

# A Sustainable and Inclusive Trade Agenda for CARICOM

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## Abbreviations

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CAF	Development Bank of Latin America
CARICOM	Caribbean Community
CBAM	Carbon Border Adjustment Mechanism
CET	Common External Tariff
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSME	CARICOM Single Market and Economy
EPA	Economic Partnership Agreement
EU	European Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HDI	Human Development Index
ITC	International Trade Centre
LDC	Least Developed Country
MC13	Thirteenth WTO Ministerial Conference
MSMEs	Micro, Small, and Medium-Sized Enterprises
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
RTA	Regional Trade Agreement
RTC	Revised Treaty of Chaguaramas
SDG	Sustainable Development Goal
SIDS	Small Island Developing States
SMEs	Small and Medium-Sized Enterprises
TESSD	Trade and Environmental Sustainability Structured Discussions
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSD	Trade and Sustainable Development
UNCTAD	UN Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
USMCA	United States-Mexico-Canada Agreement
UWI	University of the West Indies
WTO	World Trade Organization

## Executive Summary

International trade has often been heralded as a cornerstone of global progress, celebrated for its transformative impact on living standards worldwide. Between 1990 and 2017, the expansion of trade contributed to a 24% increase in global incomes and lifted over one billion people out of poverty. Yet, beneath this narrative of success lies a sobering truth: the benefits of trade have not been distributed evenly, leaving significant wealth disparities both within and between nations.

For vulnerable economies, particularly in regions like the Caribbean, the promise of trade remains elusive. Many are marginalized within the global trade system, struggling to access its benefits while grappling with systemic inequities. This exclusion not only exacerbates economic and social disparities but also stalls progress towards achieving the United Nations Sustainable Development Goals (SDGs)

In response to these global and regional disparities, the world is reimagining trade through the lens of the “Sustainability and Inclusiveness” (S&I) agenda. The “sustainability” dimension aims to balance the three interconnected pillars of development—economic, social, and environmental. “Inclusiveness” introduces a procedural aspect, focusing on the equitable distribution of economic benefits across society, empowering historically marginalized groups, and ensuring their active participation in development processes. These principles are gaining traction in regional trade agreements (RTAs), with two-thirds of RTAs signed since 2005 incorporating elements of the S&I agenda through commitments to environmental protection, gender equality, labour rights, digital trade, and micro, small, and medium-sized enterprise (MSME) inclusion.

Despite this momentum, the Caribbean Community (CARICOM) remains behind in crafting a cohesive trade strategy aligned with this nascent agenda. Its economies, historically reliant on tourism, agriculture, and limited manufacturing, face significant vulnerabilities. These include small market sizes, geographic fragmentation, dependence on fossil fuels, and exposure to natural disasters. Climate change exacerbates these risks, with rising sea levels, extreme weather, and biodiversity loss threatening trade, infrastructure, and livelihoods. Social and economic inequalities across gender, income, and ethnicity further compound these challenges, impeding equitable development and contributing to food and nutritional insecurity. Compounding these issues is the region’s inconsistent commitment to regional integration, which has stalled collective progress and weakened efforts to address shared vulnerabilities.

Key regional trade agreements, including the Revised Treaty of Chaguaramas, the Revised Treaty of Basseterre, and the CARIFORUM–EU Economic Partnership Agreement (EPA), provide a foundation for integrating sustainability and inclusivity into CARICOM’s trade strategy. For instance, the CARIFORUM–EU EPA includes commitments on sustainable development, supported by monitoring and dispute resolution mechanisms. While these agreements demonstrate progress, they also highlight gaps in implementation, emphasizing the need for an updated and more comprehensive approach to sustainability for the region.

The paper advocates for the region’s development of a Sustainable and Inclusive Trade Agenda, leveraging emerging trends in the global trading system to inform this strategy. These trends include incorporating cooperation provisions on gender equality, and e-commerce in trade agreements with dedicated chapters on labour rights, environmental protection, fisheries, and MSME participation.

These new trade agreements also include capacity-building provisions and consultation mechanisms to support inclusivity and ensure civil society and non-traditional stakeholder participation in monitoring and implementing sustainability commitments.

Adopting a Sustainable and Inclusive Trade Agenda presents transformative opportunities for CARICOM. However, achieving these benefits requires the region to take greater ownership of its development trajectory by identifying clear priorities within the S&I trade framework.

A critical step is tasking regional institutions, particularly the CARICOM Single Market and Economy (CSME) Unit, with conducting continuous assessments of the distributive impacts of existing trade agreements and emerging green trade measures. These assessments should evaluate their implications for CARICOM's trade landscape, particularly for vulnerable groups, sectors, and communities. The insights gained must guide the development of trade policies and complementary domestic policies, targeting key areas such as energy, climate change, maritime transport, the blue economy, food security, and cross-cutting sectors like digital trade, tourism, services trade, and the creative industries (orange economy).

CARICOM should also establish a focal point system that integrates non-traditional stakeholders, such as civil society, academia, MSMEs, and small farmers, into all stages of the trade policy process, including the monitoring and implementation of trade agreements. Additionally, CARICOM's trade strategy should emphasize boosting intraregional trade and travel while cultivating deeper trade relationships with Latin America and other Global South economies to expand market opportunities.

Effective implementation of this agenda hinges on process-oriented reform. The Council for Trade and Economic Development should assume a central role in monitoring global and regional trade developments while fostering alignment across CARICOM's technical working groups. Existing provisions within trade agreements related to sustainability and inclusivity should also be reviewed to ensure they are fully utilized. Furthermore, targeted capacity building initiatives are crucial for equipping CARICOM negotiators and officials with the technical expertise required to advocate effectively for the region's interests and priorities in international trade fora. Coordination among national governments and donor agencies is equally crucial to streamline SDG projects, minimizing duplication and enhancing coherence.

The Revised Treaty of Chaguaramas provides a robust legal and institutional framework to support this transformative agenda. In addition to facilitating economic integration, the Revised Treaty offers mechanisms for functional cooperation, foreign policy coordination, and advancing social and human development. To maximize its impact, CARICOM should initially focus on achievable goals, such as updating trade agreements and strengthening regional coordination mechanisms, while building momentum for more ambitious reforms.

As the global trade landscape continues to evolve, CARICOM finds itself at a pivotal moment. A Sustainable and Inclusive Trade Agenda is not just a strategic necessity—it is an imperative for the region's resilience within the global trading system. Bold and coordinated action is essential to ensure that the benefits of trade are equitably distributed across all CARICOM member states and their citizens.

# 1. Introduction

*“Trade can bring about development. But the path from trade to inclusive and sustainable growth, and ultimately to development, can be a tortuous one, full of obstacles and pitfalls. [...] Trade and other economic reforms must be tailor-made to the specific conditions and characteristics of the country or region where they are undertaken.”<sup>1</sup>*

*“Any sensible West Indian knows that the Caribbean Community is not only about trade and economics. It is also very much about the intangible factors such as a sense of community, brotherhood and sisterhood, and a strengthened West Indian identity.”<sup>2</sup>*

International trade is often championed as a powerful engine of economic growth, with the potential to elevate living standards worldwide. The World Trade Organization (WTO), which stands at the forefront of global trade rules, negotiations, and dispute resolution, encapsulates this vision in its preamble, urging its members to engage in trade relations “with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development.”

Since 1990, trade has boosted incomes by 24% globally and by 50% for the poorest 40% of the population. Economic growth underpinned by better trade practices has lifted more than 1 billion people out of poverty since 1990.<sup>3</sup> Between 1990 and 2017, developing countries increased their share of global exports from 16% to 30% alongside a fall in the global poverty rate from 36% to 9%.<sup>4</sup> Trade has also contributed to greater participation of women in the workforce, created better job opportunities, and connected local producers and creatives with the international marketplace.<sup>5</sup>

But that is not the whole story. The growth that the world has witnessed through globalization and the liberalization of trade has not seen wealth evenly distributed among or within countries. In fact, some statistics show that international trade has exacerbated inequalities between countries, marginalizing vulnerable countries and communities and setting countries back in the pursuit and achievement of the United Nations Sustainable Development Goals (SDGs).<sup>6</sup>

In response, a new trend is emerging: incorporating “sustainable” and “inclusive” considerations into trade policy, negotiations, and agreements. Sustainable and inclusive trade has become a buzzword in trade circles,<sup>7</sup> including at the WTO and in free trade agreements (FTAs), international organizations with trade-related mandates, and many countries’ trade policies.<sup>8</sup> While not clearly or uniformly defined, this agenda, at its core, sees trade as one

1. San Bilal (August 2012). “Trade and Development: Making the Link.” *GREAT Insights* 1 (6).
2. William Demas (1985). *West Indian Development and the Deepening and Widening of the Caribbean Community* (Critical Issues in Caribbean Development). p. 81.
3. World Bank (2023). “Trade Overview.”
4. World Bank (January 25, 2023). “Trade Has Been a Powerful Driver of Economic Development and Poverty Reduction.”
5. World Bank and WTO (2020). “Women and Trade: The Role of Trade in Promoting Gender Equality.”
6. *Ibid.*, footnote 3. See also UN Trade and Development (UNCTAD), 2020. *Key Statistics and Trends in Trade Policy 2019: Trade Tensions, Policy Uncertainty, and Trade Policy*.
7. See, for instance, WTO (2023). *World Trade Report 2023: Re-globalization for a Secure, Inclusive and Sustainable Future*; UNCTAD (2023a). *Trade and Development Report 2023: Growth, Debt and Climate, Realigning the Global Financial Architecture*; Organisation for Economic Co-operation and Development (OECD) (2021). *Making Trade Work for All: Policies to Promote Inclusive Growth and Sustainable Development*; International Trade Centre (ITC), (2021a). *SME Competitiveness Outlook 2021: Empowering the Green Recovery*; WTO (2018). *Mainstreaming trade to attain the Sustainable Development Goals*; UNCTAD (2022). *The Least Developed Countries Report 2022: The Low-Carbon Transition and Its Daunting Implications for Structural Transformation*; OECD (2019). *Trade and Environment at the OECD: Key Issues and Developments*; ITC (2020). *Women and Trade: The Role of Trade in Promoting Gender Equality*; WTO (2020). *Trade and Gender: Empowering Women through International Trade*; UNCTAD (2019). *Harnessing Trade for Sustainable Development: UNCTAD’s Role in Developing Countries*; WTO and United Nations Environment Programme (2018). *Making trade work for the environment, prosperity and resilience*; OECD (2020). *Globalisation and Trade: Implications for Inclusive Growth*; ITC (2021b). *Mainstreaming Inclusive Trade for Sustainable Development*; and UNCTAD (2021). *Trade and Gender Linkages: An Analysis of Gender Integration in Free Trade Agreements*.
8. Some may argue that the newly minted term “reglobalization” captures elements of sustainability and inclusiveness. Reglobalization emphasizes greater international cooperation, interconnectedness, and trade, counteracting the recent trend of deglobalization. It seeks to address the deficiencies of traditional globalization by fostering a more balanced and inclusive global economy. See Marianne Schneider-Petsinger (January 2023). *Global Trade in 2023: What’s driving reglobalization?* (Chatham House).

lever to achieve economic growth and resilience while promoting practices that minimize environmental harm and enhance social welfare for present and future generations. It is concerned more with the distributional impacts of trade across different countries, societies, and communities, and ensuring that countries have in place resilient structures to overcome global shocks and thrive so all segments of society can participate fairly in the trade space.

Nearly two-thirds of regional trade agreements (RTAs) have embraced these concepts since 2005, with the agenda increasingly associated with provisions that focus on environmental concerns (climate, biodiversity, energy), labour rights, gender equality, human rights provisions, and Indigenous communities.<sup>9</sup> The agenda also includes processes and governance mechanisms that allow non-traditional stakeholders and interests to help make and execute trade policy.

In the modern era, the Caribbean region has not devised a trade strategy to guide its international trade policy, far less one that focuses on these “newer” trade issues that underpin the sustainability and inclusiveness agenda.<sup>10</sup> Historically dependent on tourism, agriculture, and limited manufacturing capacity, the region faces unique challenges in the trade system due to its openness and small market size, geographical fragmentation, susceptibility to environmental disasters, and loss of biodiversity—all of which threaten its trade competitiveness. These issues are compounded by reliance on fossil fuels and extractive industries, which contribute to environmental degradation and emissions, chronic debt, and outdated trade and digital infrastructure.

Caribbean Community (CARICOM) countries face rising levels of poverty, income inequities, and gender, racial, and ethnic inequalities, all of which threaten to hamper the region’s future economic development.<sup>11</sup> The Caribbean also has the highest cost for a healthy diet,<sup>12</sup> which makes it, along with the earlier vulnerabilities raised, at risk of food and nutritional insecurity. CARICOM countries also face stagnation in multiple SDGs, especially in poverty alleviation, education, and environmental sustainability. As a result, they rank poorly on average among 193 countries in terms of SDG achievement.<sup>13</sup> (See Annex II for more information on the performance of CARICOM states under various economic and social indices.)

Despite these setbacks, the region is still considered the “world’s most racially and culturally diverse region,” with each country having a distinct cultural identity.<sup>14</sup> The region is uniquely positioned to capitalize on major opportunities in the green (environmental), blue (ocean), and orange (creative) economies. Advancements in technology and innovation offer promising avenues for improving the standard of living while digital platforms and e-commerce facilitate participation in the global economy by individuals and small businesses. Additionally, smaller states and non-state actors now wield growing and unprecedented influence in shaping global policy and governance, marking a transformative shift in their ability to affect meaningful change.

The region therefore stands at a crucial crossroads in its development story.

This policy brief proposes the development and implementation of a comprehensive trade policy that incorporates sustainability and inclusiveness, tailored to the unique position and challenges of CARICOM states. It recommends that involving all relevant stakeholders in the policymaking process is vital to address the distributional consequences and inequalities of trade. By embracing sustainable and inclusive trade

9. Louise Malingrey and Yann Duval (2022). “Mainstreaming Sustainable Development in Regional Trade Agreements: Comparative Analysis and Way Forward for RCEP.” (United Nations Economic and Social Commission for Asia and the Pacific), 3.

10. Throughout this paper, the terms “inclusivity” and “inclusiveness” are used interchangeably without distinction between their meanings.

11. See United Nations Economic Commission for Latin America and the Caribbean (2021). *Social Panorama of Latin America 2021*.

12. Food and Agriculture Organization of the United Nations (2022). *Regional Overview of Food Security and Nutrition in Latin America and the Caribbean: Towards Improving Affordability of Healthy Diets*.

13. See Annex. Information is based on the 2024 Sustainable Development Goals Ranking.

14. Nigel Brissett (2017). “Sustainable Development Goals (SDGs) and the Caribbean: Unrealizable promises?” *Progress in Development Studies* 18(1), pp. 18–35, 20.



objectives, CARICOM states<sup>15</sup> can enhance the competitiveness of their core sectors, reduce dependencies, and create new employment opportunities for all. However, the region must navigate the complex and controversial domain of green industrial policies, trade measures, and institutional and financial structures, many of which are fashioned by developed countries and whose distributional implications, trade-distortive effects, and environmental effectiveness are yet to be fully understood. The region must also identify and capitalize on its own infrastructures and governance regimes as a basis to start making the necessary changes to adapt to the new realities of modern commerce.

This policy brief is organized as follows. Section 2 traces the evolution of the concepts of “sustainability” and “inclusiveness” in international law, including how they have emerged as established principles within international governance systems. Section 3 explores the interaction between the “sustainability and inclusiveness” agenda and international trade and the increasing convergence of these agendas at the WTO, in bilateral and regional trade agreements, national and regional trade agendas, and international trade-related organizations. The section also outlines the emerging trends in these new-generation trade agreements and discusses the strategies used to leverage trade as a tool for advancing sustainable and inclusive development goals. Building on the insights from the previous sections, Section 4 provides a detailed situational analysis of the Caribbean, highlighting the region’s challenges and its competitive advantages in the context of trade. It then proposes a path forward for the region to use a sustainable and inclusive trade policy to maximize the benefits of international trade, concluding with specific recommendations for stakeholders to help advance the agenda. Section 5 concludes with key take-aways.

## 2. Evolution of Sustainability and Inclusiveness in International Law

Exploring the interconnected pillars of sustainability and inclusiveness reveals how these two agendas have evolved side by side, each rooted in a shared commitment to enhance both global and domestic governance. While they arise from common foundations, they offer unique but complementary perspectives on how states can fulfil their responsibilities to citizens and the international community. This section traces their development through key historical milestones, treaties, and organizations, emphasizing how their integration is essential for creating a future that is not only sustainable, but also equitable and inclusive.

The ideas underlying sustainability have governed the practice of many ancient cultures and traditions for thousands of years. However, the term itself originally emerged in laws governing forestry management practices established in European forestry laws (*Forstordnungen*) toward the end of the 18th century.<sup>16</sup> Scholars have noted that from inception, the concept was focused on conservation and the rational use of non-renewable resources; redirecting economic activity to ensure sustainable yields rather than major limitations on economic growth and development.<sup>17</sup>

15. CARICOM countries are: least developing countries: Antigua and Barbuda, Belize, Commonwealth of Dominica, Grenada, Republic of Haiti (provisional membership), Montserrat, Federation of St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines; middle-income countries: Commonwealth of the Bahamas, Barbados, Co-operative Republic of Guyana, Jamaica, Republic of Suriname, Republic of Trinidad and Tobago. The Bahamas is not a member of the CARICOM Single Market and Economy (CSME) but participates in the other pillars of CARICOM. Montserrat, a non-independent overseas territory, has only partially accepted the Revised Treaty of Chaguaramas to maintain its prior common market status, which also excludes participation in at least two other pillars of foreign policy coordination and security. Haiti, while ratifying the revised treaty, has not yet completed the transition process of joining the CSME. It also does not participate in the pillar of security. See Roger Hosein, Anthony Gonzales, Ranita Seecharan, and Rebecca Gookool-Bosland (eds) (2021a). *Trade and Development Issues in CARICOM: Key Considerations for Navigating Development* (University of the West Indies Press), 20, footnote 1.

16. Markus Gehring (2006). *Sustainable Development in World Trade Law: New Instruments* (CIJA), 4.

17. *Ibid.*, p. 6; See also Nico J. Schrijver (2008). *The Evolution of Sustainable Development in International Law: Inception, Meaning and Status* (BRILL), p. 209.

The contemporary iteration of sustainable development gained momentum in response to environmental challenges and critiques of the traditional growth-centric development model. Rachel Carson’s 1962 publication “Silent Spring” exposed the harmful impacts of pesticides, galvanizing grassroots environmental organizations into national and international coalitions.<sup>18</sup> The 1972 United Nations Conference on the Human Environment in Stockholm marked a turning point, emphasizing the need to achieve economic growth without environmental damage and integrating the interests of future generations into the evolving concept.<sup>19</sup> There was also a leap in international concern regarding the implications of future global growth for the environment and social development after the Club of Rome’s report *The Limits to Growth* was published in 1972.<sup>20</sup>

Despite its earlier origins, the term “sustainable development” is often associated with the Brundtland Commission’s 1987 report *Our Common Future*, which defined it as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”<sup>21</sup> It is generally understood to comprise three interconnected pillars of the economy, environment, and social with the aim of achieving balance across them. The Brundtland definition introduced elements of “inclusiveness” by highlighting the importance of intertemporal considerations and protecting the environment in a prospective way.<sup>22</sup> At the 1992 UN Conference on Environment and Development in Rio de Janeiro, the Rio Declaration on Environment and Development established sustainable development as a global priority.<sup>23</sup> This conference introduced the social dimension to the sustainability agenda and incorporated intergenerational equity (preserving the interests of future generations) and intragenerational equity (addressing the interests of different countries—and arguably stakeholders as well in the present) and “equality of opportunities” into the concept.<sup>24</sup>

The 2000 Millennium Declaration, which included the Millennium Declaration Goals, saw the convergence of international development agencies and represented a shift in a once fragmented approach to address the three dimensions of development.<sup>25</sup> The Millennium Declaration Goals generated new and innovative partnerships, showing the value of setting ambitious objectives and reshaped decision-making in developed and developing countries.<sup>26</sup>

The Johannesburg Declaration of 2002 reiterated these concepts but recognized that “poverty eradication, changing consumption and production patterns and protecting and managing the natural resource base for economic and social development are overarching objectives of, and essential requirements for sustainable development.”<sup>27</sup>

The recognition of sustainable development as a concept to guide international action perhaps culminated in the adoption by the United Nations in 2015 of the 2030 Agenda for Sustainable Development—the SDGs (comprising 17 goals and 169 targets), towards which all United Nations members committed to strive by 2030. Building on the Millennium Declaration Goals, they emerged from a prolonged and comprehensive consultative process that

18. Agit Yogi Subandi (2022). “A Brief History of Sustainable Development Principles and Its Implementation in International Law and Indonesian Law.” 17(1) *Pranata Hukum*, 1.

19. Anne E. Egelston (2013). *Sustainable Development: A History* (Springer). See Schrijver, *op. cit.*

20. See D.H. Meadows, D.L. Meadows, J. Randers, and W.H. Behrens (1972). *The Limits to Growth* (New York: Universe Books).

21. Report of the World Commission on Environment and Development (1987). “Our Common Future,” p. 51. “Our Common Future” marked the first major global occasion in which the term was used. See also Gabrielle Zoe Marceau and Fabio Morosini (2020). *The Status of Sustainable Development in the Law of the World Trade Organization* (Cambridge University Press), 63.

22. Christian Dörffel and Sebastian Schuhmann (2022). “What is Inclusive Development? Introducing the Multidimensional Inclusiveness Index.” 162 *Social Indicators Research*, 1117.

23. Agenda 21, at para. 2.19, says: “Environment and trade policies should be mutually supportive. An open, multilateral trading system makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and incomes and to lessening demands on the environment. It thus provides additional resources needed for economic growth and development and improved environmental protection. A sound environment, on the other hand, provides the ecological and other resources needed to sustain growth and underpin a continuing expansion of trade. An open, multilateral trading system, supported by the adoption of sound environmental policies, would have a positive impact on the environment and contribute to sustainable development.” See also Gehring, *op. cit.*

24. Schrijver, *op. cit.*

25. S. Kumar, N. Kumar, and S. Vivekadhish (2016). “Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs): Addressing Unfinished Agenda and Strengthening Sustainable Development and Partnership.” 41(1) *Indian Journal of Community Medicine* 1. It saw the convergence of the development agenda of the United Nations Development Programme, the United Nations Environment Programme, the World Health Organization, UNICEF, and the United Nations Educational, Scientific and Cultural Organization, among others.

26. *Ibid.*

27. See Report of the World Summit on Sustainable Development 511, Johannesburg, Aug. 26 to Sept. 4, 2002, Johannesburg Declaration on Sustainable Development, U.N. Doc. NCONF.199/ L6/ Rev.2 (2002).

involved 70 open working groups, civil society organizations, country-specific dialogues, and extensive engagement with the public through face-to-face and online meetings.<sup>28</sup>

Scholars identify seven main elements of sustainable development: (1) sustainable use of natural resources, (2) sound macro-economic development, (3) environmental protection, (4) time dimension—temporality, longevity, and promptness, (5) public participation and human rights, (6) good governance, and (7) integration and interrelatedness.<sup>29</sup>

The SDGs can be categorized under the three pillars, with overlap across and between the pillars.

**The SDGs Across the Three Pillars of Sustainable Development<sup>30</sup>**

Economic	Social	Environmental
SDG 8. Good Jobs and Economic Growth	SDG 3. Good Health and Well-Being	SDG 13. Climate Action
SDG 9. Industry, Innovation, and Infrastructure	SDG 4. Quality Education	SDG 12. Responsible Consumption and Production
	SDG 5. Gender Equality	SDG 15. Life on Land
	SDG 6. Clean Water and Sanitation	SDG 14. Ocean, seas and marine resources
SDG 1. No Poverty		
		SDG 15. Terrestrial ecosystems
	SDG 2. No Hunger	
SDG 7. Affordable and Clean Energy		
SDG 10. Reduced inequalities		
	SDG 16. Peace, Justice and Strong Institutions	
SDG 11. Sustainable and Inclusive Cities and Communities		
SDG 17. Partnership for the Goals		

While sustainable development has ecological, social, and economic aspects, scholars have argued that the difficulties in optimizing all three aspects have led to the rise of concepts that embody dualities of this trinity, particularly inclusive development,<sup>31</sup> which focuses on social and ecological aspects.<sup>32</sup>

Ideas of inclusive development also emerged in the second half of the 20th century, evolving alongside key developments in international human rights, post-colonial sovereignty, and economic theory.<sup>33</sup> After

28. Kumar, Kumar, and Vivekadhis, *op. cit.*

29. Schrijver, *op. cit.*

30. The table is based on the authors' own analysis. Arguably there may be greater overlap between and across the pillars for some SDGs.

31. Joyeeta Gupta and Camille Vegelin (2016). "Sustainable Development Goals and Inclusive Development." *16 International Environmental Agreements*, pp. 433-448.

32. Ibid. See also Joyeeta Gupta and Ingrid S.A. Baud (2015). "Sustainable Development," in Philipp H. Pattberg and Fariborz Zelli (eds). *Encyclopedia of Global Environmental Politics and Governance* (Edward Elgar), pp. 61-72.

33. The ideas of "inclusive development" have also been traced to ancient Indian civilization and similar to ancient African concepts such as Ubuntu, a philosophy focusing on people's allegiances and relations with each other. See Anjan Chakrabarti (n.d.). *Economic Development and Underdevelopment* (Indira Gandhi National Open University).

