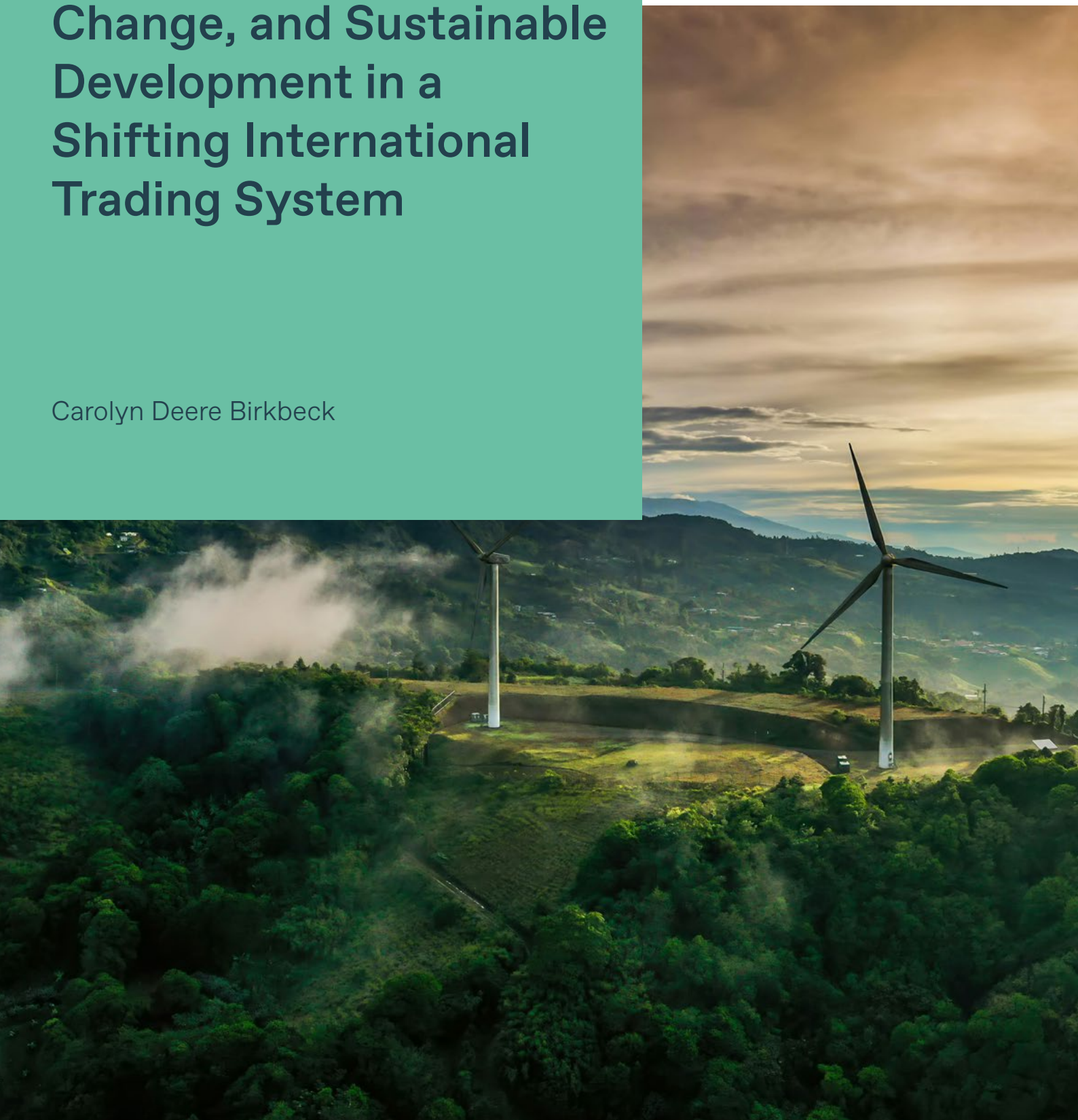


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Accelerating Progress on Nature, Climate Change, and Sustainable Development in a Shifting International Trading System

Carolyn Deere Birkbeck



About TESS

The Forum on Trade, Environment, & the SDGs (TESS) works to support a global trading system that effectively addresses global environmental crises and advances the sustainable development goals. To foster inclusive international cooperation and action on trade and sustainability, our activities seek to catalyse inclusive, evidence-based, and solutions-oriented dialogue and policymaking, connect the dots between policy communities, provide thought leadership on priorities and policy options, and inspire governments and stakeholders to take meaningful action. TESS is housed at the Geneva Graduate Institute.

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Carolyn Deere Birkbeck is Founder and Executive Director, TESS.

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Executive Summary

The evolving international trade landscape presents both challenges and new opportunities for accelerating progress on nature, climate, and sustainable development objectives. While there is clear evidence of the ways in which international trade and trade policies have contributed to environmental harm and exacerbate unsustainable production and consumption patterns, they also have a vital role to play in reversing biodiversity loss, supporting climate goals, and advancing implementation of the Sustainable Development Goals.

As trade relations become increasingly driven by geopolitical dynamics, uncertainty, and national security concerns, ensuring that the international trading system contributes meaningfully to nature, climate, and sustainable development objectives will require stronger and more inclusive international cooperation as well as coherent governance mechanisms and policy frameworks. As governments and stakeholders seek to ensure trade and international supply chains support these interlinked objectives, international cooperation and collective action on trade-related approaches to sustainability will be essential for ambition, effectiveness, and equity.

This discussion paper aims to spur reflection on the potential building blocks of a new narrative and policy agenda on international trade that places nature and people at its heart. In so doing, it aims to inform forward-looking strategic dialogue on potential pathways and entry points to support international cooperation, policy, and advocacy on a trade agenda that could reverse biodiversity loss, support the climate agenda, and advance sustainable development in all three of its dimensions—environmental, economic, and social.

The paper begins by reviewing current major shifts (and persistent trends) in international trade relations, narratives, and paradigms, and the implications of these for nature, climate, and sustainable development (see Table 1). It then explores potential opportunities for an equitable, nature-positive, and net-zero trading system that works for sustainable development, prosperity, and climate resilience, while acknowledging the challenges and risks that complicate the prospects for progress and suggesting ways to address them. It concludes with a review of potential elements for new global narratives and policy agendas for an international trading system that delivers for nature and people, with a set of questions for strategic consideration.

