for Sustainable Development

18 April 2024, 2-5pm CET
Geneva Graduate Institute, Maison de la Paix and Hybrid

Background Note

Biodiversity loss, the degradation of ecosystems and unsustainable use of natural resources are significantly undermining progress towards the achievement of the Sustainable Development Goals (SDGs).¹ Biodiversity is the source of a wide range of products and services used by our societies and forms the natural capital base for a sustainable economy. It represents an important share of the world economy and provides livelihoods for 4.3 billion people, particularly the most vulnerable and economically disadvantaged.² Ecosystem services and other non-marketed goods are estimated to make up between 50 and 90% of the total source of livelihoods among poor rural and forest-dwelling households – the so-called ‘GDP of the poor’ – highlighting the critical importance of biodiversity in the context of international commitments to development and ‘leave no one behind’.³ Indeed, directly or indirectly, our entire economy is dependent on nature and its services. According to the World Economic Forum, USD 44 trillion of economic value generation—over half the world’s total GDP—is moderately or highly dependent on nature and its services and, as a result, exposed to risks from biodiversity loss and ecosystem degradation.⁴

The Intergovernmental Panel on Climate Change (IPCC) also highlights that safeguarding biodiversity and ecosystems is fundamental to climate resilient development given their roles in climate change adaptation and mitigation.⁵ Meanwhile, in food insecure regions, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) estimates that land degradation and climate change will further reduce crop yields by an average of 11% by 2050, with severe impacts on food and nutrition security.⁶ Additionally, these impacts may exacerbate migration, health issues, and political instability.

At the same time, the way in which ‘nature’ is understood by key economic and financial actors is rapidly evolving. Alongside long-standing calls for “the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources,” as reflected in the 1992 Convention on Biological Diversity (CBD), there is a growing emphasis on restoration and regeneration of nature, on ‘nature-based solutions’, and more systemically on the concept of ‘nature economies’,⁷ where nature is increasingly valued and traded. Further, approaches focused on promoting biotrade are now giving way to broader, more holistic conceptions of a sustainable global bioeconomy that provides new sources of economic growth, employment and , while accelerating net zero transition and protecting and renewing natural capital. There is growing recognition of the substantial upside economic opportunities that nature represents—today’s global bioeconomy has an

¹ IPBES. (2019). The global assessment report on biodiversity and ecosystem services: Summary for policymakers. https://ipbes.net/sites/default/files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf

² UNCTAD. (2021). Linking trade and biodiversity. https://unctad.org/system/files/official-document/ditcted2021d1_en.pdf;

³ Biodiversity and the 2030 Agenda for Sustainable Development, 2016. <https://www.cbd.int/development/doc/biodiversity-2030-agenda-technical-note-en.pdf>. For further background, see The Economics of Ecosystems and Biodiversity (TEEB), <https://teebweb.org>.

⁴ WEF & PwC. (2020). Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy. https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf

⁵ IPCC. (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. <https://www.ipcc.ch/report/ar6/wg2/>

⁶ IPBES (2019).

⁷ On nature economies, see for instance, the work of UNEP-WCMC, <https://www.unep-wcmc.org/en/nature-economy>. IISD, <https://www.iisd.org/publications/report/mapping-landscape-nature-economy>. Nature Finance, <https://www.naturefinance.net/making-change/nature-markets/>, and WEF, <https://www.weforum.org/publications/new-nature-economy-report-series/#report-nav>.

estimated value of US\$4 trillion (World Bioeconomy Forum, 2022). It has significant growth potential in the context of the transition to a low carbon, nature positive world, with estimates as high as US\$30 trillion by 2050. For example, China predicts that its bioeconomy will be valued at US\$3.3 trillion by the end of 2025, with India registering double digit growth rates in recent years.