World War II, political, economic, and social rights gained international recognition, culminating in major human rights declarations in 1966 including the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. These sought to protect vulnerable and marginalized groups and, by 2010, the United Nations formally acknowledged the human right to water and sanitation.<sup>34</sup>

Efforts to establish a more inclusive international economic order through legal instruments in the 1970s ultimately failed, but the creation of the Group of 77 and the least developed countries (LDCs) category provided these nations with a platform for negotiation. In the 1950s, modernization theories emphasized economic growth through technology and capital transfer, but the failure of trickle-down economics led to a shift in focus during the 1970s towards improving per capita income, employment, and addressing rural and peri-urban poverty. The debt crises of the 1970s and the structural adjustment programmes of the 1980s exacerbated poverty and exclusion, prompting a renewed focus on human development in the 1990s.<sup>35</sup> The 1990s also saw the introduction of the United Nations Development Programme and the Human Development Index (HDI),<sup>36</sup> as discussions on “inclusiveness” continued to develop and become more integrated into the sustainable development agenda.<sup>37</sup>

“Inclusive development” was featured in academic literature from as early as 1998, but did not become a central focus until after 2008. While “inclusive growth” is more commonly referenced, many publications use the two terms interchangeably.<sup>38</sup> The academic literature on inclusive development and inclusive growth feature key elements connected to the term “inclusive,” namely a focus on the most marginalized in society, a focus on sectors and areas of exclusion, equal opportunities for participation,<sup>39</sup> building on Indigenous knowledge, redistributing social benefits, providing targeted capacity building alongside opportunities, recognition of customary and/or traditional rights, and ultimately countering drivers of exclusion and inequality.<sup>40</sup>

Indeed, from as early as 2012, the World Bank has described “inclusive growth as the pathway to sustainable development.”<sup>41</sup>

The Economic and Social Council of the United Nations, in its 46th session in 2008, sought to integrate women and the disabled into the development process by addressing the causes of discrimination as the “inclusive development” approach became the focus of the United Nations, the World Bank, and the Asian Development Bank.<sup>42</sup> While the SDGs do not explicitly mention inclusive development, there are more than 40 references to “inclusive,” including terms such as inclusive societies, inclusive and sustainable economic growth, and inclusive growth. As a result, the concept of inclusiveness has been integrated into the broader framework of the sustainable development agenda.<sup>43</sup> In 2017, the World Economic Forum System Initiative on Shaping the Future of Economic Progress introduced the Inclusive Development Index, which measures

34. Joyeeta Gupta and Mirjam A.F. Ros-Tonen (2015). “Inclusive Development,” in Philipp H. Pattberg and Fariborz Zelli (eds), *Encyclopedia of Global Environmental Governance and Politics* (Edward Elgar Publishing).

35. *Ibid.*

36. Dörffel and Schuhmann, *op. cit.*

37. Gupta and Ros-Tonen, *op. cit.* As noted earlier, these events emerged alongside the Rio Declaration where principle 1 outlines that “human beings are at the centre of concerns for sustainable development. They are entitled to a healthy and productive life in harmony with nature.”

38. Gupta and Ros-Tonen, *op. cit.*, 36. The authors also note that the terms, although used interchangeably, are different, as “inclusive growth” focuses on “increasing per capita income through economic growth and greater access to non-income aspects of wellbeing enhanced by proactive policymaking by the state and contributions from other actors” while “inclusive development” calls for direct democracy and distribution of amenities with a view to enabling participation by all.

39. Ganesh Rauniyar and Ravi Kanbur (2010). “Inclusive Growth and Inclusive Development: A Review and Synthesis of Asian Development Bank Literature.” 15(4) *Journal of the Asia Pacific Economy*, 455.

40. Gupta and Ros-Tonen, *op. cit.*

41. World Bank (2012). *Inclusive Green Growth: The Pathway to Sustainable Development*.

42. Chakrabarti, *op. cit.*, 31.

43. Gupta and Baud, *op. cit.*

15 areas of structural economic policy and institutional strength that have the potential to contribute to higher growth and wider social participation in the process and benefits of such growth.<sup>44</sup>

In sum, inclusive development is evolving into a well-defined and comprehensive concept, emerging as a dominant paradigm that addresses far more than just economic growth and income distribution. It also includes quality of life, human development, empowerment, gender equality, and governance. Inclusive development should not be seen as an alternative to sustainable development but rather as a complementary framework. It integrates and synthesizes previous development paradigms, including the trickle-down approach, redistributive principles, human development, and empowerment strategies, enhancing the broader sustainable development agenda.<sup>45</sup>

Inclusive development aims to ensure that all members of society, particularly those traditionally marginalized or excluded, share the benefits of economic growth and progress.<sup>46</sup> It recognizes diversity as a strength and seeks to create a just and equitable society by reducing barriers and providing opportunities for all. It incorporates participatory empowerment of citizens and promotes outcomes related to well-being in accordance with the sustainability of societal foundations.<sup>47</sup>

While their separate origins may be of some academic interest, the pairing of sustainability (often used interchangeably with “sustainable development”) and inclusiveness has become increasingly common in academic circles and as a matter of organizational agenda-setting. For all practical purposes, however, and for purposes of this paper, they are used in a complementary way to highlight different aspects of the broader goals sought to be achieved by the SDGs.

True to its origins, the sustainability dimension aims to achieve balance across the three pillars, particularly as many governments traditionally prioritized economic growth over social and environmental issues.<sup>48</sup> Inclusiveness, which complements the sustainability agenda, can address this imbalance by incorporating a broader range of perspectives and interests into the dialogue. With a longer-term focus, inclusiveness goes beyond immediate gains, aiming to establish fairer processes that ultimately lead to more substantive outcomes.

Notwithstanding its inherent value, some have criticized the sustainability and inclusiveness agenda as still largely a Western concept, failing to address the root causes of developmental challenges globally.<sup>49</sup> There also remains a gap between rhetoric and meaningful action, with governments vacillating in their commitments.<sup>50</sup> The cost of transitioning to sustainable and inclusive processes and outcomes is also disproportionately higher for developing countries, further compounding the inherent structural inequalities within the multilateral system.<sup>51</sup> Despite these challenges, the agenda presents substantial opportunities for both developed and developing nations, especially through enhanced integration in the trade system.

44 World Economic Forum (2018). *Inclusive Growth: The New Agenda*. Dörffel and Schuhmann have recently introduced the Multidimensional Inclusiveness Index, which extends the number of dimensions included in the HDI, the Inclusive Development Index, and gross domestic product (GDP), takes inequality into account and is available for a larger number of countries. They also note that inclusive development is societal progress that incorporates participatory empowerment of citizens and promotes human well-being outcomes in accordance with sustainability of social foundations. comprise the key aspects of process inherent participatory empowerment and outcome-related attainments. See Dörffel and Schuhmann (2022), *op. cit.*

45 Rathinasamy Maria Saleth, Shaik Galab, and Revathi Ellanki (2020). *Issues and Challenges of Inclusive Development: Overview and Synthesis*.

46 Spur Economics (December 2023). *Inclusive Development: Meaning and Features*.

47 Dörffel and Schuhmann (2020), *op. cit.*

48 Sylvania Lorek and Joachim H. Spangenberg (2014). “Sustainable Consumption within a Sustainable Economy: Beyond Green Growth and Green Economies.” *62 Journal of Cleaner Production* 33. See also Gupta and Vegelin, *op. cit.*

49 Brissett, *op. cit.*, and Gupta and Vegelin, *op. cit.*

50 OECD (2020). *Beyond Growth: Towards a New Economic Approach* (New Approaches to Economic Challenges, OECD Publishing), 19.

51 *Ibid.*

### 3. Sustainability and Inclusive Trade: The New Paradigm

With the mushrooming of the sustainability and inclusiveness agenda, the international trade system has had to grapple with its free market and neo-liberal origins. With its traditional producer-oriented liberalization process, the trading system has always proceeded on the assumption that the benefits of trade would eventually trickle down to workers, end consumers, and therefore people.<sup>52</sup> There is evidence that international trade has enabled rapid economic growth for all countries, including developing ones that have raised standards of living, contributed to a reduction in income disparities, and helped reduce inequality between countries.<sup>53</sup> Global per capita income rose 65% between 1995 and 2023 while the per capita income of low- and middle-income economies has almost tripled.<sup>54</sup>

Yet there is incontrovertible evidence that the impacts of trade liberalization have not had equally positive effects on all countries and communities.<sup>55</sup> In fact, some reports make it clear that trade and investment agreements can leave the poorest and most vulnerable groups worse off.<sup>56</sup> Participation in the multilateral trading framework assumes a baseline level of infrastructural and institutional capacity that many countries lack. This means the disparity in trade negotiation capabilities between developed and developing countries often undermines the potential benefits of trade.<sup>57</sup> The COVID-19 pandemic, global tensions, climate change disasters, and recent concerns with global supply chains have exacerbated these inequalities—triggering challenges that decades of progress sought to solve.<sup>58</sup>

Theoretically, trade itself is neither inherently good nor bad for environmental and social development.<sup>59</sup> Instead, the complex interplay between trade and the environment has historically produced both positive and negative impacts in these areas. Increased focus on the environment has resulted in increased demand for environmental goods and services, the development in intellectual property protection (i.e. geographical indicators), and greater environmental stewardship through the blue and green economy.<sup>60</sup> This overlap has also allowed for the facilitation of environmental best practices through environmental provisions in trade and investment treaties and global industry regulations in the private sector.<sup>61</sup> Socially, trade connects local producers and creatives with the global marketplace<sup>62</sup> and from a human rights perspective, cultural expressions beyond borders affirms the right of everyone to take part in cultural life.<sup>63</sup>

The WTO's most recent report on trade and inclusiveness signals an even greater effort to incorporate the sustainable and inclusive agenda into the multilateral trading system.

52. The notion that “trade can make everyone better off” has traditionally been accepted as a fundamental tenet of economics.
53. This has been recognized in the 2030 Agenda for Sustainable Development, with SDG 10 referencing the contribution of trade in terms of provision of special and differential treatment to developing countries.
54. WTO (2024a). *World Trade Report 2024: Trade and inclusiveness: How to make trade work for all*, p. 8.
55. A recent study by Massachusetts Institute of Technology economists suggests that international trade exacerbates domestic income inequality. See Rodrigo Adão et al. (August 2022). “Imports, Exports, and Earnings Inequality: Measures of Exposure and Estimates of Incidence.” 137(3) *The Quarterly Journal of Economics*, p. 1553; UNCTAD (2019). *Trade Policies for Combatting Inequality: Equal Opportunities to Firms, Workers and Countries*.
56. UNCTAD (2002). *Developing Countries in World Trade* (Washington), pp. 51–83; UNCTAD (2004). *Policy Coherence, Development Strategies and Integration into the World Economy* (Washington), pp. 43–69. See also Economic Commission for Latin America and the Caribbean (2014). *International trade and inclusive development: Building synergies*. Time for Equality collection. Santiago: United Nations, pp. 32–41, where the commission notes that “international trade does not automatically contribute to inclusive economic development,” and rather inclusive development depends significantly on the quality of complementary private and public policies. See also S. Rose Ackerman and J. Tobin (2009). “Do BITs Benefit Developing Countries?” in C. Rogers and R.P. Alford (eds), *The Future of Investment Arbitration* (Oxford, OUP), pp. 131–143.
57. Hosein et al. (2021a), *op. cit.*, 149.
58. World Bank Group (May 19, 2021). *Spreading the Gains from Trade More Widely* (Washington). See also WTO (2023). *World Trade Report 2023: Re-globalization for a Secure, Inclusive and Sustainable Future*, and World Economic Forum (2023). *The Global Risks Report 2023*. See also WTO (2024a), *op. cit.*, 11, *supra* note 47.
59. Gehring, *op. cit.*
60. Michelle Scobie (2022). *Trade and the Environment and Caribbean SIDS in Trade and Development Issues in CARICOM: Key Considerations for Navigating Development* in Hosein et al. (2021a), *op. cit.*, p. 73. See also WTO (November 2022). *Leveraging Trade in Environmental Goods and Services to Tackle Climate Change*
61. Scobie, *op. cit.* See also Graeme Auld, Stefan Renckens, and Benjamin Cashore (Dec. 8, 2014). “Transnational Private Governance between the Logics of Empowerment and Control.” *Regulation & Governance*. <https://doi.org/10.1111/rego.12075>
62. Amrita Saha, Evert-jan Quak, and Julia Turner (June 23, 2022). “Can Inclusive Trade Policy Tackle Multiple Global Challenges?” (IDS Opinions).
63. See General comment no. 21. Right of everyone to take part in cultural life (art. 15, para. 1a of the Covenant on Economic, Social and Cultural Rights).

## Key Conclusions From the WTO World Trade Report 2024

### 1. Trade Benefits and Inequality

- Trade reduced poverty in low- and middle-income economies from 40.3% (1995) to 10.6% (2022). Global per capita income grew 65% (1995–2023) and low- and middle-income economies' income tripled.<sup>64</sup>

### 2. Income Convergence and Divergence

- Despite these gains, trade has not produced equal gains across and within countries. Specifically, people from rural communities with lower incomes and limited workforce skills and micro, small, and medium-sized enterprises (MSMEs) have not reaped the benefits from trade due to their limited ability to adjust to shifts caused by trade liberalization.<sup>65</sup>
- Around 13% of the global population remains marginalized in trade, mainly in Africa, Latin America and the Middle East. The Middle East and North Africa have the highest percentage of diverging economies (56%) followed by sub-Saharan Africa (42%) and Latin America and the Caribbean (40%).<sup>66</sup>

### 3. Opportunities for Digital Trade in Services and Renewable Energy Goods Trade

- Services trade has grown 6.8% annually since 1990. Digital trade in services has grown at 8.2% a year since 2005. Trade in renewable energy goods (e.g. solar panels, wind turbines) has grown the fastest, at 10.3% annually since 2005—more than double the growth rate of other goods.
- Projections show artificial intelligence-driven productivity and reduced digital trade costs could boost trade growth, particularly in low-income economies. Annual trade growth in digitally deliverable services could reach 11.7%. However, low- and middle-income economies face challenges in fully engaging with new opportunities due to disparities in digital infrastructure and skills.

### 4. Trade Alone is Not Enough

- Investments in education, infrastructure, and governance must complement trade policies. Successful economies combine open trade with strong domestic policies.<sup>67</sup>

### 5. Considerations for States

- Rising geopolitical tensions, digital revolution, and climate change are shaping future opportunities for trade-led developments and must be considered as states develop trade policy.<sup>68</sup>

Source: WTO (2024a). *World Trade Report 2024: Trade and inclusiveness: How to make trade work for all*.

On the other hand, the shifting paradigm has also resulted in higher transportation costs, import restrictions, carbon taxes, and bio-trade rules, with these impacts disproportionately affecting developing countries and contemporary measures potentially amounting to protectionist efforts by developing countries.<sup>69</sup> Trade

64. WTO (2024a). *World Trade Report 2024: Trade and inclusiveness: How to make trade work for all*, 8.

65. *Ibid.*, at 28, 67.

66. *Ibid.*, at 33.

67. *Ibid.*, 69.

68. *Ibid.*, 31.

69. Scobie, *op cit*.

has also negatively impacted the environment and sustainability efforts. Specifically, this pertains to trade in endangered species, ship pollution, invasive species, unregulated and illegal fishing, and agricultural intensification to meet growing demand, which threatens freshwater supplies and the development of intellectual property rules, which make new technologies too costly and thus limit the overall benefits to some economies.<sup>70</sup>

Recognizing the potential for trade to act as a lever for good, the SDGs include many trade-related targets spanning social, environmental, and economic ambitions. These include lowering tariff and non-tariff barriers for health-related goods and services and boosting the participation of LDCs in global trade; eliminating inefficient subsidies in fossil fuels and fisheries that foster unsustainable practices; empowering trade through enablers such as equal access to cutting-edge technology and financial services; providing opportunities for market entry and value addition (sub-target 2.3),<sup>71</sup> achieving higher levels of economic productivity through diversification, technological upgrading and innovation,<sup>72</sup> implementing the principle of special and differential treatment for developing countries, notably LDCs in accordance with WTO agreements.<sup>73</sup> Under SDG 17, international trade is singled out as a key policy instrument to contribute to all other SDGs.<sup>74</sup>

### 3.1 Sustainability and Inclusiveness at the WTO

The integration of the sustainable and inclusive agenda into the WTO context has been a slow and gradual process. Beginning with very general references in the preamble of the WTO Agreement—and a concern about the environment and to some extent development interests of developing countries—and out of case law under the dispute settlement mechanism, it has now emerged as growing preoccupation of the developing and developed countries alike, with a dedicated work programme of the WTO Secretariat.<sup>75</sup> That said, it has not enjoyed unanimous support among the entire membership and the member-driven nature of the WTO has not given way to greater stakeholder participation that is characteristic of the inclusive agenda.

Unlike its predecessor, the General Agreement on Tariffs and Trade (GATT), the WTO Agreement includes sustainable development as a formal objective in its preamble, declaring that “trade relations should be conducted allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development.” Although couched in aspirational language and not legally binding, it sets the tone for the interpretation of other provisions in the agreement.<sup>76</sup>

Article XX of the GATT also provides member states with the policy space to pursue sustainable and inclusive development measures that may conflict with trade rules in the GATT.<sup>77</sup> Article XX exceptions for public morals,<sup>78</sup> human, animal, or plant life and health,<sup>79</sup> and the conservation of exhaustible natural resources<sup>80</sup> are

70. *Ibid.* Trade contributes to improved economic development of states, which theoretically provides more funding for deployment in sustainability efforts. It also potentially contributes to food security and reduced poverty, thus easing pressures on the environment.

71. eddy Y. Soobramanien and Leah Worrall (eds) (2021). *Emerging Trade Issues for Small Developing Countries: Scrutinising the Horizon* (UNCTAD).

72. Sub-target 8:a.

73. Sub-target 10:a. For an overview of all trade-related SDG targets, see *Remaking Trade for a Sustainable Future* (January 2024). *Villars Framework for a Sustainable Global Trade*, Version 2.0, appendix C.

74. UNCTAD (2021a). *Better Trade for Sustainable Development: The role of voluntary sustainability standards*.

75. Most recently, WTO (2024a), *op. cit.*; WTO (2022b). *World Trade Report 2022: Climate Change and International Trade*; WTO (2018), *op. cit.*; and WTO (2024b). *WTO’s contribution to attaining UN Sustainable Development Goals: 2024 update to the High-Level Political Forum*.

76. Katrin Kuhlmann (November 15, 2023). “Sustainable and Inclusive Trade and Development: More Than Words?” SSRN 5.

77. Caroline Henckels (June 2024). “Sustainability Obligations in Trade Agreements: Do Exceptions and Defences Apply?” in Geraldo Vidigal and Kathleen Claussen (eds), *The Sustainability Revolution in International Trade Agreements* (OUP).

78. Article XX (a) “necessary to protect public morals.”

79. Article XX (b) “necessary to protect human, animal or plant life or health.”

80. Article XX(g) “relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption.”



directly applicable in this context and often relied on by states to justify pursuing these non-trade objectives. Academics have argued that the objective of sustainable development has reshaped the interpretation of provisions within the WTO Agreement, offering to the members more policy space to protect essential interests, primarily through the WTO dispute settlement mechanism, particularly the Appellate Body.<sup>81</sup>

Indeed, in the early days, the “sustainability” interests were probably conceived of in terms of measures taken in defence of environmental concerns and raised in the context of disputes<sup>82</sup> and the economic concerns of developing countries, demanding greater attention to their development interests through special and differential treatment or “special rights”—in the form of longer transition periods for undertaking commitments, preferential market access to markets of developed countries, and greater “policy space” to pursue non-trade related interests.<sup>83</sup> These two main prongs of the sustainability agenda were further advanced through the establishment of a comprehensive work programme on trade and environment in the WTO through the Committee on Trade and Environment in 1994 and in the 2021 launch of the Doha Development<sup>84</sup> Agenda.

The Development Agenda included a focus on sustainable development, particularly in the context of agricultural trade, market access for developing countries, and the Agreement on Trade-related aspects of Intellectual Property Rights (TRIPS). It aimed to address the needs of developing countries and LDCs, recognizing the inherent inequalities of the multilateral trading system, though this remains unresolved.<sup>85</sup> The Trade Facilitation Agreement, concluded in 2013, simplified customs procedures, reducing trade costs for developing countries and LDCs. It was considered a key step towards inclusive trade, making it easier for these countries to participate in global trade.

In contrast to these early years, which reflected discussions centred around environmental concerns and ensuring that all member states could participate in the global trading system—with a limited focus on the social pillar<sup>86</sup>—recent initiatives at the WTO have been more inclusive.

The WTO has also strengthened its capacity to detect and address environmental concerns, especially in dedicated committees. In the past decade, the WTO saw a 25% rise in environment-related notifications and a 70% increase in environmental references in trade policy reviews of its members.<sup>87</sup> The 2023 World Trade Report highlighted ninefold growth in trade concerns raised at the Council for Trade in Goods in 2015–22. Many of these stemmed from unilateral environmental measures, including export restrictions on critical minerals, carbon pricing policies, carbon border adjustments, and subsidies and regulations.<sup>88</sup>

81. Marceau and Morosini, op. cit.; F. Ortino (2024). “International Trade Law and Sustainable Development: A Complex and Evolving Relationship,” in F. Marrella and C. Mastellone (eds), *International Business Contracts and Sustainability* (Pacini Giuridica), 5.
82. *United States — Import Prohibition of Certain Shrimp and Shrimp Products* (1998) WT/DS58/AB/R, AB-1998-4.
83. Lily Sommer and Jamie MacLeod (2021). “How Important Is Special and Differential Treatment for an Inclusive AfCFTA?” in David Luke and Jamie MacLeod (eds), *Inclusive Trade in Africa: The African Continental Free Trade Area in Comparative Perspective* (Routledge). See also Katrin Kuhlmann (2021). “Mapping Inclusive Law and Regulation: A Comparative Agenda for Trade and Development.” *2 African Journal of International Economic Law*, 7.
84. At the WTO, the “development” agenda historically has emerged as distinct from the “sustainable development” agenda, even if the two have similar preoccupations. S.E. Rolland (n.d.). “Socio-Economic Development Aspects of Sustainable Development: Towards Assessing and Equitably Allocating the Development Costs of Trade Agreements” (Remaking Trade for a Sustainable Future White Paper) says development was Western concept from public international and international organizations law, raised by developing countries.
85. Nonetheless, WTO members declared in the 2001 WTO Doha Declaration: “We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement. We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system and acting for . . . the promotion of sustainable development can and must be mutually supportive. We take note of the efforts by members to conduct national environmental assessments of trade policies on a voluntary basis.” See WTO (November 20, 2001). “Doha WTO Ministerial 2001: Ministerial Declaration” (Ministerial Conference Fourth Session) WT/MIN(01)/DEC/1, para 6. See also Marie-Claire Cordonier Segger (2021). “Trade and Investment Accords for Sustainable Development Goals 12–17,” in *Crafting Trade and Investment Accords for Sustainable Development: Athena’s Treaties* (Oxford University Press), 159.
86. Virginia Leary (1997). “The WTO and the Social Clause: Post-Singapore.” 8 *EJIL* 118. See also James Harrison (2023). “Trade Agreements and Sustainability: Exploring the Potential of Global Value Chain (GVC) Obligations.” 26 *Journal of International Economic Law* 199, p. 200.
87. Jean-Marie Paugam (March 5, 2024). “Trade, sustainability and climate: What is at stake 30 years after WTO’s creation?” (WTO Blog).
88. WTO (2023). *World Trade Report 2023: Re-globalization for a Secure, Inclusive, and Sustainable Future*, 27.

Interorganizational collaboration between the WTO Secretariat and other institutions has also grown, with mandates covering the sustainability and inclusiveness agenda. Notably, the WTO has explored how trade policies could support climate goals, leading to discussions on carbon border adjustment mechanisms, reducing trade barriers for environmental goods and services, and promoting green technologies.<sup>89</sup> At the last session of the Conference of the Parties meeting in Dubai, the first-ever Trade Day was dedicated to exploring the interface between trade and climate, with the WTO Secretariat publishing several pieces.<sup>90</sup>

Progress in actual negotiations has been more uneven. The Tenth WTO Ministerial Conference in Nairobi in 2015 resulted in several important outcomes, including the adoption of a decision to eliminate agricultural export subsidies, which disproportionately affect poor farmers in developing countries.<sup>91</sup> Other interest groups—beyond states—are also increasingly being recognized, most notably women, whose concerns were highlighted through the Declaration on Trade and Women’s Economic Empowerment in 2017, which highlighted the organization’s recognition of gender equality as a critical component of inclusive trade.<sup>92</sup>

Since then, a dedicated Gender and Trade Research Hub as well as a subdivision in the WTO Secretariat have shown the WTO’s commitment to women’s issues. The Joint Statement Initiative on E-Commerce, launched in 2017, seeks to create global rules for digital trade, supporting sustainable development by improving market access, especially for small and medium-sized enterprises (SMEs) in developing countries.<sup>93</sup> Working groups on MSMEs also show the WTO’s commitment to smaller entities that trade.<sup>94</sup>

Other member-led initiatives have also made progress, though they have failed to generate enough support for a multilateral agenda. The WTO’s Trade and Environmental Sustainability Structured Discussions (TESSD), initiated in 2020, have brought up to 75 members together to discuss the relationship between trade and environmental sustainability, covering issues such as trade in environmental goods and services and the circular economy.<sup>95</sup> The Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (the Plastics Dialogue), started in November 2020, has attracted more than 78 WTO co-sponsors with much support for the agenda through UN negotiations on plastic pollution and the transition to environmentally sustainable trade in plastics.<sup>96</sup> Both sets of negotiations seek to complement discussions in the WTO’s Committee on Trade and Environment, but they are not formal committees themselves, nor even formally part of the WTO. They are informal initiatives (not negotiations), sponsored by a subgroup of members who have chosen the WTO as their convening ground.<sup>97</sup>

Further progress was made at the Thirteenth WTO Ministerial Conference (MC13): 78 WTO members signed up to the Plastics Dialogue and released a ministerial statement on trade actions to tackle plastics pollution and a plan for next steps. Another group of 76 WTO members of the TESSD negotiations unveiled a package of outcomes from their talks on trade and the environment and a roadmap for further results by the Fourteenth WTO Ministerial Conference. A further 48 WTO members presented a plan to work towards cutting harmful fossil fuel subsidies.

