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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

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CONTENTS

ABBREVIATIONS

CBD	Convention on Biological Diversity
CTE	Committee on Trade and Environment
EGA	Environmental Goods Agreement
EGS	Environmental goods and services
FFSR	Fossil fuel subsidy reform
GATT	General Agreement on Tariffs and Trade
GBF	Global Biodiversity Framework
DPP	Dialogue on Plastics Pollution
IAS	Invasive alien species
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IUU	Illegal, unreported and unregulated
MSMEs	Micro, small and medium enterprises
NBSAPs	National biodiversity strategies and action plans
SDGs	Sustainable Development Goals
SPS	Sanitary and phytosanitary
STDF	Standards and Trade Development Facility
TBT	Technical barriers to trade
TESSD	Trade and Environmental Sustainability Structured Discussions
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UNEP	United Nations Environment Programme
WTO	World Trade Organization

EXECUTIVE SUMMARY

There is increasing recognition of the role that trade and trade-related policies play in addressing the biodiversity crisis. Trade can exacerbate biodiversity degradation and loss but also has the potential to support conservation, sustainable use, and restoration—and related benefits to sustainable development.

The Kunming-Montreal Global Biodiversity Framework, adopted in December 2022, provides a fresh reference point for (re)examining the relevance of trade policy to the global biodiversity agenda and exploring how implementation of the new agenda could support both sustainable trade and sustainable development. The increasing focus on environment and sustainable development at the WTO also presents an opportunity to discuss where trade policy could support delivery of the global biodiversity agenda.

The multilateral trade policy arena offers a variety of opportunities to strengthen cooperation on trade and trade-related policies and measures that could support the implementation of global biodiversity objectives and the delivery of the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) by 2030—with sustainable trade as part of the solution.

Realizing these opportunities will require fostering a shared understanding between biodiversity and trade stakeholders of how different trade and trade-related policies and measures could be used so that they deliver benefits across all three agendas of biodiversity, sustainable trade, and sustainable development.

OVERVIEW

Trade and trade-related policies and measures can play a vital role in facilitating and promoting conservation, sustainable use, and restoration of biodiversity[1] while supporting the critical economic and social dimensions of sustainable development.

This policy brief seeks to present a mutually supportive vision for biodiversity, sustainable trade, and sustainable development towards 2030 and beyond, using the WTO's multilateral trade framework as its backdrop.

The brief provides an overview of the global biodiversity framework and how efforts to shape and implement this agenda are linked to trade and trade policies and measures. It focuses on identifying how work on sustainable trade at the WTO can contribute to the delivery of the Kunming-Montreal Global Biodiversity Framework, adopted in December 2022, (here after referred to as "the global biodiversity framework"), while supporting sustainable development.

For the purposes of this brief, sustainable trade is considered to be trade that supports the achievement of the UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), including inclusive economic growth, poverty reduction, and environmental protection.

The brief follows the below analytical structure:

- **CHAPTER 1** outlines the links between biodiversity crises, trade and sustainable development, providing evidence and rationale for focused attention to how trade and trade policies can support the Kunming-Montreal Global Biodiversity Framework.
- **CHAPTER 2** introduces the key multilateral policy frameworks relevant to biodiversity and sustainable trade, with focus on the Kunming-Montreal Global Biodiversity Framework and the WTO. The latter seeks to introduce work related to trade, biodiversity and sustainable development at the WTO, including relevant international trade rules, ongoing negotiations, capacity building, and initiatives linked to dialogue and cooperation.
- **CHAPTER 3** examines in detail how trade can support the global biodiversity framework, and vice versa. It identifies specific trade-related polices and measures, including supporting tools and processes, within the multilateral trade regime that could be used to advance the Kunming-Montreal Global Biodiversity Targets. It provides target-by-target analysis of possible options, with illustrative examples of how different trade-related polices and measures could be applied to support implementation.
- **CHAPTER 4** proceeds to identify and discuss possible avenues forward for nature-positive trade, with links to the most relevant agreements and developments at the WTO as identified in Chapter 2.

Notably, the options and avenues identified in this brief represent opportunities that are available "in principle". Assessing challenges, opportunities, and feasibility of pursuing any specific option or avenue in the context of the international trade rules and the WTO falls outside the scope of the analysis.

1. SETTING THE SCENE: BIODIVERSITY CRISIS, TRADE, AND SUSTAINABLE DEVELOPMENT

Biodiversity loss and the unsustainable use and degradation of ecosystems are undermining progress towards the achievement of the Sustainable Development Goals (SDGs) by 2030 (IPBES, 2019). The biodiversity crisis is not only an environmental issue, but has far reaching impacts on food security, climate crisis, human security, and economic development as well as on trade and sustainable development opportunities.

FOOD SECURITY: It has been estimated that food demand will increase between 35%–56% during 2010-2050 to meet nutritional needs of growing population.[2] While agricultural production and use of biodiversity resources have increased over the past 50 years, this growth has not been generated sustainably.[3] Around 33% of global fish stocks are considered overexploited and land degradation has reduced productivity in 23% of the global terrestrial area.[4] Productivity losses and growing demand are spurring land use changes to extend cropland and areas for grazing, driving accumulating pressures on other ecosystems and biodiversity. As more than 75% of global food crop types rely on animal pollination, between US $230– US $570 billion in annual global crop output is estimated to be at risk due to the loss of pollinators, including a range of fruits and vegetables and some of the most important globally traded crops, such as coffee, cocoa, and almonds.[5] In regions that are already suffering from food insecurity, land degradation and climate change are predicted to further reduce crop yields by an average of 11% by 2050.[6] These impacts are intensified by geopolitical events such as the war in Ukraine, which has heightened food insecurity worldwide, particularly in Africa.[7] Consequently, maintaining heathy and well-functioning ecosystems—including managing pressures on them—is vital for meeting the world's growing food security challenges, even if preferred approaches to achieving food security and sustainable food systems might vary between countries.

CLIMATE CRISIS: Biodiversity loss and degradation of ecosystems can have significant impacts on climate security, which relates to economic, human, environmental and political security risks linked to the impacts of climate change.[8] Agriculture, forestry, and other land use activities contribute to 13% of total human-induced CO_2 emissions.[9] The mismanagement of nature also undermines the resilience of ecosystems to climate change and undercuts the potential for using ecosystem-based approaches to address the climate crisis. In its 2022 report, the Intergovernmental Panel on Climate Change (IPCC) stated with "very high confidence", that safeguarding biodiversity and ecosystems is fundamental to climate resilient development given their roles in climate change adaptation and mitigation.[10] For example, the loss of coastal habitats and coral reefs reduces coastal protection, increasing the risk of floods and hurricanes to the life and property of the 100–300 million people living within coastal flood zones.[11] At the same time, water scarcity, directly linked to the ability of ecosystems to retain and purify water, is estimated to be affecting four billion people annually.[12] By 2050, an estimated 685 million people living in over 570 cities will face declines in freshwater availability of at least 10% due to climate change.[13]

HUMAN SECURITY: Reduced food security, scarcity of resources, and the impacts of climate change have direct implications to human security. Access to biological resources and well-functioning ecosystems, including the protective and regulatory roles they perform, are critical to the wellbeing and livelihood of rural and urban populations, in particular those most vulnerable. More than 2 billion people globally rely on wood fuel to meet their primary energy needs and an estimated 4 billion people rely primarily on natural medicines for their healthcare.[14] With three-quarters of moderately and extremely poor people living in rural areas,[15] the degradation and loss of the natural environment and related resources is likely to have a significant effect on poverty and development globally.[16] In most extreme cases, degradation of the natural environment can contribute to or increase the risk of conflicts. A recent meta-analysis of armed conflicts and their drivers over the past three decades concluded that the scarcity of natural resources, particularly agricultural land, and natural resource degradation are consistently associated with the number of armed conflicts and related fatalities.[17]

ECONOMIC DEVELOPMENT: A recent World Economic Forum analysis of over 160 industry sectors and their supply chains found that US$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.[18] Of all the sectors, construction (US$4 trillion), agriculture (US$2.5 trillion), and food and beverages (US$1.4 trillion) are the three largest industries that depend most on the natural environment and related resources.

The impacts of the biodiversity crisis on all aspect above also have significant consequences on trade and sustainable development. In more concrete terms, for example, they can affect the resilience of global supply chains, jeopardize trade-related infrastructure (e.g. through flooding, heat waves and wildfires), and reduce opportunities for economic diversification through trade.

There is increasing recognition of the role that trade and trade-related policies and measures play in the current biodiversity crisis. Trade can exacerbate biodiversity degradation and loss, but it also has the potential to support conservation, sustainable use, and restoration—and related benefits to sustainable development.

One of the most direct and well-recognised trade-related challenges with negative impacts on biodiversity conservation and sustainable use is illegal trade in goods, such as threatened wildlife, illegal timber, hazardous waste, or illegal, unreported and unregulated (IUU) fishing.[19] Trade is also a key pathway for the spread of invasive alien species (IAS)[20] that are known to cause significant negative biodiversity and socio-economic impacts.[21]

Further, international trade can exacerbate changes in land and resource use associated with negative impacts on ecosystems and biodiversity.[22] Around the world, consumers meet a share of their demand for food and other agricultural products through imports. In the absence of effective environmental management, increased production to seize export opportunities can lead to the intensification of unsustainable production and natural resource use in ways that result in the degradation and loss of ecosystems and biodiversity. International trade in certain agricultural commodities, while an important source of employment, livelihoods, and export revenue in many countries, can also be an important indirect driver of deforestation, habitat and biodiversity loss, land degradation, soil erosion, and desertification.[23] The links are especially strong in relation to trade in commodities such as beef, coffee, tea, soy, palm oil, and sugar that have a large biodiversity footprint in the country of origin.[24] Rising global demand for certain food products as well as dietary choices, such as the increase in consumption of meat and coffee products, also play a critical role in underpinning the trade trends in these commodities.[25]

Trade and trade-related policies also have the potential to support the conservation and sustainable use of biodiversity, as well as the fair and equitable sharing of related benefits, with positive impacts for both trade and sustainable development. For example, trade in sustainable and fair products, such as certified coffee or cocoa, can also provide better socio-economic stability and security for producers, generating both jobs and income while reducing pressure on biodiversity.[26] Furthermore, with global demand for natural ingredients for health products growing, these ingredients (e.g. baobab, turmeric, aloe vera) can have significant business potential, especially in high-end markets where customers are willing to pay more for sustainably produced and "fair-trade" goods.[27] As a result, some global food companies and retail chains are taking action to support products that can demonstrate sustainable production methods.[28] According to the UN Commission on Trade and Development (UNCTAD), in 2021 over 45 countries had programs or policies in place to promote "BioTrade", (i.e. trade in goods and services derived from biodiversity that are collected, produced, transformed, and commercialized under criteria of environmental, social, and economic sustainability) with producers engaging in BioTrade generating a total annual revenue of US$4.8 billion (2017 data) based on around a thousand sustainably sourced species, including wild collected ones.[29]

Trade policy can also play a positive role in supporting international cooperation on the removal of environmentally harmful incentives, such as government support to fisheries associated with illegal and/or overfishing or support to agricultural products that have negative impacts on ecosystems and biodiversity. For example, it has been estimated that 87% of current support to agricultural producers, approximately $540 billion per year, includes measures that are often inefficient and inequitable, and result in the degradation of the environment.[30] As these kinds of incentives also impact trade and sustainable development, the multilateral trade policy framework can offer an avenue for discussing how they can be eliminated, repurposed or redirected (see section 2.2 and Chapter 3).