Table 1. Shifts and Persistent Trends in International Trade Relations, Narratives, and Paradigms

Shifts and (Persistent) Trends in International Trade Relations	Shifts and Trends in International Trade Narratives and Paradigms
<ul style="list-style-type: none"> ▪ Changing geography and composition of trade. ▪ Evolving geopolitics of trade and trade alliances in a multipolar world. ▪ Escalating trade tensions, competitiveness, and uncertainty. ▪ Growing emphasis on national security, de-risking, and supply chain diversification. ▪ Increasing emphasis on securing reliable access to energy, renewable energy, and critical minerals. ▪ Enduring economic—and trade—inequalities. ▪ Continuing unsustainability of trade, consumption, and production. ▪ Expanding range of trade arrangements. 	<ul style="list-style-type: none"> ▪ Shift away from a long-standing narrative focused on liberalization, open trade, and maximizing efficiency towards more complex “multipurpose” approaches. ▪ Narrative on the value of multilateralism under question. ▪ Consolidation of the narrative of sustainability as a key priority for global governance and international supply chains. ▪ Counter-narratives against environmental action. ▪ Global economic and environmental justice narrative.

In the shifting trade landscape, an expanding set of trade and competitiveness tensions present challenges to international cooperation on climate, nature, and sustainable development—within and among developed countries, between developed and developing countries, and between large emerging and smaller developing economies. The growing complexity of the trade policy landscape, with a proliferating array of trade-related agreements, policies, and measures in a range of jurisdictions, brings with it both fragmentation and a lack of transparency that can undermine progress on sustainability and increase costs of action.

On the flip side, the complexity of the trade policy landscape also means that there are multiple pathways and opportunities to pursue sustainability ends—bilateral, regional, plurilateral, multilateral, South-South, North-South, sectoral, domestic. While the shift towards strategically managed trade relations and multi-purpose trade policies—with a complex mix of competitiveness, security, resilience, and sustainability goals that vary by country—presents challenges for inclusive international cooperation, it also presents opportunities to embed climate action and nature goals more deeply into trade

agendas, particularly for sectors like renewable energy that are considered critical for economic and security reasons.

More broadly, the prospects for advancing sustainability in trade will depend significantly on attention to economic transformation pathways that generate opportunities for all countries and reflect their diverse development needs. It will require systematic efforts to better integrate trade and sustainability policymaking, tackling the long-standing reality that trade policymaking too often operates in a silo—disconnected from both environmental and development goals—and the realities of their interconnection.

The starting point for this paper is that accelerating progress on nature, climate, and sustainable development in the current trade landscape will require reflection on narratives, paradigms, and coherent policy agenda(s) key to driving change. In this spirit, Table 2 proposes five potential elements of a new global trade narrative and paradigm for an international trading system that delivers for nature and people. Table 3 then suggests five potential cross-cutting elements of a new global trade policy agenda that advances cooperation and progress on sustainability in all three of its dimensions.

Table 2. Potential Elements of a New Global Trade Narrative and Paradigm

Reframing the overall objective of trade to focus on sustainability and the need for inclusive international cooperation for effectiveness.
Introducing and advancing an explicit nature-positive narrative on trade.
Shifting the “trade and climate” narrative to encompass all three pillars of the global climate agenda, grounded in the need to promote climate-resilient development and address climate and nature in tandem.
Emphasizing the opportunities for nature and people arising from a shift away from environmentally harmful trade.
Promoting inclusive and just trade, with sustainable development at the centre.

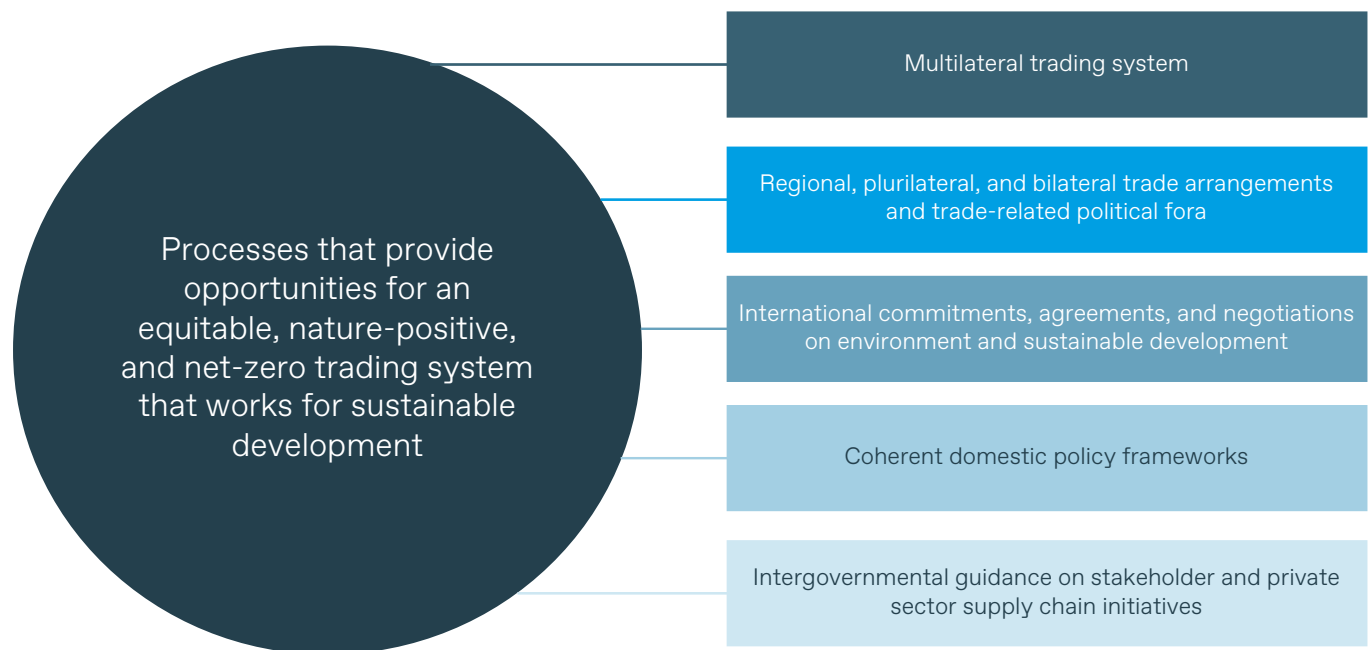
Table 3. Potential Elements of a New Global Trade Policy Agenda for Sustainability

Reorienting trade and investment rules to support sustainable outcomes.
Harnessing trade cooperation to scale-up the development and diffusion of sustainable products and technologies.
Prioritizing sustainable development outcomes, equity, and resilience through strategies that harness trade for sustainable economic transformation.
Mainstreaming sustainability considerations in trade arrangements and negotiations.
Developing trade scenarios and strategies to help catalyse long-term transformation.