89. WTO (2022a). *Trade and Climate Change: A New Agenda for Action*.

90. For example, WTO (2021b). *Trade and Climate Change: A Policy Perspective*.

91. Aik Hoe Lim, Daniel Ramos, and Gergana Kiskinova (March 2, 2022). “Where Do WTO Trade and Environmental Sustainability Initiatives Stand Today?” (International Institute for Sustainable Development).

92. Katrin Kuhlmann (2023a). *Handbook on Provisions and Options for Inclusive and Sustainable Development in Trade Agreements* (United Nations), 48.

93. WTO (2023a). Joint Statement on E-Commerce.

94. Launched in 2017 and now with 94 members representing 80% of the world’s exports and 65% of global GDP.

95. Circular Innovation Lab (2023). WTO Trade and Environmental Sustainability Structured Discussions (TESSD) Working Group Circular Economy: Circularity Member Meeting.

96. WTO (2023b). Ministerial Conference 13: Press Note on Plastics (2023).

97. Despite these developments, the WTO still is seen as an organization that struggles with legitimacy as an inclusive forum. Pauwelyn highlights how TESSD negotiations have expanded stakeholder engagement at the WTO, given that the TESSD was partly a response to requests for “dialogue with external stakeholders, including the business community, civil society, international organizations, and academic institutions.” However, he sees these initiatives as “interesting laboratories to test the presence and role of external stakeholders in a WTO context... [though] it remains to be seen whether this progress can be carried over ... to more formal WTO activities.” See Joost Pauwelyn (October 19, 2022). “Taking Stakeholder Engagement in International Policy-Making Seriously: Is the WTO Finally Opening-Up?” (SSRN).

Finally, the Coalition of Trade Ministers on Climate—a group of 61 ministers—met alongside MC13 and issued a set of voluntary actions as best practices to align trade with climate action.<sup>98</sup> At MC13, WTO members adopted the work programme for the Fossil Fuel Subsidy Reform initiative, which aims to rationalize and phase out inefficient fossil fuel subsidies. Finally, building on the first Fisheries Subsidies Agreement, there was an attempt to add further disciplines.

Special interests are also being accommodated through the creation of two advisory groups in 2023—one comprising leaders from the business community and the other bringing together prominent civil society representatives. These groups were set up to strengthen the director-general’s engagement with businesses and civil society and to provide an informal platform for the exchange of views and discussions with key stakeholders<sup>99</sup>. Additionally, several projects and initiatives including in academia, demonstrate the increasing concern at the WTO with trade and sustainability. For instance, the Remaking Trade Project’s workshops, which invite sustainability and trade experts to debate the merits and demerits of trade rules and explore potential reforms, illustrate academia’s contribution to the trade and sustainability space.

Despite these developments, some would argue that the sustainability and inclusive agenda suffered a setback at MC13, where the membership exposed a wide diversity of views on whether and how it should be embraced at the WTO. In the lead-up to MC13, the European Union (EU) urged the WTO to adopt a more substantive role in addressing global challenges, raising pivotal questions about whether the organization should stick to its traditional focus on agriculture, market access, and dispute settlement or expand its scope to include emerging concerns such as e-commerce, environmental sustainability, and plastics pollution. China supported multilateral discussions on carbon and reinvigorating the WTO’s Trade and Environment Committee, while the African Group proposed the need for “policy space” and flexibility in WTO provisions, especially those negotiated during the Uruguay Round more than 30 years ago.

Expectations that the growing prominence of the sustainability and trade nexus would lead to major progress at MC13 were not met. Despite attempts to discuss it, opposition from a handful of WTO members to these “new” agenda items and unfavourable geopolitical conditions highlighted the need for managed expectations and a redefinition of what constitutes success in WTO processes, particularly regarding the informal sustainability agenda. The Fisheries Subsidies Agreement was not ratified or a further set of disciplines agreed.

A retreat was convened after MC13 to discuss follow-up suggestions, focusing on key themes such as trust, consensus, and enhancing Geneva’s role. During these discussions, there was a strong call for greater transparency and inclusiveness, ensuring that all members are represented. This included proposals for better use of group coordinators and regional representatives, balancing the efficiency of small, informal groups with the need for inclusiveness, and establishing transparent guidelines for the operation of small group processes, such as Green Room meetings. While these discussions underscored the importance of ensuring that all interests are fairly represented, it is a much narrower set of issues and stakeholders than the broader set of sustainability and inclusiveness interests that some members wished to see highlighted and addressed at the WTO.

98. World Economic Forum (March 5, 2024). “10 things we learned at the WTO’s trade meeting in Abu Dhabi.”

99. WTO (June 15, 2023). “WTO Members Share National Experiences on Promoting Small Businesses.”

## 3.2 Regional and National Approaches to Sustainable and Inclusive Trade Agreements

Despite—and perhaps due to—the difficulties in achieving consensus and progress at the multilateral level regarding the pace and scope of integrating sustainable development goals into trade agreements, many countries have chosen to “deepen” their commitments to sustainability and inclusiveness through regional and bilateral agreements.<sup>100</sup>

About a third of RTAs and FTAs include provisions for sustainable development, a share that has grown to two-thirds for RTAs established since 2005.<sup>101</sup> The nature of the provisions has also expanded qualitatively,<sup>102</sup> moving from mere references to sustainability and/or inclusiveness in preambular paragraphs to specific positive obligations with potential enforceability, especially in areas concerning environmental and labour protections. The scale and sheer number of provisions covering this new agenda has led some to argue that the new agenda threatens to limit the policy space of states, particularly developing countries, and subject legislative and regulatory decision-making to oversight by external interests. Some scholars have also warned that the agenda could be used to disguise protectionism or entrench legal imperialism<sup>103</sup> or as a mechanism to preserve the status quo between developed and developing countries.<sup>104</sup>

While the category of provisions that fall under the rubric of sustainability and inclusiveness provisions varies, scholars have found agreement around a core set of provisions that generally can be said to constitute the agenda: labour rights and standards; the environment (including climate, energy, and mineral resource management, biodiversity and traditional knowledge, patents and plant variety protection, sustainable management of forests and fisheries), micro-, small and medium-enterprises (MSMEs); e-commerce gender equality; human rights; and Indigenous populations/communities.

Some academics say the increasing inclusion of sustainable and inclusive provisions in trade agreements has introduced certain tensions. Specifically, this new generation of trade agreements may constrain domestic law and policy initiatives aimed at advancing sustainable development, potentially conflicting with international commitments to sustainability by imposing restrictive regulatory requirements. Additionally, such agreements can exacerbate pre-existing social, environmental, or economic issues within domestic contexts and may even promote growth in unsustainable economic sectors.<sup>105</sup>

Below, we set out the main discernible trends in an increasing number of FTAs and RTAs.

### 1. References to sustainable development in preambular paragraphs

Most FTAs and RTAs, as a starting point, refer to sustainable and inclusive development in preambular paragraphs with ambitious language that reflects the trading parties’ priorities. Regional agreements increasingly go beyond preambular references to positive provisions and obligations in the main body text, chapters, and related side agreements.<sup>106</sup> Several trade agreements recognize “the integration

100. Gary P. Sampson (October 2021). “The WTO, Trade Agreements, and Sustainable Trade: The Asian Experience.” *Asia Policy* Vol. 16, No. 4 (National Bureau of Asian Research), pp. 7–21.

101. Malingrey and Duval, *op. cit.* See also Cordonier Segger (2021), *op. cit.*

102. Sustainable provisions in RTAs were first included in the 1994 North American Free Trade Agreement.

103. Kuhlmann (November 15, 2023), *op. cit.*

104. Thabo Fiona Khumalo (2020). “Sustainable Development and International Economic Law in Africa.” *Law, Democracy, and Development*, Vol. 24 (Cape Town), pp. 134–135. Adrian Smith et al. (2020). *Free Trade Agreements and Global Labour Governance: The European Union’s Trade-Labour Linkage in a Value Chain World* (Routledge). See also Harrison (2023), *op. cit.*, p. 204.

105. See Cordonier Segger (2021), *op. cit.*, and Marie-Claire Cordonier Segger (2013). *Sustainable Development in Regional Trade Agreements* (Cambridge: Cambridge University Press), and Patrick Reynaud (2013). “Sustainable Development and Regional Trade Agreements: Toward Better Practices in Impact Assessments.” *McGill International Journal of Sustainable Development Law & Policy*, Vol. 8, No. 2.

106. Paul R. Baker (2021). *Handbook on Negotiating Sustainable Development Provisions in Preferential Trade Agreements* (United Nations Economic and Social Commission for Asia and the Pacific).

principle,” which calls for a balance among trade, environment, and social development interests. This principle guides the interpretation of trade agreements in a way that considers sustainable development goals.<sup>107</sup>

## 2. General exceptions provisions similar to Article XX of the GATT

Almost all new FTAs include a general exception clause modelled on the GATT’s Article XX granting the parties policy space to address sustainability concerns that “are necessary to protect human, animal or plant life” which may otherwise be inconsistent with the trade-related obligations of the treaty. More recent RTAs have sought to clarify or expand the policy objectives covered by the clause. For example, Article 32.1.3 of the New Zealand–United Kingdom FTA refers expressly to climate change, stating that “the measures referred to in Article XX(b) of GATT 1994 ... include environmental measures ... necessary to mitigate climate change.”<sup>108</sup>

## 3. Cooperation provisions related to engagement between the parties

There is a growing trend to include sustainable and inclusive provisions as cooperative efforts among trade partners. Cooperation provisions often cover MSME issues,<sup>109</sup> environment,<sup>110</sup> and labour,<sup>111</sup> “promoting education, culture and gender equality”<sup>112</sup> and e-commerce.<sup>113</sup> While implementing and enforcing these provisions may be challenging, they aim to foster ongoing dialogue among the parties so they can address and advance this evolving agenda within the framework of the trade agreement, and may highlight areas where deeper cooperation is expected. Some RTAs have a separate cooperation agreement or development chapter that suggests areas for cooperation on a best-endeavour basis.<sup>114</sup>

## 4. Cross-references to international agreements and commitments

Some FTAs reaffirm commitments in other relevant treaties that cover more specific aspects of the sustainability and inclusiveness agenda. For instance, many FTAs cross-reference obligations to which parties have committed under the International Labour Organization Conventions, human rights and gender treaties (such as the Convention on the Elimination of All Forms of Discrimination Against Women), or multilateral environment agreements<sup>115</sup> such as the Montreal Protection of the Ozone Layer, the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora, or the UNESCO Convention on the Protection and Promotion of Diversity of Cultural Expressions.<sup>116</sup>

These cross-references typically manifest as negative or positive integration obligations. Negative integration obligations do not require new domestic regulations; rather, they aim to ensure that existing

107. This is reflected predominantly in EU trade agreements.

108. Also the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Article 29.1; the United States–Mexico–Canada Agreement (USMCA), Article 32.1; the Chile–Indonesia Comprehensive Economic Partnership Agreement, Article 13.1; the Chile–Thailand FTA, Article 15.1; and the Australia–Hong Kong Free Trade Agreement and associated Investment Agreement, Article 19.3(1) provide that the “... Article XX(b) of GATT 1994 include environmental measures necessary to protect human, animal or plant life or health, and that Article XX(g) of GATT 1994 applies to measures relating to the conservation of living and non-living exhaustible natural resources.” See also Kuhlmann (2023a), *op. cit.*, 86.

109. For example, the EU–Japan RTA, Chapter 20; Regional Comprehensive Economic Partnership, Chapter 14; the Association of Southeast Asian Nations–Republic of Korea FTA, Art. 3; and the Canada–Columbia FTA, Art. 1801. Article 1802 of the Canada–Columbia FTA establishes a joint committee between the parties to facilitate “trade-related cooperation,” including matters affecting MSMEs.

110. Cooperation on environmental matters is the most common type of environmental provision. See WTO (2021a). *Making Trade Work for the Environment, Prosperity and Resilience*, 5.

111. Republic of Korea–Colombia Agreement; Association of Southeast Asian Nations–Japan FTA.

112. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (adopted March 8, 2018, entered into force December 30, 2018).

113. For example, United Kingdom–Japan FTA, Article 8.83.

114. For example, the Memorandum of Understanding on environmental cooperation in the China–Chile Agreement, the Memorandum of Understanding on labour and social security cooperation in the China–Chile FTA and the Memorandum of Understanding on labour cooperation in the Hong Kong, China–China–Chile FTA; Agreement on Labour Cooperation Between Canada and Honduras, 2014. See also Baker, *op. cit.*, 28.

115. Kuhlmann (2023a), *op. cit.*

116. The United Kingdom–New Zealand FTA, Article 26.3(a).

regulations do not undermine the agreed-upon trade framework.<sup>117</sup> In contrast, positive integration obligations involve active regulatory harmonization and the establishment of minimum standards for regulatory treatment across jurisdictions. This approach often includes the creation of common institutions that can intervene to achieve welfare optimization.

## 5. Dedicated chapters on specific topics including labour, environment, SMEs, “trade and sustainable development”<sup>118</sup>

Several RTAs include dedicated chapters on topics related to the three dimensions of sustainability. The most prominent of these include topics such as labour and environment (for instance, chapters in the USMCA and the CPTPP) as well as gender chapters (for instance, chapters in the Canada–Chile, Chile–Argentina, Chile–Brazil, and Chile–Uruguay FTAs.<sup>119</sup> Dedicated chapters on environmental protection are increasingly included in FTAs, with the practice pioneered by the United States in the early 2000s (United States–Chile FTA, 2003, United States–Singapore FTA, 2003).<sup>120</sup> Other key issues being included are fisheries,<sup>121</sup> climate change, conservation of biodiversity,<sup>122</sup> aquaculture,<sup>123</sup> protection of Indigenous groups,<sup>124</sup> and trade and supply-chain management.<sup>125</sup>

The New Zealand–Republic of Korea FTA contains a dedicated chapter on agriculture, forestry, and fisheries cooperation that includes provisions for separate consultations if export prohibitions or restrictions cause the importing country food security concerns. The chapter is supplemented by a separate implementing arrangement that sets out activities including (i) English language training for school students from rural and fishing communities, (ii) scholarships to study in the agriculture, forestry, and fisheries fields, and (iii) disease risk analysis in animal and fisheries science.<sup>126</sup> The agreement also contains a dedicated chapter on sustainable food systems including provisions on regenerative agriculture, contingency plans to ensure the security and resilience of food supply chains and trade in times of international crisis, Indigenous knowledge, participation and leadership in food systems, and the establishment of a committee on sustainable food systems.<sup>127</sup>

## 6. Dispute settlement mechanisms applicable to sustainability and inclusiveness provisions

Sustainable and inclusive development concepts incorporated into trade agreements are traditionally not subject to the agreement’s dispute settlement mechanism. Scholars say this practice has caused civil society to consider these dedicated chapters as mere political bargaining chips with no potential to achieve sustainable and inclusive outcomes.<sup>128</sup>

There is also diversity in relation to enforceability ranging from state-to-state disputes (CPTPP, EU agreements), use of dedicated expert panels and civil society monitoring (most recent EU agreements), committees and joint

117. See Mario Tokas (July 2022). “Highest Priority Trade Challenges Related to Climate in EU-Americas.” Centre for International Sustainable Development Law, 16–17.

118. EU–Japan economic partnership agreement, Chapter 16. Most new-generation EU trade agreement contain dedicated trade and sustainable development chapters.

119. Kuhlmann (2023a), *op cit.*, 13

120. Sikina Jinnah and Jean-Frederic Morin (2020). *Greening through Trade: How American Trade Policy Is Linked to Environmental Protection Abroad* (The MIT Press). See also J.B. Velut et al., (February 2022). “Comparative Analysis of Trade and Sustainable Development Provisions in Free Trade Agreements.” LSE, 76.

121. For example the New Zealand–Republic of Korea FTA has an agriculture, forestry, and fisheries cooperation chapter (Chapter 14) aimed strengthening bilateral trade and economic relations through collaborative activities such as policy dialogue, research, sustainable practices, and private sector engagement. The chapter promotes sustainable production, climate change mitigation, and the sharing of knowledge and technology in these sectors.

122. Article 20.13 “Trade and Biodiversity.” CPTPP.

123. EU–New Zealand, Article 19.10 (Trade and sustainable management of fisheries and aquaculture) article.

124. EU–Chile FTA, United Kingdom–New Zealand FTA.

125. EU–United Kingdom Trade and Cooperation Agreement, Article 406.

126. New Zealand Ministry of Foreign Affairs and Trade (2015). *Korea–New Zealand Free Trade Agreement: Interactive Guide*.

127. EU–New Zealand FTA, Article 7.

128. Eline Blot (February 2023). “Reflections on the new approach to the TSD Chapters for greener trade.” Institute for European Environmental Policy.

councils (Canada), penalty fees and sanctions (United States and Canada),<sup>129</sup> and national focal points.<sup>130</sup> FTAs that include dispute settlement procedures, and remedies generally, contain either monetary assessments or full recourse to dispute settlement procedures that will provide the remedy of suspension of benefits in accordance with dispute settlement rules.<sup>131</sup>

Some FTAs include dispute settlement mechanisms with a more consultative process approach.<sup>132</sup> These consultations may form part of a dispute settlement process that leads to arbitration or a panel of experts (United States, Canada, Chile)<sup>133</sup> or consultations may be the only recourse (Australia–Peru). Dispute settlement processes, when they exist, can include consultations, a panel of experts that produces a report and a plan of action, up to legal arbitration.

## 7. Process-related provisions and review processes

Several RTAs include impact assessment requirements, ex-ante and ex-post, so regulators can assess the benefits and pitfalls of the agreement and make relevant changes. Several countries undertake ex-ante economic assessments of FTAs and some include environmental and labour considerations. However, only a few undertake ex-ante assessments that cover broader sustainability issues, including the EU (global leader), Canada, Switzerland, and the United Kingdom.<sup>134</sup>

## 8. More participation of non-traditional trade stakeholders for procedural guarantees

Connected to inclusiveness, several agreements incorporate greater levels of non-state actors at different stages of the trade policy process to provide leverage in monitoring, ensuring public submissions for non-compliance and adding pressure to implement provisions.<sup>135</sup> Amid the varying approaches adopted, studies reveal that, with genuine dialogue, densely represented and adequately funded civil society promotes effective implementation of sustainable and inclusive provisions in FTAs at all levels of the trade policy process.<sup>136</sup>

## 9. Capacity-building provisions

These provisions focus on the physical, legal, human, and institutional capacity to participate in global trade. These provisions are particularly important for developing country parties, which continue to face capacity issues in meeting their sustainable and inclusive development goals, especially within the context of trade.

The above typology shows how prevalent the sustainability and inclusive agenda has become in plurilateral negotiations outside the WTO. But it does not indicate much else, including whether the increase in the number of provisions has been accompanied by actual progress in trade and economic relations of those countries that have included them, including to the constituencies they purport to represent. Scholars argue that sustainability commitments mandated by trade agreements often struggle to drive the production of more sustainable goods and services, particularly within global value chains.<sup>137</sup> They say more research

129. Velut et al., *op. cit.*, 28, supra note 11.

130. The Australia–Peru FTA and the Australia–Republic of Korea FTA, for example, contain implementation mechanisms through national focal points.

131. Velut et al., *op. cit.*, 20, supra note 11.

132. For example, in the Hong Kong, China–China–Chile FTA, the “Parties agree to establish a collaborative framework” and designate contact points to facilitate communication for the purposes of the chapter on environment.

133. For example, Article 21:16.11 of the 2021 United Kingdom–Australia FTA.

134. See OECD (November 2021). *Sustainability Impact Assessments of Free Trade Agreements: A Critical Review*. OECD Trade Policy Paper No. 255, 6, 6.

135. London School of Economics (February 2022). *Trade, Sustainability, and Development: Final Report*, 21. The United States–Peru FTA’s Forest Annex was drafted with considerable input from environmental non-governmental organizations. The EU has established a long-standing history of civil society participation in trade agreements.

136. See I. Bastiaens and E. Postnikov (2017). “Greening up: the effects of environmental standards in EU and US trade agreements.” *Environmental Politics* 26(5), 847; D. Martens, D. Potjomkina, and J. Orbie (2020). *Domestic Advisory Groups in EU Trade Agreements: Stuck at the Bottom or Moving Up the Ladder?* (Friedrich Ebert Stiftung).

137. Smith et al., *op. cit.* See also Harrison (2023), *op. cit.*, p. 204.

is required to determine the effectiveness of including these non-trade provisions in trade agreements to achieve sustainable and inclusive development goals.

That said, it is clear that most demanders of these provisions are developed countries, although an increasing number of regional groupings, including in the Global South have also started to incorporate such provisions in their trade and investment agreements.

### 3.3 Approaches to Sustainable and Inclusive Development by Different Countries and Regions

Some of the regional initiatives and agreements covering topics relevant to the sustainability and inclusive agenda are being pursued by like-minded countries and others by countries at different levels of development. This reinforces that the agenda is not confined to developed countries only, and many developing countries are seeking opportunities and pursuing offensive trade interests in the new economy.

#### 3.3.1 Regional Trade Agreements, Initiatives, and Groupings

1. **The Agreement on Climate Change, Trade and Sustainability**, launched by Costa Rica, Fiji, Iceland, New Zealand, Norway, and Switzerland, looks to further climate and environmental objectives through economic cooperation and trade. This includes liberalization of trade in a comprehensive list of more than 300 environmental goods through tariff elimination and the facilitation of trade in environmental and environmentally related services through market access and certainty for suppliers.
2. **The Inclusive Trade Action Group**, comprising Australia, Canada, Chile, Costa Rica, Ecuador, Mexico, and New Zealand, is advancing inclusive trade initiatives established at the 2018 Asia-Pacific Economic Cooperation Leaders' Summit. A key achievement is the creation of the Global Trade and Gender Arrangement, which highlights the importance of aligning trade and gender policies to advance women's participation in trade and promote gender equality and economic empowerment.

The group aims to foster cooperation by sharing best practices on inclusive trade provisions related to gender, SMEs, labour, environment, and Indigenous Peoples. It also seeks to expand Global Trade and Gender Arrangement signatories and review the effectiveness of the CPTPP agreement on key issues. Members concluded the Tāmaki Makaurau Joint Declaration on Inclusive and Sustainable Trade to further their commitment to these goals.

The Global Trade and Gender Arrangement includes provisions on gender and trade in services, gender and responsible business conduct, discrimination in the workplace, cooperation, the establishment of a Trade and Gender Working Group, and, most importantly, the designation of a contact point for trade and gender to coordinate the implementation of the arrangement.

3. **The Comprehensive and Progressive Agreement for Trans-Pacific Partnership**, comprising Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, constitutes a new generation of FTAs aimed at promoting inclusive and environmentally sustainable trade among the parties. The CPTPP has strong provisions on MSMEs, labour, and the environment, and has been heralded as having a consultative and broad approach for sanctions.<sup>138</sup>

<sup>138</sup> Institute for European Environmental Policy (2023). *Leveraging Free Trade Agreements for Sustainability: A review of the implementation EU's new approach to sustainable trade*, 1.



The CPTPP also contains an annex on organic labelling designed to facilitate transparency and compatibility among voluntary labelling schemes relevant to the circular economy,<sup>139</sup> provisions on protecting the ozone layer, the transition to a low-emissions economy, invasive alien species, protecting the marine environment from ship pollution, and sustainable fisheries management.<sup>140</sup>

- 4. The Digital Economy Partnership Agreement** among Chile, New Zealand, Singapore, the Republic of Korea, and Singapore<sup>141</sup> (and China preparing to join as well) recognizes “the importance of the digital economy in promoting inclusive growth.”<sup>142</sup> The agreement largely duplicates provisions contained in digital chapters of modern FTAs, such as the CPTPP, but goes a step further in including inter alia electronic invoicing<sup>143</sup> and encouraging cooperation on new areas of innovation including artificial intelligence<sup>144</sup> and digital identities.<sup>145</sup> The parties agree to exchange information and best practices in leveraging on digital tools and technology to improve SME access to capital and credit and encourage their SMEs’ participation in platforms that could link them to international suppliers, buyers, and other potential business partners.<sup>146</sup> The provisions are primarily cooperative in nature rather than creating binding obligations.
- 5. The European Union** is often considered to be the earliest proponent of sustainability in trade agreements.<sup>147</sup> The CARIFORUM–EU Economic Partnership Agreement, concluded in 2008, signalled a shift with its inclusion of fully fledged enforceable commitments with a monitoring provision. Enforceability is provided through recourse to ad hoc dispute settlement. The agreement now serves as a benchmark for sustainable and inclusive development in subsequent EU RTAs and opened avenues for other RTAs to explore.<sup>148</sup>

The EU’s sustainable and inclusive trade policy requires that social justice, respect for human rights, labour standards, and environmental standards complement economic development.<sup>149</sup> The EU is a global leader in including dedicated trade and sustainable development (TSD) chapters, beginning with the EU–Republic of Korea FTA.<sup>150</sup> It has conducted studies to improve its approach to TSD chapters. Its Green Deal, launched in 2019, outlines the EU’s strategy to transition to a climate-neutral economy by 2050, prioritizing environmental sustainability, social equity, and economic inclusiveness, and seeks to align external trade policies with ambitious climate and environmental goals.<sup>151</sup>

The EU-wide RESPECT research project explores the significance of civil society engagement and examines the connections between trade policies and non-trade policy objectives, particularly environmental and labour conditions.<sup>152</sup> The findings suggest that trade policies should be supported by additional instruments to effectively achieve these objectives.<sup>153</sup> Additionally, it underscores the need to enhance interactions with the private sector and civil society organizations, both in the EU and in partner countries, particularly in the design of ex-ante impact assessments and ex-post monitoring and evaluation.

139. Kuhlmann (2023a), *op. cit.*, 115.

140. WTO (2021b), *op. cit.*, 6.

141. The Republic of Korea acceded to the agreement on May 3, 2024. As of June 2024, six aspirant economies had applied to join the agreement. They are China, Canada, Costa Rica, Peru, the United Arab Emirates, and El Salvador.