For more information on the interlinkages of biodiversity, trade, and sustainable development, including an overview of relevant policy frameworks, tools and measures, please consult UNEP (2021) Biodiversity and International Trade Policy Primer.

2. MULTILATERAL POLICY FRAMEWORKS: STATE OF PLAY AND DIRECTION OF TRAVEL

2.1. THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT AND THE KUNMING-MONTREAL GLOBAL BIODIVERSITY FRAMEWORK

The 2030 Agenda for Sustainable Development and its Sustainable Development Goals is a global call for action to address a wide range of critical economic, social, and environmental issues in an interconnected manner, ranging from ending poverty and hunger through to health and wellbeing, economic growth, and sustainable consumption and production.

All countries are, however, facing considerable challenges in delivering the SDGs. [31] While progress is being made in achieving some SDGs, for most the current rate of progress is too slow to reach the set goals by 2030, with the multiple, cascading and interlinked global crises such as the COVID-19 pandemic, the climate crises, increasing pollution, and ongoing geopolitical conflicts affecting their delivery.[32] Even more alarmingly, the 2022 Sustainable Development Report reveals that across countries several SDGs have either stagnated or are on a negative long-term trajectory, i.e. moving away from rather than towards the set goals.[33] This is also the case with the environmentally oriented SDGs, including conservation of life below water and on land (SDGs 14 and 15) aligned to support the delivery of the global biodiversity objectives as per in this section below. The lack of success in turning the tide on conservation and sustainable use of biodiversity also undermines progress across all SDGs including (but not limited to) poverty reduction (SDG1), zero hunger (SDG2), health and wellbeing (SDG3), economic growth (SDG8), and peace and security (SDG16).[34]

The Convention on Biological Diversity (CBD), which entered into force in 1993, is the centrepiece of global biodiversity governance. It is a legally binding instrument that pursues the following three objectives: 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. The implementation of the convention occurs at the national level, in particular through national biodiversity strategies and action plans. At the global level, the Conference of the Parties (i.e. governments) adopt decisions that set the roadmap and actions that are required for delivery of the convention's objectives. The global strategic frameworks, plans and programmes are some of the key instruments in this regard.

The Strategic Plan for Biodiversity 2011–2020, including its Aichi Biodiversity Targets,[35] was adopted in 2010. The review of progress by 2020 concluded that, despite advancements in certain areas, most targets have not been achieved.[36] This marks a second consecutive decade since the 2010 global targets[37] when the agreed biodiversity objectives have not been met.

Meanwhile, the urgency for biodiversity action has continued to increase. In 2022, the Intergovernmental Panel on Climate Change (IPCC) highlighted the vital role of well-functioning ecosystems in climate adaptation. It concluded "with high confidence" that maintaining

the resilience of biodiversity, ecosystems, and benefits they provide at a global scale will depend on the effective and equitable conservation of around 30–50% of land, freshwater, and ocean areas globally.[38] In line with this conclusion, ecosystem-based adaptation has been recognised by the CBD as a key means to support countries' adaptation strategies to climate change already over a decade.[39]

The lack of success in meeting the Aichi biodiversity targets—and knock-on effects jeopardizing the achievement of the SDGs—demonstrate the need for a change in strategy. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has argued, for instance, that global biodiversity objectives can only be achieved through transformative, systems-level changes across several areas, including improving sustainability of economic sectors and how they function globally through trade.[40]

After several delays due to the COVID-19 pandemic, the Kunming-Montreal Global Biodiversity Framework was adopted in December 2022 at the second part of the 15th meeting of the Conference of Parties (COP15) to the CBD in Montreal, Canada.

To deliver change at the scale that is necessary, the global biodiversity framework puts a strong emphasis on the transformation of economic sectors responsible for the ongoing degradation and loss of biodiversity. Drawing lessons from past challenges in implementing the previous strategic plan for biodiversity, the mobilization of financial resources from developed countries and the private sector for the benefit of developing countries are considered central to the framework, as is the recognition of the rights of indigenous peoples and local communities. Similarly, responsibility and transparency have been strengthened, supported by a monitoring framework and reporting requirements.

The Kunming-Montreal Global Biodiversity Framework provides a vital reference point for (re)examining the role that trade and trade-related policies and measures could play in supporting biodiversity objectives and for identifying reciprocal gains that its implementation could generate for sustainable trade and sustainable development.

As Chapter 3 will demonstrate, trade and trade-related policies and measures are relevant for the delivery of the global biodiversity framework across all its anticipated targets. Several of the targets will identify actions that are directly related to trade policies and measures, such as regulating unsustainable and illegal wildlife trade, minimizing the spread of invasive alien species, removing incentives harmful to biodiversity, and integrating biodiversity considerations into trade-related policy-making. For others, trade and trade-related policies and measures could play an important role in supporting their delivery, either by discouraging unsustainable practices and trade or incentivising sustainable production, consumption and trade.

For more information see the Kunming-Montreal Global Biodiversity Framework on the CBD Secretariat webpage.

2.2. WORK RELEVANT TO TRADE, BIODIVERSITY AND SUSTAINABLE DEVELOPMENT AT THE WTO

Given the significance of trade and trade policies to a broad range of economic sectors relevant for biodiversity and to sustainable development, improving synergies between the biodiversity, sustainable development, and trade agendas will be key to the transformative change called for by the Kunming-Montreal Global Biodiversity Framework.

The World Trade Organization (WTO) provides a multilateral forum for countries to negotiate rules for trade, monitor the implementation of these rules, and settle disputes relating to their implementation and compliance of national trade measures with WTO rules when they arise. The WTO also provides an institutional vehicle for promoting transparency of national trade policies, experience-sharing, policy dialogue and research on emerging issues and challenges, as well as for the provision of technical assistance, capacity building and cooperation on Aid for Trade initiative (see below). On the basis of these roles, the WTO offers a range of entry points for members to address issues at the intersection of trade, environment, and sustainable development objectives.

Ongoing WTO discussions where windows of opportunity arise to seek synergies with the global biodiversity agenda can be divided into three categories: i) those directly related to the existing trade rules or negotiations; ii) those linked to trade-related dialogue and cooperation among the WTO members, including three new Member-led initiatives on environment and sustainable development, and; iii) those linked to technical assistance, capacity building and wider aid for trade for developing countries.

WTO RULES AND ONGOING NEGOTIATIONS

While in general there is no specific WTO agreement dealing with trade and the environment, sustainable development and its environmental dimension have been considered since the establishment of the WTO in its founding agreement (i.e. the Marrakesh Agreement).

The preamble to the Marrakesh Agreement includes a direct reference to sustainable development and the environment, recognising that the objectives of the agreement are to be pursued "in accordance with the objective of sustainable development, seeking both to protect and preserve the environment" while recognising the needs and concerns of members at different levels of economic development.[41]

In general, under WTO rules countries retain the right to adopt domestic measures necessary to protect health and the environment, subject to the requirement that these measures do not unjustifiably discriminate between trading partners or restrict trade more than necessary to achieve their objectives (see Box 2.1). However, several individual agreements under the WTO have bearing on environmental policy, including biodiversity. The agreements also provide clarity on the application of WTO rules to environmental measures with some issues remaining the subject of ongoing discussions, including as identified below.

Existing multilateral trade rules that have a more direct "interface" with the CBD and the global biodiversity framework include those related to trade-distorting subsidies and trade-related aspects of intellectual property rights, as well as rules on sanitary and phytosanitary (SPS) measures and technical barriers to trade. In addition, negotiations are ongoing, albeit stalled, on trade in environmental goods and services (EGS) (see below).

BOX 2.1 GATT ARTICLE XX: A KEY WTO PROVISION REGARDING THE ADOPTION OF ENVIRONMENTAL POLICIES

The General Agreement on Tariffs and Trade (GATT) is the overarching treaty for trade in goods and a fundamental part of the multilateral trading system under the WTO.

Article XX of the GATT lays out a number of specific instances in which WTO members may apply exceptions to GATT rules, including when pursuing measures necessary to protect human, animal, or plant life or health, or relating to the conservation of exhaustible natural resources (Article XX Paragraphs (b) and (g), respectively.

To justify the adoption of a measure under Article XX, WTO members need to demonstrate that a) at least one of the exceptions to rules applies and b) that the measure is not applied in a manner which would constitute "a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail" and that it is not "a disguised restriction on international trade."

WTO members' autonomy to determine their own environmental objectives has been reaffirmed on several occasions through WTO jurisprudence.[42] However, the WTO Appellate Body has also highlighted the importance of consultation and exploring the possibility of cooperative arrangements before applying unilateral restrictive measures. It has also stressed the need to ensure sufficient flexibility in the application of measures to take into account different situations in different countries so as to avoid arbitrary or unjustifiable discrimination, as per above.

Source, including further details on concrete case examples: WTO rules and environmental policies: GATT exceptions (2022)

SUBSIDIES: Government subsidies have a significant impact on international trade flows, including by distorting trade in favour of one country at the expense of another. Therefore, they are addressed in a number of WTO agreements, most notably the Agreement on Subsidies and Countervailing Measures (SCM), Agreement on Agriculture, and the new Agreement on Fisheries Subsidies.

Agricultural subsidies have long been a central issue in WTO negotiations to establish a fair and market-oriented agricultural trading system.[43] According to the WTO Agreement on Agriculture, countries are required to limit certain domestic support measures that are considered trade distorting (e.g. support coupled to agricultural production) while others are exempt from such limitations on the grounds that they cause no more than minimal trade distortion (see Box 2.2). With regards to export subsidies, an agreement was reached in 2015 to phase them out with different time frames provided for developed and developing countries. [44]

WTO rules—and ongoing discussions around those rules—have a clear relevance to efforts to decouple domestic agricultural support from production that is both trade distorting and has negative impacts on biodiversity and sustainable development. Progress has, however, been hindered by unresolved debates over how to reduce further trade-distorting domestic support and whether countries that have more potential to distort global markets should contribute more to the reform process. [45]

BOX 2.2 WTO RULES ON DOMESTIC AGRICULTURAL SUBSIDIES

The WTO Agreement on Agriculture (1994) sets the framework for the use of domestic subsidies in the context of international trade. Subsidies are organized under different categories or "boxes" according to their trade-distorting effect. Overall, the disciplines follow a traffic light approach aimed at limiting the most trade-distorting forms of support while establishing less stringent disciplines on measures that generate less distortions.