A core strategic question is how best to generate and sustain transformative change. There is a complex international ecosystem at the nexus of trade and sustainability, with a wide array of actors as well as multilateral, regional, and plurilateral fora, processes, agreements, and mandates relevant to delivering the necessary shifts in trade narratives and agendas.

A core strategic question is which of these can be most effectively harnessed for different sustainability purposes. To support this reflection, Figure 1 outlines the range of policy processes—within and beyond the trade system—explored in the paper as opportunities to advance an equitable, nature-positive, and net-zero trading system that works for sustainable development.

Figure 1. Snapshot of Processes That Provide Opportunities for Advancing Sustainability in Trade



Four key top-level takeaways on new international trade agendas to accelerate action on nature, climate, and sustainable development emerge from this paper:

1. There is real urgency to act assertively and equitably on trade cooperation that can support all three dimensions of sustainable development.
2. The trade and sustainability landscape is complex: the range of relevant actors, processes, and initiatives means that there are a multiplicity of opportunities to drive action.
3. The most effective ways forward—in terms of avenues, fora, and strategies—may vary according

to the particular sectoral or sustainability outcomes being pursued, and will need to be grounded in careful reflection on the overarching geopolitical context, economic and technological trends, and domestic politics.

4. A range of strategies are available to drive much-needed transformation.

For those keen to foster effective, inclusive trade cooperation and action on trade and sustainability, the paper argues that both determined international diplomacy alongside active engagement of business, civil society, researchers, and legislatures will be required.

Several broad priorities emerge for strategic cooperation on trade that stakeholders could pursue in order to drive positive outcomes for sustainability:

- Fostering inclusive, cross-sectoral, and cross-regional coalitions focused on key supply chains, sectoral strategies, and thematic areas or levers for transformative change.
- Promoting enhanced dialogue among stakeholders, experts, and officials, and connecting the dots between environment, trade, and development communities.
- Expanding the number and range of trade and sustainability champions —both countries and stakeholders—and collaboration among them.
- Advocating for action and accountability on trade and sustainability at domestic and international levels.
- Leading by example through practical supply chain initiatives, partnerships, and investments; and supporting coordination and cooperation across these.
- Generating robust data and impact analysis.

Looking ahead, and to anchor and inform strategic discussions on these issues going forward, the analysis in this paper points to a core set of questions that governments and stakeholders will need to consider:

- What are the priority policy areas, objectives, and strategies we should focus on collectively to ensure that the international trading system promotes stability and prosperity for people and nature through progress on sustainability in all three dimensions?
- Where could trade-related action make the biggest difference for nature, climate, and sustainable development? Where are the chances of success greatest?
- How to accelerate progress on nature, climate, and sustainable development in trade policy spaces at the pace required, given current geopolitics?
- How to advance and sustain inclusive international cooperation on trade and sustainability over the long term, recognizing the need for integrated policy approaches to accelerate transformative change?

In our multipolar and increasingly fragmented global trading system, achieving sustainability ambitions will depend on strategic coalitions, innovative partnerships, and a renewed commitment to international cooperation rooted in effectiveness and justice, recognizing that the sustainability challenges we face are both urgent but also “long” problems.

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Abbreviations

ACCTS	Agreement on Climate Change, Trade and Sustainability
AfCFTA	African Continental Free Trade Area
AI	Artificial Intelligence
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, and South Africa
CBAM	Carbon Border Adjustment Mechanism
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DPP	Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
EU	European Union
ESG	Environmental, Social, and Governance
FACT	Forest, Agriculture and Commodity Trade
FAO	Food and Agriculture Organization of the United Nations
FFSR	Fossil Fuel Subsidy Reform
FTA	Free Trade Agreement
GDP	Gross Domestic Product
IEA	International Energy Agency
IMF	International Monetary Fund
ITC	International Trade Centre
KMGBF	Kunming-Montreal Global Biodiversity Framework
MSMEs	Micro, Small, and Medium-Sized Enterprises
OECD	Organisation for Economic Co-operation and Development
RCEP	Regional Comprehensive Economic Partnership
SDG	Sustainable Development Goals
TESSD	Trade and Environmental Sustainability Structured Discussions
UNCTAD	UN Trade and Development
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WTO	World Trade Organization
WWF	World Wide Fund for Nature

Introduction

International trade is undergoing rapid transformation, moving beyond the approaches, political dynamics, and narratives that shaped it in past decades. Alongside, the world faces accelerating biodiversity and climate crises—presenting risks for prosperity everywhere and especially in the world’s poorest and most environmentally vulnerable countries. Hard-won progress on many sustainable development goals is now being reversed. The WWF’s 2024 Living Planet Report revealed a staggering 73% decline in wildlife populations since 1970, with ecosystems approaching dangerous tipping points (WWF, 2024b). Over half the global population—particularly the rural poor—depends directly on biodiversity, and an estimated 55% of global GDP (approximately \$58 trillion) is nature-dependent. Yet biodiversity loss continues, with one million species at risk of extinction and 40% of land already degraded. Meanwhile, despite some important steps forward on climate, the latest scientific evidence confirms the world remains significantly off track to meet the Paris Agreement goals.

While it is well-recognized that international trade and trade policies have contributed in a variety of ways to environmental harm and exacerbated unsustainable production and consumption patterns, cooperation on trade has a vital contribution to make to reversing biodiversity loss, supporting climate goals, and advancing the Sustainable Development Goals (SDGs).