142. See the preamble of the Digital Economy Partnership Agreement.

143. Article 2.1 of the agreement defines electronic invoicing as “the automated creation, exchange and processing of request for payments between suppliers and buyers using a structured digital format.”

144. Article 8.2 of the agreement.

145. Module 7 of the agreement.

146. Article 10.2(a) and (b) of the agreement.

147. Early references to sustainable development in EU trade agreements were in the form of human rights clauses.

148. Peter Draper, Nkululeko Khumalo, and Faith Tigere (July 2017). “Sustainability Provisions in Regional Trade Agreements: Can They Be Multilateralised?” (tralac).

149. European Commission (2024). “Sustainable Development.”

150. European Economic and Social Committee (2023). “Next Generation Trade and Sustainable Development – Reviewing the 15-Point Action Plan (Own-Initiative Opinion).” EESC, para. 3.2.

151. European Commission (2019). “A European Green Deal: Striving to Be the First Climate-Neutral Continent.”

152. European University Institute, “RESPECT Project: Overview.” European University Institute, 2024; Bernard Hoekman (August 31, 2021). *Realizing European Soft Power in External Cooperation and Trade: Final Project Report*. RESPECT Consortium, 1.

153. This is consistent with the WTO’s recommendation in *World Trade Report 2024: Trade and Inclusiveness: How to Make Trade Work for All*, supra note 64, at 13 and 86, that complementary non-trade domestic policies should support trade policy and are more effective at addressing inclusivity concerns.

Recommendations include (i) supporting and incentivizing reform processes and capacity building in trade partner countries through technical and financial assistance, when needed, and (2) developing tailored approaches to TSD chapters, identifying country-specific sustainability priorities with impact assessments and negotiating time-bound roadmaps with appropriate milestones and greater involvement of civil society in monitoring and implementation.<sup>154</sup> This also includes civil society being involved in all stages of the FTAs through an inclusive consultative process.<sup>155</sup>

In 2020, the European Commission appointed a chief trade enforcement officer and launched the “single entry point,” which gives EU stakeholders the opportunity to submit cases of violations of the TSD chapters and market access issues to the attention of the Commission.<sup>156</sup> The EU also established a 15-point action plan on TSD chapters designed to improve the implementation and enforcement of environmental and labour provisions in its trade agreements, especially in light of concerns raised by civil society and a subsequent TSD chapters review in 2022.<sup>157</sup>

The EU’s Carbon Border Adjustment Mechanism (CBAM), a subject of considerable attention and debate regarding its compliance with WTO rules, introduces a carbon pricing scheme aimed at levelling the playing field. It targets specific carbon-intensive products, ensuring that imports from countries with less stringent emissions regulations face the same costs as similar products produced in the EU. The CBAM has encouraged greater global discussions on the feasibility of a universal carbon pricing system.

- 6. Africa’s** regional economic communities have sought to empower women through trade since their inception.<sup>158</sup> Africa has a deep focus on areas such as gender, with African RTAs having the longest history of incorporating gender provisions in trade agreements.<sup>159</sup> The African Continental Free Trade Area and the Canada–Israel FTA are the only trade agreements that subject gender provisions to the dispute settlement clause. The African Continental Free Trade Area unfortunately contains few references to environment and labour.<sup>160</sup>

The Office of the United Nations High Commissioner for Human Rights, the Friedrich-Ebert-Stiftung Geneva Office, and the United Nations Economic Commission for Africa embarked on a joint process to assess the possible human rights impacts of the African Continental Free Trade Area during the early stages of negotiations. The report highlights the agreement’s possible impacts on specific sets of rights (right to work, social security, adequate standard of living, and right to food) and populations (women, youth, small-scale farmers, and informal cross-border traders) that were identified through initial screening and scoping exercises, and consultations with key stakeholders.<sup>161</sup>

The African Continental Free Trade Area Protocol on Digital Trade aims to harmonize digital trade in Africa with provisions related to market access, facilitating digital trade, treatment of digital products, and duty-free digitally delivered services within the continent. It allows for the creation of exceptions from trade-restrictive provisions implemented for legitimate digital objectives—for example, services from third-party economies under certain circumstances to promote a more inclusive digital economy.

154. Blot, *op. cit.*

155. Kuhlmann (2023a), *op. cit.*, 65.

156. Institute for European Environmental Policy, *op. cit.*

157. *Ibid.*

158. See Clair Gammage and Mariam Momodu (2020). “The Economic Empower of Women in Africa: Regional Approaches to Gender-Sensitive Trade Policies.” *African Journal of International Economic Law*, Vol. 1.

159. *Ibid.*

160. See Institute for European Environmental Policy, *op. cit.*, 12. See also Colette van der Ven and Landry Signé (September 2021). “Greening the AfCFTA: It is not too late.” Brookings, policy brief.

161. See Human Rights and the African Continental Free Trade Agreement Report: Taking Stock and Navigating the Way Forward, 2.

### 3.3.2 Select National Approaches

Several countries are also leading the sustainable and inclusive agenda in the context of trade.

#### 1. New Zealand

New Zealand is emerging as a global leader in integrating sustainable and inclusive development principles into its trade policy and agreements. The country emphasizes inclusive consultation processes and climate change adaptation. Protecting and promoting Māori interests (its Indigenous population) are prominently reflected in New Zealand's trade policy, especially in the context of the United Kingdom–New Zealand FTA. Its chapter on the environment is far-reaching, setting itself apart as one of the few FTAs with an environmental chapter subject to the FTA's dispute settlement mechanism.<sup>162</sup>

New Zealand distinguishes itself through complementary policies that enhance its trade strategy, particularly its landmark Trade for All agenda and the Productive, Sustainable, and Inclusive Trade Channels Framework.

The Ministry of Foreign Affairs and Trade developed the framework to support its Trade for All agenda. This analytical tool is designed to identify and understand the complex channels through which trade influences various outcomes. It serves as a critical instrument for assessing the impact of trade agreements, ensuring they align with the goals of productive, sustainable, and inclusive trade.<sup>163</sup>

The framework can also guide the direction of trade policy by evaluating New Zealand's trade patterns and their effects on national outcomes, thereby informing necessary domestic policy adjustments. Additionally, it can be used to refine trade agreements during negotiation and implementation phases and to assess the potential impacts of economic events from a trade perspective. The ministry's programme also includes collaboration with firm-level data in Stats NZ's Longitudinal Business Database, which aims to develop a more nuanced understanding of the distribution of trading firms and their employees. This data-driven approach enhances the precision of trade policy decisions, ensuring the contribute to broad-based economic benefits.<sup>164</sup>

New Zealand has established itself as a global leader on Indigenous communities issues and with its unique, treaty-based partnership between its Indigenous Peoples and Government - Te Tiriti o Waitangi. The country led the charge in concluding a landmark Indigenous Peoples Economic and Cooperation Agreement.<sup>165</sup>

The plurilateral arrangement includes provisions ensuring that the parties' respective laws and policies on international trade and investment do not negatively impact the rights and interests of Indigenous Peoples; cooperation efforts aimed at enhancing Indigenous Peoples' participation in international trade; and the establishment of an Indigenous Peoples Economic and Trade Cooperation Arrangement Partnership Council to coordinate implementation of the arrangement. An important component of New Zealand's trade strategy is greater focus on regional integration and regional trade efforts as well as complementary domestic policies that support trade policy.<sup>166</sup>

162. The chapter eliminates tariffs on 293 environmentally beneficial products.

163. Productive, Sustainable and Inclusive Trade Channels Framework, 3.

164. *Ibid.*

165. New Zealand Ministry of Foreign Affairs and Trade (2024). *Indigenous Peoples Economic and Trade Cooperation Arrangement*.

166. This is consistent with the WTO's recommendation that domestic trade policies are significantly more effective in addressing inequality. See WTO (2024a), *op. cit.*, 67.

## 2. Chile

Chile’s trade policy traditionally prioritized labour provisions over environmental issues,<sup>167</sup> but recently concluded FTAs signal a new approach. Chile has taken aggressive steps to modernize its FTAs (particularly the EU–Chile Association Agreement) by introducing innovative sustainable and inclusive trade provisions on digital trade, the environment, MSMEs, and gender, with a strong focus on the latter.<sup>168</sup> Chile recently issued its Feminist Foreign Policy alongside other initiatives to increase women’s participation in international trade. It has also adopted an almost formulaic approach to incorporating gender-specific provisions into trade agreements, with the 2016 Chile–Uruguay FTA marking one of the first newer-generation RTAs with separate gender chapters.<sup>169</sup>

## 3. The United States

The United States’ sustainable and inclusive trade policy reflects a commitment to integrate environmental sustainability, labour rights, and social equity into its trade agreements and measures. The Biden Administration has emphasized a “worker-centred” trade policy that seeks to ensure that the benefits of trade are broadly shared while addressing climate change and promoting environmental stewardship.<sup>170</sup> The inclusion of labour in RTAs essentially began with the North American Free Trade Agreement, negotiated and signed among the United States, Mexico, and Canada in 1992. The agreement addressed labour issues through a side agreement on the U.S. side.

Its successor, the USMCA, which entered into force in 2020, goes a step further by including labour obligations in its core agreement, making it fully enforceable, and a new enforcement mechanism, the Rapid Response Labour Mechanism,<sup>171</sup> that could expedite the resolution of freedom of association and collective bargaining issues at the individual factory level.<sup>172</sup> The USMCA’s chapter on the environment introduces the citizen-driven submission on enforcement matters for the public to file a submission.<sup>173</sup>

The U.S. trade and sustainable development model is characterized by three central features: (1) a focus on pre-ratification processes, (2) the capacity for civil society actors to file complaints about a party’s failure to enforce its labour and environmental obligations under an FTA, and (3) the potential application of trade sanctions as an enforcement mechanism.<sup>174</sup>

The U.S. International Trade Commission is also investigating the potential distributional effects of goods and services trade and trade policy on U.S. workers and underrepresented and underserved communities. This investigation includes comprehensive analyses, with research papers focusing on the impact of trade on gender-segmented labour markets as it relates to racial and ethnic inequality—especially as they affect Black workers, the impact of services trade on workers, as well as the effects of trade on individuals with disabilities, older workers, and those with varying levels of education.<sup>175</sup>

167. London School of Economics, *op. cit.*, 15.

168. The 2016 Chile–Uruguay FTA is one of the earliest new-generation FTAs with stand-alone gender chapters.

169. Kuhlmann (2023a), *op. cit.*, 51.

170. Despite the U.S. stance on sustainability, its trade policy consistently features traditional trade tools and mechanisms such as tariff liberalization.

171. See also Chad P. Bown and Emily J. Blanchard (October 2023). *The Rapid Response Labour Mechanism of the US–Mexico–Canada Agreement*. Peterson Institute for International Economics Working Papers 23/9.

172. Kuhlmann (2023a), *op. cit.*, 120. See also U.S. Department of Labour, “Labour Rights and the USMCA.” Bureau of International Labour Affairs; M. Angeles Villarreal and Cathleen D. Cimino-Isaacs (Jan. 12, 2023). “USMCA: Labor Provisions.” Congressional Research Service. Since its inception, the Rapid Response Labour Mechanism has resolved seven cases concerning the violations of workers’ rights in Mexican manufacturing facilities. See Institute for European Environmental Policy, *op. cit.*, 10.

173. Institute for European Environmental Policy, *op. cit.*, 10.

174. Velut et al., *op. cit.*, 73, *supra* note 111.

175. See U.S. International Trade Commission (n.d.) *Distributional Effects of Trade and Trade Policy on U.S. Workers*.

As countries aim to address the distributional consequences of trade and ensure that the wealth generated by trade benefits the average worker, these efforts should be considered in the context of each country's economic profile, strategies, and welfare policies. Scholars have suggested that these new-generation trade agreements have not greatly improved states' capacity to achieve their sustainable and inclusive development goals, even though enforcement mechanisms are included.<sup>176</sup> In this regard, complementary policies should be evaluated alongside trade policy, as their impacts will vary depending on the foundational economic and social frameworks in place.<sup>177</sup>

#### 4. Canada

As part of its Trade Diversification Strategy, Canada has advanced an inclusive approach to trade that ensures that more Canadians have access to the benefits and opportunities that flow from international trade and investment.<sup>178</sup> This involves adopting an expanded approach towards impact assessments through three complementary evaluations to ensure comprehensive and inclusive analysis. The Economic Impact Assessment examines potential economic changes resulting from trade liberalization under a proposed FTA, including a labour market module that provides insights into impacts across gender, age, and occupational distribution. The Environmental Assessment identifies and assesses environmental risks and opportunities linked to trade agreements, proposing strategies to mitigate risks and support sustainable growth to ensure that trade agreements actively contribute to Canada's clean and sustainable growth objectives.

The Gender-Based Analysis+ evaluates the differentiated effects of trade agreements on men, women, SMEs, and Indigenous Peoples, identifying opportunities for gender-responsive and inclusive trade provisions and aligning with domestic measures to ensure that FTA benefits are more widely shared across underrepresented groups in Canada. Together, these three evaluations provide a comprehensive analysis of the anticipated impacts of proposed trade policies on Canada's economy, environment, and population, with a particular focus on underrepresented groups, including women, SMEs, and Indigenous Peoples.<sup>179</sup>

##### 3.3.3 Approaches Taken by Trade-Related Organizations

Apart from the WTO, several other trade-related international organizations have evolved into key advocates for incorporating sustainability and inclusiveness into global trade policies.

UN Trade and Development has undertaken several key initiatives to advance the sustainable and inclusive trade agenda. These include the annual Trade and Development Reports; policy advice and capacity-building programmes designed to enhance skills for sustainable development; and the Forward Together series, which addresses critical issues for developing countries in aligning trade policies with environmental and climate goals.

Additionally, the SDG Pulse provides comprehensive global analysis to track progress towards the SDGs. Its most recent report calls for inter alia (i) improved debt sustainability analysis and tracking to incorporate considerations related to the SDGs, (ii) enhancing resilience during external crises, including by implementing standstill rules on debtors' obligations in crises, and (iii) enabling countries to use innovative financial instruments such as sustainable development bonds and resilience bonds, and establishing rules for automatic restructurings and guarantees.<sup>180</sup> The latter is particularly important for small island developing states (SIDs), which face climate financing and general sustainable and inclusive financing difficulties.

176. Ryan Abman, Clark Lundberg, and Michele Ruta (2021). *The Effectiveness of Environmental Provisions in Regional Trade Agreements* (World Bank).

177. WTO (2024a), *op. cit.*, 51. The report notes that the success of industrial policies tend to hinge on the complementarity of various domestic policies.

178. Government of Canada (n.d.-a). "Canada's Approach to Gender Equality in Trade Agreements."

179. Government of Canada (n.d.-b). "Trade Impact Assessment."

180. UNCTAD (2023), *op. cit.*

The International Trade Centre (ITC) seeks to enhance the competitiveness of SMEs in developing countries by providing technical assistance and supporting the integration of vulnerable groups into sustainable and resilient global value chains.<sup>181</sup> Its SheTrades programme aims to connect 1 million women to global markets.<sup>182</sup> ITC's GreenToCompete helps MSMEs from developing countries become more competitive through green production and trade.<sup>183</sup> ITC and the World Resource Institute hosted a Roundtable on Deforestation-free Global Value Chains that included discussions on the role of technology in monitoring and verifying deforestation-free commitments and the effectiveness of policy instruments in promoting sustainable land use and product traceability.<sup>184</sup>

The Organisation for Economic Co-operation and Development (OECD) is leading efforts to develop indicators that measure sustainable and inclusive development in a people-centred way beyond GDP.<sup>185</sup> It also pioneered efforts to set global standard expectations for businesses on corporate governance through the G20/OECD Principles of Corporate Governance and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

The OECD's Trade and Environment Working Papers provide research-focused analysis on issues such as environmental goods and services, securing reverse supply chains and trade policies to promote the circular economy, trade, and gender framework. Its initiative on Global Value Chains, Production Transformation and Development is a global platform for policy dialogue and knowledge sharing between countries and regions to identify policy guidelines to support production transformation and sustainable and inclusive participation to local, regional, and global markets.<sup>186</sup> The OECD's Aid for Trade initiative and task force aim to attract resources to address trade-related obstacles, strengthen developing countries' capacity, and build the infrastructure they need to harness the benefits of global value chains and the international trading system.<sup>187</sup>

## 4. A CARICOM Approach: A Sustainable and Inclusive Trade Agenda

The scholarship on sustainability and inclusiveness in trade in developing countries, notably in the Caribbean, is still limited. The existing literature is often reflective of, or reactive to, an agenda driven by the policies and preoccupations of the Global North. It covers topics such as the “just transition,” the effects of unilateral trade measures including the EU's CBAM, trade and gender, and increasingly access to critical minerals. This has led to some criticism that the agenda does not adequately consider the unique challenges faced by the Caribbean and other developing regions.

There is also considerable criticism that, despite the proliferation of “trade-and” provisions in RTAs, there has been little substantive improvement in inclusiveness and environmental and social protection remains limited.<sup>188</sup>

181. ITC (n.d.-d). “Sustainable and Resilient Value Chains.”

182. ITC (n.d.-b). “Inclusive Trade: SheTrades Initiative.”

183. ITC (n.d.-a). “GreenToCompete (G2C) Initiative.”

184. ITC (n.d.-c) “Roundtable on Deforestation-Free Global Value Chains.”

185. OECD (n.d.-b). “Well-being and Beyond GDP.”

186. OECD (n.d.-a). “OECD Initiative on Global Value Chains, Production Transformation and Development.”

187. The 2024 joint OECD–WTO Aid for Trade monitoring and evaluation exercise provides valuable insights into the progress made since the initiative's start in 2006 and the challenges ahead.

188. For example, Katrin Kuhlmann (2023b). “Gender Mainstreaming in Trade Agreements: ‘A Potemkin Façade?’” in *Making Trade Work for Women: Key Findings from the 2022 World Trade Congress on Gender*, World Trade Organization; WTO (2024a), *op. cit.*; Andrew G. Brown and Robert M. Stern (2008). “What Are the Issues in Using Trade Agreements to Improve International Labour Standards?” *7(2) World Trade Review* 331. Brown and Stern conclude that simply referring to labour standards and international labour conventions is ineffective; efforts must be tailored to a country's specific economic and social context. Legalistic approaches are likely to fail without changing economic incentives to shift social norms. Instead, moral suasion—though slower—may be more effective, as it helps to transform underlying social norms, making the acceptance and enforcement of labour standards more sustainable and aligned with political power structures.

This is closely aligned with the broader view that trade agreements are not the most effective instruments for addressing sustainable and inclusiveness concerns.<sup>189</sup> It raises important questions about whether RTAs sufficiently incorporate equity and inclusion, particularly in their ability to address distributional inequalities, promote economic opportunities for marginalized groups and communities, ensure access to financing, bridge the digital divide, and enhance skill development and entrepreneurship.

The WTO says these concerns should be addressed by designing complementary domestic policies alongside trade policy. While this serves as a welcome initial step, a genuine commitment to sustainable development is essential. Sustainable development rather than trade liberalization must be the primary goal, with trade seen as a means to an end.<sup>190</sup> Any alternative approach risks exacerbating inequalities and undermining the achievement of crucial environmental objectives—outcomes that are vital for preserving current and future generations.

Notwithstanding these criticisms, both the substantive and procedural components of the sustainable and inclusive trade agenda have something to offer the Caribbean region. With its trade openness and reliance on a limited number of low-value sectors; its increasingly poor performance in intraregional and extra-regional trade metrics; its inadequate and costly transportation links and limited access to global value chains; its heavy reliance on fossil fuels; its environmental vulnerability to climate change and biodiversity loss; and the absence of regional and domestic complementary policies that address structural transformation and reduce technology diffusion, the new approach to trade policy ushered in by the sustainable and inclusive agenda presents new vistas for the region to sustainably manage and harness its natural resources—particularly in the ocean economy.

It also expands possibilities to strengthen its resilience to global shocks and pandemics; build a better trade and transportation system to overcome chronic food insecurity; provide greater access to the trade system and its benefits for marginalized communities and groups including women, Indigenous communities, MSMEs, and entrepreneurs through greater emphasis on finance, e-commerce, and digital technologies; and improve the regional decision-making structures and policymaking apparatus so a more holistic and people-centred approach is taken to trade policy.

The region's success or failure with this agenda will hinge on its ability to adapt the agenda to its own needs and seize the opportunities it presents.

In this section, we begin with a situational analysis of the Caribbean, highlighting progress on the trade-related metrics while bearing in mind the areas covered by the sustainability and inclusiveness agenda. Next, we consider how that agenda can help advance the development prospects of Caribbean countries.

## 4.1 The Caribbean's Trade Policy: Intraregional and Extra-Regional Perspectives

The Caribbean lacks a coherent and updated regional trade policy that fully reflects its development goals<sup>191</sup> as well as a clear ideological perspective on how to conduct trade policy that balances the three pillars of the sustainability agenda. Instead, what exists today are the remnants of different phases of Caribbean

189. A. Yildirim, R. Basedow, M. Fiorini, & B. Hoekman (2021). "EU trade and non-trade objectives: New survey evidence on policy design and effectiveness." *Journal of Common Market Studies*, 59(3), 556–68.

190. See Gregory Shaffer (2019). "The Shifting Landscape of Global Trade Governance," in *World Trade Forum* (Cambridge University Press), pp. 157–181, for similar arguments.

191. For criticism of the region's trade policy, see Jan Yves Remy, Rueanna Haynes, and Kaycia Ellis-Bourne (November 2021). *The Trade and Climate Change Interface: Initial Considerations for CARICOM* (SRC Policy Brief #3).

integration which, after many years, culminated in the 2001 Revised Treaty of Chaguaramas (RTC), which created the regional economic community of CARICOM. This regional organization of 15 Caribbean countries aims to promote economic integration and cooperation among its members, coordinate foreign policy, and ensure that the benefits of integration are equitably shared. It focuses on economic policies, social development, and functional cooperation, addressing areas such as trade, transportation, health, education, and climate change. The CARICOM Single Market and Economy, which allows for the free movement of goods, services, people, and capital within the region, is at its core.

The Caribbean region's unique human, social, and geographic characteristics deeply shape its economic and trade policy, which is best understood in two primary dimensions: the internal dimension, which pertains to intraregional trade, and the external dimension, which concerns trade with countries outside the region. The internal dimension has evolved substantially. Initially, the region's economic community was ideologically grounded in a reactionary stance against liberal economic policies that favoured open markets and free trade. Early Caribbean economic thought was heavily influenced by structuralist theories, which advocated for import substitution as a means of fostering domestic production and were a reaction to the liberal, free trade theory of the Global North.<sup>192</sup>

The importance of using internal trade as a first and necessary step to improve the region's export competitiveness was also recognized. William Demas, a leading figure in Caribbean economic thinking, argued that the main benefits of regional integration would derive from the liberalization of trade and the development of complementary structures of production and demand in the region. Sir Arthur Lewis, a prominent Caribbean economist, argued that the failure of Caribbean countries to diversify their exports significantly undermined their ability to maintain access to industrialized country markets. Lewis advocated for greater trade among developing countries as a strategy to reduce their dependence on Northern markets and to promote regional economic self-reliance.<sup>193</sup>

However, the region's size and openness to trade have always made the external trade policy dimension a key part of its economic integration strategy. The small market sizes of Caribbean countries make it difficult to support extensive domestic production and achieve economies of scale while serving only the domestic economy. Moreover, historically, and from the creation of Caribbean societies, the plantation economies established during the colonial era were deeply rooted in the large-scale production of sugar, coffee, and other cash crops for export to Europe.

This economic structure, heavily reliant on enslaved labour, created a cycle of dependency and underdevelopment in the region. As Caribbean countries gained independence, the remnants of these plantation economies persisted, leading to continued reliance on a narrow range of agricultural exports. Over time, this morphed into preferential trade agreements with Europe that offered advantageous terms for exporting traditional products such as sugar and bananas to Europe, thus perpetuating the economic relationships established during the plantation era.<sup>194</sup> Today, the profile of the trade sectors has changed markedly (see below), but CARICOM SIDS depend greatly on external trade and the global economy.<sup>195</sup>

Thus, the interplay between the internal and external dimensions helped shape the nature of CARICOM's integration process and the provisions of the RTC dealing with trade policy. Member states established the

192. Raúl Prebisch, a leading structuralist economist, championed this approach. He criticized the direct application of Northern economic policies to developing countries, arguing that they failed to account for the unique challenges faced by less developed economies.

193. Hosein et al. (2021a), *op. cit.* See also World Bank (2015). *Trade Matters: New Opportunities for the Caribbean*.

194. Hosein et al. (2021a), *op. cit.*

195. Scobie, *op. cit.*, 72.



CSME to drive the process of trade liberalization through the free movement of goods, services, capital, and people across member states, fostering economic growth and development by enabling businesses to achieve economies of scale across the region.

Externally, the RTC provides a framework for CARICOM's collective engagement in global trade negotiations and agreements. Recognizing the limitations imposed by small domestic markets, the treaty emphasizes the importance of a coordinated external trade policy to secure favourable terms in international trade agreements. The CARICOM Common External Tariff<sup>196</sup> is "a fundamental pillar in the establishment of the CET" due to its role in promoting and supporting regional production and enhancing the international competitiveness of CARICOM member states' exports.<sup>197</sup> Demas notes that "it is alien to the spirit and practice of regional or sub-regional groupings especially of a single market or economic grouping types if coordination is not undertaken."<sup>198</sup>

The formal institutional structure of CARICOM is complex, reflecting the challenges of managing a regional economic community of sovereign states. Decision-making power is vested in members, which act collectively through the Conference of Heads of Government and various councils comprising ministers with competence in specific areas, such as finance, trade, economic development, human and social affairs, and foreign relations. The CARICOM Secretariat, responsible for functional and administrative duties, supports the implementation of these policies. Despite this elaborate structure, the integration process has faced many hurdles—particularly concerning the CSME, which remains incomplete.