AMBER: The most trade-distorting forms of domestic support are capped under the "amber box". "De minimis" minimal support is allowed, covering both product-specific subsidies targeted at particular commodities and non-product-specific subsidies such as input subsidies (e.g. for fertilizers, pesticides, and machinery) or subsidized credit. This allowed support is defined as a share of the value of agricultural production. This threshold is generally 5% of the value of agricultural production for developed countries and 10% for most developing countries.

GREEN: Non- or minimally trade-distorting subsidies are included under the "green box" and allowed without limitations provided they comply with the policy-specific criteria set out in the agreement (Annex 2). They have to be government-funded and must not involve price support. They tend to be programmes that are not targeted at particular products, and include direct income support for farmers that are not related to (are "decoupled" from) current production levels or prices. They also include regional development programmes, general services (such as research or pest control services), consumer subsidies (such as food stamp programmes), and environmental payments.

BLUE: Support that would normally be in the "amber box" is placed in the "blue box" if the support also requires farmers to limit production. Production-limiting measures can include, for example, setting production quotas or requiring farmers to set aside part of their land. At present, there are no limits on spending on "blue box" subsidies.

Finally, developing countries are allowed to provide without limitations generally available investment subsidies or input subsidies targeting low-income or resource-poor producers as well as support to encourage diversification away from the cultivation of illicit narcotic crops.

Source: Domestic support under the WTO Agreement on Agriculture and Domestic Support in agriculture: the boxes (2022)

After two decades of negotiations, a new WTO agreement addressing key—albeit not all—environmentally harmful fisheries subsidies was reached in June 2022 (see Box 2.3). The negotiations on *fisheries subsidies* were launched in 2001 at the WTO's Doha Ministerial Conference, with a mandate to "clarify and improve" existing WTO disciplines in order to address fisheries subsidies, which put significant pressures on the world's fish populations. Upon entry into force, this agreement will directly support the implementation of both SDG 14 and the Kunming-Montreal global target on the elimination, phasing out or reforming of incentives harmful to biodiversity (Target 18).

INTELLECTUAL PROPERTY: The WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) provides for minimum standards of the protection of intellectual property. Related to this, the CBD calls for fair and equitable sharing of benefits arising from the use of genetic resources, including prior informed consent for their use and the protection of related traditional knowledge. Discussions, as mandated by the WTO's Doha Ministerial Conference[46], have been ongoing—and remain unresolved—on the relationship between the TRIPS Agreement and the CBD[47]. These discussions revolve around the extent to which TRIPS enables the patenting of biological resources (or knowledge relating to such resources) outside their country of origin and, consequently, impacts the right of countries to regulate access to—and benefits arising from—their biological resources and related traditional knowledge under the CBD.[48]

BOX 2.3 WTO AGREEMENT ON FISHERIES SUBSIDIES

Fisheries subsidies negotiations started in the WTO based on an original mandate from 2001 and a supplementary one agreed in 2005, under which members agreed to negotiations to "strengthen disciplines on subsidies in the fisheries sector, including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and over-fishing."

Complementing the above mandate, SDG 14.6 states that, by 2020, certain forms of subsidies that contribute to overfishing and overcapacity should be prohibited, and subsidies that contribute to illegal, unreported, and unregulated fishing (IUU) should be eliminated while recognizing that special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiations.

In June 2022, after more than 20 years of negotiations, the Agreement on Fisheries Subsidies was reached. It prohibits subsidies for vessels and operators engaged in IUU fishing and establishes rules for subsidies for the fishing of stocks that are already over-exploited, linking the latter to rebuilding stocks to sustainable levels. The agreement also prohibits subsidies for fishing of stocks on the high seas that are not managed by regional bodies.

The agreement contains some flexibilities for developing country WTO members, including a transition period of two years during which they are exempt from taking actions up to and within their exclusive economic zone. The agreement also states that due restraint shall be exercised by members to raise matters involving least developed country members, with solutions explored that take into consideration the specific situation of a LDC member in question.

An area where agreement was expected but remains to be found relates to certain forms of fisheries subsidies that are recognized as contributing to overcapacity and overfishing (e.g. for fuel or vessel construction and modernization). Reflecting this, the agreement commits WTO members to continue negotiations to reach a more comprehensive deal in the upcoming years, with the agreement in its current form expiring unless a more comprehensive deal is achieved within four years of entry into force or if members agree to keep the deal as is.

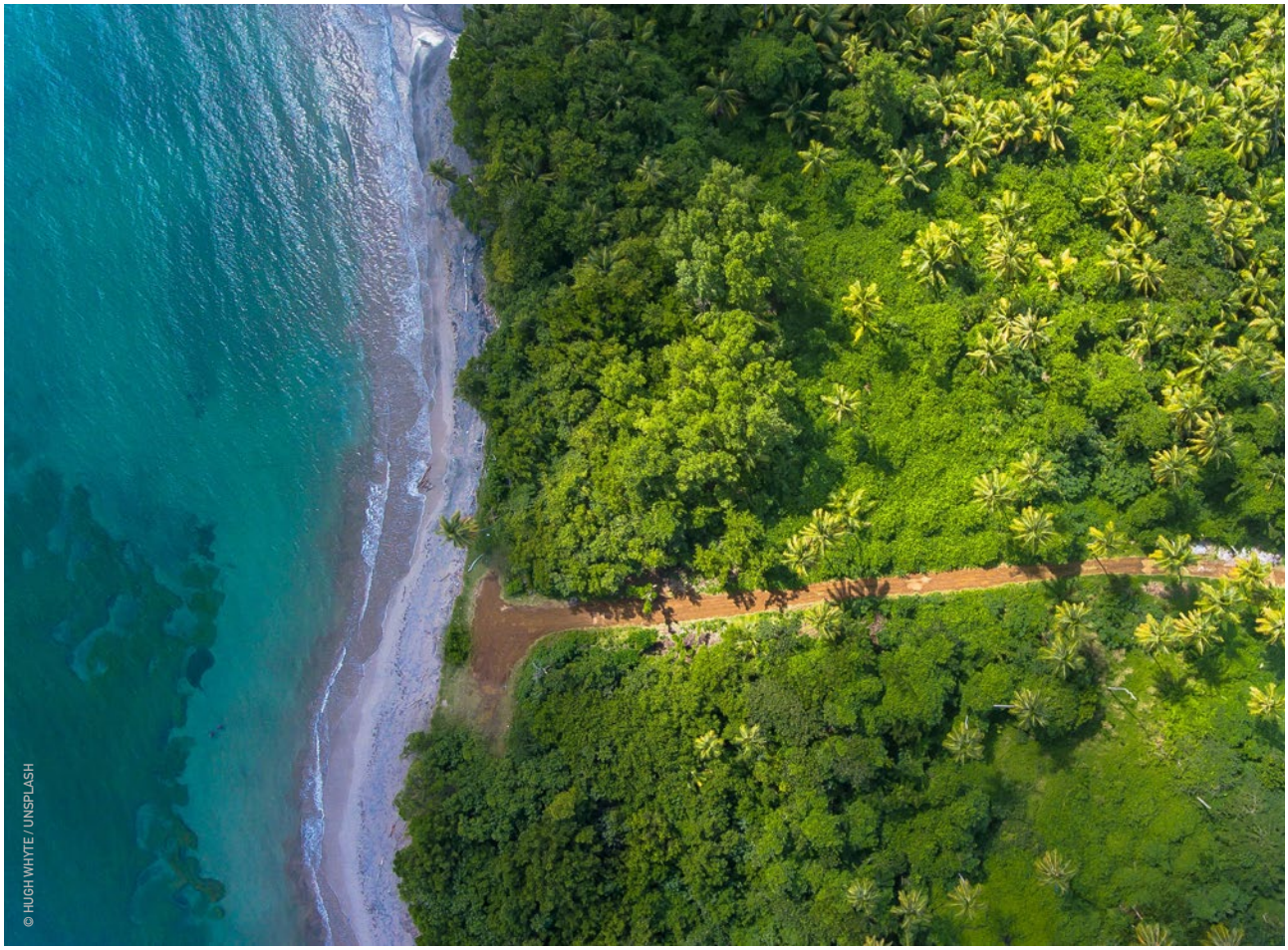
Source: WTO Agreement on Fisheries Subsidies (2022)

Proposals advanced by members in discussions at the WTO have included amending the TRIPS Agreement to introduce specific requirements to disclose the origin of genetic resources in national patent legislation, to establish a database on genetic resources and associated traditional knowledge, and/or to use national legislation and contractual arrangements to better address access and benefit sharing (ABS) priorities.[49] For example, a number of developing countries have proposed a system for disclosing the origin of genetic resources used in an invention for which a patent application is filed, including a requirement to provide evidence of compliance with any legal requirements of the country of origin for prior informed consent.[50] However, no agreement has been reached so far.

ENVIRONMENTAL AND HEALTH MEASURES WITH TRADE IMPLICATIONS: The WTO agreements on the Application of Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) aim to strike a balance between the right of members to regulate and their commitments to rules-based and open trade.

In other words, the two agreements aim at ensuring that national regulations, standards, and risk- and conformity assessment procedures do not create unnecessary barriers to trade, while at the same time leaving adequate regulatory discretion to members to protect human, animal, and plant life or health (SPS Agreement) and to preserve the environment (TBT Agreement). To achieve this, both agreements encourage members to base their national measures on international standards as a means to facilitate trade and to promote harmonization and mutual recognition of regulations and assessment procedures adopted by different national jurisdictions. They also require WTO members to notify measures, including environmental measures with potential trade effects.

The SPS and TBT agreements are directly relevant to the design and implementation of national policies and measures used to support the implementation of the global biodiversity framework, especially those aimed at discouraging or encouraging certain types of trade. For example, measures adopted by WTO members to prevent



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the introduction of invasive alien species fall under the scope of the SPS Agreement, which also covers measures that aim to protect the life and health of wild fauna and flora against certain sanitary and phytosanitary (SPS) risks, such as those presented by invasive alien species.[51] Similarly, national regulatory requirements or standards for biodiversity-friendly production processes can be subject to the TBT Agreement provisions to the extent they—intentionally or unintentionally—create barriers to trade.