As governments and stakeholders seek to ensure trade and international supply chains support biodiversity, climate, and sustainable development goals, international cooperation and collective action on trade-related approaches will be essential for ambition, effectiveness, and equity. Fragmented domestic approaches will not be sufficient to address the scale of the task at hand.

While there is much focus in the current geopolitical context on the challenges to enhanced international cooperation, the starting point of this paper is that fostering inclusive international cooperation on trade and sustainability has never been more urgent and—critically—

that there are important opportunities at hand through a range of international processes and partnerships.

The adoption of the Kunming-Montreal Global Biodiversity Framework (KMGBF) in 2022 under the Convention on Biological Diversity, for instance, offers a renewed opportunity to catalyse cooperation on trade policies in ways that support the road to a nature-positive economy and sustainable development. Seizing such opportunities will require shared understandings between policy communities on approaches to trade policies that can deliver across interconnected biodiversity, climate, and sustainable development goals. At this time of uncertainty and “rethinking” in the international trading system, it will also require advocates of sustainability to develop a holistic, positive vision of what kind of trading system we need to deliver on sustainability in its three dimensions—environmental, social, and economic.

This discussion paper aims to provide background for and encourage the much-needed forward-looking strategic dialogue on how to shape new narratives and policy agendas for an international trading system that places nature and people at its core. It seeks to inform discussions on pathways and entry points to support international cooperation, policy, and advocacy to halt and reverse biodiversity loss, achieve climate goals, and advance the implementation of the SDGs.

The paper begins by reviewing current major shifts (and trends) in international trade relations, narratives, and paradigms, as well as their implications for nature, climate, and sustainable development goals. It then explores opportunities to pursue a nature-positive and net-zero trading system that works for sustainable development, equity, and resilience, while acknowledging the challenges and risks that complicate this task and suggesting ways to address them. The paper concludes with a review of potential elements for new global narratives and policy agendas for an international trading system that delivers for nature and people as well as questions for strategic consideration.

1. Current Major Shifts (and Persistent Trends) in International Trade Relations, Narratives, and Paradigms

Enhancing trade-related action and cooperation on nature, climate, and sustainable development requires a clear understanding of the state of play in the international trading system. It also requires a clear eye on the trade outlook and where the trade landscape is poised for significant ongoing transformation over the next ten

years. This section aims to provide a snapshot of current shifts and continuities—both in terms of what is shifting in international trade relations, trends, and policies, as well as in the wider narratives, and paradigms that set the context for trade relations (see Table 1 for a summary).

Table 1. Shifts and Persistent Trends in International Trade Relations, Narratives, and Paradigms

Shifts and (Persistent) Trends in International Trade Relations	Shifts and Trends in International Trade Narratives and Paradigms
<ul style="list-style-type: none"> ▪ Changing geography and composition of trade. ▪ Evolving geopolitics of trade and trade alliances in a multipolar world. ▪ Escalating trade tensions, competitiveness, and uncertainty. ▪ Growing emphasis on national security, de-risking, and supply chain diversification. ▪ Increasing emphasis on securing reliable access to energy, renewable energy, and critical minerals. ▪ Enduring economic—and trade—inequalities. ▪ Continuing unsustainability of trade, consumption, and production. ▪ Expanding range of trade arrangements. 	<ul style="list-style-type: none"> ▪ Shift away from a long-standing narrative focused on liberalization, open trade, and maximizing efficiency towards more complex “multipurpose” approaches. ▪ Narrative on the value of multilateralism under question. ▪ Consolidation of the narrative of sustainability as a key priority for global governance and international supply chains. ▪ Counter-narratives against environmental action. ▪ Global economic and environmental justice narrative.

Source: Author’s elaboration.

1.1. International Trade Relations, Trends, and Outlook

The following key trends illustrate shifts and continuities in international trade relations that are relevant for the trade and sustainability outlook.

- *Changing geography and composition of trade.*
The global trade landscape is undergoing a significant transformation. Alongside the United States and the European Union (EU), China has emerged as a dominant actor, and in some sectors the dominant actor, across both import and export markets, reshaping trade flows and supply chain dependencies. In the coming decade, China is

expected to remain a major force in global trade, continuing to lead as both an exporter and importer, with an expanding presence in services, green, and digital trade (Institute for China Studies, 2025). Beyond industrial goods and services, emerging economies are expected to continue to drive expanded global markets for agricultural products over the next decade (OECD & FAO, 2024). The vast majority of increased consumption is expected to occur in middle- and low-income countries. While much of this growth will be driven by demand for food, an important share of consumption will be for non-food uses such as livestock feeds and energy production. Although emerging economies in Asia and Latin America have seen some important trade

gains, and South-South trade has seen significant increases, many developing countries remain highly dependent on trade with key major economic players. Further, many developing countries—particularly those in Africa—remain marginalized in global trade. In terms of “what” is being traded internationally, a major trend reshaping global trade is the rapid expansion of services trade, accelerated by digital transformation.¹ The shift towards decentralized, digitally enabled trade systems for organizing production is also impacting the distribution of trade opportunities, offering new prospects for countries active in services sectors for instance. Alongside, however, many countries remain heavily reliant on trade in manufactured goods, raw commodities, and agricultural and fisheries products, including many developing countries that rely on just one or two key products to generate export revenue, or on imports of basic consumer goods, fuel, or food to meet basic needs.

- *Evolving geopolitics of trade and trade alliances in a multipolar world.* Traditional trade powers like China, the United States, and the EU will continue to shape the rules of engagement that heavily influence how and among whom trade happens. However, the international trade policy landscape is expected to become more fragmented and strategically managed over the next decade, as countries seek closer ties with trusted partners amidst rising geopolitical tensions, national security concerns, fears of supply chain disruptions, and domestic economic pressures. Major economies are also refocusing on regional alliances and bilateral agreements that align with national strategic objectives. The growing global influence of BRICS (Brazil, Russia, India, China, and South Africa) and BRICS+, increased efforts to enhance regional integration efforts, from the Asia Pacific Economic Cooperation (APEC) to the African Continental Free Trade Agreement (AfCFTA), and the role of the G20 will have major implications on international trade and cooperation and illustrate a broad trend towards diversification in international

trade and economic alliances in an increasingly multipolar world.