CARICOM member states are divided into two main categories: more developed countries and less developed countries. The former, which include countries such as Barbados, Trinidad and Tobago, and Jamaica, have larger markets, higher GDP per capita, and better HDI rankings. These countries are generally more developed relative to the latter category, which includes Organisation of Eastern Caribbean States (OECS) members and Belize.

This categorization is relevant insofar as less developed countries are given differential treatment in certain areas, allowing them some flexibility in meeting regional obligations. Many less developed countries are members of the OECS, a legally separate subregional entity that has a more integrated and advanced economic union than CARICOM. The organization includes a common currency, the Eastern Caribbean dollar, and has elements of supranational authority, with a commission that sometimes has more authority than that granted to CARICOM institutions.<sup>199</sup>

#### 4.1.1 Performance of Intra-regional and Extra-Regional Trade

The Caribbean's trade performance, both regionally and with external partners, has been mixed. Intra-regional trade remains limited, dropping from about 8% in 1995–99 to 7% in 2015–18.<sup>200</sup> Trinidad and Tobago is the most significant player in intra-regional trade, exporting a variety of manufactured goods, petroleum products, and chemicals to other CARICOM members. It is followed by Jamaica, which exports manufactured goods (processed foods, beverages, and pharmaceuticals), agricultural products, and services; and Barbados, which

196. The Common External Tariff allows all CARICOM members to apply a protective common tariff to goods imported from extra-regional countries. Its origin can be traced to Article 31 of the Common Market Annex of the Original Treaty of Chaguaramas (1973) and currently outlined in Article 82 of the Revised Treaty of Chaguaramas. The tariff is based on the World Customs Organization Harmonized Customs and Commodity Coding and Description System (HS) structure at the eight-digit level.

197. See *Trinidad Cement Ltd v State of Trinidad and Tobago et al.* [2019] CCJ 4 (OJ), para. 75 and *DCP Successors Ltd v State of Jamaica* [2024] CCJ 1 (OJ), para. 122.

198. See Demas, *op. cit.*

199. See Organisation of Eastern Caribbean States (n.d.). *Institutions of the OECS*.

200. Development Bank of Latin America (CAF) (2021a). *Pathways to integration: Trade facilitation, infrastructure, and global value chains*, p. 10.

trades intraregionally in financial services, tourism, and the export of goods such as rum and sugar. With its growing economy, largely driven by recent oil discoveries, Guyana is becoming an increasingly important player in CARICOM's intraregional trade.

On the external front, CARICOM economies rely mostly on trade with larger economies outside the region, such as the United States, the EU, and, to a lesser extent, China, which largely reflects historical ties and patterns of trade. Besides their membership in the WTO, formal trade agreements exist between the Caribbean and the EU through an economic partnership agreement (2008) and a similar agreement with the United Kingdom (2020). Over the years, CARICOM has established bilateral and plurilateral trade agreements with Venezuela (1992), Colombia (1994), the Dominican Republic (1998), and Costa Rica (2004), as well as a trade and economic cooperation agreement with Cuba (2000). The other agreements include preferential trade agreements with the United States under the Caribbean Basin Initiative<sup>201</sup> and with Canada under the CARIBCAN arrangement.<sup>202</sup>

Despite these agreements, the region's share in global exports has declined considerably in recent decades. While CARICOM exports represented 0.6% of global exports in 1980, this share had dropped to 0.1% by 2019. This decline can be attributed to factors including lower economic growth in the region and a lack of export diversification.<sup>203</sup> The region has also not managed to insert itself into global value chains. While some Caribbean countries, such as Trinidad and Tobago, have achieved high levels of forward participation in regional value chains, the region's overall participation in global value chains remains low.<sup>204</sup>

One of the biggest challenges facing CARICOM's external trade relations is the limited number of trade agreements with key global markets, particularly in Africa, Asia, and Latin America. Although there have been discussions and pronouncements of intentions to negotiate further trade agreements with these regions, as of now, no regional agreements have been concluded with major emerging markets such as China, India, or Brazil.

#### 4.1.2 Challenges Facing Caribbean Trade

It is an indictment on the region's trade policy that CARICOM countries have not all performed better, even when compared with other regional integration groupings in the Global South. One of the top challenges is the region's small market size and non-complementary economic structures, which make Caribbean economies highly export-dependent and vulnerable to external shocks. Despite efforts to move away from dependence on traditional commodities such as sugar, cocoa, and bananas—products that were integral to the plantation-colonial economy—many Caribbean economies still rely on a narrow range of services exports, primarily in tourism and financial services.<sup>205</sup> This makes these economies susceptible to global market fluctuations and exogenous shocks. The economic impact of the COVID-19 pandemic, which devastated the region's tourism industry, interrupted supply chains and increased its dependence on food from outside the region,<sup>206</sup> is a stark reminder of the vulnerability inherent in such a narrow economic base.

201. The Caribbean Basin Initiative, established in 1983, provides preferential access for Caribbean products to the U.S. market. The initiative includes several programmes, the most significant of which is the Caribbean Basin Economic Recovery Act. This act grants duty-free access to a wide range of goods exported from CARICOM countries to the United States. The Caribbean Basin Trade Partnership Act, an expansion of the initiative, provides additional benefits for certain textile and apparel products. This preferential treatment is designed to stimulate economic development and export diversification in the Caribbean region.

202. CARIBCAN is a Canadian trade initiative launched in 1986 that allows duty-free access for most goods originating in Caribbean countries. Despite its benefits, there have been calls for CARIBCAN to be updated to reflect the changing economic landscape and the evolving needs of Caribbean countries.

203. CAF (2021a), *op. cit.*, 5.

204. *Ibid.*

205. World Bank (2015), *op. cit.*

206. United Nations Economic Commission for Latin America and the Caribbean (2020). *The Impact of the Pandemic on the Tourism Sector in Latin America and the Caribbean, and Options for a Sustainable and Resilient Recovery*. See also UNCTAD (2021b). "COVID-19 in the Caribbean and Central America Region: Identifying Blue Pathways to Move Forward."

But the issues extend beyond the narrow economic base of the region, to more deep-seated systemic issues that require a holistic approach to regional development. One leading Caribbean trade economist, summarized the region's problems as follows:

Competitiveness is an overarching problem facing the regional trade sector and is a consequence of international and domestic factors ... due to high production costs, limited technology adoption, increased costs and constraints of doing business, low labour productivity, a worsening investment climate due to increasing levels of crime and violence, institutional challenges, ageing port infrastructure, corruption, insufficient access to business financing, inadequate supplies of foreign currency to meet immediate supplier commitments, and overvalued exchange rates. ... On the regional sphere, Caribbean scholars have long recommended that deliberate steps needed to be taken for countries to engage in production integration by pooling regional resources, thereby enlarging productive capacity and product range ultimately translating into increased competitiveness for CARICOM firms. Buy in for this strategy continues to be a challenge.<sup>207</sup>

Challenges are not limited to trade-related economic factors; they also encompass significant social and infrastructural dimensions. Weak institutions and inadequate debt management systems have aggravated the fiscal position of many Caribbean economies, limiting their ability to invest in critical areas such as education, healthcare, and infrastructure. The region's educational system faces major challenges, with low school performance, low pass-through rates from secondary to tertiary education, and insufficient enrolment in science, technology, engineering, and mathematics fields.

These issues contribute to the region's inability to align education and training with the needs of a knowledge-based economy. Gender disparities, youth unemployment, and inadequate social protection are pressing issues that must be addressed to achieve sustainable and inclusive development. Despite progress in reducing poverty, inequality remains a major issue in the region. Female-headed households are especially more vulnerable to poverty and the urban-rural divide exacerbates inequalities in housing and access to services. Social programmes aimed at addressing these issues must be intensified to promote inclusion, autonomy, and empowerment for the most vulnerable populations.<sup>208</sup>

Another persistent challenge is vacillating commitment to regional integration by member states, which has eclipsed regional efforts and trade policies to drive economic growth and increase deeper penetration into the global economy.

The Caribbean's social challenges are compounded by its vulnerability to climate change and natural disasters. The Caribbean is one of the most disaster-prone regions in the world, with hurricanes, floods, and other natural disasters frequently causing great economic and social disruption. These events have a disproportionate impact on the region's poorer populations, who are often the least able to recover from the effects of such disasters.<sup>209</sup> In addition to the immediate damage caused by natural disasters, the long-term effects of climate change—such as rising sea levels and increased frequency of extreme weather events—pose a significant threat to the region's economic stability and social well-being.

207. Roger Hosein, Jeetendra Khadan, and Ranita Seecharan (2021). *Caribbean Trade and Integration* (University of the West Indies Press), 4.

208. See United Nations Department of Economic and Social Affairs (n.d.) "Promoting Inclusion through Social Protection: Report on the World Social Situation 2018." United Nations: New York, ST/ESA/366.

209. University of the West Indies (UWI) (n.d.). *Climate Change and Poverty: A Vicious Cycle*.

## 4.2 Building the New Sustainable and Inclusive Agenda

Based on the region's development and trade performance, one could argue that the sustainable and inclusive agenda offers great potential to contribute to CARICOM's economic prosperity, growth, and development. This new agenda could certainly inspire fresh thinking, but it also raises an important question: Will it impose additional obligations on a group of countries already struggling and which often feel that trade policies have not been favourable to them? Trade alone cannot solve all the challenges within the sustainable and inclusive agenda. However, as evidenced by other countries and regions that have been deliberate and intentional about their development strategy, trade policy can be strategically leveraged to address the specific challenges of the Caribbean, building on past experiences and bearing in mind the unique circumstances of economic and social development.

That said, inherent tensions will inevitably arise for CARICOM countries in the pursuit of the three pillars of sustainability. Energy, for instance, is a critical component of the region's development. The discovery of oil in Guyana, along with potential future discoveries in Barbados and Suriname, presents a clear tension between meeting climate targets, managing the negative environmental and biodiversity impacts of extractive industries and advancing the region's economic growth and development. This is further complicated by the Caribbean's historically minimal contribution to global emissions and its debt burdens. The key question then becomes: How can trade policy and rules not only acknowledge these tensions but also help manage them?

In this section, we explore the possible components of this proposed sustainable and inclusive trade agenda, with a focus on how key regional tradeable and economic sectors, as well as the regional negotiating policy, governance, and decision-making structures can be marshalled and harnessed to support the region's development and growth. We begin by outlining the piecemeal approaches—by individual member states, the CARICOM Secretariat, and elements of the region's civil society—that already show promise or incorporate elements of a potential regional approach. Next, we examine how regional strategies could advance a CARICOM sustainable and inclusive agenda. Throughout, we will identify the inherent tensions and challenges in balancing sustainability, inclusiveness, and trade for CARICOM. Finally, we will offer initial recommendations for member states to consider as they navigate these complex issues.

### 4.2.1 Elements of an Agenda at the National, Regional, and Civil Society Levels

Despite the absence of a coordinated and unified policy linked to trade, several member states have developed policies, legislation, and measures that address different aspects of the sustainable and inclusive development agenda. These include national strategies focused on green growth, just transition policies, and sustainable energy, as well as initiatives aimed at promoting gender equality and supporting vulnerable groups. Among the most notable are the following:

- **Trinidad and Tobago's Trade Policy 2019-2023: Towards Sustainable Economic Growth and Diversification** incorporates aspects of sustainable development and inclusiveness.<sup>210</sup> The policy aims to mainstream gender, youth, and persons with disabilities in trade development. It promotes green industries for low-carbon and green growth, aiming to increase efficiency, productivity, and competitive advantage while ensuring environmental protection and poverty alleviation.

210. Government of Trinidad and Tobago (2022). *T&T Trade Policy 2019-2023: Towards Sustainable Economic Growth and Diversification*.

Additionally, the government has developed a “just transition” policy to facilitate an effective and inclusive transition to a low-carbon economy by creating opportunities for the workforce. This policy is crucial for Trinidad and Tobago, a major oil and liquefied natural gas producer, as it works to retool and reskill those reliant on traditional industries while producing new green and decent jobs, sectors, and healthy communities. However, the policy is primarily centred on climate change and energy transition and places limited focus on the broader trade context.

- **Barbados’** Mission-Oriented Strategy for Inclusive and Sustainable Economic Growth, created with the help of a professor from University College London, outlines a framework to guide Barbados towards a more resilient, inclusive, and sustainable economy by 2030.<sup>211</sup> It includes six key missions aligned with the nation’s goals for economic and social transformation, such as transforming Barbados into a clean and beautiful large-ocean state by 2030, with all domestic activities becoming 100% sustainable by 2035.

The strategy also emphasizes equitable and reliable access to clean water and nutritious food, improving public health and safety, empowering Barbadians through ownership and wealth creation, and ensuring digital and economic inclusion. However, the policy does not specifically reference trade, representing a missed opportunity to leverage the trade landscape in support of Barbados’ developmental goals and industrial policy.

- **Belize’s** national trade policy (2019–30) seeks to develop a competitive economy using trade as a major driver for inclusive and sustainable socio-economic development. The policy’s main objectives are to reduce the cost of doing business, develop and enhance the growth of services trade and put in place an effective institutional and legal framework and to strengthen multilateral, regional and bilateral trade relationships.<sup>212</sup> Belize has also developed a National MSME Strategy and Roadmap’ which involved the use of a digital socio-economic impact assessment tool which allowed Belizean business owners to complete a survey to characterize the Belizean MSME ecosystem. The Roadmap identifies the overlap between the private sector and the accomplishments of SDGs for Belize.
- **Jamaica** has developed agreements and connections with Saudi Arabia as part of its commitment to sustainable tourism. Additionally, Jamaica has a climate change policy framework, though it does not apply specifically to the trade context.<sup>213</sup>
- **Dominica’s** national trade policy (2022–35) aims to promote growth, resilience, and sustainable development.
- **Antigua and Barbuda** has developed a just transition pathway<sup>214</sup> in its national climate change plans, including efforts to build the entrepreneurial capacity of women, youth, and MSMEs, and to provide education, training, and certification programmes in mitigation and adaptation technologies. The Sustainable Markets Initiative also commits to working with the government of Antigua and Barbuda to advance its climate resilience, green, and blue economy priorities in line with the country’s nationally determined contributions.<sup>215</sup>

211. Mariana Mazzucato (2023). *A Mission-Oriented Strategy for Inclusive and Sustainable Economic Growth in Barbados*. UCL Institute for Innovation and Public Purpose, Policy Report 2023/05.

212. Government of Belize (2019). *The National Trade Policy 2019–2030*.

213. Government of Jamaica (2015). *Jamaica Climate Change Policy Framework*.

214. Government of Antigua and Barbuda (2021). *Antigua and Barbuda Embraces Green Economy*.

215. Sustainable Markets Initiative (2024). “Sustainable Markets Initiative Joins First Trade and Investment Mission to Antigua & Barbuda, Pledges Support for Country.”

- **Guyana** has established the Green State Development Strategy: Vision 2040 and the Green Business Framework, which support the country’s transition to green industrial production and trade. The strategy includes commissioning feasibility studies to identify the best opportunities for technical and financial support, harmonizing legislation governing the energy sector, building the capacity of energy sector staff, and developing a strategic investment plan to guide green investments.<sup>216</sup>

Guyana’s recent green initiatives stand out in CARICOM due to their trade focus. Notably, Guyana is the first country in the Amazon region and the only CARICOM country to sign a partnership agreement with the EU, aimed at strengthening cooperation on forests, contributing to the SDGs, and addressing climate change issues. The agreement’s preamble reflects principles of inclusiveness, focusing on Indigenous groups and persons with disabilities.<sup>217</sup>

The EU and Guyana also signed a voluntary partnership agreement on forest law enforcement, governance, and trade in February 2023 to promote the sustainable trade of legal timber to the EU. Under the agreement, Guyana committed to developing a timber legality assurance system to ensure that timber products, at all stages of the supply chain, comply with national legislation.<sup>218</sup>

At the broader regional level, the CARICOM Secretariat and CARICOM institutions have formulated policies that align with the sustainable and inclusive agenda. For example, the region has independently developed an energy policy,<sup>219</sup> a gender policy,<sup>220</sup> a climate policy,<sup>221</sup> and a transportation policy.<sup>222</sup>

Civil society has also begun to converge around the sustainable and inclusive agenda even if traditionally, participation by non-state actors in regional trade policymaking has been limited. Beyond the CARICOM Private Sector Organization,<sup>223</sup> an “institution” of CARICOM pursuant to Article 22 of the Revised Treaty of Chaguaramas that comprises larger companies in CARICOM, there are very few mechanisms for civil society stakeholders to participate directly in trade policy formulation and execution. Few organized groups provide technical, research, or advocacy support in trade negotiations for the new agenda, with notable exceptions such as the Shridath Ramphal Centre for International Trade Law, Policy and Services at the UWI,<sup>224</sup> which offers courses and researches sustainability and trade. A newly launched International School for Development Justice on the UWI open campus is beginning to address the SDGs, with a focus on climate, gender justice, and entrepreneurship—though not yet on trade.

At the grassroots level, the Caribbean Natural Resources Institute has been active in advocacy related to the sustainability and inclusiveness agenda. It is bringing together communities and stimulating discussion across non-governmental organizations on the impact of climate on the region’s vulnerable communities.

In 2023, the institute released the Caribbean Climate Justice and Resilience Agenda 2023-2030, which was prepared with input from more than 40 regional and national civil society bodies, grassroots leaders, activists, academia, and media. The agenda calls for urgent and accelerated action targeting the rights of women, youth, persons with disabilities, LGBTQIA+ individuals, Indigenous Peoples, Afro-descendants,

216. Food and Agriculture Organization of the United Nations (1993). *Forest Legislation and Policy in Guyana*, 68-69.  
 217. Forest Law Enforcement, Governance and Trade (2024). “EU and Guyana Sign Agreement on Sustainable Trade in Legal Timber.”  
 218. For the text of the Voluntary Partnership Agreement Between the European Union and the Cooperative Republic of Guyana on Forest Law Enforcement, Governance and Trade in Timber Products into the European Union, see <https://drive.google.com/file/d/1SEtieV4V19YTJd7gy2G3deg0ezAG6B9I/view>  
 219. CARICOM Secretariat (2013). *CARICOM Energy Policy*.  
 220. CARICOM Secretariat (2023). “CARICOM Gender Equality Strategy Aims to Fulfil Vision of Protection and Economic Empowerment of Women, Equitable Access to Education and Healthcare for All.”  
 221. CARICOM Secretariat (2011). *CARICOM Implementation Plan for Climate Change Resilient Development (2011-2021)*.  
 222. See, for instance, CARICOM Secretariat (Feb. 16, 2021). “Multilateral Air Services Agreement.”  
 223. See CARICOM Secretariat (n.d.). CARICOM Private Sector Organization (CPSO).  
 224. For more on the Shridath Ramphal Centre, see <http://www.shridathramphalcentre.com>

migrants, and other marginalized groups. While the agenda is primarily climate-focused, its wide reach and purposeful inclusion of the region’s civil society can help with the delivery of inclusive component of the new agenda.

#### 4.2.2 Core Components of a Regional Agenda

This section outlines the core elements that any regional agenda must embrace: leveraging trade agreements and ongoing negotiations; advancing substantive areas of the agenda; and improving the decision-making and governance structures within CARICOM to make them fit for purpose.

##### 4.2.2.1 Capitalizing on Trade Agreements, Negotiations, and Arrangements

Although the RTC provides for a harmonized and coordinated approach by CARICOM to trade relations with third parties, the region has not used this facility to keep pace with new topics on the trade agenda. In fact, CARICOM countries have taken a fairly conservative approach in their agreements and negotiations, with vague references to general principles of sustainable development (in preambles) and fairly underdeveloped inclusive provisions that do not privilege stakeholder representativeness and non-state participation.<sup>225</sup> However, these agreements and negotiating processes are the “lowest hanging fruit” for advancing the new agendas as many contain built-in agendas that can be used as platforms and bases for modernizing, upgrading, and updating the terms of relationships with other trading partners.

At the WTO, CARICOM participation in the new agenda negotiations has been sporadic. Despite the region’s vulnerability to the impacts of climate change, and in contrast to its vocal positioning at the United Nations Framework Convention on Climate Change (UNFCCC) and other climate-related negotiations,<sup>226</sup> only two CARICOM countries—Suriname and Barbados—have signed onto the TESSD negotiations and none has supported the Joint Statement on Fossil Fuels Subsidies. Jamaica, Barbados, and Trinidad and Tobago are members of the Plastics Pollutions Dialogue at the WTO.<sup>227</sup>

CARICOM’s participation in climate change-related discussions at the WTO has instead focused on the impacts of natural disasters, in the Committee on Trade and Development, where they have called for “full flexibility” of the multilateral trading system to support disaster recovery and reconstruction.<sup>228</sup> Small economies, which include SIDS in CARICOM, secured a decision by ministers at the Twelfth Ministerial Conference in 2022 to take note of the “challenges small economies experience in their efforts to reduce trade costs, particularly in the area of trade facilitation; opportunities and challenges for small economies in attracting investments; economic and trade impact of natural disasters on small economies.”<sup>229</sup> Some have argued that the climate agenda—and the vulnerability of CARICOM SIDS recognized in other fora such as the UNFCCC—provides a strategic basis to promote the special needs and secure special treatment of SIDS at the WTO.<sup>230</sup>

CARICOM states have made a major impact in the ongoing negotiations for a fisheries subsidies agreement. Barbados, Belize, Saint Lucia, Dominica, and Haiti are among the more than 70 countries have ratified the first Agreement on Fisheries Subsidies, which targets illegal, unreported, and unregulated fishing; overfished stocks with no management measures in place, and for unregulated high seas fisheries outside of national waters—but which falls well short of the 110 members needed to bring it into force.

225. See Annex I.

226. Jan Yves Remy (January 2023). *Trade-Related Climate Priorities for CARICOM at the World Trade Organization* (TESS policy paper) 17.

227. *Ibid.*

228. WTO (May 10, 2019a). CARICOM Statement on the Occasion of Natural Disasters and Trade Symposium. See also Remy, *op. cit.*, supra note 44, at 29; and WTO (May 10, 2019b). Natural Disasters and Trade Symposium: Summary Report 7.

229. See WTO (June 22, 2022). “Work Programme on Small Economies.” Ministerial Conference Twelfth Session, WT/MIN(22)/25 WT/L/1136.

230. Remy, *op. cit.*, 29; Jan Yves Remy and Tuljapurkar S. (2024). “Trade and Environment Negotiations: A New Opportunity for SIDS?” in *The Sustainability Revolution in International Trade* (OUP).

The second phase of negotiations, discussed at MC13, saw a strong diplomatic effort by CARICOM states, which have advocated for stricter disciplines on subsidies that contribute to overfishing and overcapacity—issues that severely threaten global fish stocks. CARICOM states have championed provisions that would exempt LDC members and small fishing nations (and/or small subsidizers) from the main prohibitions, allowing them to fish within their domestic exclusive economic zones or under the jurisdiction of a regional fisheries management organization. Additionally, they have pushed for a permanent exemption for subsidies to artisanal fishing—defined as “low-income, resource-poor, and livelihood” fishing.<sup>231</sup>

In recent years, CARICOM negotiators at the WTO have also focused include agriculture, women, e-commerce, and MSMEs. Of particular note are Jamaica’s leadership in agriculture negotiations, representing the African, Caribbean and Pacific Group;<sup>232</sup> the OECS in e-commerce negotiations;<sup>233</sup> and Barbados on MSMEs and gender.<sup>234</sup> While the region’s diplomats have been well-respected for their technical expertise and charisma, their efforts have not translated into a comprehensive regional trade policy that addresses these topics. This represents a missed opportunity for the region to influence and be shaped by international developments in these critical areas. Notably, an OECS diplomat serves as a co-convenor of the technical discussions on WTO Dispute Settlement Reform.<sup>235</sup> This marks a significant opportunity for the region to influence the agenda, ensuring that it is more inclusive and responsive to the unique concerns of small states. The region’s leadership and participation in these discussions is especially crucial in advocating for the rule of law and countering protectionist measures that disproportionately affect smaller economies. The WTO’s dispute settlement mechanism provides small states like those in the region with a vital platform to challenge “might is right” policies and by extension promoting

Outside the WTO, the region has also pursued a relatively anaemic trade negotiating agenda. Many of CARICOM’s main trading partners with which it has traditionally run a trade deficit are leading the agenda on sustainability and inclusiveness. CARICOM was fresh out the starting block as the first group to negotiate a separate chapter on sustainability and social impacts with the European Union in 2008 that highlights sustainable management of natural resources and commits the parties to environmental protection through multilateral agreements.<sup>236</sup> It also includes mechanisms for consultations, monitoring, dispute resolution, and even a consultative mechanism for civil society.<sup>237</sup> However, a 2020 evaluation found that these provisions have had limited impact, with some increase in trade leading to a bigger environmental footprint, though niche products such as sustainably produced rum benefited.

But as noted above, the region has not generally kept pace with more recent developments in EU trade agreements dealing with sustainability. Even at United Kingdom–CARIFORUM negotiations following the United Kingdom’s exit from the EU (Brexit), where there was an opportunity to revisit the provisions of the economic partnership agreement (EPA), they were simply rolled over into the new arrangements with Britain. The significance of the EU’s relationship with CARICOM is not regarded as particularly noteworthy.<sup>238</sup>

231. International Institute for Sustainable Development (November 29, 2023). *Fisheries Subsidies at WTO MC13: Key Issues and Implications*.

232. Jamaican Ambassador Cheryl Spencer chaired the group’s agriculture negotiations at the WTO from 2020–22. During this period, Jamaica played a key role in advocating for the interests of developing countries, particularly in areas related to agricultural trade, food security, and special and differential treatment for small and vulnerable economies.

233. OECS (June 16, 2023). “OECS Contributes to a Successful WTO Ministerial Conference.” Media release.

234. Ambassador Chad Blackman of Barbados held the position of chair of the Committee of Trade and the Environment for 2019–21, where he pushed for greater integration of the environment in trade issues and for recognition of the gender and trade interface. The current ambassador, Matthew Wilson, recently served as coordinator of the WTO Informal Working Group on MSMEs.