TRADE IN ENVIRONMENTAL GOODS AND SERVICES (EGS): WTO negotiations on EGS started in 2001 based on a mandate agreed at the Doha Ministerial Conference, instructing members to negotiate the reduction or, as appropriate, elimination of tariff and non-tariff barriers in environmental goods and services. However, these negotiations were thwarted by members not reaching common ground between the various positions—as well as the stalling of the Doha Round as a whole. In 2014, the standstill prompted a subgroup of 46 WTO members to launch a plurilateral initiative for an Environmental Goods Agreement (EGA), in the hope that discussions among a smaller set of like-minded countries could lead more easily to consensus. The talks initially built on a 2012 decision by Asia-Pacific Economic Cooperation economies to cut most-favoured nation (MFN) tariffs voluntarily to 5% or less on 54 environmental goods, but subsequently identified approximately 300 possible candidates for liberalization, including a number of environmentally preferable products for natural resource protection.[52] Ultimately, however, the EGA participants failed to reach consensus on what constituted an environmental good and how broadly that definition should extend across various sectors. Consequently, the negotiations have been inactive since the end of 2016. There is, however, interest among some WTO members in exploring new approaches to discussion of EGS (see Chapter 4).

Promoting and facilitating trade in EGS could be relevant to the global biodiversity framework in several ways. For example, trade in goods and services that improve pollution control and waste management can help to maintain, or even improve, the quality and functioning of ecosystems. Discussion of EGS could also include products and services with direct relevance to the global biodiversity framework, including sustainably produced or harvested biodiversity-related goods as well as services such as ecotourism.

DIALOGUE AND COOPERATION

In addition to a forum for the negotiation of multilateral trade rules, the WTO provides opportunities for countries to monitor and review implementation of commitments, exchange information, and address trade frictions in a pre-emptive, non-litigious, and cooperative manner. These activities take place in various WTO committees that oversee the implementation of members' commitments, review notifications of measures with potential trade effects, and provide opportunities for members to consult on matters relating to WTO compliance.

The WTO Committee on Trade and Environment (CTE) is the dedicated venue at the WTO for members to identify—and exchange views on—the relationship between trade and the environment in order to promote sustainable development. The committee's work focuses primarily on information exchange on a range of topics relating to trade and environment and discussion on how rules and policy frameworks for these interact. The CTE offers a forum for exchanging views on the implementation and interpretation of the multilateral trade rules vis-à-vis environmental measures, including on biodiversity concerns and objectives. In regard to biodiversity, for example, the CTE has provided a venue for the efforts of members to clarify the relationship between WTO rules and obligations under multilateral environmental agreements, such as between TRIPS and CBD provisions as highlighted above.[53] Some members have also used CTE as a forum to report on policy developments or raise concerns relevant to trade in timber from tropical forests and land-use changes linked to trade in soy and palm oil.[54]

The implementation of the SPS and TBT agreements is also overseen by dedicated WTO committees, with both playing a role in facilitating information exchange between countries, such as on existing or upcoming domestic regulations. Discussions on national measures linked to biodiversity have featured in both committees, including regulation on renewable energies, approval procedures for genetically modified organisms, legislation on chemicals and pesticides, and measures adopted for palm and coconut oil.[55]

Alongside the work of the WTO's regular committees, a range of WTO Members have been working to stimulate more focused discussions at the WTO on issues related to trade, environment, and sustainable development. Since 2020, three separate member-led initiatives have been launched at the WTO on trade and environmental sustainability, plastic pollution, and fossil fuel subsidy reform (FFSR), each of which brings together different subsets of WTO members and has its own work programme. In each instance, the members involved have underlined that these initiatives are intended to complement and not duplicate ongoing discussions in the WTO's regular committees. The launch of the initiatives signals however a recognition among many members of the urgency of the environmental challenges at hand, and the slow pace and difficulties advancing substantive dialogue within existing committees, particularly where not all countries agreed on the relevance of importance of certain environmental topics.

Each of the three initiatives has linkages with areas covered in the global biodiversity framework and could therefore contribute to its delivery. The three initiatives are introduced below while Chapter 4 identifies synergies between the above initiatives and the global biodiversity agenda, including how they could support the delivery of the global biodiversity framework.

TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD): With 74 WTO members as cosponsors,[56] the TESSD aims to identify areas of common interest and stimulate concrete actions among WTO members on environmentally sustainable trade.[57] These issues of interest range from, for example, compiling best practices on promoting sustainable supply chains, discussions on the environmental effects and trade impacts of subsidies, and strengthening the capacity of developing and least developed WTO members. In addition to plenary meetings, the TESSD's 2022-2023 work programmes include meetings of four informal working groups to exchange views on trade-related climate measures, EGS, circular economy, and subsidies (e.g. agricultural subsidies).[58]

DIALOGUE ON PLASTICS POLLUTION AND ENVIRONMENTALLY SUSTAINABLE PLASTICS TRADE (DPP): With 75 WTO members as cosponsors[56], the DPP aims to advance discussions on how trade and trade-related cooperation can help to tackle plastic pollution across the life cycle of plastics.[59] Issues explored include, for example, reducing unnecessary or harmful plastics and plastic products, and promoting trade that can support plastic pollution reduction, such as trade in environmentally sound waste management technologies and plastic substitutes.[60]

FOSSIL FUEL SUBSIDY REFORM (FFSR): Finally, with 47 WTO members as cosponsors,[56] the initiative on FFSR at the WTO seek to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption.[61] In general, progress on FFSR could deliver benefits across the climate and wider environmental agendas, including helping to address several climate-related threats to biodiversity.

AID FOR TRADE, TECHNICAL ASSISTANCE, AND CAPACITY BUILDING

A key function of the WTO Secretariat is to provide capacity building, technical assistance, and training programmes for the benefit of developing countries. The WTO is also the host of the Aid for Trade initiative which seeks to mobilize resources to address the trade-related constraints identified by developing and least developed countries and assist them to implement and benefit from WTO agreements.

The CTE and the WTO Committee on Trade and Development could each potentially offer members opportunities to identify priorities and challenges related to sustainability and aid for trade. Making sustainability aspects more central to aid for trade planning could mobilize resources for activities that benefit the trade, biodiversity and sustainable development agendas, for example promoting sustainable production practices and export diversification in ways that reduce negative impacts on biodiversity.

Alongside the Aid for Trade initiative, the Standards and Trade Development Facility (STDF), a multi-agency partnership hosted at the WTO, supports trade-related capacity building with explicit focus on SPS issues, promoting food safety and capacity related to animal and plant health in developing countries.[62] In the past, the STDF has supported developing countries to address trade as a vector for invasive alien species and is providing them support to identify effects

of climate change on food safety through animal and plant health-related risks. As such, the STDF portfolio is relevant to several targets of the global biodiversity framework, including those on invasive alien species, sustainable agriculture, and mitigating negative impacts of climate change on biodiversity (Targets 6, 10 and 8, respectively).

The increasing focus on environment and sustainable development issues at the WTO presents an opportunity to explore how trade, biodiversity, and sustainable development agendas could be more mutually supportive—with trade policy supporting the delivery of global biodiversity framework across targets.

These opportunities will be further explored in Chapters 3 and 4, linking to the above introduction on different WTO agreements, negotiations and discussions.

For more information on the different entry points in the WTO where trade, environment and biodiversity issues can be addressed—including the TESSD, IDP and FFSR discussions—please see WTO contribution to the 2022 UN High-Level Political Forum or consult a TESS policy brief on Trade and Environment at the WTO (2022).

3. SYNERGIES, OPPORTUNITIES, AND CO-BENEFITS

3.1. HOW ARE TRADE AND TRADE POLICIES RELEVANT TO THE GLOBAL BIODIVERSITY TARGETS?

Examining how trade can support the global biodiversity framework, and vice versa, calls for attention to how trade and related policies are relevant to the concrete objectives and targets that the global biodiversity framework proposes to deliver. A systematic review of the Kunming-Montreal Global Biodiversity Framework targets indicates that achieving several of these targets could be facilitated—explicitly or implicitly—by policies and measures that promote a transition to sustainable trade.[63] Across the rest of the targets, trade-related policies and measures could be a strong enabling tool for the effective implementation of the global biodiversity framework.

In other words, trade and trade-related policies and measures are relevant to the achievement of all anticipated targets in the global biodiversity framework.

TARGETS WITH EXPLICIT LINK: The global biodiversity framework includes several targets which have an explicit interlink with trade-related policy and, therefore, to which trade-related policy action can be seen to form an integral part of their delivery (Table 3.2). For such targets, cooperation between the national instances governing biodiversity and trade policies will be important to define national targets and policy measures that would support their achievement.

Trade policy is directly relevant to the target on wildlife trade (Target 5) to address the role trade plays as incentive for unsustainable—or sustainable—use and harvesting of wildlife. In the case of wild-caught terrestrial mammals and birds, there are also growing phytosanitary concerns related to the risk of future pandemics, including spread of zoonosis through wildlife trade. Furthermore, the targets on reducing risks of invasive alien species (Target 6) and living modified organisms (Target 17) both entail putting measures in place that prevent their intentional or accidental spread through trade. As highlighted in Chapter 2, ongoing discussions on subsidies in the trade policy arena have direct bearing on the delivery of Target 18 on eliminating, phasing out or reforming incentives harmful for biodiversity. Similarly, finding solutions for the unresolved questions on the relationship between the TRIPS Agreement and the CBD could facilitate the attainment of Target 13 on access and benefit sharing. Finally, Targets 14 and 15 on policy integration, and businesses disclosure and compliance are likely to have concrete implications in the trade domain, including how countries develop, pursue and implement their international trade policies, including those focusing on commodity-specific supply chains.

TARGETS WITH IMPLICIT LINK: Trade-related policies and measures can play a supporting role to drive action across the rest of the targets of the global biodiversity framework (Table 3.3). For these targets, trade-related policy cooperation and/or having trade-related policies and measures in place are not the most immediate policy need, but such actions could significantly support the achievement of these targets. In this context it is particularly useful to consider which targets might gain the most from supportive trade-related policies and measures, how cooperation at the national level on the intersections of biodiversity and trade policy goals could be promoted, and where enhanced cooperation in the international trade policy arena could be especially beneficial.

For example, the target on sustainable management and use of ecosystems and biodiversity resources (Target 10) would directly benefit from having trade-related policies and measures in place that support sustainable supply chains (Table 3.3). Trade preferences or market access concessions could be granted, for instance, for goods complying with specific biodiversity-related sustainability requirements. Similarly, mandatory requirements or voluntary standards, such as certification schemes, can be adopted by importing countries with a view to encourage sustainable land-use and resource management through trade, while avoiding unnecessary barriers to trade. These measures can offer positive "spillover" benefits for the delivery of a range of other targets including those on restoration and conservation, and climate change (Targets 2–4 and 8).