- *Escalating trade tensions, competitiveness, and uncertainty.* Recent unilateral increases in tariffs, along with retaliatory measures by other nations, are contributing to growing instability in the global trade environment. An increasing number of governments are adopting tariffs, subsidies, and targeted industrial policies—particularly in strategic sectors such as clean energy and advanced technology (UNCTAD, 2025b). This trend is intensifying retaliatory actions among trade partners and heightening global uncertainty, thereby undermining the predictability and reliability of the global trading system. This surge in uncertainty is eroding business and investor confidence, leading to delays in investment decisions and disruptions across global supply chains. Geopolitical tensions, regional conflicts, climate-related shocks, and fragmented policy responses are exacerbating these risks, including greater volatility in financial markets (UNCTAD, 2025b).
- *Growing emphasis on national security, de-risking, and supply chain diversification.* Supply chain diversification is being viewed by governments and business alike as key to risk management and resilience in the face of global shocks and a source of competitive advantage. Businesses are already increasingly adopting multi-region sourcing models and relocating production to a broader range of countries. A further approach being pursued to “de-risk” strategies is friend-shoring or near-shoring to reduce reliance on single suppliers or geopolitically sensitive trade relationships, along with the expansion of industrial policies to boost domestic production, competitiveness, and self-sufficiency.
- *Increasing emphasis on securing reliable access to energy, renewable energy, and critical minerals.* Amidst rising geopolitical tensions, countries are seeking to ensure adequate supplies of energy as a central component of their strategic economic and national security priorities, including traditional oil

1. According to the World Trade Organization (WTO), for instance, “digitally delivered services grew at an average annual rate of 8.1% between 2005 and 2022, compared to 5.6% for goods” (WTO, 2025).

and gas, but also clean energy and critical minerals vital for a range of green technologies. Alongside, the rise of new digital trade and technologies, such as artificial intelligence (AI), is reinforcing the drive to secure critical minerals, such as for semi-conductors, batteries, and renewable energy supplies (including to sustain the power needs of AI).

- *Enduring economic—and trade—inequalities.* A core continuity in global trade trends is the vulnerability of developing countries to changing regulatory requirements and trade policies in major markets, and their limited bargaining power with large companies that dominate many global supply chains. African countries, for example, continue to account for a very small share of global trade, and trade is closely linked to wider economic inequalities. A stark reality is that progress made over the past decades on inequality and poverty reduction is now in reverse, and income inequality is growing in all countries—both developed and developing. Over 35 developing countries are currently at high risk of debt distress (Tedenek, 2025). These challenges are further exacerbated by a “climate debt trap,” where existing debt burdens undermine the capacity of countries to invest in climate resilience and make them ever more reliant on exports to generate the foreign exchange revenue needed to meet debt servicing obligations.
- *Continuing unsustainability of trade, consumption, and production.* A core reality of the international economic system is the mismatch between current and evolving consumption, production, and trade trends and environmental sustainability. Most planetary boundaries are already transgressed, most strikingly on nature and climate but also in terms of pollution (Planetary Boundaries Science, 2024), and the international trading system is a significant vector for unsustainable production and practices. Despite much “talk” on sustainability, and important efforts and progress in many countries and in relation to certain products and supply chains, sustainability remains a peripheral concern for too many policymakers and business leaders.

- *Expanding range of trade arrangements.* The international trade landscape is characterized by a growing focus on a web of bilateral, regional, and plurilateral trade arrangements—including, for example, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the AfCFTA, the Regional Comprehensive Economic Partnership (RCEP), and the Association of Southeast Asian Nations (ASEAN). The proliferation of such arrangements (starting from the mid-1990s) has reflected the perceived stagnation of multilateral negotiations—particularly within the WTO—and the growing desire of countries to pursue more tailored and flexible trade partnerships. These agreements increasingly go beyond traditional tariff reductions to encompass a wide array of issues, including digital trade, investment protection, competition policy, and environmental and labour standards. As a result, the rules governing international trade are becoming more fragmented, with overlapping commitments and varying standards that present both opportunities and challenges for coherence, enforcement, and inclusivity.

Trade arrangements are also evolving beyond traditional “free trade” and investment agreements towards sector-specific agreements (e.g. on steel or strategic technologies like semiconductors) and strategic trade, investment, and economic partnerships (e.g. China’s Belt and Road Initiative, a global infrastructure development scheme that guides investment by China in more than 150 countries). While trade arrangements have long been about a range of political goals as well as economic or commercial ones, there is also a growing focus on trade arrangements to drive particular environmental outcomes in strategic sectors and supply chains, bringing together trade and investment (e.g. the EU’s Clean Trade and Investment Partnerships), as well as agreements on energy (e.g. green hydrogen and renewable energy trade corridors), critical minerals, and climate issues (e.g. the Agreement on Climate, Trade and Sustainability – ACCTS) (EPRS, 2025). Alongside, we are seeing a rise of unilateralism in trade, include the United States administration’s

move to increase tariffs on a vast range of countries, and “autonomous” measures whereby countries are taking action nationally in ways that are intended to impact trade with other countries (e.g. limiting imports of products or wastes deemed environmentally harmful or to have been produced in an unsustainable way).

In addition, there are a range of intergovernmental processes for dialogue on global nature and climate agendas that include trade aspects (e.g. the Forest, Agriculture and Commodity Trade (FACT) Dialogue, which brings together over 40 producer and consumer countries). More generally, as the relevance of trade to a range of sectoral and policy priorities at the heart of nature, climate, and sustainable development agendas increases, a growing number of international organizations is addressing trade aspects in their work—including the World Bank, International Monetary Fund (IMF), United Nations Environment Programme (UNEP), Food and Agriculture Organization of the United Nations (FAO), and the International Energy Agency (IEA).

Finally, trade-related policies and regulations have multiplying sources within governments. Beyond trade ministries and traditional trade policies, a growing number of national ministries and agencies influence, or are actively seeking to reshape, international trade. These include ministries responsible for climate, energy, nature, environment, agriculture, fisheries, taxation, and financial regulation. For example, the EU’s Carbon Border Adjustment Mechanism (CBAM) originated from the EU’s climate and taxation authorities, rather than its trade authorities. In a number of jurisdictions, financial regulators are active in embedding financial reporting requirements—voluntary and mandatory—across supply chains in ways that also impact trade (EPRS, 2025).