235. WTO (June 20, 2024). “WTO Members Adopt New Procedures for Resolving Trade Disputes.”

236. See CARIFORUM-EU Economic Partnership Agreement and Draper et al., *op. cit.*

237. *Ibid.*

238. See Junior Lodge and Jan Yves Remy (2022). *The Promise of a Recalibrated Caribbean-European Union Partnership* (Occasional Paper FC/EU-LAC (3) EN, EU-LAC Foundation).



Moreover, the negative impacts of the EU's CBAM (see below) and the projected negative impacts of other unilateral trade measures to be applied by the EU—such as the Deforestation Free Initiative—have not entered into the formal trade dialogues with the Caribbean region. This is despite calls by regional scholars to use trade mechanisms to address outstanding issues in the sustainability agenda, including access to vaccines during COVID-19 and now the impacts of CBAM.<sup>239</sup>

The other main trade relationship for CARICOM is with the United States, which (as noted above) is non-reciprocal and involves the grant of special and differential treatment accorded through preferential access under the Caribbean Basin Initiative framework. Caribbean scholars have noted that these arrangements remain underused by the region's manufacturers and exporters, in part due to capacity constraints as well as failure to reflect and the new needs of the region—including in sectors such as energy, services, blue economy, and the creative industries.<sup>240</sup> The U.S. Trade and Investment Framework Agreement—while not a trade agreement per se, with market access provisions—nonetheless provides framework to engage with the United States on newer issues, in ways that the United States has engaged in other regions. The United States also assisted with investments in energy.

Canada has been a trusted friend of the region, but an attempt to renegotiate a reciprocal agreement in 2009 ended in failure, in part because CARICOM resisted integrating new labour and environment provisions into an FTA. Canada, however, continues to provide technical assistance and financial support for its issues of interest in the sustainable and inclusive agenda, including climate action, biodiversity conservation, food security, economic resilience, sustainable and inclusive governance, health, and gender equality.<sup>241</sup>

A major component of the sustainability agenda driven by developing countries highlights the need for greater South–South cooperation to diversify trade. This approach is relevant because many of the raw materials essential for the new green growth agenda are found in developing countries. Additionally, the shared history of colonization, exploitation, and resource extraction by the Global North serves as a unifying foundation, providing an ideological basis for strengthening South–South trade.<sup>242</sup>

In recent years, CARICOM has made entreaties and initiated discourse and processes to strengthen its trade relations with BRICS [Brazil, Russia, India, China, South Africa], in particular with Africa,<sup>243</sup> China, and Brazil.<sup>244</sup> While there is a framework to improve trade and other economic relations with Latin America under the Association of Caribbean States<sup>245</sup> and partial scope trade agreements with some Latin American countries slated for updating, there has not been any recent spirited attempt to reinvigorate relations with the region's closest neighbours in South and Central America.<sup>246</sup> That said, the rise of development and export finance banks—such as the Inter-American Development Bank, CAF, and the Afreximbank—with dedicated sustainability portfolios and funding for the region will allow for greater investment, focus, and trade opportunities in the newer sectors that can dynamise CARICOM economies.

239. *Ibid.*

240. For a comprehensive overview of the CARICOM-US relations, see Shridath Ramphal Centre for International Trade Law, Policy and Services (2023). "SRC White Paper: Setting the Agenda for Enhanced CARICOM-U.S. Trade and Investment Relations." UWI Cave Hill.

241. See 46th CARICOM Heads of Government meeting, where Canada announced to the 46th CARICOM Heads of Government meeting in Georgetown, Guyana, in February 2024.

242. Rolland (n.d.), *op. cit.*

243. For an overview of these recent developments, see <https://shridathramphalcentre.com/caricom-africa-trade/>

244. Brazil has been working closely with its neighbour, Guyana, to establish trade connections, using Guyana as a gateway to enhance trade, transportation, and agricultural links between Brazilian cattle farmers and the food sector.

245. See Shridath Ramphal Centre for International Trade Law, Policy and Services (October 2020). *Trading Without Borders: Celebrating the Association of Caribbean States & Unlocking its Full Potential*. (SRC Working Paper).

246. See CAF (2021a), *op. cit.*, supra note 39.

#### 4.2.2.2 Revitalizing Key Trade-Related Regional Sectors

##### A Regional Energy Policy

The global trade system was built on the foundations of the coal and fossil fuel sectors, and the negative perception of trade is often linked to the emissions from carbon-intensive energy sources, pollution, and biodiversity loss.<sup>247</sup> Today, some of the most contentious trade discussions centre on the surge in “industrial policies” that often include massive subsidies to drive the renewable energy sector revolution, calls to end fossil fuel subsidies, and the establishment of standards that promote green production.

These discussions also involve the transfer of technology and innovations to sectors and regions rich in renewable energy resources—such as solar, wind, and hydro—but lacking the means to develop them. The issue is often presented as one that is divided along Global North and South lines, with the former being best placed, with its deeper resources and technologies, to make the transition. That said, many developing countries also see opportunities in the new green economy that will be fuelled by renewable energy, with some academics arguing convincingly that they can thrive and even lead in the development of innovative solutions that address both environmental sustainability and economic growth.<sup>248</sup>

As noted above, Trinidad and Tobago’s dominance in CARICOM’s intraregional and extra-regional trade policy is attributable to its rich energy resources. With the recent discovery of oil deposits, Guyana is poised to take over as the region’s leading oil exporter. Guyana has already begun leveraging its oil revenues to propose a new approach to regional trade relations, focusing on a greater food security mandate, increased exports of animal feed, and an improved maritime transport and ferry system to establish trade corridors with Barbados.<sup>249</sup>

Apart from these two major players, most CARICOM countries depend heavily on imported fossil fuels to sustain their economic and social activities, with oil imports accounting for close to 13% of GDP. Fossil fuels made up as much as 63.4% of the subregional energy mix over the last decade.<sup>250</sup> This heavy reliance on imported energy leaves the subregion highly vulnerable to global energy price fluctuations and supply shocks.

However, faced with the environmental and political imperatives of climate change and the ongoing disruptions from natural vulnerabilities, several Caribbean economies have made significant strides in adopting renewable energy. This move aligns with their obligations under the Paris Agreement and their goal to reduce dependence on imported fossil fuels. The International Renewable Energy Agency reports that Caribbean SIDS have increased their total installed renewable energy capacity by 49.6% since 2014<sup>251</sup> while the Caribbean Centre for Renewable Energy and Energy Efficiency indicates that CARICOM member states have achieved a 12% penetration of renewable electricity since 2022.<sup>252</sup>

An energy policy dating from 2013<sup>253</sup> has yet to fully realize its potential, as the region has been slow to make the green transition. Here, too, tension arises between the sustainability pillars, which may explain why CARICOM states have not joined discussions on ending subsidies on fossil fuels at the WTO. While limiting

247. See *Remaking Trade for a Sustainable Future*, *op cit.* (chapter on developing countries); and Amir Lebdioui (2024). *Survival of the Greenest: Economic Transformation in a Climate-conscious World* (Cambridge University Press).

248. See *Remaking Trade for a Sustainable Future*, *op cit.* (chapter on developing countries); and Lebdioui, *op. cit.*

249. Abraham Diaz (April 23, 2024). “Ramps Logistics part of new regional ferry service.” UpturnFunds.

250. World Bank Group (January 27, 2015). “There’s tremendous interest in adopting renewables across the Caribbean;” Aleem Mahabir (n.d.). “Making the Transition: The Path to Sustainable Energy” (Caribbean Centre for Renewable Energy and Energy Efficiency); Rebecca Bertram (June 21, 2022). “The Caribbean’s energy conundrum.” Energy Transition.

251. See International Renewable Energy Agency (n.d.). Investment Forums in Caribbean Islands. This growth, particularly between 2018 and 2021, occurred despite severe natural disasters and the COVID-19 pandemic, with solar energy, bioenergy, and hydropower use rising by 34%, 26%, and 25%, respectively. Antigua and Barbuda, Aruba, Barbados, the Dominican Republic, Jamaica, Saint Kitts and Nevis, and Saint Lucia drove much of this progress.

252. Caribbean Centre for Renewable Energy and Energy Efficiency (2024). “CARICOM Member States Demonstrate Strong Progress Towards Renewable Energy Targets.”

253. CARICOM (March 2013). CARICOM Energy Policy.

fossil fuel use is in the global environmental interest, a full transition to renewables may not be economically feasible for the Caribbean—at least in the short to medium term. A recent report encapsulates the prevailing thinking well by stating:

Right now, a transition to strictly renewables, even if it were financially possible, would only exacerbate the vulnerabilities facing Caribbean governments and consumers. Energy systems, therefore, require a hybrid model: the ability to take on clean energy while also incorporating low-carbon fossil fuels, such as natural gas, to substitute for bunker fuel and diesel as the building blocks for the region’s energy transition.<sup>254</sup>

Trade negotiations can play a crucial role in setting an agenda that encourages technology transfers to the region, enabling investment in technologies such as wind turbines and smart grids. But to attract foreign investment and capital—and spur developing country industries and firms to innovate, produce more, retain a greater share of the value in global production chains, generate exports, and, in turn, create more jobs—it will be necessary for finance and technology (including equipment, digital capabilities, and human capital) to flow to the Global South.<sup>255</sup>

Some have argued that the technology transfer provision in the TRIPS Agreement<sup>256</sup> requiring developed countries to incentivize domestic enterprises to transfer technologies, and thereby benefit LDCs, needs to be activated and made applicable to SIDS. So far, however, these types of provisions in trade agreements have not been seen as useful in enabling the much-needed transition. Rather, they are seen as undermining these objectives as they often protect the rights of patent and other intellectual property owners who mostly hail from developed countries.

Despite calls to promote integration in the Latin American and CARICOM green energy sector<sup>257</sup> and for CARICOM to follow Latin America’s example in creating a regional energy market, most initiatives in CARICOM on energy transition occur outside formal trade arrangements and are instead led by different agencies in countries including the United States, the United Kingdom, Canada, and the United Arab Emirates.<sup>258</sup> There may be an opportunity here for greater policy coherence in and among international partners on energy policy in the region.<sup>259</sup>

### A Regional Trade Policy on Climate Change

Collectively, CARICOM countries contribute just 0.33% of global greenhouse gas (GHG) emissions—second only to the Pacific’s 0.03%—with Trinidad and Tobago somewhat of an outlier because of its high GDP per capita ratio of emissions.<sup>260</sup> The region’s vulnerability to the effects of climate change greatly affects its biodiversity, human systems, economic development capacity, and trade prospects. The 2022 Working Group II Report of the International Panel on Climate Change underscores not only the challenges facing small states in responding to existential threats to geographic, environmental, and biological ecosystems, but also the human capacity constraints specific to small islands in terms of adaptation, loss and damage, finance, and institutional responses.

254. See David Goldwyn et al. (April 11, 2023). “A Roadmap for the Caribbean’s Energy Transition.” Atlantic Council Issue Brief, 4.

255. Remaking Trade for a Sustainable Future, *op cit.*

256. Article 66.2 of the TRIPS Agreement instructs developed country Members to incentivize domestic enterprises and institutions “for the purpose of promoting and encouraging technology transfer to least-developed country Members.”

257. CAF (2021a), *op. cit.*

258. See Goldwyn et al., *op. cit.*

259. For instance, the U.S. Agency for International Development, the U.S. Department of Energy, the U.S. Department of State, Export-Import Bank of the United States, Overseas Private Investment Corporation (now part of the U.S. International Development Finance Corporation – DFC), and the U.S. Trade and Development Agency conduct energy policies and programmes in the Caribbean region. Notably absent is the U.S. Trade Representative’s Office, which is main entity for conducting trade policy in the United States.

260. Remy, *op. cit.*, 7. Trinidad and Tobago differ from its regional counterparts as most of its emissions come from its industrial and oil sector. In fact, the World Bank reported in 2019 that per capita, Trinidad and Tobago was the second-highest emitter of GHGs in the world.

Climate change also has major impacts on the region’s major export sectors—tourism, agriculture, and the blue economy.<sup>261</sup> As a contributing factor to desertification and deforestation, climate change has also been linked to loss of biodiversity and pollution, which compromises the availability of safe drinking water, clean air, and food. The effects of climate change also increase catastrophe risk, compromise infrastructure that is vital for production and trade, and carry substantial economic costs for the Caribbean region.

There has been little integrated thinking on how climate policy and trade policy intersect.<sup>262</sup> Indeed, the CARICOM entity responsible for setting the region’s overall climate change strategy, the Caribbean Community Climate Change Centre, does not mention trade in its strategy document.<sup>263</sup> The CARICOM EPA and the Post Cotonou Agreement contain provisions dealing with climate change, with the latter requiring parties to implement effectively, and to make all investments and financial flows consistent with, the Paris Agreement and to implement and track progress towards their nationally determined contributions.<sup>264</sup> Some CARICOM countries also use trade measures to meet their climate targets under their nationally determined contributions,<sup>265</sup> but this has not been widespread and more research is being carried out to see how trade policy instruments can be used more effectively to achieve climate goals.<sup>266</sup>

Trade-related climate change policies of other countries, which are often unilaterally set by Global North to meet their targets under the UNFCCC and Paris Agreement, already affect CARICOM countries. The most notable instrument to date is the EU’s CBAM, a trade border adjustment mechanism that aims to “level the playing field”<sup>267</sup> for domestic EU producers by placing a cost on imports with a high carbon footprint. The instrument entered into force in 2023 on a transitional basis, with no special treatment or carve-outs for developing countries—including LDCs and SIDS.

A study measuring the impact of CBAM on Trinidad and Tobago,<sup>268</sup> a major exporter of ammonia, fertilizers, and methanol, to the EU, found that even if the measure can incentivize cleaner production technologies and practices, the increased production costs caused by carbon pricing will make Trinidad and Tobago’s exports less competitive. It further highlights that several factors, including the country’s lower greenhouse gas reduction goals, its limited regulations, capabilities, technology, and poor access to finance for reducing emissions will lead to declining demand and market share, potentially leading to job losses and economic hardship.

The case of CBAM’s impact on Trinidad and Tobago again demonstrates the tensions inherent in the sustainability and inclusive agenda: promoting the environmental pillar—lowering GHG emissions for the EU—comes at the expense of the economic wellbeing of a small country and region and is likely to have social impacts on jobs. In the process, a climate justice issue arises because the EU’s measure, even if well intentioned, will protect EU domestic interests. CBAM was implemented without adequate stakeholder intervention from countries most likely to be negatively impacted and there has been no provision of funds for the transition by smaller states to meet the monitoring and verification standards required for compliance.

Moreover, despite calls to redirect collected funds to LDCs and SIDS, there has been no explanation of how the border taxes collected will be used.<sup>269</sup> These conflicts are likely only to increase with the adoption of CBAM by other

261. *Ibid.*

262. See Remy, Haynes, and Ellis-Bourne, *op. cit.*

263. See Caribbean Community Climate Change Centre (October 2021). “Strategic & Implementation Plan 2021-2025: Empowering People to Act on Climate Change.”

264. See partnership agreement between the EU and its member states, and members of the Organisation of the African, Caribbean and Pacific States, arts. 57(2)-(3).

265. See Remy, Haynes, and Ellis-Bourne, *op. cit.*, supra note 180, at 43-44.

266. See upcoming report by UNCTAD on trade related obligations in the ocean measures in the nationally determined contributions of SIDS (with SRC).

267. Henrique Morgado Simões (April 2023). “EU carbon border adjustment mechanism.” European Parliamentary Research Service PE 745.713.

268. See Preeya Mohan and Jaymieon Jagessar (July 19, 2024). “Border Carbon Adjustments: Trinidad and Tobago Country Report.” International Institute for Sustainable Development and UWI, 19.

269. See Joel Trachtman and Jan Yves Remy (November, 15 2023). “EU’s Carbon Border Tax Is a Blow to Climate Justice – Here’s How to Fix It.” Reuters.

countries (United States, Canada, United Kingdom) and with the introduction of similar unilateral measures by the EU due to be implemented soon.<sup>270</sup>

That said, the climate agenda will also provide competitive opportunities for the region. Some have argued, for instance, that the region can benefit from its abundant forestry in countries including Guyana and Suriname and the marshes, seagrass, and mangroves surrounding CARICOM islands states can serve as carbon sinks and be leveraged in negotiations on “carbon markets” under Article 6 of the Paris Agreement.<sup>271</sup>

The pervasiveness of the climate change issue necessitates both a dedicated climate policy and an integrated and cross-sectoral strategy that takes into account the sustainable and inclusive trade dimension.<sup>272</sup> Examples of effective approaches for doing so abound, including in the Global South.

For instance, the African Union has adopted a Climate Change and Resilient Development Strategy and Action Plan (2022–2032) that calls for positive economic outcomes that “pursue low-emission, climate-resilient growth pathways across various sectors and systems,” promote the “green and circular economy, as well as innovation, sustainable development, poverty reduction and job creation,” “enhance inclusion, alignment, cooperation, and ownership across all spheres of government and stakeholder groupings,” highlight “the importance of supporting the most vulnerable communities and groups,” recognize that “women and the youth face particular challenges in responding to climate impacts,” and acknowledges and seeks “to support the critical role that they play as change agents driving climate responses at local, national, sub-regional and continental levels.”<sup>273</sup>

The international agenda is also creating opportunities for greater policy coordination and convergence on topics such as “just transition,” that have been raised at the UNFCCC. These discussions, which incorporate trade-related issues and align with the nationally determined contributions submitted by CARICOM countries pursuant to their climate obligations under the Paris Agreement,<sup>274</sup> also include trade tools to achieve climate goals. The region is also engaged in negotiations at the International Maritime Organization that aim to reach GHG reduction targets for the shipping sector and require a deep understanding of both trade and climate policy.<sup>275</sup> The failure of CARICOM leaders to come up with an integrated strategy as it relates to climate change, trade, and several other areas affected by trade is another lost opportunity for the region.

### A Regional Trade Policy on the Blue Economy

The blue economy has been heralded as a growth opportunity for the Caribbean region. Given its potential to attract foreign direct investment and technologies, provide the resources for ocean-related tradeable goods and services, feed the region, and generate employment, it is a very important sector for the sustainable and inclusive agenda.

Caribbean SIDS are increasingly calling themselves “big ocean” economies, highlighting the vast oceanic resources that surround them.<sup>276</sup> It is not yet possible to fully assess the value of the sector, but some accounts say the regional fisheries sector employs around 200,000 fishers and 100,000 people in fish processing, marketing, and other supporting roles, and generates \$1.2 billion in annual export earnings. It is also a key component of the region’s tourism sector—comprising beach resorts, coral reefs, and the cruise sector—and an important source of subsistence and livelihoods for many people in the region.

270. For instance, the Deforestation Free Initiative will likely also have impacts on the region’s exports of agriculture products that fall under the scope of that regulation.

271. *Remaking Trade for a Sustainable Future*, *op cit.*, supra note at 232.

272. See Remy, Haynes, and Ellis-Bourne, *op. cit.*, supra note 180.

273. African Union (2023). African Union Climate Change and Resilient Development Strategy and Action Plan (2022–2032).

274. See Remy, *op. cit.*, and Shridath Ramphal Centre for International Trade Law, Policy and Services (October 2020), *op. cit.*, 23.

275. See International Maritime Organization’s Strategy on Reduction of GHG Emissions from Ships (July 7, 2023).

276. Nikola Simpson (2024). *The Tides Are Turning – Does the Ocean Hold the Key for a New Blue Deal?* (Remaking Trade for a Sustainable Future White Paper 1). Simpson says Eastern Caribbean SIDS’ exclusive economic zones are on average 400 times larger than their land space, with a combined ocean area exceeding 546,000 square kilometres.

Recent work also points to its importance as a source of work for women, especially in the post-harvest part of the value chain, in the seaweed sector,<sup>277</sup> and in small business development.<sup>278</sup> A growing number of “blue services” and “blue offerings” from the region can be offered as tradeable services, commodities, and instruments, including ecosystem-based services, nature-based solutions, natural assets, and capital, as well as services such as carbon sequestration, coastal protection, biodiversity, and biodiversity services. This creates tremendous opportunity as the services sector grows in prominence.

The threats of climate change, plastics pollution, and biodiversity loss are real for the region and has prompted CARICOM and other SIDS to play leading roles in ocean governance, negotiations, and litigation.<sup>279</sup> For instance, the region has been instrumental in creating an agreement on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction under the United Nations Convention on the Law of the Sea in 2023. It has also spearheaded a request for an advisory opinion by the International Tribunal on the Law of the Sea, resulting in findings that support the view that the convention creates legally binding climate-related international obligations on parties to protect the ocean from GHG emissions.

The region has been vocal in fisheries subsidies negotiations at the WTO, and at one point joined with Fiji to block consensus on the discussions if its demands were not addressed.<sup>280</sup> This demonstrates a coming of age of WTO in ensuring justice for typically underrepresented regions.<sup>281</sup> Still, the region can do much more to promote its vital ocean sector and take advantage of its obvious comparative trade advantage in this area. It would be well placed, for instance, to lead efforts to usher in a new “blue deal”<sup>282</sup> at the WTO and in other trade arenas—one that protects the ocean’s health, while promoting its management in a manner that is sustainable and yields economic and social benefits for the region.

### A Regional Trade Policy for Food Security

As a net food importer, CARICOM faces the challenge of balancing the benefits and drawbacks of its trade policies on food security. The region’s food import bill amounted to \$13.76 billion in 2018–20. While that increases the variety and quantity of food available, it also undermines local agricultural production.<sup>283</sup> This is exacerbated by import surges triggered by free trade regimes, subsidies, and dumping practices that displace local farmers and reduce the viability of domestic agriculture. The erosion of preferential access to European markets has further weakened the region’s agricultural export sector, leading to a significant decline in production and exports.<sup>284</sup>

While trade has undoubtedly contributed to food availability, it has also stifled the expansion of local agricultural supply, making it difficult for local producers to compete with cheaper imported goods. Binding commitments at the WTO limit the protective measures available to CARICOM countries, compounding the challenges faced by local suppliers. This situation underscores the need for a nuanced approach to food security—one that recognizes the complexities of trade and agriculture and avoids presenting self-sufficiency and trade as binary choices.

At the WTO, the Agreement on Agriculture was primarily designed to create a fairer competitive environment for agricultural trade rather than directly promote food production. Discussions at the WTO have focused on reducing

277. UNCTAD (March 26, 2024). *An Ocean of Opportunities: The Potential of Seaweed to Advance Food, Environmental and Gender Dimensions of the SDGs* (UNCTAD/DITC/TED/2024/1).

278. UWI (2018). *Gender scoping preliminary report: Caribbean fisheries in the context of the small-scale fisheries guidelines*. Gender in Fisheries Team, Centre for Resource Management and Environmental Studies, Faculty of Science and Technology, UWI Cave Hill Campus. Technical Report No. 86, 20.

279. See CARICOM (March 10, 2023). “CARICOM Had Strong Team at Ocean Biodiversity Treaty Negotiations.”

280. Pacific Islands Forum Secretariat (June 28, 2022). “Pacific Leads Way in Shaping Fisheries Subsidies Agreement Outcome at the 12th WTO Ministerial Conference.”

281. Nancy Fraser (2009). *Scales of Justice: Reimagining Political Space in a Globalizing World* (Columbia University Press). See also Patricia Goff (2021). “Inclusive Trade: Justice, Innovation, or More of the Same?” *Ethics & International Affairs*, Vol. 25, Issue 2, p. 273.

282. See UNCTAD (2023b). *Trade and Environment Review 2023: Building a sustainable and resilient ocean economy beyond 2030* (UNCTAD/DITC/TED/2023/1) 64

283. Kay Baldeosingh-Arjune (November, 28, 2022). “Food Security is Not a Dream.” Caribbean Export Development Agency.

284. Chelcee Brathwaite (July 2021). *Food For Thought Policy Brief Series: An Overview of Food Security & Trade Across CARICOM*. SRC Policy Brief #2, 15.

trade-distorting domestic support, tariff rate quotas, and export subsidies. However, recent shifts in the global agricultural agenda, driven by climate change and sustainability concerns, are beginning to align more closely with the needs of regions such as CARICOM. As the Caribbean continues to grapple with climate-induced challenges including droughts, water shortages, and changing land use, the region must engage with and support these shifts in the multilateral agricultural agenda. The region's increased focus on self-sufficiency, particularly in the wake of the COVID-19 pandemic and the export restrictions it faced, makes this alignment even more critical.<sup>285</sup>

When it comes to food security and given the experience with COVID-19, where the shortages of food were chronic,<sup>286</sup> there is a strong case for prioritizing intraregional efforts and trade policy over global ones.<sup>287</sup> The regional 25 by 2025 Food and Nutrition Security Initiative aims to reduce the region's food import bill by 25% by 2025 and represents a pivotal strategy involving removal of barriers to intraregional trade, agricultural trade promotion, cross-border investments, and increased production and productivity.

To further bolster food security, heads of government have agreed to develop a Pre-Clearance/Regional Export Trade Mechanism for agricultural produce; called for accelerated identification of investor-friendly policies under the 25 by 2025 Initiative and strongly encouraged the regional private sector to invest in agricultural production, particularly in Suriname, where 300,000 hectares of land have been made available for regional agricultural development. Guyana has also emerged as a leader in this initiative, given its large expanses of arable land, geographic location linking the Brazil market in the south to the Eastern and Northern Caribbean, and because of its increased wealth and capital due to oil revenues.

A major challenge to regional food security is the absence of a well-established agricultural insurance programme at both national and regional levels, leaving farms vulnerable to negative shocks. Recent feasibility studies on agricultural insurance in the Caribbean highlight the critical need for such coverage, but point out that a one-size-fits-all insurance programme or standardized products may not meet the diverse needs of CARICOM countries due to differences in agricultural practices, crop mixes, farm sizes, and varying risk exposures across the region.<sup>288</sup> Despite these challenges, CARICOM has been urged by Shynkarenko to initiate a regional agricultural insurance programme through the Caribbean Catastrophe Risk Insurance Facility, addressing the specific needs of each member state.<sup>289</sup> This also presents an opportunity for the region to lead in this area by building technical capacity and aggregating data on agricultural insurance and its intersection with climate change.