At the national and regional level, a growing number of governments have developed bioeconomy strategies as illustrated by the East African Bioeconomy Framework, the EU regions bioeconomy related strategies,⁸ Japan's Bioeconomy Strategy, and the [South Africa Bio-economy Strategy](#). In so doing, governments have developed and adopted differing and yet often complementary definitions of the bioeconomy.⁹ Differences are rooted in diverse priorities and strategies, contexts, and drivers. These differences, while necessary and useful, are converging along three major thematic axes:

- (a) biotechnology (emphasizing research, development, and innovation): Key examples include animal and agricultural technology, biorefineries, bio-based materials, and biotechnology, bioinformatics, and computational biology.
- (b) bioresources (emphasizing sustainable use of biodiversity): Key examples include the interdependence of biodiversity/climate and the bioeconomy, indigenous and local knowledge and biodiversity conservation and restoration.
- (c) bioecology (emphasizing sustainable development more broadly): Key examples include economic development via bioeconomy tech innovation, inclusive growth/inequality impacts of the bioeconomy, and health and well-being.

In the past several years, the need to address both the risk and opportunities associated with nature within the global economic and financial architecture has gained global recognition, particularly through the Kunming-Montreal Global Biodiversity Framework (GBF), but also a range of initiatives such as the UNCTAD BioTrade initiative, the International Sustainability Standards Board (ISSB), the Taskforce on Nature-related Financial Disclosures (TNFD) and the Brazilian led G20 Bioeconomy. Multilateral actions to address biodiversity loss, along with other planetary challenges, were also a focal point at the sixth UN Environment Assembly (UNEA-6) in late February 2024.

In spite of these initiatives, however, the global community is making scant progress in achieving biodiversity as well as sustainable development goals. Well-recognised shortfalls in implementation of all SDGs also apply to those SDGs most related to biodiversity, such as SDG 14 (on ocean and marine resources) and SDG 15 (on ecosystems, forest and biodiversity), as well as other environment-related goals, such as SDG 12 (on responsible production and consumption) and SDG 13 (on climate action). More broadly, amidst growing international concern about the crisis of biodiversity loss, many emerging and developing countries express concern about challenges they face in securing progress on the range of SDGs, addressing the biodiversity crisis, and advancing approaches to nature in ways that foster economic opportunities and support sustainable development, including in relation to trade and trade policies.

Meanwhile, biodiversity is increasingly recognized as a relevant concern in a range of policy settings where trade policy issues and cooperation are addressed,¹⁰ accompanied by growing discussion of pathways and options for 'nature-positive trade' that serves sustainable development.¹¹ To spur engagement in the

⁸ There are 359 bioeconomy-related strategies at the regional level. Of these, 334 frameworks have been published, with 324 being regional and 10 being multi-regional (such as cross-border, interregional, or macroregional).

⁹ It is critical to note that the bioeconomy is not inherently synonymous with sustainability and equitable development—there are many elements of the bioeconomy, for example biomass and bioenergy, which can exacerbate global warming and nature degradation if not approached sustainably. Likewise, the bioeconomy's capital and technology intensive aspects make it more challenging for less industrialized economies to "catch up" and capture value in early stages of the value chain. Thus, while advancing a nature positive and equitable bioeconomy has significant upside potential, it also introduces a new set of trade governance and sustainable development complexities.

¹⁰ UNEP. (2021). [Biodiversity and international trade policy primer: How does nature fit in the sustainable trade agenda?](#) UK Research and Innovation Global Challenges Research Fund (UKRI GCRF) Trade, Development and the Environment Hub, UN Environment Programme (UNEP), and Forum on Trade, Environment & the SDGs (TESS).

¹¹ UNEP (2023). [Nature-positive trade for sustainable development: Opportunities to promote synergies between the Kunming-Montreal Global Biodiversity Framework and work on sustainable trade at the WTO](#). UK Research and Innovation Global

roundtable discussion on 18 April, this background note aims to provide a brief review of some key issues related to: (i) the role of trade and trade policy in addressing the biodiversity crisis and supporting a nature economy that serves sustainable development; and (ii) the state of play in a sample of trade processes on biodiversity and nature-positive trade.