1.2. International Trade Narratives and Paradigms

Shifting narratives and paradigms are also central to aspects of current changes in the international trading system. Following are some of the key shifts for consideration.

- *Shift away from a long-standing narrative focused on liberalization, open trade, and maximizing efficiency towards more complex “multipurpose” approaches.* While the stated commitments of many governments to liberalization and open trade have been by no means always reflected in practice over the past decades, there is no doubt that the past several years have been marked by a significant shift in both discourse and practice. A broad range of countries is harnessing—or seeking to harness—trade-related policies to prioritize domestic production, diversification, and strategic autonomy, including through tariffs, subsidies, regulatory interventions, “buy national” campaigns, and export restrictions. This trend is reflected in industrial policy initiatives such as the United States’ CHIPS and Science Act and the EU’s Green Deal Industrial Plan, as well as export restrictions introduced by China and Indonesia, among others, on critical minerals. In many countries, populist and nationalist narratives long associated with a backlash against globalization have intensified, driven by geopolitical considerations, concerns about national security and sovereignty, and domestic political pressures related to job losses, rising income inequality, and fears about cultural identity. A key consequence is that trade policy has reached new heights as a polarizing issue in domestic politics, contributing to a more confrontational tone in international negotiations, a shift in trade practices, and a move away from a narrative reiterating the benefits of free and open trade as a self-evident good.
- *Narrative on the value of multilateralism under question.* While most countries continue to champion multilateralism and a rules-based international trading system—including those that value multilateralism as a vital (albeit inadequate) shield against bilateral power imbalances—a key recent shift in international trade relations has been the strengthening and forcefulness of a narrative that questions the value—and viability—of multilateralism as a foundation for

international cooperation. The WTO, for instance, has faced questions about its efficacy for more than a decade as members have struggled to reach consensus on new trade rules, address emerging issues, and resolve disputes. In 2025, this concern has been amplified by trade policy shifts that present fundamental challenges to key multilateral trade principles, particularly the defining most-favored-nation principle, and by the withdrawal of WTO funding by one of its founding architects, the United States. At the same time, most WTO members have publicly reaffirmed their commitment to the institution. While advanced economies are increasingly managing trade in line with security, competitiveness, and sovereignty goals, many countries in Africa, Asia, and Latin America remain committed to a rules-based multilateral trading system, open trade, expanded market access, and deeper integration into international supply chains as vital for their development prospects.

- *Consolidation of the narrative of sustainability as a key priority for global governance and international supply chains.* In a range of international processes and settings, the “triple crisis” of climate change, biodiversity loss, and pollution is repeatedly raised as a systemic risk to global economic stability. A range of stakeholder campaigns, involving both business and non-governmental organizations, and litigation efforts further reinforce this narrative in global economic governance. Notably, this has included growing calls for trade approaches that contribute to—rather than undermine—global sustainability goals, along with pressure from key private sector actors to boost the sustainability of supply chains. Although private sector action on environmental, social, and governance (ESG) standards is uneven and faltering, a range of companies are speaking out on the importance of

sustainability efforts for corporate governance and their bottom line. Financial institutions, including insurance companies, are at the forefront of speaking up and taking action on the integration of environmental risks into investment decisions, including through requirements concerning the disclosure of climate and nature-related risks. Narratives around the importance of sustainability on trade are also increasingly framed by both stakeholders and governments alike around concepts of circular economy, green growth, a nature-positive economy, and the imperative of a net-zero transition. Calls for efforts to move beyond conventional measures of growth, such as GDP, deemed insufficient to capture the true well-being of societies and sustainable development, have emerged in key processes for international cooperation from the Organisation for Economic Co-operation and Development (OECD) to UN Trade and Development (UNCTAD) (Charveriat, 2024). Pushing the shift in narrative further, in some countries and settings there is an emphasis on both degrowth and planetary boundaries as key concepts for balancing economic activity with ecological integrity and social equity.² Beyond the environmental dimension, such narratives also respond to broader security and socio-economic concerns. For example, the circular economy is often seen as a strategy to reduce value chain exposure to resource supply risks and over-reliance on certain critical minerals. Others see opportunities in a circular economy transition for re-industrialization, GDP growth, and job creation.

- *Counter-narratives on sustainability.* There are significant “counter-narratives” on the sustainability front. Even where the economic case for environmental action is strong, trade-offs between sectors can generate commercial pressures and political backlash against some environmental priorities. Alongside, some firms

2. Green growth focuses on decoupling economic expansion from environmental degradation, promoting innovation in clean technologies, and resource efficiency. Meanwhile, degrowth and post-growth frameworks question the pursuit of growth altogether, emphasizing sufficiency, redistribution, and reduced consumption in high-income countries to stay within planetary boundaries. This rethinking is accompanied by efforts to develop new indicators of national progress beyond GDP. This includes measures that seek to capture natural capital, well-being, social cohesion, and environmental health. Frameworks like the OECD’s Better Life Index, the United Nation’s Human Development Index with planetary pressures adjustments, the Genuine Progress Indicator, and the World Happiness Index—which evaluates countries based on factors such as income, social support, life expectancy, freedom, generosity, and corruption—reflect a more holistic understanding of prosperity that aligns economic policy with long-term human and ecological sustainability.

are scaling back or rebranding their sustainability commitments. These counter-narratives also impact multilateral settings, where a handful of countries can block progress on sustainability priorities, pushing the committed to step up action through plurilateral, regional, and national approaches.