As the region weighs food security, it must also consider the sustainability of agricultural practices and its overlap with climate change. After feeding the region, a successful trade policy would also see it becoming a major exporter of high-value food products to other parts of the world. An inclusive and sustainable food security policy that leverages trade will involve all stakeholders and sectors in CARICOM, from agriculture/fisheries, to health, transport, tourism, women, farmers fisherfolk, Indigenous populations, larger farming operations and the private sector.<sup>290</sup>

## A Regional Maritime Policy

The economic resilience and sustainability of the region hinges on a secure, stable, and accessible transportation sector that efficiently moves goods and people to, from, and within the region. The openness

285. Remy, *op. cit.*, supra note 213.

286. Diego Arias et al. (January 3, 2024). "The worrying phenomenon of food insecurity in the Caribbean." World Bank Blogs.

287. See Hosein et al. (2021a), *op. cit.*, where the authors recommend increased regional intraregional trade, particularly regional import substitution as a strategy for sustainable economic development. This, according to the authors, requires sufficient consideration to binding restrictions and agreements with international partners and increased demand among CARICOM nations for the region's commodities.

288. Roman Shynkarenko (September 2023). *Agricultural Insurance Feasibility Study in the Caribbean*. USAID and IESC.

289. *Ibid.*, 3.

290. See C. Hanson, R. Waite, B. Otto, B. Lipinski, and K. Levin (2017). "Food Security, Inclusive Growth, Sustainability and the Sustainable Development Agenda," in H. Besada, L. McMillan Polonenko, and M. Agarwal (eds), *Did the Millennium Development Goals Work?: Meeting Future Challenges with Past Lessons* (Bristol University Press), pp. 395–428.

ratio of Caribbean countries shows that they are highly exposed to international trade and underscores the importance of effective transportation links for trade: total Caribbean exports and total imports as a percentage of GDP amount to more than 50% per country.<sup>291</sup>

Although most of CARICOM's trade is done by sea,<sup>292</sup> the maritime remains underdeveloped, costly, and carbon-intensive,<sup>293</sup> driving up the cost of doing business in the region. Ownership patterns are fragmented, with a large portion of the fleet being older and less efficient. This fragmentation leads to higher operational costs, reduced competitiveness, and challenges in modernizing the fleet, which is crucial for maintaining and enhancing trade flows. Additionally, the Caribbean region, like many SIDS and LDCs, suffers from poor connectivity and underdeveloped intraregional transportation networks.<sup>294</sup> The lack of sufficient regional bulk/container ports exacerbates transportation costs, making goods more expensive and less competitive in the global market. Freight costs, estimated to be about 7% higher than the global average, pose a significant barrier to trade.

The region's heavy reliance on foreign-owned ships and its limited number of major trans-shipment ports makes it vulnerable to global shocks and disruptions, as starkly demonstrated during the COVID-19 pandemic and other crises caused by war, health emergencies, and similar events.<sup>295</sup> Barbados, which holds the UNCTAD Presidency, brought much attention to the specific circumstances of SIDS when it jointly hosted the Global Supply Chain Forum in May 2024.<sup>296</sup>

CARICOM lacks a comprehensive maritime policy that considers the trade policy dimensions of the sector. One such dimension is the area of trade facilitation, which involves systems, procedures, and protocols to facilitate and streamline customs and other procedures at ports. All CARICOM countries that are WTO members, except Haiti,<sup>297</sup> have signed up to Trade Facilitation Agreement, although not all obligations have been met.<sup>298</sup>

The importance of fully implementing the agreement to expedite trade operations was made obvious during the COVID-19 pandemic. Some provisions that were to be implemented in the medium term had to be partially implemented immediately to avoid interruptions in trade and transport operations and to safeguard the health of people and prevent unnecessary contact.<sup>299</sup> But the region is underperforming compared to other regions. For instance, the World Bank's Doing Business 2020 indicators on easy trading across borders (ports) show that Caribbean countries' average score is 67.6 ppt while the Latin American average score is 73.2 ppt and OECD members' is 93.1 ppt.<sup>300</sup> This calls for CARICOM states to pay greater attention to the Trade Facilitation Agreement obligations and for developed country assistance promised under Category C commitments.

As noted above, the region's food security problem is partially due to the costly and inadequate ferry and shipping links in the region. The CARICOM Private Sector Organization, which has led efforts to ensure that the region's private sector is involved in the creation of these shipping links, has made some headway and regional ferry service recently began.<sup>301</sup>

291. Verónica González Moncada (2020). *Impact of COVID-19 on transport and logistics connectivity in the Caribbean*. United Nations.

292. Scobie, *op. cit.*, supra note 53 in Chapter 5.

293. Ricardo J. Sánchez and Gordon Wilmsmeier (June 2009). *Maritime sector and ports in the Caribbean: the case of CARICOM countries*. CEPAL – Serie Recursos naturales e infraestructura No. 140.

294. See WTO (2024a), *op. cit.*, 45. The report notes that small island developing states, due to their geographical position off the main trading routes and small scale of trade pay 60% more than other developing economies for transporting their exports. Based on the indicator "Transport cost intensity, in US\$ per ton-km."

295. González Moncada, *op. cit.*

296. See Global Supply Chain Forum 2024 (May 21–24, 2024) at <https://unctad.org/conference/global-supply-chain-forum-2024>

297. See WTO Trade Facilitation Agreement Database: Categorization by member, at <https://tfdatabase.org/en/notifications/categorization-by-member>

298. *Ibid.* See, generally, Edna Ramírez-Robles, "Impact and Shortcomings of the Trade Facilitation Agreement for Developing and Least Developed Countries."

299. González Moncada, *op. cit.*

300. World Bank (2020). "Doing Business 2020: Latin America and the Caribbean," 43.

301. See ConnectCaribe at <https://www.connectcaribe.com/>.



Finally, the region's transportation policy must take more account of ongoing International Maritime Organization negotiations to reduce GHG emissions. The organization's 2030 Strategy on GHG Emission from Ships sets targets to decarbonize the maritime sector by lowering total annual GHG emissions from international shipping by at least 20% by 2030, with a potential stretch goal of 30%, compared to 2008 levels; and reducing total annual GHG emissions by at least 50% by 2050, with a potential stretch goal of 70% to 100%, compared to 2008 levels.<sup>302</sup> The strategy recognizes the importance of the "just and equitable transition" and that the shift to low-carbon shipping technologies and practices should consider the varying capacities and circumstances of different countries, especially developing economies, including SIDS and LDCs.

In these negotiations, technical comprehensive impact assessment reports have demonstrated how proposed measures to meet these targets will negatively impact the region and other SIDS more than other countries due to their characteristics. CARICOM member states support calls for midterm economic measures that include a carbon levy applied to all ships and then redistributed to LDCs and SIDS to help them to make the transition—to upgrade their ports and assist with the transition of port workers and sea farers—both in sector and out of sector. The creation of a fund is being hotly debated in current negotiations and would benefit from more coordination among CARICOM members.

### **Cross-Cutting Sectoral Policies**

A greater flow of finance to the region is critical to implement sustainability and inclusiveness policies effectively. Each sector mentioned above requires finance and technology to flow to a region that is already crippled with debt due to legacy issues, lack of competitiveness, and the burden of climate mitigation and adaptation needs.

The Bridgetown Initiative, a finance reform agenda led by Barbados, seeks to help developing countries gain access to affordable financing for climate resilience and development through a major overhaul of the global financial system by 2030. The initiative recognized the essential role of trade as a leverage point in its second iteration.<sup>303</sup> That dimension was never fleshed out, though this shortcoming might be addressed when Bridgetown 3.0 is released this year.

Recognition of the importance of finance to trade underscores the importance of policy coherence between trade and finance. Such coherence is vital to finance the low-carbon transition, attract investors to the region, and provide governments with the resources necessary to manage their debt and adjust to the costs of liberalization and globalization that the region did not sufficiently anticipate and quantify when it initially engaged in trade negotiations. Bridgetown 3.0, expanding the scope of the earlier initiative, outlines more radical financial reform proposals. It calls on all governments to establish a carbon pricing system and for the development of a global pricing framework that is just and equitable.<sup>304</sup>

For these policies to be effective, they must enable governments to invest in trade-related infrastructure, such as port facilities, technology, research, and monitoring systems. A focus is also needed on facilitating investment in facilities that allow entrepreneurs to meet the stringent standards of developed countries. This includes making financial flows across the region more accessible to support intraregional investment and lending to entrepreneurs.<sup>305</sup>

302. International Maritime Organization (July 15, 2024). Advancing green shipping in the Caribbean.

303. See Government of Barbados (2022). The 2022 Bridgetown Initiative.

304. See Bridgetown Initiative: 3.0 (consultation draft, May 28, 2024) at <https://www.bridgetown-initiative.org/documents/>.

305. DeLisle Worrell and Julia Jhinkoo (2015). *Financial Integration in the Caribbean*.

The trade agenda, including initiatives such as Aid for Trade and the WTO, as well as development banks that provide concessional loans to CARICOM countries, must consider these dimensions to effectively support the region's shift towards a sustainable and inclusive economy. Fragmented approaches and disparate requirements hinder the Caribbean's ability to implement comprehensive development projects effectively.

To address these challenges, the region must advocate for enhanced synergy and coordination among development banks and trade-related financial institutions. Transitioning from a reactive to a more strategic and proactive approach is crucial. This shift involves leading dialogues with these institutions by presenting well-defined strategic plans, proposals, and goals that align with long-term development goals rooted in the new agenda.

By taking greater ownership of the development agenda, the region can set clear priorities and engage with financial institutions on its own terms, rather than merely responding to external agendas. Better coordination and a strategic approach will enable the region to leverage global financial resources more efficiently. This will ensure that each investment contributes meaningfully to the broader development agenda and fosters a more inclusive multilateral system that better accommodates smaller economies.

To fully harness its potential, the Caribbean must upgrade its innovation strategy and integrate digital technologies into trade policy. Recent advancements, such as expanded broadband access and widespread 3G and 4G networks, have positioned the region for digital transformation, with internet usage rates surpassing the global average. However, important digital disparities persist, notably in underserved areas, a reality underscored by the pandemic, which exposed weaknesses in virtual schooling and remote work capabilities.<sup>306</sup> Without strategic intervention, digitalization risks exacerbating existing inequalities and undermining future growth.

### **Micro, Small, and Medium-Sized Enterprises**

The Caribbean's manufacturing sector is vulnerable as automation and digitization disrupt traditional growth models. Only Trinidad and Tobago and Jamaica manufacture at significant levels, yet both countries rely heavily on fossil fuels for their energy needs, presenting challenges for sustainable development. Competing effectively against countries in East Asia, Central Europe, and Mexico is challenging, especially given Caribbean region's reliance on low-wage, low-tech manufacturing.<sup>307</sup> In contrast, digital trade presents a less capital-intensive alternative, offering CARICOM economies a pathway to deeper integration into the global market. Empowering MSMEs to leverage digital platforms is therefore crucial.

Streamlining processes for cross-border data transfers, enhancing digital payment systems, and improving access to financing for tech initiatives will enable these businesses to thrive on the global stage. Creating innovation hubs and supporting start-ups focused on digital solutions will stimulate growth and entrepreneurship. A comprehensive digital policy must encompass regulations on data protection, cybersecurity, and intellectual property rights to foster trust in digital services. Additionally, enhancing digital literacy and vocational training is essential to cultivate a skilled workforce capable of adapting to evolving demands.

Collaboration at both regional and national levels is vital for effective policy development. The Caribbean Digital Transformation Project, a collaborative effort among Dominica, Grenada, Saint Lucia, St. Vincent and the Grenadines, and the OECS, serves as an example. The project aims to increase access to digital services and technologies while focusing on social inclusion, particularly in underserved communities, such as the Kalinago people of Dominica.<sup>308</sup>

306. See, for instance, Lika Døhl Diouf (n.d.). "A Deep Dive into Caribbean Digital Divides: A Cross-Country Comparison on Internet and Computer Access and Use in the Caribbean" (Economic Commission for Latin America and the Caribbean).

307. Richard Baldwin and Dmitry Grozoubski (2023). *Out of the Factory and into the Back Office: Globotics for Sustainable Development*.

308. World Bank (November 13, 2023). "Inclusive Digital Transformation in the Caribbean."

A robust services policy, linked to digital strategy, can leverage the Caribbean's rich cultural landscape and creative industries. With services trade growing at an annual rate of 6.8% since 1990 and digitally delivered services at 8.2% since 2005,<sup>309</sup> there is immense potential to tap into sectors such as music, art, film, and digital content creation. By promoting these industries, the Caribbean can enhance its global competitiveness, create new revenue streams, and ensure that marginalized communities have access to opportunities in the creative economy.

Ultimately, integrating digital and services policies will empower the region to capitalize on its unique cultural heritage while fostering inclusive and sustainable development. A robust digital services policy is integral for the success of MSMEs, which represent 70%–85% of Caribbean businesses and contribute between 60%–70% of GDP.<sup>310</sup> Despite their key role in the economic landscape, there is no regional policy in place to support MSMEs. For the region's resilience to grow, positioning businesses as key partners and enhancing support for entrepreneurs in MSMEs is critical.<sup>311</sup>

According to the World Bank's Doing Business Index, starting a business in Latin America and the Caribbean requires more time on average, than any other region and costs more (relative to per capita income) than any other region except Sub-Saharan Africa. Within the Caribbean, women-owned or led firms tend to be on the smaller end of the MSME spectrum, employing fewer individuals.<sup>312</sup> Additionally, these women-owned and/or operated firms face even more significant challenges than their counterparts in accessing finance.<sup>313</sup>

To foster growth, innovation, and entrepreneurship in the region, these structural challenges must be addressed as part of the proposed new trade policy. Positioning trade in digital services as a key mechanism can facilitate this process.

#### 4.2.2.3 Operationalizing a Regional Sustainable Tourism Policy

Building on the advancements made in the previous sections, a regional Sustainable Tourism Policy is a fundamental, cross-sectoral policy and a key component of the proposed sustainable and inclusive trade agenda for the region. The Caribbean Tourism Organisation has started the work with the development and production of a "Caribbean Sustainable Tourism Policy and Development Framework" which integrates trade considerations, elements of inclusivity and climate responsiveness. The framework also advocates for Caribbean tourism to be conducted on a participatory basis with the continued development of the region's people, particularly disadvantaged and vulnerable members.<sup>314</sup>

Globally, sustainable tourism has historically been overlooked in international policy discussions, particularly within the context of the sustainable and inclusiveness agenda. This is surprising, given the sector's interlinkages with multiple key industries, its capacity to create jobs and opportunities for marginalized communities, its substantial greenhouse gas emissions, and its crucial role in the global trading system. Recent developments have addressed this gap. UN World Tourism Organisation, particularly the Committee on Tourism and Sustainability, has led global efforts to advocate for sustainable tourism practices. These practices aim to make optimal use of environmental resources, preserve socio-cultural authenticity of local communities and ensure socio-economic benefits for all stakeholders. The International Trade Centre

309. WTO (2024a), *op. cit.*, 22.

310. Caribbean Development Bank (February 4, 2021). "MSME sector's big impact on economies."

311. See Deodat Maharaj (July 28, 2021). "Supporting micro, small and medium enterprises, the backbone of Caribbean economies." Caribbean Association of Investment Promotion Agencies. See also Diether W. Beuermann, Sylvia Dohnert, Henry Mooney, and Ricardo Sierra (eds) (2024). *Are We There Yet? The Path Toward Sustainable Private Sector Development in the Caribbean* (Inter-American Development Bank).

312. Inter-American Development Bank Group (n.d.). "Reigniting Women-led Businesses in the Caribbean with Better Access to Finance."

313. *Ibid.* See also Maria Cecilia Acevedo, Henry Mooney, Natasha Richardson, David Rosenblatt, and Stefano Pereira (August 30, 2022). "Improving Access to Finance for Women Entrepreneurs and Smaller Enterprises Crucial for the Caribbean." Inter-American Development Bank; and Inter-American Development Bank (2022). "Finance for Firms: Options for Improving Access and Inclusion." *Caribbean Economics Quarterly*, pp. 15–16.

314. Caribbean Tourism Organisation (2020). *2020 Caribbean Sustainable Tourism Policy and Development Framework*, 3.

and the UN World Tourism Organization have entered into a strategic partnership to mobilize resources and expertise to support the implementation of Aid for Trade in tourism. The partnership aimed to generate greater donor interest in funding tourism initiatives that benefit developing countries, including the Caribbean. The General Assembly also recently adopted a resolution on the promotion of sustainable and resilient tourism, including ecotourism for poverty eradication and environmental protection,<sup>315</sup> that recognized sustainable tourism, including ecotourism as a cross-cutting activity that can contribute to the three dimensions of sustainable development.

For the Caribbean, tourism is more than an industry; it is a foundational pillar of economic activity and regional identity. The region is the world’s most tourism-dependent, with eight out of the ten most tourism-reliant countries located in the Caribbean as of 2019.<sup>316</sup> In 2021, tourism supported up to 13.4% of regional jobs and despite persistent challenges—such as limited air connectivity, high travel costs, the need for improved digital infrastructure, vulnerability to climate change related disasters, the sector is poised for robust growth and to contribute to the region’s accomplishment of the SDGs. Projections indicate that the tourism industry in the region will expand at an annual rate of 5.5%, more than doubling the anticipated economic growth of the region.<sup>317</sup> For states, such as Antigua and Barbuda and St. Lucia, where tourism contributes as much as 83.3% and 59.8% of GDP respectively<sup>318</sup> the sector’s importance cannot be overstated.

On the other hand, the sector’s environmental footprint is substantial. Globally tourism accounts for approximately 8% of all greenhouse gas emissions and for small CARICOM states like Dominica and St. Lucia, the tourism sector’s contribution to carbon emissions can reach as high as 97% and 70% respectively.<sup>319</sup> In light of these concerns and the tremendous value of the sector to the region, CARICOM Member States are encouraged to build upon the CTO’s groundwork by implementing and advancing the proposals outlined in the Framework. More importantly, it must be adopted alongside complementary policies outlined in the previous sections, like agriculture, maritime, services, climate change and MSMEs and be supported by the appropriate regional machinery for sustained momentum.

#### 4.2.2.4 More Effective Regional Governance Mechanisms

Recalling the importance of decision-making and other procedural guarantees, governance and decision-making at the regional level must be strategically harnessed to effectively promote a sustainable and inclusive trade agenda in the Caribbean. Based on the analysis above, it is clear that the potential agenda is vast and ever-expanding. To use it effectively and avoid the risk of being sidetracked by other interests, development of the agenda must be guided by a clear-sighted vision of the region’s developmental goals. These goals must be legitimate, derived from a collective process involving the region’s governments, people, businesses, and policymakers, all engaging jointly in the development process. Trade should be understood in its correct context and with a clear understanding of its limits: it is just one of many levers to promote these broader aims, but it is a powerful one that should not be overlooked or wasted.

CARICOM is fortunate to arguably have the necessary apparatus—governance structures, legal frameworks, and institutional bases—to formulate and promote a trade policy that can deliver meaningful results for the region. The RTC is not just an economic arrangement aimed at advancing economic goals; it is also a model of inclusiveness. It integrates the region through functional cooperation and foreign policy development, aiming to advance the social and human development of the region’s people.

315. United Nations General Assembly (July 25, 2022). *Promotion of sustainable tourism, including ecotourism, for poverty eradication and environment protection*. UN Doc A/77/219.

316. World Travel & Tourism Council (2022). *Travel & Tourism in the Caribbean: Economic Impact 2022*.

317. *Ibid.*

318. *Ibid.*

319. Daphne Ewing-Chow (November 26, 2019). “The Carbon Footprint of Caribbean Tourism Undermines Its Economic Benefit.” *Forbes*.

While the RTC primarily operates through intergovernmental mechanisms, with policies advanced through various organs, it also includes specific guarantees for social participation and civil society engagement, such as the Charter of Civil Society and consultation mechanisms. Although not as accessible as they could be, these elements provide shoots that can be developed to promote a more inclusive agenda.

The preamble of the RTC reflects similar ideological objectives as those found in other trade agreements, aiming to “achieve sustained economic development.” The RTC’s provisions are comprehensive, covering a wide range of policies that are crucial for the region’s development. These include trade (Articles 78–81), the environment (Article 65), digital policy, transport policy (Articles 134–141), services (Articles 30–38), capital (Articles 39–43), movement of people (Articles 45–46), and agriculture and fisheries (Articles 56–63). This wide-ranging competence offers the region opportunities for more innovative and creative approaches to policy creation that align with the sustainability and inclusiveness agenda. However, the participation of specific groups—such as women, MSMEs, and Indigenous Peoples—must find firmer expression in their role in policymaking.

What is certainly lacking is a holistic approach, where leading agencies use the RTC as a platform to integrate these diverse areas into a cohesive regional trade policy. There has been a known lack of support at the regional level, a gap that has persisted through CARICOM’s storied past, but which it has managed to overcome through inspired leadership at critical moments. These bouts of leadership led to the creation of CARICOM itself, supported by economists such as Lewis and Demas, who helped to guide these developments. Today, the intellectual clarity and political leadership needed to make that transition and meet the region’s needs are sadly missing.

More inclusive decision-making will require greater attention to anticipating, measuring, and then addressing the distributive impacts that trade policies might have. For example, the EU CBAM analysis undertaken by UWI with the International Institute for Sustainable Development is a positive step, but it is also important to focus on anticipatory actions. The impact assessments referenced in the EU should be replicated in all trade agreements and should be conducted regularly. Techniques can be learned from international trade organizations and other regions that have found effective ways to measure impacts, even in the absence of robust data.

Additionally, trade-related data generation and collection should be far more prominent in the region’s trade policy architecture. Recent initiatives by the CSME Single Market and Economy Unit to measure trade policy impacts are to be encouraged. Further, the WTO has highlighted that those who gain and lose from trade liberalization tend to change over time.<sup>320</sup>

Last but not least, coherence must be the buzzword. SDG 17 calls for strengthening the means of implementing and revitalizing the global partnership for sustainable development. This coherence must exist within the organs of CARICOM that touch on various aspects of the agenda, among regional entities with overlapping mandates, across government departments in the region, and with global trade partners and institutions that interact with CARICOM and its members. There needs to be a commonly articulated approach that reflects the region’s own developmental priorities—not those of other countries—and that uses trade policy to further and advance those goals.

Importantly, CARICOM member states must be committed to regional integration and wholly accept that collective action is more impactful than individual domestic efforts. Several international organizations, regional groupings, and scholars have identified regional integration and increased intraregional trade as essential to

320. WTO (2024a), *op. cit.*, 73, *supra* note 47.

the region’s economic development and greater participation in the global economy.<sup>321</sup> Increased regional integration, amid years of wavering commitments by governments, requires more than policy initiatives—it needs a comprehensive, collaborative, and promotional effort at the regional level.<sup>322</sup>

Additionally, the region must conduct further research on how to develop mechanisms that effectively incorporate the views non-traditional stakeholders into trade policy, potentially by establishing a more efficient focal point system. Such a system would facilitate their involvement throughout the trade policy process, including in the implementation and monitoring of trade agreements. To achieve this, increased funding should be allocated to civil society organizations and academia to enhance their participation and oversight.

### 4.3 Building Blocks and Policy Recommendations for a Sustainable and Inclusive CARICOM Trade Policy

Based on the above analysis, we propose the following building blocks for any regional trade policy that includes sustainable and inclusive elements.

<p><i>Overcome biases, competition for donor funding, silos</i></p> <ul style="list-style-type: none"> <li>▪ Adopt a common approach to regional development priorities</li> <li>▪ Foster global partnerships (SDG 17)</li> </ul>	<p><i>Capitalize on current trade agreements/processes</i></p> <ul style="list-style-type: none"> <li>▪ Make concerted efforts to engage multilateral negotiations holistically (WTO, UNFCCC)</li> <li>▪ Update terms of relationships with existing trading partners and develop new arrangements with</li> </ul>
<p><i>Revitalize key trade-related regional sectors</i></p> <ul style="list-style-type: none"> <li>▪ Energy</li> <li>▪ Climate change</li> <li>▪ Maritime transport</li> <li>▪ Blue economy</li> <li>▪ Tourism</li> <li>▪ Food security</li> <li>▪ Cross-cutting sectoral policies</li> </ul>	<p><i>Strengthen existing regional coordination mechanisms</i></p> <ul style="list-style-type: none"> <li>▪ Invigorate CARICOM provisions, processes, and organs: RTC provisions, Council for Trade and Economic Development, institutions</li> <li>▪ Engage civil society and academic/research partner institutions/national processes</li> </ul>

Based on the above, we propose the following substantive and process-related recommendations.

#### *Substantive recommendations*

- Task the CARICOM Single Market and Economy Unit, supported by regional technical institutions (UWI, the Caribbean Development Bank, the Caribbean Community Climate Change Centre, the Caribbean Centre for Renewable Energy and Energy Efficiency) with conducting a detailed inventory/assessment of sustainable/trade provisions in CARICOM’s regional and third-party agreements and ex-ante/ex-post assessments of the distributive impacts of current and future trade agreements on CARICOM’s trade landscape, vulnerable groups, sectors, and communities to inform trade policy and complementary domestic policies.

321. See *ibid.*, 9, supra note 47. The report highlights low regional integration as a contributing factor to some economies not fully benefiting from globalization. See also United Nations Economic Commission for Latin America and the Caribbean (2014), *op. cit.* The report highlights regional integration as key to improving Latin America and the Caribbean’s international competitiveness and to promoting equity. Also, the report recommends redoubling efforts to foster intraregional trade through improved connectivity in the region and creating regional cooperation forums. See also World Bank (2015), *op. cit.*, 21 supra note 186, and Hosein et al. (2021a), *op. cit.*

322. Similar point made by authors in Hosein et al. (2021a), *op. cit.*, 1.

- Charge the competent CARICOM bodies/organs with enacting regional policies focused on energy, climate change, maritime and transport, the blue economy, food security, and cross-cutting areas such as digital trade, innovation, tourism, services trade, and the creative industry.
- Review and (as necessary) update trade relationships with traditional partners and expand trade relationships with Latin America and other South–South partners.