Underpinning policy action across the board, concerted efforts to integrate biodiversity-related goals and considerations into technical assistance and capacity building for sustainable trade, including through aid for trade, could contribute to the delivery of the targets on resource mobilization, capacity building and transfer of technology (Targets 19 and 20). Finally, Targets 7, 8 and 16 on pollution, climate change, and sustainable consumption, respectively, all stand to benefit indirectly from any enhanced trade-related cooperation, including as outlined in Chapter 2.

3.2. WHAT TRADE-RELATED POLICIES AND MEASURES ARE RELEVANT?

Moving forward, there is a need to identify concrete trade-related policies and measures available to support the delivery of different targets of the global biodiversity framework, either by discouraging unsustainable or encouraging sustainable practices and trade. Identifying available options, with reflections on opportunities, challenges and feasibility of different measures, will allow countries to consider trade and trade-related policy options they could pursue to support the implementation of the global biodiversity framework with a view to reach positive outcomes for both biodiversity and the wider sustainable development.

Tables 3.1, 3.2, and 3.3 provide an overview and examples of key options for trade policies and measures—and also some related supporting tools and processes—that countries could consider adopting to support the implementation of the global biodiversity framework. For the purposes of this brief, the identified options focus on those most relevant to WTO rules, negotiations, and discussions as outlined in Chapter 2. These range from measures that could be implemented at the border (e.g. tariffs and trade restrictions) to measures implemented as part of national frameworks or business operations (e.g. voluntary standards for biodiversity-friendly products, mandatory environmental requirements for traded goods and services, or economic incentives such as subsides). The options also include policies related to aid for trade, financial assistance and capacity building, stakeholder involvement, or information on trade flows and impacts.

It is important to note that list of options identified is intended to be illustrative, rather than exhaustive. Furthermore, the identified options in Tables 3.1–3.3 represent opportunities that are available "in principle". The assessment of the process and feasibility related to pursuing any specific option in the context of the international trade rules and the WTO, including possible challenges and opportunities, falls outside the scope of the analysis.

In addition to options identified in Table 3.1, regional trade agreements (RTAs)—while not the core focus of this paper—are also instruments that countries can, and increasingly do, use to support biodiversity objectives.[64]

RTAs can be an avenue for countries to implement the anticipated Target 14 on the integration of biodiversity into different policy domains, with foreseen benefits across several other targets. For example, RTAs could include provisions for preferential access for biodiversity-friendly products. They could also foster regulatory cooperation, such as on strengthened environmental requirements as well as mutual recognition and boosting coordination and coherence of environmental labelling schemes between trade partners. RTAs can also include biodiversity safeguards, such as non-regression clauses that guard against reduction of environmental standards and general "environmental exception" clauses that specifically refer to the importance of the sustainable use and conservation of biodiversity. Finally, RTAs could strengthen use of impact assessment and stakeholder engagement mechanisms to support promoting good regulatory practices and regulatory cooperation, monitoring of implementation, and helping to design a positive trade agenda for biodiversity and the environment.

Table 3.1 Options for trade-related polices and measures, and some related supporting tools and processes within the multilateral trade regime, that could be used to advance targets in the global biodiversity framework

Not an exhaustive list of all possible options but an illustrative summary of key examples.

BORDER MEASURES	**Import and export restrictions**, e.g. of wildlife products to prevent their illegal trade, of known or suspected invasive alien species, or of known pollutants
	Removing tariff and non-tariff measures, e.g. on environmentally preferable products and services (e.g. sustainable agricultural or deforestation-free products, "nature-positive" circular products, biotrade products, certified ecotourism)
	Trade preferences or market access concessions, e.g. on goods complying with specific biodiversity-related sustainability requirements (e.g. through tariff rate quotas or duty-free quota-free preferential schemes), such as biotrade products and services
	Import licencing, e.g. as a prior condition for importation of wildlife goods, to ensure their sustainability and sanitary / phytosanitary health. Could be linked to due diligence checks on the legality of sourcing (see "regulatory measures" below).
MANDATORY REQUIREMENTS / VOLUNTARY STANDARDS	**Environmental requirements** for product or production set by producer countries and/ or importing countries or businesses (e.g. minimum pesticide residue limits, sustainably requirements for timber products, fair trade and/or organic certification, packaging requirements to limit plastics pollution with negative impacts on biodiversity), with requirements designed bearing in mind difference in national environmental conditions and circumstances
	Disclosure requirements, e.g. requirements for exporters to label shipments containing hazardous waste, or to include disclosure of the origin of genetic resources or associated traditional knowledge in patent applications, and/or for genetically modified organisms (as per Cartagena Protocol)
	Due diligence requirements, e.g. government requirements applied to companies to ensure compliance with environmental regulations or standards across supply chains (e.g. deforestation free supply chains)
ECONOMIC INCENTIVES	**Removal, repurposing or redirecting of subsidies**, such as agricultural support that incentivizes unsustainable production, coupled with support to technology, finance, training, and R&D, for instance, which promote the transition to sustainable production practices
	Intellectual property (IP) rights designed to incentivise innovation in products and processes for the conservation and sustainable use of biodiversity
	Green government procurement rules targeting biodiversity friendly and/or certified biotrade products
	Subsidies and payments with no or minimum trade-distorting impact, e.g. those that support biodiversity objectives (e.g. sustainable and biodiversity-friendly management practices, R&D and advisory services supporting sustainable agriculture etc.)
	Trade finance that facilitates trade in biodiversity-friendly products and services (e.g. biotrade and "biodiversity-positive" circular products)
AID FOR TRADE	**Aid for trade, including trade-related technical assistance and capacity building**, e.g. to promote sustainable production methods and technologies as well as economic diversification, meet environmental requirements in export markets, and support countries to assess trade related opportunities that can also help to deliver biodiversity objectives. This can include consideration of trade issues in biodiversity-related environmental financing and support.

SUPPORTING TOOLS AND PROCESSES: Information and data	**Harmonized system codes**, i.e. the standardized numerical method of classifying traded products used by customs authorities, can provide a tool for gathering data on biotrade and/or biodiversity-friendly trade that can be used to support trade- and/or biodiversity-related decision-making. In the future, the classification could be updated to enable the monitoring of trade flows of a greater range of biotrade products, and to enable data gathering and decision-making based on the characteristics of goods.
	Trade impact assessments (*ex ante* and *ex post*), i.e. WTO members carrying out sustainable impact assessments for trade at multilateral, regional or bilateral level, with a dedicated analysis of possible negative impacts on biodiversity and on opportunities for biotrade and/or wider biodiversity-friendly products. Such assessments could also be integrated into the WTO Trade Policy Review processes.[65]
	Trade-related databases that provide information on trade flows relevant to biodiversity, such as use of the UNCTAD TraBio database on trade in biodiversity-based products[66] and Trase database on agricultural commodity supply chains.[67]
SUPPORTING TOOLS AND PROCESSES: Stakeholder involvement	**Member-led initiatives on environment and sustainable development at the WTO**, i.e. TESSD, DPP, and FFSR provide opportunities for stakeholders to present environmental science and data-driven evidence to inform policymaking and decisions.
	Stakeholder engagement in trade impact assessment processes carried out by WTO members to identify impacts and opportunities (as per above), e.g. stakeholder consultation as part of impact assessments to identify opportunities and negative impacts.

Table 3.2 Global biodiversity targets with **EXPLICIT** link to trade policy and trade-related policy measures.

Not an exhaustive list of all possible options but an illustrative summary of key examples. Examples represent opportunities that are available "in principle" without judgement on the process, or challenges and opportunities, related to pursuing them in the context of the international trade rules and the WTO.

The description and summary of the targets is based on the interpretation by the author, reflecting the Kunming-Montreal Global Biodiversity Framework

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 5	WILDLIFE TRADE:** use, harvesting and trade of wild species	Controlling illegal and unsustainable wildlife trade and support sustainable trade	**IMPORT AND EXPORT RESTRICTIONS** to prevent illegal wildlife trade or on wildlife products with known negative biodiversity impacts in the country of origin **IMPORT LICENSING** as a prior condition for importation of wildlife goods, to ensure their sustainability and sanitary / phytosanitary health **MANDATORY / VOLUNTARY SUSTAINABILITY REQUIREMENTS** for harvesting and trading wild species, set by exporting and/or importing countries or businesses
**TARGET 6	INVASIVE ALIEN SPECIES (IAS):** including identifying and managing pathways for IAS introduction	Controlling trade as a pathway for IAS	**IMPORT AND EXPORT RESTRICTIONS** on known or suspected IAS **REMOVING TARIFF AND NON-TARIFF MEASURES** on products and services that can be used to prevent, monitor, eradicate and/or control IAS **TECHNICAL ASSISTANCE AND CAPACITY BUILDING** to support sustainable trade practices and related infrastructure that minimise the risk of IAS spread
**TARGET 13	ACCESS AND BENEFIT SHARING (ABS):** access to genetic resources and fair and equitable sharing of benefits resulting from their utilisation	Trade rules to support the realisation of the right of countries to regulate access to genetic resources, including mutually agreed terms and benefit-sharing	**LEGAL, POLICY AND ADMINISTRATIVE MEASURES** regulating access to genetic resources for their utilisation for commercial purposes, including by requiring prior informed consent and mutually agreed terms **MANDATORY REQUIREMENTS** for disclosure of origin, geographical indications, protection of traditional knowledge
**TARGET 14	POLICY INTEGRATION AND COHERENCE:** full integration of biodiversity and its multiple values into decision-making at all levels	Integrating biodiversity goals and considerations into trade policies and tools	**TRADE-RELATED TECHNICAL ASSISTANCE AND CAPACITY BUILDING, TRADE FINANCE, ENVIRONMENTAL FUNDING, AND PRIVATE SECTOR INVESTMENT** to support trade in biodiversity-friendly products and services (e.g. biotrade). Also, removing finance from trade that undermines biodiversity objectives. **TRADE (SUSTAINABILITY) IMPACT ASSESSMENTS** (*ex ante* and *ex post*) can be used by WTO members to improve assessment of biodiversity impacts of trade, and assessment of opportunities for biodiversity-friendly products (e.g. biotrade)