1. Role of trade and trade policy in addressing the biodiversity crisis and supporting a nature economy that serves sustainable development

Achieving global biodiversity objectives and sustainable development necessitates urgent transformative, systems-level changes across various domains, improving not only the sustainability of economic sectors but also how they function globally through trade.¹² International trade and trade policies have a complex role to play in this equation. In the absence of effective, enforceable and synergistic regulations, policies and frameworks, international trade spurred by global demand and rapidly evolving consumption patterns can contribute to exacerbating biodiversity loss, the degradation of ecosystems, and acceleration of the climate crisis. At the same time, trade and trade-related policies can play a critical role in promoting biodiversity conservation, sustainable use and restoration, while supporting the emergence of an equitable and sustainable global bioeconomy that fosters economic growth, creates jobs, and enhances livelihoods.

Governments are increasingly exploring options to harness trade and trade-related policies and cooperation to limit nature loss and benefit from the opportunities offered by the bioeconomy. These include efforts to regulate trade in both invasive species and endangered species, including sectoral approaches such as international agreements that include provisions to monitor and restrict trade in certain fish stocks. In addition, there are initiatives to establish sustainability requirements for products entering markets, such as due diligence requirements for deforestation free supply chains in the EU or the United Kingdom, and efforts to develop, promote and support implementation of voluntary sustainability standards along supply chains to support more sustainable trade. Alongside, developing countries highlight the challenges they face in responding to (and providing input into) the proliferation of standards and regulations related to biodiversity. Developing country governments have expressed interest in ongoing efforts to promote trade in biodiversity-based products and sustainably produced products, including opportunities for trade cooperation to support the potential for increasing bio-based value creation in the countries (including in knowledge-based sectors such as the chemical and pharmaceutical industries). In this regard, they regularly highlight the need for access to technology, technology transfer, support for R&D and investments to address capacity constraints.

Several international initiatives are specifically targeting the role of trade in protecting and harnessing natural capital, such as the [Glasgow Leaders' Declaration on Forests and Land Use](#),¹³ the Taskforce on Nature-related Financial Disclosures, [the Governors' Climate and Forests Task Force \(GCFTF\)](#), and the [Natural Capital Declaration](#) among others. In addition, the Dialogue on [Forests, Agriculture and Commodity Trade \(FACT\)](#), launched in 2021, brought 28 countries together behind a joint roadmap for cooperation on trade in forest and agricultural commodities¹⁴.

Additionally, at COP28, in the [Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action](#), over 150 countries emphasized a range of biodiversity and nature-related priorities, and also highlighted the relevance of the trading system, affirming their intention to “Strengthen the rules-based, non-discriminatory, open, fair, inclusive, equitable and transparent multilateral trading system with the World Trade Organization at its core” as of their five shared actions. In the climate arena, the biodiversity-climate-trade nexus is also reflected in discussions, policy developments and initiatives related to carbon markets. UNDP's High Integrity Carbon Markets initiative, for instance, seeks to unlock carbon market

Challenges Research Fund (UKRI GCRF) Trade, Development and the Environment Hub (TRADE Hub), UN Environment Programme (UNEP), and Forum on Trade, Environment, & the SDGs (TESS).

¹² IPBES (2019).

¹³ Adopted at UNFCCC COP26 in 2021 and endorsed by 145 countries accounting for 91% of global forests.

¹⁴ The Dialogue brings together the largest producers and consumers of internationally traded agricultural commodities (e.g. palm oil, soya, cocoa, beef and timber) to protect forests and other ecosystems, while promoting trade and development.

finance for the enhanced implementation of NDCs and SDGs, increase the supply of high-quality carbon credits (which may include, for instance, credits for projects related to land use and reforestation intended to remove or sequester carbon), and foster equality in carbon markets.¹⁵