- *Global economic and environmental justice narrative.* Many developing countries committed to environmental ambition are also actively advocating—individually and collectively—for greater focus on global economic justice in the context of environmental action and integrated approaches to sustainability. A core dimension of this environmental justice narrative is that developing countries should not be unfairly burdened in the global response to environmental crises, recalling the principle that countries have common but differentiated responsibilities for environmental action, and that developing

countries have often contributed least to global environmental challenges. Developing countries emphasize that they face the triple challenge of: growing inequalities in trade and development; disproportionate environmental impacts which exacerbate economic challenges, risks, and vulnerabilities; and the costs of adjusting to a proliferating array of environment-related requirements. Such countries frequently emphasize the need for a stronger focus on positive trade incentives and economic opportunities in relation to the green transition, including trade rules that support their response to the economic impacts of environmental crises and spur investment in key sectors as well as diversification of their economies, accompanied by international cooperation on financing, capacity building, aid for trade, and technology transfer. More broadly, there are growing pressures from developing countries for reform, or indeed a paradigm shift, in the global economic and financial architecture.³

2. Challenges and Opportunities of the Shifting Trade Landscape for Accelerated Progress on Nature, Climate, and Sustainable Development

The evolving international trade landscape presents both challenges and new opportunities for accelerating progress on nature, climate, and sustainable development. As trade relations become increasingly driven by geopolitical dynamics, economic uncertainty, and national security concerns, ensuring that trade contributes meaningfully to nature, climate, and sustainable development objectives will require deliberate policy alignment, stronger and more inclusive international cooperation, and coherent governance mechanisms.

In terms of opportunities, the shift towards strategically managed trade relations and multi-purpose trade policies—balancing efficiency, resilience, security, and sustainability—opens the door for embedding climate action and nature

goals more deeply into trade agendas, particularly for sectors like renewable energy that are considered critical for economic and security reasons. As governments seek to secure inputs, expand exports, or establish a strong market share in supply chains for renewable energy and critical minerals, a set of environmental priorities are being approached as economic security priorities in new ways. A challenge in this regard is to ensure that approaches to critical minerals trade policy, for instance, generate local value addition and equitable benefits for resource-rich developing countries as producers, support the development of local renewable energy industries, and that these are underpinned by responsible mining practices. In doing so, trade policies on critical minerals must ensure

3. See for example the proposals in the Bridgetown Initiative (n.d.) on debt, finance, and trade.

that supply chains are bound to responsible mining practices that respect the rights of Indigenous Peoples and local communities, protect biodiversity, and avoid further environmental loss.

In addition, the rise of sectoral and supply chain specific initiatives illustrate the potential for innovative approaches, including for “next-generation” trade agreements that can advance sustainability goals. Similarly, the fragmentation of the trade policy landscape means that there are multiple pathways to pursue sustainability ends—bilateral, regional, plurilateral, South-South, North-South, and multilateral. At the same time, however, in the last months, many countries have been focusing to secure bilateral trade deals, not only with the United States but also with each other in order to consolidate and affirm trading relations. A risk is that the speed and political purpose with which such deals are being pursued means that environmental issues, and the parliamentary oversight that could support their inclusion, will be sidelined.

While the shifting trade landscape provides some opportunities for more tailored engagement on sustainability, integrating concerns about exacerbating inequality and exclusion, particularly for countries with limited negotiating power or institutional capacity, are required. A related challenge is the differing capacity of countries to frame and set policy agendas on trade. For instance, a growing number of developing countries emphasize that the framing of international discussions on the climate-trade interface should not be limited to a focus on decarbonization but should extend to engagement of trade-related dimensions of climate adaptation and loss and damage. Here, a core argument is that trade must support climate-resilient development by facilitating access to technologies, services, and finance that will support vulnerable developing countries, build resilience, diversify economies, and recover from climate shocks.

More broadly, the prospects for embedding nature and climate goals in trade regimes will depend significantly on attention to economic transformation pathways that generate economic opportunities for all countries and reflect their diverse development needs. With the rise of emerging economies in the international trading system and

the importance of environmental action in those countries to achieving global sustainability goals, it will be more important than ever to develop approaches to cooperation that they see as beneficial and effective, including through fora that they prioritize. In this context, given the current and growing role of China and emerging countries, a strategy that focuses only on the market power of developed countries will not suffice. All major economies with the market power to be a positive force for greener trade should be harnessed and they all need to be engaged to avoid diverting trade in unsustainably produced products to other countries.

In this shifting trade landscape, a complex set of trade and competitiveness tensions will continue to present critical challenges to international cooperation on climate, nature, and trade—within and among developed countries, between developed and developing countries, and between large emerging and smaller developing economies. On the one hand, the urgency of environmental action—and pressures to comply with international obligations and commitments—is prompting governments to adopt assertive environmental policies. The economic implications of some of these domestic policies and measures, especially in the short term, generate considerable political resistance, putting policymakers under pressure to protect domestic industries from competitive disadvantages, particularly when foreign producers are not subject to equivalent environmental standards. At the same time, many environmental advocates, consumers, and companies argue for greater responsibility for the international environmental footprint of domestic consumption. Measures such as the EU’s CBAM, deforestation-free supply chain regulations, due diligence requirements, and mirror clauses are each designed to address one or more of these concerns. The CBAM, for instance, arose from concerns that a lack of common approaches to climate policies can lead to carbon leakage, shifting production to countries with weaker climate policies and exacerbating global emissions, as well as a loss of competitiveness.

In recent years, a number of countries have introduced policies and regulations that aim to pressure trading partners to act on environmental goals. This has included efforts to harness trade agreements as a tool for driving

compliance with international environmental commitments or domestic environmental requirements. A key concern raised by environmental advocates is that such sustainability provisions in trade agreements lack binding enforcement mechanisms, rendering them more aspirational rather than operational. A further recurring concern is that international trade rules, and in particular WTO rules, may constrain the use of ambitious climate and biodiversity policies that may restrict trade, including due to perceptions or fears that these will be non-compliant with WTO law.

A key issue for consideration by sustainability advocates is how effective different trade-related strategies focused on applying external pressure are in terms of generating positive outcomes for sustainability on the ground. Their success depends on the scale of market power of the importing country as well as the range of export markets available to the targeted country and the government's commitment to action on sustainability.

Where governments are active and willing in the pursuit of sustainability but are either resource-constrained or facing other challenging national circumstances, compliance-driven approaches are often viewed negatively, spurring complaints about power-based unilateralism and green protectionism, and generating calls for greater consideration of the economic and social circumstances and capabilities of countries. Such tensions generate the risk undermining the trust required for sustained cooperation and delaying collective progress on climate and biodiversity goals. Recognizing this reality, trade-environment agendas advocated by many actors have been evolving to incorporate greater focus on equity and development. However, there is a considerable legacy of mistrust to

overcome. What is clear is that accelerating progress on nature, climate change, and sustainable development will require approaches that balance national interests with global responsibilities, such as ensuring that no country is left behind in the transition to a greener, more resilient global economy.