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 15	BUSINESS AND BIODIVERSITY:** assessment, monitoring and disclosure of biodiversity and human rights impacts by businesses and financial institutions (e.g. in supply chains)	Businesses to address their supply chains, including increase in transparency and sustainability	**MANDATORY REQUIREMENTS OR VOLUNTARY STANDARDS FOR DUE DILIGENCE** for companies in importing countries to, for example, ensure compliance with local environmental regulations or standards in the supply chain (e.g. regulations or standards linked to organic agriculture, compliance with access and benefit sharing requirements, or deforestation free supply chains) **VOLUNTARY ENVIRONMENTAL STANDARDS AND LABELLING** (e.g. sustainable agriculture and/or deforestation-free products) **TRADE-RELATED TECHNICAL ASSISTANCE AND CAPACITY BUILDING:** promote aid for trade and environmental funding to support micro, small and medium enterprises (MSMEs)in developing countries participate in sustainable trade that supports biodiversity goals
**TARGET 17	BIOTECHNOLOGY AND BIOSAFETY:** prevention, management, and control of adverse impacts of biotechnology on biodiversity and human health	Regulating trade in living modified organisms (LMOs) that may have adverse effects on the conservation and sustainable use of biological diversity	**MANDATORY DISCLOSURE REQUIREMENTS** for exporters to label shipments containing living modified organisms
**TARGET 18	SUBSIDY REFORM:** elimination, phasing out or reforming incentives, including subsidies, harmful for biodiversity	Reforming environmentally harmful subsidies, including those distorting trade	**REMOVAL, REPURPOSING OR REDIRECTING OF ENVIRONMENTALLY HARMFUL SUBSIDIES** **SUBSIDIES FOR THE PRODUCTION OR CONSUMPTION** of products and services with high environmental performance that support biodiversity conservation **PAYMENTS FOR PRACTICES, SERVICES, OR PRODUCTION METHODS** that support biodiversity objectives (e.g. sustainable and biodiversity-friendly management practices, research and development, and advisory services supporting sustainable agriculture etc.)
**TARGET 22	STAKEHOLDER PARTICIPATION:** participation in biodiversity related decision-making, and access to justice and information, by indigenous peoples and local communities, women and girls, and youth, etc.	Better inclusion of indigenous people and local communities in trade related decision-making linked to biodiversity resources	**STAKEHOLDER ENGAGEMENT PROCESS AND MECHANISMS** in trade impact assessments carried out by WTO members to help identify impacts and opportunities to indigenous people and local communities in the context of multilateral / regional / bilateral trade; in the TESSD etc.

Table 3.3 Global biodiversity targets with **IMPLICIT** link to trade policy and trade-related policy measures.

Not an exhaustive list of all possible options but an illustrative summary of key examples. Examples represent opportunities that are available "in principle" without judgement the process, or challenges and opportunities, related to pursuing them in the context of the international trade rules and the WTO.

The description and summary of the targets is based on the interpretation by the author, reflecting the Kunming-Montreal Global Biodiversity Framework

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 1	SPATIAL PLANNING:** participatory, integrated, and biodiversity-inclusive spatial planning for land and sea areas	Sustainable trade can contribute to incentivising sustainable land- and resource use, including incentivising "biodiversity-friendly" land use planning	*Through Target 10, i.e. trade-related measures that support sustainable management of biodiversity resources and ecosystems also create incentives for biodiversity-inclusive spatial planning (e.g. planning and zoning for sustainably managed areas with an objective to conserve and restore fish stocks, prevent forest / soil degradation and deforestation, etc.)*
**TARGET 2	RESTORATION:** restoration of degraded ecosystems (at least 30% by 2030)	Sustainable trade can contribute to reducing pressures on biodiversity and incentivize restoration / conservation / recovery	*Through Targets 5 and 10, i.e. trade-related measures that support sustainable management of biodiversity resources and ecosystems can also create incentives for restoration or restorative practices, area-based conservation, species conservation and/or conservation of genetic diversity. E.g. controlling illegal and unsustainable wildlife trade and support sustainable trade has direct benefits to species conservation; restoration and area-based conservation can integrate sustainable management practices, whicht in turn can be supported by trade-related measures (e.g. sustainability requirements and standards, certification), etc.*
**TARGET 3	AREA-BASED CONSERVATION:** protection and conservation of land and sea areas (at least 30% by 2030)		
**TARGET 4	SPECIES CONSERVATION:** recovery and conservation of species and genetic diversity		
**TARGET 7	POLLUTION:** reduction of pollution from all sources (e.g. nutrients, chemicals, pesticides), and preventing, reducing, and working towards eliminating plastic pollution	Sustainable trade can contribute to reducing pollution, e.g. regulating plastics trade can reduce risks to plastic pollution, removing trade-distorting subsidies linked to the use of fertilizers and agrochemicals can reduce agricultural pollution etc.	**Import and export restrictions** on known pollutants (e.g. harmful pesticides, hazardous chemicals, and plastic pollution) **Mandatory or voluntary environmental requirements** for products or production (e.g. minimum pesticide residue limits, plastics related packaging requirements, sustainably requirements for timber products, fair trade, and/or organic certification) **Trade preferences or market access concessions / removing tariff and non-tariff measures** on products and services that meet environmental standards such as those related to sustainable agricultural practices or the use of pesticides and fertilizers, etc.
**TARGET 8	CLIMATE CHANGE:** minimising impact of climate change and ocean acidification on biodiversity, including through nature-based solution and/or ecosystem-based approaches	Sustainable trade can contribute to reducing pressures on key ecosystems (e.g. deforestation) and can incentivize conservation of areas important for climate mitigation, adoption, and/or resilience	**Trade preferences or market access concessions / removing tariff and non-tariff measures** for products and services that meet climate standards and/or those that support nature-based solutions and/or ecosystem-based approaches to adaptation or mitigation **Removal, repurposing, or redirecting of subsidies** undermining climate action that also distort trade (e.g. fossil fuel subsidies, subsidies to extractive industries causing deforestation, subsidies linked to emissions by the agriculture sector), as per Target 18

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 9	BENEFITS FOR PEOPLE:** social, economic, and environmental benefits to people, especially those most vulnerable and dependent on biodiversity	Sustainable trade can contribute to reducing pressures on biodiversity and ecosystems for the most vulnerable	*Through Targets 10 and 18, e.g. removal of harmful subsidies reduces external pressures to local resources such as fish stocks, it also reduces agricultural production causing land use change harmful to biodiversity*
**TARGET 10	SUSTAINABLE MANAGEMENT AND USE:** sustainable management of areas under agriculture, aquaculture, fisheries and forestry, including through a substantial increase of the application of biodiversity-friendly practices	Sustainable trade can contribute to reducing pressures on biodiversity, incentivizing sustainable land- and resource use, and facilitating circular economy actions that are also "nature-positive" and can contribute to reducing pressures on biodiversity (e.g. reduce extraction of primary raw materials)	**Import and export restrictions** on harmful pesticides and hazardous chemicals **Mandatory or voluntary environmental requirements** for products and production practices to ensure compliance with national environmental regulations or standards (e.g. wildlife and habitat protection, acceptable level of nutrients and pollutants, etc.) **Mandatory requirements or voluntary standards for due diligence** for companies in importing countries to, for example, ensure compliance with local environmental regulations or standards in the supply chain (e.g. regulations or standards linked to organic agriculture, compliance with access and benefit sharing requirements, or deforestation-free supply chains) **Mandatory or voluntary circular requirements** for products and production, in line with efforts to increase resource efficiency and promote sustainability in the extraction of primary resources to reduce pressures on biodiversity **Removal, repurposing, or redirecting of environmentally harmful subsidies**, as per Target 18 **Trade preferences or market access concessions** on goods and services complying with specific biodiversity-related sustainability requirements, such as biotrade products and services, sustainably produced food products, and certified ecotourism **Removing tariff and non-tariff measures** on environmentally preferable products and services **Voluntary standards and environmental labelling** that support sustainable use, conservation, and restoration of biodiversity **Green government procurement rules** targeting biodiversity-friendly products and services (e.g. biotrade) **Payments for practices, services, or production methods** that support biodiversity objectives (e.g. sustainable and biodiversity-friendly management practices, research and development etc.) **Trade-related technical assistance and capacity building, trade finance, environmental funding and private sector investment** to support participation in biotrade and sustainable agricultural trade, as per Targets 19 and 20

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 11	NATURE'S CONTRIBUTIONS TO PEOPLE AND ECOSYSTEM SERVICES:** restoration, maintenance, and enhancement of nature's contributions to people, including ecosystem functions and services	Sustainable trade can contribute to reducing pressures on biodiversity and ecosystems, this way supporting maintenance of ecosystem services	*Through Targets 7 and 10, e.g. trade-related measures that support pollution reduction and/or sustainable management can help to minimize ecosystem conversion and degradation, this way helping to maintain well-functioning ecosystems and related services, and green and blue spaces.*
**TARGET 12	GREEN AND BLUE SPACES:** increasing area, quality, connectivity of, access to, and benefits from green and blue spaces in urban and densely populated areas	Sustainable trade can contribute to reducing pressures for the conversion of ecosystems through changes in land-use	
**TARGET 16	SUSTAINABLE CONSUMPTION:** reduction of the global consumption footprint and overconsumption, and reducing waste generation (e.g. food waste)	Trade can support sustainable consumption and reduction of waste through facilitating trade in resource-efficient circular products and services that are also "nature-positive" and contribute to reducing pressures on biodiversity (e.g. reduce extraction of primary raw materials) Trade policy can support biodiversity goals by restricting and regulating trade in waste that cannot be managed in an environmentally sustainable manner in recipient countries Trade policy can support disclosure and labelling of sustainability information on imported / exported products, e.g. source, production methods, chemical content, recyclability etc.	**Import and export restrictions** on specific products known to be harmful for biodiversity, with a view to reduce their consumption and waste creation (e.g. single use plastics) **Mandatory / voluntary disclosure requirements** for exporters on material content, source and production processes linked to products, including with a view to inform consumers **Removing tariff and non-tariff measures** on products and services complying with circular standards and/or supporting "nature-positive" circular economy
**TARGET 19	RESOURCE MOBILIZATION:** increase of financial resources from all sources, including flows to developing countries	Possibilities to target aid for trade and finance to activities that support conservation and sustainable use	**Trade finance**, e.g. financial instruments that facilitate trade in biotrade products and services and/or other biodiversity-friendly products and services (e.g. "biodiversity-positive" circular products) **Requirements for intellectual property rights** incentivizing innovation in conservation and sustainable use through trade (Target 13)

TARGET	TRADE (POLICY) INTERLINKAGE	EXAMPLES OF TRADE-RELATED POLICY OPTIONS, WHICH CAN BE USED TO SUPPORT TARGET
**TARGET 20	CAPACITY BUILDING AND ACCESS TO TECHNOLOGY:** strengthened capacity, technology development, innovation, and technical and scientific cooperation, particularly in/with developing countries	Possibilities to increase aid for trade and finance to activities that support conservation and sustainable use	**Trade-related technical assistance, training and capacity building** (e.g. aid for trade) to support sustainable production in sectors with significant impacts on biodiversity, including through support for economic diversification and transitions that reduce pressure on biodiversity (e.g. biodiversity-friendly technology), or to support countries to carry out trade impact assessments with biodiversity as one element, etc.
**TARGET 21	KNOWLEDGE BASE AND DATA:** best available data, information and knowledge accessible to decision makers, practitioners and the public	Trade-related decision-making can be supported by best available biodiversity data and, in return, it can also spur the production of new data and/or drive demand for biodiversity data	**Trade (sustainability) impact assessments** can be used by WTO members to improve data on both actual and potential impacts of trade on biodiversity, including risks and opportunities linked to multilateral trade **Harmonized Systems (HS) codes**, i.e. the standardized system for classifying traded products used by customs authorities, can support data gathering on biotrade and/or biodiversity-friendly trade
**TARGET 23	GENDER EQUALITY:** gender equal implementation of the global biodiversity framework	"Trade and gender" is a theme integral to sustainable trade, including a dedicated focal area in the WTO context. Synergies can be created between biodiversity and gender objectives to support sustainable trade.	**Trade-related technical assistance, training and capacity building** to enhance sustainable biodiversity-related trade (e.g. biotrade) through dedicated focus on the participation of women. **Trade finance**, e.g. financial instruments that facilitate trade in biotrade products and services and/or other biodiversity-friendly products and services, with dedicated gender-oriented targets.