2. Biodiversity and nature-positive trade: State of play in a sample of trade processes

References to and considerations of biodiversity arise in trade discussions on a wide array of topics, including fisheries, forests, climate, sustainable agriculture, food systems, circular economy, plastic pollution, blue economy, and sustainable tourism. They have also emerged in a range of different multilateral, regional, plurilateral and bilateral settings. However, a specific focus on 'nature and biodiversity' is still in its nascent stages within the trade agenda. Despite the existence of various policy options and proposals, this crucial aspect is just beginning to take root as an independent topic worthy of comprehensive attention.¹⁶

At the World Trade Organization, the challenge of biodiversity loss was explicitly recognized for the first time in a WTO Ministerial Statement in 2022. In practice however, discussions around biodiversity or nature positive trade and trade-related measures have taken place in a wide range of committees and processes of the trade body. This started with a focus on the relationship between the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Convention on Biological Diversity, on issues around access and the sharing of benefits arising from the use of biodiversity and associated traditional knowledge in developing countries. Since 2001, the liberalization of 'environmentally preferable' products, such as bamboo products and jute bags, has been debated as part of the broader environmental goods and services (EGS) negotiations.

Biodiversity and natural resources considerations have also been at the heart of the 20-year long negotiations at the WTO on fisheries subsidies, which finally led to a partial agreement in June 2022 but with no agreement yet on the second phase of those negotiations as per the recently concluded MC13. In a number of WTO committees, tensions have also arisen around relation to efforts in the EU and the United Kingdom related to mandatory due diligence requirements aimed at restricting agricultural imports associated with deforestation, most notably due to concerns about potential impacts on trade and development prospects in poorer countries. The commitment under target 18 of the Kunming-Montreal Global Biodiversity Framework (GBF) to address subsidies harmful to biodiversity in a "proportionate, just, fair, effective and equitable way" and reduce them by at least USD 500 billion per year by 2030 has spurred discussions on environmentally harmful subsidies at the WTO, including in the context of agricultural discussions and the Trade and Environmental Sustainability Structured Discussions (TESSD). More broadly, the emergence of the GBF in late 2022 is spurring initial discussions in multilateral settings on the role that cooperation on trade and trade policy can play in supporting the implementation of the new framework and how to foster synergies between 'nature positive trade' and sustainable development priorities.¹⁷

At the regional and plurilateral too, there is growing attention to the links between biodiversity goals, climate objectives, and the wider economic architecture, including on trade. As countries seek to boost their economies through commodity exports, they face recurring concerns about the impacts on deforestation and other ecological repercussions. Compounding such tensions are an array of geostrategic considerations as countries that rely on imports of raw materials, including for the green transition, compete to strike deals with exporting countries, in some cases also generating sub regional tensions. In the Mercosur region, as well as in the Association of Southeast Asian Nations (ASEAN) and the Africa Continental Free Trade Area (AfCFTA),

Similarly, a delicate interplay exists between effort to advance trade, biodiversity conservation, climate change, and wider sustainable development issues, where efforts to collaborate exist alongside divergent

¹⁵ In this context, examples of projects that feature in carbon markets include those intended to protect and restore old forests, create new forests, and soil management.

¹⁶ Ibid.

¹⁷ UNEP (2023).

policies and economic interests. In a number of bilateral trade negotiations and agreements, negotiations and provisions related to biodiversity have also emerged, as illustrated by the Swiss-Indonesian Free Trade Agreement, which provides for enhanced market access on sustainably produced Indonesian palm oil, as well as discussions on how best to assess the impact of trade provisions on biodiversity objectives and how to reflect such considerations in decision-making.

Meanwhile, in the G20 context, growing attention to the evolving bioeconomy has given rise to a range of new questions around how to support its evolution, from industrial policy and collective intelligence sharing to regional cooperation and equitable financing mechanisms. In 2024, the Coalition of Trade Ministers on Climate also signalled recognition of the nexus of trade, climate and nature, noting in its Menu of Voluntary Actions that among the themes of interest to members of the Coalition for possible cooperation were biodiversity loss, biotrade/economy, nature conservation, sustainable food systems and sustainable agriculture.