#### *Process-related recommendations*

- Charge the Council for Trade and Economic Development with keeping a “watching brief” over all multilateral, international, and regional negotiations and processes that bear on the sustainable and inclusive agenda.
- Ensure that CARICOM technical working groups, organs, and bodies with overlapping agendas with trade (finance, climate, transport, women, innovation) meet regularly to review intersections of work programmes, coordinate approaches, and, where necessary, ratchet up for the attention of the Heads of Government Conference.
- Encourage national governments and donor agencies working with government agencies to report on and coordinate SDG-related projects and priorities in the region.
- Create a focal point system to facilitate the engagement of non-traditional stakeholders (civil society, farmers, academia) at all stages of the trade policy process, including monitoring and implementation of trade agreements.
- Conduct comprehensive and ongoing technical research and training programmes in critical areas—including gender equality, MSMEs, digital trade, agriculture, and climate change—to strengthen the capacity of CARICOM negotiators and trade officials to engage effectively and strategically in international trade discussions.

## 5. Conclusions and Key Take-Aways

The sustainability and inclusiveness agenda is vast and ever-expanding, encompassing a wide range of issues and opportunities. For this agenda to be effective and legitimate, it must be guided by a clear-sighted vision of the region’s developmental goals—an agenda derived from the active engagement of governments, citizens, businesses, and policymakers throughout the Caribbean.

Trade is one of many powerful levers that can be used to promote these broader aims. It is fortunate—or perhaps a testament to the foresight of its architects—that the Revised Treaty of Chaguaramas provides the necessary governance, legal, and institutional frameworks to support a sustainable and inclusive trade agenda for the region. Beyond being an economic arrangement, the RTC serves as a model of inclusiveness, integrating functional cooperation, foreign policy development, and the advancement of social and human development for the people of the region.

While the RTC is primarily intergovernmental and many policies are advanced through its various organs, it also includes specific guarantees for social participation and civil society engagement (e.g., the Charter of Civil Society and consultation mechanisms). Although these avenues are not yet fully accessible, they represent opportunities to develop a more inclusive agenda.

However, the region must begin by making gains with “low-hanging fruit.” Trade agreements, negotiations, and partnerships should be reimagined and used in ways that align with the region’s development goals, ensuring that all stakeholders are active partners in this process. There is a genuine risk that if the region’s own priorities do not drive the sustainability agenda, it could be captured by outside interests or, worse, pass us by entirely. While challenges exist, it would be a missed opportunity for the region not to seize the potential offered by the sustainable development agenda to bring about meaningful change, allowing Caribbean economies and people to thrive.

As the agenda continues to evolve amid rising geopolitical tensions, there is a risk that restrictive policies implemented by states, particularly developing countries, may lead to higher costs for the region. The region must therefore maintain consistent watch over developments in the agenda and advocate through multilateral fora for just and equitable policies while developing complementary domestic and regional policies to address these challenges.



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## Annex I. Comparison of Sustainable and Inclusive Provisions Across Trade Agreements to Which CARICOM Countries are Party

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECs) <sup>323</sup>	CARIFORUM-EU EPA <sup>324</sup>
Sustainable development as a concept	<p>The <b>Preamble</b> to the Marrakesh Agreement Establishing the World Trade Organization (the “WTO Agreement”) preamble emphasizes that trade and economic relations should aim to raise living standards, ensure full employment, increase real income and demand, and expand trade, while using global resources optimally in line with the objective of sustainable development.</p> <p>The <b>WTO Agreement on Fisheries Subsidies</b></p>	<p>The <b>Preamble</b> outlines the members states’ commitment to deepening regional economic integration through the establishment of the CARICOM Single Market and Economy to achieve sustained economic development.<sup>325</sup></p> <p><b>Article 51(1):</b> The goal of the Community Industrial Policy shall be market-led, internationally competitive and sustainable production of goods and services for the promotion of the region’s economic and social development.</p>	<p><b>Article 2 2(b)</b> the objectives of the Economic Union shall be closer economic relations among protocol member states to facilitate economic and social progress and cohesion which are balanced and sustainable.</p> <p><b>Article 24</b> commits member states to individually and collectively strengthen capacities for environmental management to support sustainable development.</p>	<p>The <b>Preamble</b> emphasizes a commitment to sustainable development by promoting economic progress, labour rights, environmental protection, and poverty eradication, aligned with the Cotonou Agreement’s goals.</p> <p>Chapter on Trade Partnership for Sustainable Development</p> <p><b>Article 3</b> in particular highlights the concept.</p> <p><b>Article 37(1)</b> also outlines that the fundamental objective of the agreement is the sustainable development and the eradication of poverty in CARIFORUM states, and the smooth and gradual integration of these economies into the global economy</p>
Labour rights and standards	<p>Labour standards are not subject to WTO rules and disciplines.</p> <p>Article XX of the General Agreement on Tariffs and Trade 1994, states that governments may restrict imports “relating to the products of prison labour.”</p>	<p><b>Article 6:</b> The community aims to improve living and working standards and achieve full employment of labour and other resources.</p> <p><b>Article 17(2):</b> The Council for Human and Social Development is tasked with promoting policies to enhance living and working conditions and foster harmonious labour relations in the community.</p>	<p><b>Article 12.2:</b> Freedom of movement abolishes discrimination based on nationality among citizens of protocol member states in terms of employment, pay, and working conditions.</p> <p><b>Article 13(4)(b):</b> Protocol member states agree to coordinate policies for labour development and efficient allocation across the Economic Union through education, skill training, and the creation of a unified labour market.</p>	<p>References in the <b>Preamble</b> to the Parties respecting labour rights and commitments in the International Labour Organization.</p> <p><b>Article 8</b> (Cooperation Priorities) outlines “enhancing the technological and research capabilities of the CARIFORUM States so as to facilitate development of, and compliance with ... internationally recognised ... labour standards”</p>

323. The Revised Treaty of Basseterre Establishing the Organisation of Eastern Caribbean Sates, available at <https://www.govt.lc/media.govt.lc/www/resources/legislation/revisedtreatyofbasseterre.pdf>

324. The CARIFORUM-EU EPA is the first trade agreement in which the EU specifically included comprehensive provisions on culture. Identical provisions in the CARIFORUM-EU EPA are also found in the CARIFORUM-United Kingdom EPA roll over agreement.

325. The preambular paragraph of the Revised Treaty is similar to the preambles of the more recently concluded African Continental Free Trade Area and Regional Comprehensive Economic Partnership Agreement which includes the aspiration to build “a continental market with free movement of persons, capital, goods and services which are crucial for deepening economic integration and promoting agricultural development, food security, industrialization and structural economic transformation” and “to broaden and deepen economic integration in the region, strengthen economic growth and equitable economic development and advance economic cooperation...and to create new employment opportunities, raise living standards and improve the general welfare of their peoples” respectively. See African Continental Free Trade Area Preamble, available at [https://au.int/sites/default/files/treaties/36437-treaty-consolidated\\_text\\_on\\_cfta\\_-\\_en.pdf](https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf). See also Regional Comprehensive Economic Partnership Agreement, November 15, 2020, available at <https://rcepsec.org/wp-content/uploads/2020/11/All-Chapters.pdf>.

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
Labour rights and standards		<p><b>Article 73:</b> The Council for Human and Social Development, with the Council for Trade and Economic Development, will develop measures to promote full employment, improved living conditions, non-discriminatory treatment of workers, effective industrial relations, and collaboration for increased productivity in the community.</p>		<p><b>Article 71</b> (Behaviour of Investors)-the Parties agree to cooperate in taking necessary measures including through domestic legislation to ensure that investors act in accordance with core labour standards as required by the International Labour Organization on Fundamental Principles and Rights at Work, 1998.</p> <p><b>Article 72</b> Maintenance of standards: the parties agree to not lower or relax core labour standards.</p> <p><b>Article 167(4)</b> An exception clause that permits the parties to impose measures relating to goods and services of prison labour</p> <p><b>Article 191-</b> The parties reaffirm their commitment to internationally recognized core labour standards, emphasizing their positive impact on economic efficiency while rejecting the use of labour standards for protectionist trade purposes.</p> <p><b>Article 192</b> recognizes the right of the parties to regulate in order to establish their own labour standards in line with their own social development priorities</p> <p><b>Article 193</b> The parties agree to not lowering the level of protection provided by labour legislation in an effort to encourage trade or foreign direct investment to enhance or maintain a competitive edge.</p> <p><b>Article 195</b> The parties may seek advice from the International Labour Organization on best practices and policy tools for addressing trade-related social</p>

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
Labour rights and standards				<p>challenges, including labour market adjustments and obstacles to implementing core labour standards.</p> <p>Article 196 (Cooperation) the parties agree to cooperate on social and labour issues in order to achieve the objectives of the agreement.</p> <p><b>Article 224</b> (General Exceptions clause) outlines the right of the parties to adopt measures which relate to the products of prison labour.</p> <p><b>Article 224</b> (General Exceptions clause) outlines the right of the parties to adopt measures which relate to the products of prison labour.</p>
Environment (including climate change and environmental goods and services)	<p><b>Article XX</b> (b) and (g) of the GATT 1994 permit WTO members to justify GATT-inconsistent measures if these are either necessary to (i) protect human, animal or plant life or health, or (ii) if the measures relate to the conservation of exhaustible natural resources, respectively.</p> <p><b>Article XIV</b> “general exceptions”(b) to the General Agreement on Trade in Services (GATS) permits WTO members to adopt inconsistent GATS measures if this “necessary to protect human, animal or plant life or health” (identical to GATT Article XX(b))</p> <p>The <b>Agreement on Sanitary and Phytosanitary Measures</b> permit members to adopt SPS measures for environmental purposes, but subject to such requirements as risk assessment, non-discrimination and transparency.</p>	<p><b>Article 65(1):</b> The community’s policies ensure the prudent management of member states’ resources, promoting environmental preservation and protection, along with measures to address regional environmental challenges.</p> <p><b>Article 65(2):</b> Environmental measures must consider scientific data, economic and social development, potential costs and benefits, and principles like the polluter pays, while protecting the region from hazardous materials.</p> <p><b>Article 65(3):</b> Council for Trade and Economic Development must balance industrial development with environmental protection and preservation.</p>	<p><b>Article 24(1)</b> Protocol member states commit to implementing the St. George’s Declaration of Principles for Environmental Sustainability in the OECS<sup>326</sup> aiming to reduce environmental vulnerability, improve management, and protect natural and cultural resources for social and economic benefits.</p> <p>To fulfill these commitments, member states will: (a) enhance institutional capacity for sustainable development, (b) involve all sectors of society in environmental management, (c) ensure long-term protection of natural resources and ecosystems, and (d) optimize and equitably distribute natural resource contributions to economic, social, and cultural development.</p>	<p>References in the <b>Preamble</b> to the parties to protecting the environment in line with the 2002 Johannesburg Declaration</p> <p><b>Article 8</b> Cooperation priorities outlines “enhancing the technological and research capabilities of the CARIFORUM States so as to facilitate development of, and compliance with...internationally recognised... environmental standards.</p>

326. See St. George’s Declaration of Principles for Environmental Sustainability in the OECS (OECS 2001) [https://www.preventionweb.net/files/15775\\_stgeorgesdeclarationinoecs.pdf](https://www.preventionweb.net/files/15775_stgeorgesdeclarationinoecs.pdf). The St. George’s Declaration of Principles for Environmental Sustainability in the OECS (OECS 2001) referenced in Article 24 outlines the broad framework for environmental management in the OECS region.



Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
	18 participants, representing 46 WTO members are negotiating an <b>Environmental Goods Agreement</b> .			
Human Rights		<p>In the <b>Preamble</b>, member states [recall] the Charter of Civil Society adopted by the Conference of Heads of Government on February 19, 1997, reaffirming the human rights of their peoples.</p> <p><b>Article 64(3)</b>, COTED shall promote and encourage research and development, and the adaptation, diffusion and transfer of appropriate technologies in order to achieve increased agricultural production and productivity, bearing in mind the need to protect the independence and human rights of the farming community.</p> <p>The revised treaty also makes reference to treaty rights throughout the agreement, which are distinct from human rights.</p>	<p><b>Preamble:</b> Member states affirm that their efforts are based on upholding human rights, improving living standards, and enhancing working conditions.</p> <p><b>Article 22.2:</b> Protocol member states must develop and implement education policies that uphold human rights values such as universality, participation, non-discrimination, protection, and equality.</p> <p><b>Article 23.1:</b> Each protocol member State is committed to promoting sustainable social and cultural development based on human rights, non-discrimination, respect for diversity, and equality, ensuring stable, safe, and just societies.</p>	The <b>Preamble</b> outlines the parties commitment to respect for human rights
Micro, small, and medium-sized enterprises		<p><b>Article 53:</b> The community promotes micro and small enterprise (MSE) development by encouraging policy initiatives and creating supportive legal, economic, and administrative frameworks.</p> <p>It aims to strengthen national and regional support agencies, enhance training in technical and business skills for entrepreneurs, and improve access to technical assistance and resources for MSEs.</p>	*No expressed provisions	<b>Article 113</b> The EC party and the signatory CARIFORUM states endeavour to facilitate the participation of small and medium-sized enterprises in the tourism services sector.

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
Gender		<b>Article 17(2)</b> , COHSOD shall establish policies and programmes to promote the development of youth and women in the community with a view to encouraging and enhancing their participation in social, cultural, political and economic activities.	<b>Article 22.4:</b> Protocol member states must adopt policies and programmes that support gender equity.  <b>Article 23.1:</b> Protocol member states agree to develop a unified policy framework for gender equality and aim to exceed international goals for promoting gender equality and empowering women.	No specific provisions on gender equality
Health		<b>Article 17(2)</b> , COHSOD <sup>327</sup> shall (a) promote the improvement of health, including the development and organization of efficient and affordable health services in the community.	<b>Article 3.3:</b> To achieve the objectives, Protocol member states will adopt a cooperative approach to infrastructural development, particularly in the health sector.  <b>Article 13.4(a):</b> Protocol member States will coordinate policies for the harmonious and optimal development of the health sector.  <b>Article 23.1:</b> Protocol member states will develop a unified policy framework for gender equality and aim to surpass international goals for improving maternal health. <sup>328</sup>	Several provisions in relation to “public health” often coupled with protection of the environment. Provisions include not lowering levels of protection provided by domestic legislation to encourage trade or attract foreign investment (Article 188)  Also <b>Article 184, 186.</b>
Food security	<b>WTO Agreement on Agriculture</b>  The provisions of the Agreement on Agriculture relevant to food security include <b>Annex 2</b> (Green Box Measures) for public stockholding and domestic food aid. <b>Article 12</b> also stipulates that exporting countries should give due consideration to the food security interests of importing countries before considering imposing any export restrictions.	Minimal reference in the preamble of the need to promote in the community the highest level of efficiency in the production of goods and services especially with a view to attaining inter alia food security.  <b>Article 56(1)(b)</b> provides that the goal of the community agricultural policy shall be (b) improved income and employment opportunities, food and nutrition security, and poverty alleviation in the community.	No expressed provisions but closely connected with the concept of “livelihood security” referenced in Article 23.1	<b>Article 37(5):</b> The parties recognise that ensuring food security is a critical element in the eradication of poverty and sustainable development.  <b>Article 40</b> , a dedicated article on food security provides that  CARIFORUM states facing significant challenges to food security due to trade liberalization under the agreement may consult with the other parties and, if necessary, take appropriate measures to address food availability and access issues in accordance with specified procedures.

327. Council on Human and Social Development.  
328. Cross-cutting issue with gender.

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
Indigenous Peoples		<b>Article 64(6)</b> Council for Trade and Economic Development shall cooperate with the member states and competent organizations to devise means of protecting, developing and commercializing local knowledge about the value and use of the region's biodiversity for the benefit of their populations, especially their Indigenous Peoples.	<b>Article 23(h):</b> Members agree to promote respect for the cultural rights and diversity of Indigenous Peoples, emphasizing their importance for development and regional integration.	<b>Article 150(1)</b> the parties commit to preserving and promoting the knowledge and practices of Indigenous and local communities related to biodiversity conservation, ensuring their approval and equitable benefit sharing in accordance with domestic legislation.
Tourism		<b>Article 55 (Sustainable Tourism)</b>  <b>Article 55:</b> The sustainable tourism development programme aims to enhance the region's image, diversify high-quality tourism offerings, expand the market base, promote education for service providers, link tourism with other economic sectors, conserve natural and cultural resources, and develop infrastructure aligned with the region's environmental and social capacity.	<b>Article 21 (Tourism)</b>  <b>Article 21:</b> Protocol member states will work towards harmonizing tourism policies and may adopt a common policy for tourism development.  <b>Article 21.2:</b> The common tourism policy aims for the balanced growth and development of the tourism sector in the Economic Union Area.  <b>Article 21.3:</b> To achieve the common tourism policy, member states will establish joint tourism marketing and promotion mechanisms and enhance community participation in tourism within three years of the protocol's entry into force.	
Energy		<b>Article 15(2)</b> COTED shall promote measures for the development of energy and natural resources on a sustainable basis;	No expressed references to energy although addressed in the St. George's Declaration of Principles for Environmental Sustainability in the OECS where pursuant to Article 24.1 the protocol member states are mandated to implement	
Digital trade		<b>Article 239(a)</b> member states undertake to elaborate a protocol on electronic commerce.	No references to digital trade.	<b>Chapter 6:</b> Electronic Commerce (Articles 119-120)

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
<p>Inclusive processes (including civil society engagement and consultative processes)</p>	<p><b>WTO Agreement on Trade Facilitation</b> differentiates between trading partners and recognizes the needs of developing countries and least-developed countries.</p> <p>The <b>Preamble</b> of the WTO Agreement acknowledges the need to protect the environment while addressing the varying economic development levels, with special efforts to ensure developing countries gain a fair share of international trade growth.</p>	<p>The <b>Preamble</b> speaks to the charter of civil society</p> <p><b>Article 26:</b> To improve decision-making, member states' regional and competent authorities must establish an efficient consultation system at national and regional levels to ensure that Community Organs and the Legal Affairs Committee are well-informed by inputs from lower levels of the decision-making process.</p> <p><b>Article 43(5):</b> COFAP shall establish procedures for periodic consultations, including prior consultations where feasible, to recommend the removal of restrictions to the concerned Member State.</p> <p><b>Article 73:</b> COHSOD must promote tripartite consultations between governments, workers, and employers, and facilitate cross-border labour mobility.</p>	<p><b>Article 2(b):</b> The Economic Union aims to foster closer economic relations among protocol member states to ensure a fair distribution of benefits.</p> <p><b>Article 16:</b> Protocol member states will adopt employment income policies based on structured consultations between governments, the private sector, trade unions, and other stakeholders, focusing on wages, prices, employment, and productivity.</p> <p><b>Article 23(c):</b> Members will ensure effective participation of all societal sectors in decision-making processes at both community and national levels.</p> <p><b>Article 23(d):</b> Members will enhance the capacity of protocol member states to monitor and assess social development policies and programmes for efficiency, effectiveness, and impact.</p> <p><b>Article 23(f):</b> Members will create the legislative, policy, and administrative environment needed to support social relations and cohesion for all demographic groups addressing the impact of free movement on family responsibilities and economic stability.</p> <p><b>Article 23(i):</b> Members will guarantee equal access to opportunities within the Economic Union for individuals with disabilities and other vulnerable or socially excluded groups.</p>	<p><b>Article 195</b> Consultation and monitoring process</p> <p>The parties may consult each other and the CARIFORUM-EU Consultative Committee on social issues in Articles 191 to 194, with the committee able to provide oral or written recommendations to share best practices on these matters.</p>

Topic	WTO Agreements	Revised Treaty of Chaguaramas	The Revised Treaty of Basseterre (OECS)	CARIFORUM-EU EPA
<p>Special and differential treatment provisions</p>	<p><b>GATT Article XVIII</b>, along with 1979 Decision on Safeguard Action for Development Purposes, the Declaration on Trade Measures for Balance-of-Payments Purposes, and the Understanding on the Balance-of-Payments Provisions of the GATT 1994, grants developing countries the right to restrict imports to support the development or maintenance of specific industries and to address balance-of-payments difficulties.</p> <p><b>Article IV GATS</b> aims at increasing the participation of developing countries in world trade.</p> <p><b>Article XII GATS</b> allows developing countries and countries in transition to restrict trade in services for reasons of balance-of-payment difficulties.</p> <p><b>Articles 66 and 67 TRIPS</b></p>	<p><b>Article 49</b> (Special Provisions for Less Developed Countries)</p> <p>When member states or competent Organs are required to remove restrictions on the rights mentioned in Article 30(1), the special needs and circumstances of LDCs must be considered.</p> <p><b>Article 77</b> When adopting measures for the Community Industrial Policy, Member states or competent Organs must consider the special needs and circumstances of LDCs.</p>	<p><b>Article 2(2)e</b> The objectives of the Economic Union shall be closer economic relations among protocol member states to facilitate fair distribution of benefits throughout the protocol member states</p>	<p>Several references throughout the agreement that parties should take certain measures as appropriate to their “levels of development”<sup>329</sup>, particularly the CARIFORUM states.</p> <p><b>Article 117</b> (Development cooperation and technical assistance)</p>

329. For example the preamble, Article 1(f), Article 4(5), Article 131(2) concerning the protection and enforcement of intellectual property and Article 139(4).

## Annex II. Key Performance Indicators for CARICOM Member States

### HDI Index Ranking and Categorization for CARICOM Countries

CARI CARICOM Country	HDI Tier	HDI 2022	HDI Ranking in the World
Antigua & Barbuda	Very High	0.826	54
Bahamas	Very High	0.820	57
Barbados	Very High	0.809	62
Belize	High	0.700	118
Dominica	High	0.740	97
Grenada	High	0.793	73
Guyana	High	0.721	95
Haiti	Medium	0.552	158
Jamaica	High	0.706	115
Montserrat	*no data		
Saint Kitts and Nevis	Very High	0.838	51
Saint Vincent and the Grenadines	High	0.772	81
Saint Lucia	High	0.717	108
Suriname	Medium	0.690	124
Trinidad and Tobago	Very High	0.814	60

Source: World Population Review (n.d.), *HDI by country*, <https://worldpopulationreview.com/country-rankings/hdi-by-country>

**Sustainable Development Goals Ranking for CARICOM Countries**

CARICOM Country	Sustainable Development Report Ranking	Score	Observations
Antigua & Barbuda	*No data		
Bahamas	112	63.73	SDG 12 (Responsible Consumption and Production) – Major challenges SDG 7 (Affordable and Clean Energy) - On track or achieved SDG 15 (Life on Land) SDG 2 (Zero Hunger), SDG 4 (Quality Education), SDG 10 (Reduced Inequalities) - Stagnating/ Significant Challenges
Barbados	82	69.19	SDG 9 (Industry and Innovation) and SDG 11 (Sustainable Cities and Communities) - Achieved or on track *no information on reduced inequalities SDG 2, SDG 15, 16 and 17 - Significant challenges or stagnating)
Belize	101	65.5	Not on track or achieved any SDG, SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth) – Decreasing; SDGs 1, 3, 7, 11, 13, 14, 15, 16, and 17- Stagnating
Dominica	*no data		
Grenada	*no data		
Guyana	97	66.73	SDG 1 (No poverty), SDG 4 (Quality Education), SDG 17 (Partnerships for the goal), SDG 6 (Clean Water and sanitation) - Achieved or on track SDG 7, 11, 13, 16 - Stagnating or significant challenges
Haiti	Medium	52.68	SDG 13 (Climate action) - On track or achieved; SDG 1, 8, 14, 16 - Decreasing
Jamaica	77	69.51	SDG 17 (Partnerships for the Goals) - On track or achieved; SDG 2,4,12 - Decreasing; SDG 3, 6, 7,8,11, 14,15, 16 - Stagnating
Montserrat	*no data		
Saint Kits and Nevis	*no data		
Saint Vincent and the Grenadines	*no data		
Saint Lucia	76	70.01	No SDG achieved or on track for achieving; SDG 4 (Quality Education) - Decreasing; SDGs 1,3,11, 13, 14, 16, 17- Stagnating
Suriname	Medium	0.690	124
Trinidad and Tobago	Very High	0.814	60

Source: Sustainable Development Solutions Network (n.d.), *SDG Index Rankings Dashboard*, <https://dashboards.sdgindex.org/rankings>

### Ease of Doing Business Ranking and Scores for CARICOM Countries

CARICOM Country	Ease of Doing Business Ranking (2020)	Ease of Doing Business Score
Antigua & Barbuda	113	60.3
Bahamas	119	59.9
Barbados	128	57.9
Belize	135	55.5
Dominica	111	60.5
Grenada	146	53.4
Guyana	134	55.5
Haiti	179	40.7
Jamaica	71	69.7
Saint Kitts and Nevis	*no data	
Saint Vincent and the Grenadines	*no data	
Saint Lucia	93	63.7
Suriname	162	47.5
Trinidad and Tobago	105	61.3

Source: World Bank Group (2020), *Doing Business 2020 Rankings*, [https://archive.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/Doing-Business-2020\\_rankings.pdf](https://archive.doingbusiness.org/content/dam/doingBusiness/pdf/db2020/Doing-Business-2020_rankings.pdf)

### Trade Logistics Performance Index Ranking for CARICOM Countries

CARICOM Country	Ease of Doing Business Ranking (2020)
Antigua & Barbuda	66
Bahamas	79
Barbados	*no data
Belize	*no data
Dominica	*no data
Grenada	97
Guyana	115
Haiti	134
Jamaica	97
Saint Kitts and Nevis	*no data
Saint Vincent and the Grenadines	*no data
Saint Lucia	*no data
Suriname	*no data
Trinidad and Tobago	97

World Bank (n.d.), *Logistics Performance Index: Global Rankings*, <https://lpi.worldbank.org/international/global>





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