3.3. WHAT SYNERGIES COULD BE ESTABLISHED AND PROMOTED?

To better align the global biodiversity and trade policy agendas it is important to address the underlying trade and sustainable development related objectives that countries aim to advance in a coordinated manner. Improving collaboration between these agendas requires attention to objectives in each area as well as identification of synergies and tensions between them, along with strategies for a fair transition.

From a trade policy viewpoint, relevant objectives are varied and include, for example, improving access to international markets, increasing business opportunities through exports and diversification of exports, seeking a greater share and growing returns from participation in international supply chains, ensuring that sustainability standards and labelling requirements are fair and transparent, and generating foreign exchange and customs revenue for governments. Many of these trade policy objectives are linked to the delivery of key social and economic aspects of the 2030 Agenda for Sustainable Development and its SGDs, including generating decent work, expanding employment opportunities, and securing sustainable livelihoods. Box 3.1 provides concrete examples of practical pathways to delivering co-benefits between trade and biodiversity policy agendas.

In addition to understanding the different objectives, it is also important to understand challenges associated with aligning biodiversity and trade goals. This is especially the case for developing countries that are key producers and exporters of biodiversity-related products and resources, and natural resources that rely on production or extraction processes with often significant impacts on biodiversity (e.g. mining)—and at the same time host a major share of biodiversity globally with limited resources available for its conservation and sustainable use. [78]

Lack of capacity, access to suitable finance, and appropriate affordable technologies are commonly recognized as key barrier hindering developing country businesses, especially micro, small, and medium-sized enterprises (MSMEs) and smallholder farmers, to pursue economic opportunities that support biodiversity and sustainable development objectives, including export opportunities.[79] In addition, shortfalls on the part of governments in regulatory capacity, institutions, and resources needed to develop and enforce environmental laws are also a challenge that can hold back businesses interested in turning biodiversity-friendly production to their competitive advantage.[80]

Globally, MSMEs represent a large share of production and trade, and account for 50% of global GDP and 60 to 90% of employment worldwide.[81] In developing countries, the participation of MSMEs in and returns from global value chains can support both biodiversity objectives and sustainable development. However, MSMEs face a number of capacity and finance-related barriers, with the volatility and price fluctuations in global markets also exacerbating their vulnerability. Consequently, MSMEs' participation in international trade is constrained by many factors, including lack of relevant skills, limited knowledge about international markets, non-tariff barriers, cumbersome regulations and border procedures, and limited access to finance, in particular trade finance.[82]

One of the challenges is the MSMEs' ability to meet environmental standards and/or certification requirements for exporters and producers. This is especially the case because environmental requirements vary across importing countries and are often coupled with multiple frameworks established by importing business sectors.[83] Dealing with increasing requirements for labelling, transparency, and traceability of products, such as those linked to deforestation, requires not only dedicated know-how but also significant financial, technological and technical resources. Identifying challenges facing MSMEs is especially important for the realization of trade, biodiversity, and sustainable development co-benefits as is a focus on learning from existing experiences and building on good practice (see examples outlined in Box 3.1).

Finally, many commodities associated with biodiversity loss and ecosystem degradation (e.g. oil palm, cocoa, soya, and coffee) are linked with the supply chains of multinational companies operating in or sourcing from megadiverse regions, i.e. regions that harbour the majority of world's species and high numbers of endemic species. This includes many developing countries, often with a substantial involvement of MSMEs and

BOX 3.1 EXAMPLES OF ACHIEVING TRADE GOALS WHILE SIMULTANEOUSLY DELIVERING BENEFITS TO BIODIVERSITY AND SUSTAINABLE DEVELOPMENT

INCREASE IN EXPORT REVENUES AND EMPLOYMENT: The exports of biodiversity-based products from the Mekong Region (Viet Nam, Lao PDR, and Myanmar) increased from $1.6 billion in 2010 to $5.2 billion in 2018. Looking specifically at biotrade products from the region, revenue generated by biotrade companies connected to the Helvetas Regional Biotrade project[68] reached $14.7 million in 2020.[69] In the last 20 years, according to UNCTAD, its BioTrade projects have generated over five million beneficiaries including producers, collectors, and workers among others.[70]

ACCESS TO MARKETS AND CO-BENEFITS TO DOMESTIC PRODUCERS: In 2014, the government of Mozambique formed a strategic partnership with the Better Cotton Initiative in 2014 to embed the voluntary standard's principles and criteria in national regulations related to cotton production in order to boost sustainable cotton exports. This resulted in both the development of a national standard for cotton that mirrored the criteria and indicators of Better Cotton Initiative, and the design of improved training and technical assistance for cotton farmers to enable them to comply with the new requirements.[71] The productivity of farmers growing sustainably certified Better Cotton were considerably higher than those of conventional cotton farmers, with yields 57% higher and profitability 65% higher.[72]

Starting from 2018, the government of Gabon made the issuance of forestry permits conditional on Forest Stewardship Council (FSC) certification by 2022, with the goal of increasing forestry exports and their contribution to GDP. The FSC Forest Management certificates covered more than 2 million hectares of forests by December 2019, almost 10% of the total forest area in Gabon.[73]

The government of Indonesia introduced the Indonesian Sustainable Palm Oil (ISPO) certification in 2011 as a mandatory requirement for all oil palm growers and millers operating in the country, with the objective of addressing environmental issues in the sector and improving the competitiveness of Indonesian palm oil in the global market. The certification requirements were updated in 2020. The current requirement is that all Indonesian palm oil companies must be ISPO accredited by 2023 meaning all Indonesian oil palm growers, not just those exporting to foreign markets, must conform to higher ISPO certification standards.[74]

EXPORT DIVERSIFICATION: Since 2014, Senegal has been pursuing agricultural diversification away from groundnut production, with decline in world demand for groundnuts as one of the key drivers. As a consequence, input subsidies and price interventions by the government of Senegal now target a broader spectrum of agricultural crops beyond groundnuts.[75] These developments are considered to have co-benefits to the environment and biodiversity, given diversified production systems mean more resilient agroecosystems.

REFORM OF (EXPORT) SUBSIDIES: In Kyrgyzstan, an inter-ministerial working group was established to lead the reform of government subsidies found to be harmful to biodiversity. Of the six subsidies deemed harmful, the government is targeting three subsidies to be repurposed, meaning government resources are used to encourage farmers to switch to "green" or organic practices and supporting technologies, with the goal creating new business and employment opportunities. The three targeted subsidies are irrigation subsidies, value added tax exemption on mineral fertilizers and imports of pesticides, and subsidized interest rates for loans to agricultural producers and exporters.[76]

LONG-TERM BUSINESS SUSTAINABILITY: In Namibia, the Eudafano Women's Cooperative in Namibia has been harvesting marula oil for 20 years in alignment with the BioTrade principles and criteria. The project promotes conservation of local biodiversity and works to prevent overexploitation, while sales of marula oil reached $15.4 million in 2019.[77]

smallholder farmers. International companies can play an important role in helping to deliver co-benefits between biodiversity, trade, and sustainable development objectives though support to MSMEs and smallholders, for example, by providing price premiums for and long-term investment in sustainably sourced products as well as capacity building and access to technologies that support a transition to sustainable production practices (e.g. as part of Target 15). On the other hand, international companies and their subsidiaries have also been responsible for neglecting biodiversity—and wider environmental and social—objectives in their supply chains, undermining sustainable development. This has led to the adoption of a range of measures to promote accountability, transparency and traceability in supply chains, including requirements for disclosure and due diligence as detailed in Table 3.1.

4. OPTIONS FOR ADVANCING NATURE-POSITIVE TRADE FOR 2030

The Kunming-Montreal Global Biodiversity Framework along with the growing interest in environment and sustainable development at the WTO present windows of opportunity to explore how the global trade, biodiversity and sustainable development agendas could be more mutually supportive.

At the multilateral level, several ongoing trade policy discussions offer opportunities for improved cooperation and synergies between the global biodiversity, trade, and sustainable development agendas. As outlined in Chapter 2, relevant discussions are taking place across a number of WTO committees, such as the CTE, TBT, and SPS, and there are specific opportunities to support cooperation through the member-led TESSD initiative as well as the DPP and FFSR initiatives at the WTO. Enhanced cooperation between the CBD and WTO secretariats in the context of the global biodiversity framework could support identification and discussion of key options, challenges, and opportunities by governments and stakeholders.

In parallel, governments are also getting engaged in specific sectoral or supply chain initiatives, including the Forest, Agriculture and Commodity Trade (FACT) Dialogue.[84] Such government-to-government or government-to-business dialogues can play an important role in encouraging international collaboration on trade, biodiversity, and sustainable development on several key commodities (e.g. palm oil, cocoa, timber, and soya), with possible increased impetus also in the discussions at the WTO and in the context of the CBD.

Synergies and cooperation across biodiversity, trade and sustainable development policy-making at the international level will rely on enhanced collaboration at the national level in ways that ensure an integrated approach that can be reflected consistently in international processes. Moving forward, a strategic vision for delivering benefits for both biodiversity and sustainable trade could form an integral part of the national biodiversity strategies and action plans (NBSAPs), with suitable indicators to help monitor progress in their implementation. NBSAPs could also call for the establishment of processes that support better policy coherence between trade and other policies at the national level, including by engaging environmental, biodiversity and sustainable development institutions and actors in trade decision-making. They could also endorse conducting sustainability impact assessments to guide trade policy strategies and negotiations with trading partners.