Beyond ongoing deliberations and negotiations, several high-profile trade disputes involving biodiversity considerations, such as the “tuna– dolphin” (GATT) case in 1991 and the “shrimp turtle” case in 1997-98, have featured prominently in the history of the GATT and its successor, the WTO. Cases have covered topics ranging from sustainability requirements concerning the import of palm oil and crop-based biofuels, through to bans on imports with animal welfare concerns.

Overall, WTO jurisprudence has consistently reaffirmed that non-discriminatory environmental policies are consistent with WTO obligations, and dispute settlement decisions have mostly refrained from questioning the environmental legitimacy of measures challenged in the trade context. Instead, they have focused on whether those measures have been applied in a manner that constituted disguised trade protectionism or an unjustifiable discrimination between countries where the same condition prevailed.

However, as countries implement stronger environmental policies to tackle pressing global challenges, environmental advocates have pointed to the political and legal uncertainty around the WTO compatibility of certain trade-related environmental measures, including those related to non-product-related production and process methods (NPR PPMs), arguing that these could create a chilling effect and deter countries to implement ambitious environmental action owing to concerns about potential trade disputes. At the same time, amidst the growing array of trade-related measures addressing climate and biodiversity priorities, there have been growing calls and recognition from a range of both developed and developing countries of the need for discussion of principles for the design and implementation of such trade-related measures in ways that support environmental ambition and sustain wider international cooperation on trade and development.¹⁸

Growing tensions on the trade and nature interface are arguably symptomatic of the fact the existing trade rules have not been designed with the explicit goal of fostering a nature-positive economy, though one could interpret the existing mandate along these lines. When the foundations of the multilateral trade system were laid in the late 1940s, and even at the subsequent creation of the World Trade Organization (WTO) almost 50 years later, negotiators likely did not envision the existential challenges posed by biodiversity conservation and climate change and thus the need to recalibrate trade norms to align with environmental imperatives as a more central aim.

Granted, the preamble to the Marrakesh Agreement establishing the WTO lists sustainable development as one of its objectives and recognizes the need to protect and preserve the environment consistent with the needs and concerns of countries at different levels of economic development. In practice, however, environmental concerns are not enshrined in the core principles of the system and tend to be addressed as an exception to the general disciplines as illustrated by [Article XX of the General Agreement on Tariffs and Trade \(GATT\)](#). In other words, the system has been designed to ensure that trade rules would not

¹⁸ International Legal Expert Group on Trade-Related Climate Measures and Policies. (2023). [Principles of international law relevant for consideration in the design and implementation of trade-related climate measures and policies](#). Report of an International Legal Expert Group. Forum on Trade, Environment, & the SDGs (TESS).

prevent Members to implement good faith environmental policies (even if they restrict trade) but not as a set of rules with the explicit aim of incentivizing and driving sustainable production and consumption patterns and supporting business and investors to align supply chains with sustainability goals.

3. Nature-positive trade rules for sustainable development: Pathways forward

Faced with the urgency to act on global environmental crisis, a critical priority for the trading system is to move away from the notion that trade rules should stay out of the way of environmental action to the idea that trade rules should proactively contribute to environmental outcomes and acknowledge the interdependence between nature and sustainability in trade.

A key challenge in this regard is how to address issues of biodiversity and nature in a systemic way in a trade policymaking setting where issues are often discussed and disciplined in silos – divided by sector (e.g., agriculture) or by aspects of trade regulation (SPS, TBT, etc.) – and are not framed with sustainability issues as a core, driving concern, far less a recognition of the role and value of nature as a fundamental basis of economic activity and human welfare.

Stepping back from the growing web of issue and sector-specific approaches to biodiversity and trade, there is a need to connect the dots and foster a more systemic, long-term vision for a nature-positive trading system – and trade rules – designed to foster sustainable development. Among the issues for conversation is how to upgrade trade rules, institutions, and processes to better enable a sustainable global bioeconomy.