4.1. FACILITATING AND PROMOTING TRADE IN ENVIRONMENTAL GOODS AND SERVICES

Integrated approaches to facilitating and promoting trade in EGS that boost trade opportunities for sustainably produced biodiversity-based products could provide an important avenue for supporting both the biodiversity and sustainable development agendas. Increased trade in EGS could boost opportunities for sustainably produced biodiversity-based products and support sustainable development pathways.

Looking forward, emerging discussion of new approaches to trade in EGS could usefully include products and services with direct relevance to the global biodiversity framework, including products meeting biodiversity-related sustainability requirements as well as services such as ecotourism. For example, one concrete option would be to consider broadening the prevailing approach to "environmental goods" to include biodiversity-based products certified as meeting relevant sustainability standards. Similarly, increased opportunities for trade in EGS could help to underpin a shift across sectors to production processes that minimize negative impacts on biodiversity while also supporting the process of shifting towards more sustainable and inclusive trade for all goods and services. A key challenge will be to take a life-cycle approach to the environmental impacts of goods and services considered as EGS to ensure these are not linked with (unintended) negative environmental impacts, such as on biodiversity.

Cooperation on trade in EGS could directly and indirectly support the achievement of multiple biodiversity targets, including (but not limited to) targets on sustainable management and use of resources, conservation and restoration, reduction of pollution, and sustainable consumption, while also delivering wider benefits to sustainable development. For example, trade in goods and services that can reduce plastic pollution would also have positive knock-on benefits for biodiversity, especially in the marine environment and for economic sectors that rely on it. Both the TESSD and DPP discussions at the WTO provide important opportunities for governments to share experiences and proposals for moving forward, helping to identify the range of trade-related challenges that hinder the production, diffusion, accessibility, and uptake of EGS. Such challenges include, for example, tariff and non-tariff barriers as well as the need for support required by developing countries.

4.2. TRADE POLICY AS A DRIVER FOR SUSTAINABLE SUPPLY CHAINS

The growing interest in the resilience and sustainability of global supply chains extends to concerns about the role and relevance of trade and international supply chains to the biodiversity crisis, particularly in the agriculture sector. While trade policies to support sustainable supply chains can be pursued by countries or businesses acting alone (as per Chapter 3), effective, fair, and transparent design and implementation of such policies will require coherent policy approaches and international cooperation.

While there is no single forum to discuss cooperation on trade and sustainable supply chains in the multilateral trading system, a range of possible avenues exist that could be exploited to foster an open and inclusive discussion of this topic and of biodiversity-related considerations. WTO members could, for instance, take up this topic through the CTE. In addition, the TESSD provides an opportunity for countries to identify best practices, explore voluntary actions, and seek partnerships aimed at improving supply chain sustainability, including within key sectors highlighted in the global biodiversity framework, such as agriculture, forestry, and fisheries.

Moving forward, discussions at the TESSD could, for example, focus on challenges and opportunities arising from the use of sustainability standards to promote biodiversity-friendly products within agricultural, forestry, or fisheries sectors.[85] They could also focus on advancing on trade-related cooperation that supports the uptake of circular economy practices in supply chains, acknowledging the direct contribution to the implementation of the target on sustainable consumption and reduction of waste. Similarly, TESSD discussions on improving transparency and cooperation on trade-related climate measures could include a focus on trade-related measures to address deforestation with a view to improving fairness and effectiveness, ensuring that these are pursued in line with the obligations governments have under the multilateral environmental agreements.

The work of the DPP could also directly support the delivery of the biodiversity target linked to reducing pollution, including plastic pollution in marine ecosystems, and eliminating discharge of plastic waste. It can also contribute to achieving the target on curbing unsustainable consumption.

4.3. TRADE POLICY AS A DRIVER FOR SUBSIDY REFORM

Cooperation on the reform of subsidies that support unsustainable production or harvesting of biodiversity resources is an area where cooperation at the WTO could make a significant contribution to the global biodiversity framework. A key priority in this regard is implementing the new WTO agreement on fisheries subsidies (as per Chapter 2), with IUU fishing accounting for 20% of world catch and up to 50% in some areas, especially in developing countries.[86] Furthermore, supporting the conclusion of negotiations on outstanding elements of the agreement will be vital to tackle overfishing, while addressing concerns related to countries concerned about impacts on their small-scale and artisanal fisheries sectors. In doing so, the agreement on fisheries subsidies can help to deliver not only the Target 18 on negative incentives to biodiversity but also support the delivery of Target 9 on providing social, economic, and environmental benefits for people—especially for the most vulnerable and dependent on biodiversity.

In addition, the TESSD working group on subsidies, established in early 2022, could provide an avenue to discuss the environment impacts and trade effects of subsidies, including options for reforming subsidies to agriculture to support sustainability. Agricultural subsidies, together with subsidies related to the transition to a low-carbon economy, are foreseen to be one of the areas for in-depth discussions in 2023.[87]

4.4. TRADE RULES TO GUARANTEE FAIR AND EQUITABLE BENEFIT SHARING

Fair and equitable sharing of benefits linked to biodiversity was central to the negotiations for the Kunming-Montreal Global Biodiversity Framework, including reaching an agreement on the requirement for private sector to pay for the use of digital sequence information on genetic resources.[88] The renewed global biodiversity agenda, including its Target 13, could provide new

impetus for longstanding discussions at the WTO on the relationship between the CBD and the TRIPS Agreement. On the table for consideration, for instance, are longstanding developing country proposals for stronger provisions in the TRIPS Agreement to ensure prior informed consent and fair and equitable sharing of benefits arising from the utilisation of biodiversity and associated traditional knowledge.[89]

While the discussions at the WTO have been stagnant, progress has been made at national level with countries implementing the CBD and the Nagoya Protocol on Access and Benefit Sharing.[90] For example, legal and policy measures on access and benefit sharing have been put in place in many countries and the number of internationally recognised certificates of compliance with these frameworks has significantly increased.[91] Moving forward there could be opportunities for improving links between the TRIPS Agreement, the CBD and the Nagoya Protocol.

4.5. AID FOR TRADE

Over several years, there have been growing calls for greater attention to sustainability considerations in the Aid for Trade Initiative, with a view to promoting synergies with wider efforts to transition to a green global economy, ensure a just transition, promote international environmental cooperation, and support sustainable development.[92] Examples of proposals in this space have included adding new and additional support for environment-related aid for trade activities that simultaneously advance developing countries' economic diversification goals, boost sustainable production, and support their participation in sustainable supply chains.

The July 2022 Aid for Trade Global Review[93] was seized by a number of governments and stakeholders as an opportunity to reflect on how aid for trade priorities could incorporate a stronger focus on the environmental dimensions of sustainable trade, including by promoting greater synergies between trade, environment, climate, and development finance, as well as private sector investment. The review yielded a range of proposals to update aid for trade priorities and work plans to incorporate a stronger focus on sustainable trade, including increased synergies between trade and biodiversity agendas. It also generated suggestions to improve aid for trade monitoring systems to accurately capture and report information about the environmental purposes, dimensions, and impacts of projects—including those related to biodiversity.

A further option for enhancing synergies between aid for trade and the delivery of the global biodiversity agenda would be to mainstream biodiversity considerations, along with climate and other environmental considerations,[94] across existing aid for trade support and ensuring that all projects address environmental risks and do not have adverse impacts on biodiversity.[95] Donors could also provide new and additional financing for aid for trade activities that deliver on biodiversity objectives while being in line with the economic diversification and sustainable development priorities of developing countries. This could include, for example, harnessing aid for trade to support the delivery of trade-related objectives of national biodiversity strategies and action plans (e.g. on wildlife trade or mitigating risks of invasive species) and/or to support countries develop national road maps for sustainable trade with conservation, sustainable use, and restoration of biodiversity at their core. For example, protecting and restoring ecosystem resilience—such as the resilience of agricultural ecosystems—is vital to mitigating climate change and related environmental risks to the sustainability and resilience of agricultural production and exports. Support could also be provided to help developing countries assess the potential impacts of trade agreements or other trade-related external policies, such as requirements for deforestation-free supply chains, on the delivery of their national biodiversity objectives. Similarly, assistance could be provided for the development and implementation of international product and production standards and to respond to requirements put in place by trade partners, such as sustainability standards for imports and due diligence measures implemented by importing businesses.

4.6. INTERNATIONAL COOPERATION

Where governments are considering the use of trade policies and measures to support delivery of biodiversity goals, international cooperation will be important to ensure that policies in each the trade and the biodiversity spaces do not undermine

each other and that they support sustainable development. Some of the options identified in Chapter 3 can be pursued by governments acting alone through their national policies or through regional trade agreements. However, in a world economy dominated by highly integrated supply chains, addressing transboundary environmental challenges such as biodiversity loss will benefit from coherent policy approaches and cooperation across jurisdictions. This aspect has been highlighted by developing countries in particular, emphasizing the importance of transparency, consultation, and international cooperation in the design of environment-related trade policies and measures while recognizing the common but differentiated responsibilities that countries around the world have, and the national sovereignty over natural resources.[96]

The benefit of international cooperation is particularly high for policies aimed at removing perverse incentives, such as environmentally harmful subsidies in the agriculture or fisheries sectors, and fostering trade in environmentally preferable products and services, including those supporting the conservation and sustainable use of biodiversity. Similarly, ensuring that environmental regulations, standards, and conformity assessment procedures are applied in ways that ensure transparency, fairness, and interoperability across countries (e.g. through harmonization or mutual recognition) would minimize trade frictions. It could also support raising of environmental standards across jurisdictions. Improving coherence would also support producers trading internationally by providing clear signals of priorities and potential rewards for investment in and business opportunities linked to sustainable production.

Finally, as highlighted in Chapter 3, options for ways forward identified in this paper should be considered available "in principle" with no judgement passed regarding the practicalities—including challenges and opportunities—for pursuing them in practice in the WTO and CBD contexts. Nevertheless, it is hope that the review of interlinkages between the global biodiversity framework and multilateral trade agenda can provide a useful starting point for developing a more comprehensive and mutually supportive vision for biodiversity, sustainable trade, and sustainable development moving forward.

In conclusion, the multilateral trade policy landscape offers a variety of opportunities for countries to pursue international cooperation on trade policies and measures that could be used to support the implementation of the Kunming-Montreal Global Biodiversity Framework and the delivery of the 2030 Agenda for Sustainable Development—with sustainable trade as part of the solution. The uptake of these opportunities will require shared understanding among biodiversity and trade policymakers and stakeholders of how trade and trade policies could be used in ways that deliver benefits for biodiversity and sustainable development.

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