At the multilateral level, a minority of vocal countries are likely to hinder efforts—at least in the short term—to address the fragmented nature of global governance at the nexus of trade, climate, nature, and sustainable development. Nonetheless, despite geopolitical tensions, most countries remain committed to multilateral processes and continue to use them to set agendas, establish shared goals and commitments, exchange experiences, and socialize policy proposals on nature, climate, and sustainable development. This ongoing work creates opportunities for progress in some multilateral spaces and to inform work at the plurilateral and regional level.

A core challenge in the current trade context is thus to better connect trade and sustainability policymaking. Despite the integrated vision of the 2030 Agenda, trade policy often operates in silos, disconnected from environmental and development goals. This disjointed approach results in incoherent—or even contradictory—policies, undermining global sustainability efforts (Bogers et al., 2023). The WTO exemplifies this misalignment. Despite sustainable development being a core objective of the multilateral trading system, with some specific exceptions (such as the first agreement to address environmentally harmful fisheries subsidies) the WTO's membership has lagged in integrating sustainability or the SDGs into its work.

3. Potential Elements of a New Global Narrative, Paradigm, and Policy Agenda for an International Trading System That Delivers for Nature and People

Accelerating progress on nature, climate, and sustainable development in the current and future trade landscape, characterized by the major shifts and persistent trends described above, including vast economic inequalities in the global economy, will require attention to both global narratives and paradigms, as well as to coherent policy agenda(s). The analysis in this paper thus far points to three cross-cutting issues that will need to anchor discussion:

- A reformed trade framework that integrates environmental and sustainable development objectives needs to be effective and implementable to deliver positive impact on the ground.
- Inclusive cooperation needs to be prioritized, including by devising tailored strategies for different trade partners depending on their varying circumstances and capabilities, and coupling cooperation on trade with cooperation on investment, financing, and development.
- It is important to couple strategies that seek to respond to the urgency of accelerating action on the environmental crisis with a recognition that achieving greater sustainability is a long-term, iterative game that requires attention to establishing frameworks and approaches to cooperation that can be sustained and strengthened politically over time.

3.1. Narrative and Paradigm

Table 2. Potential Elements of a New Global Trade Narrative and Paradigm

Reframing the overall objective of trade to focus on sustainability and the need for inclusive international cooperation for effectiveness.
Introducing and advancing an explicit nature-positive narrative on trade.
Shifting the “trade and climate” narrative to encompass all three pillars of the global climate agenda, grounded in the need to promote climate-resilient development and address climate and nature in tandem.
Emphasizing the opportunities for nature and people arising from a shift away from environmentally harmful trade.
Promoting inclusive and just trade, with sustainable development at the centre.

Source: Author’s elaboration.

Following are five potential elements of a new global narrative and paradigm for an international trading system that delivers for nature and people (see Table 2).

- *Reframing the overall objective of trade to focus on sustainability and the need for inclusive international cooperation for effectiveness.* Grounding trade cooperation and policies in the objective of sustainable development will require a

shift in focus beyond market opening, managing tensions, or smoothing the interface of different regulatory approaches. Trade must be reimagined not only as a vehicle for economic growth but also as a strategic tool for accelerating action on nature, climate, and sustainable development. In fact, a stable climate and thriving nature are at the very foundation of a stable and prosperous

world economy. In terms of cooperation, the focus should not only be on aligning trade with sustainability goals but on shaping, managing, and harnessing trade in ways that support them. This means going beyond the idea that trade and the trading system should simply “do no harm” or not obstruct sustainability efforts, towards ensuring that trade, trade rules, and trade cooperation actively contribute to and promote sustainability. More specifically, this will require discouraging production and trade of products, materials, and chemicals that are unnecessary, harmful and problematic from a sustainability perspective, while encouraging a transformation to a world in which sustainable trade is the norm. Achieving a global trading system that delivers stability and prosperity for people and nature will require progress on all three dimensions of sustainable development—environmental, social, and economic; only international cooperation on trade that is inclusive will enable us to get there.

- *Introducing and advancing an explicit nature-positive narrative on trade.* The importance of a nature-positive economy is now being advanced by a range of environmental stakeholders (WWF, 2024a; Lambertini, 2024), and embraced by key segments of the private sector and a growing range of governments. In the G20, a potentially complementary framing is emerging around cooperation for a sustainable bioeconomy (G20, 2024a; Deere Birkbeck & Bellmann, 2025). In trade diplomacy, however, both the nature-positive and sustainable bioeconomy concepts are relatively new, and will require ongoing efforts to identify framings and policy options that resonate across different constituencies and where the potential for positive trade contributions is clear.
- *Shifting the “trade and climate” narrative to encompass all three pillars of the global climate agenda, grounded in the need to promote climate-resilient development and address climate and nature in tandem.* While decarbonization has

dominated discussions of the trade-climate nexus, a broader framing is needed to reflect all three pillars of the global climate agenda— mitigation, adaptation, and loss and damage—and the promotion of climate-resilient development. Trade cooperation is required, for instance, to support adaptation to the climate crisis and climate-resilient development, including by facilitating the development, diffusion, and uptake of affordable and appropriate infrastructure, technologies, and services that build resilience to climate impacts and reduce risk (e.g. drought-resistant crops or flood control systems). Trade also has a role to play in addressing loss and damage by enabling access to humanitarian goods, supporting post-shock economic and trade recovery, and easing balance-of-payments pressures where key exports are disrupted. The climate-trade narrative also needs to respond to the fact that nature loss and the climate crisis are two sides of the same coin and need to be addressed in a holistic and synergistic manner, underpinned by a sustainable development perspective. Effective trade-related approaches to the climate crisis and sustainability—whether in the agricultural sector or for the energy transition—will require a focus on climate, nature, and development goals in tandem.

- *Emphasizing the opportunities for nature and people arising from a shift away from environmentally harmful trade.* Environmentally harmful trade—linked to deforestation, natural ecosystems conversion, overfishing, biodiversity loss, and greenhouse gas emissions—undermines climate, nature, and sustainable development goals, exacerbates inequalities, and weakens the resilience of vulnerable economies. To align trade with sustainable development goals, coordinated policies and support are needed to reduce harmful trade practices and promote sustainable production, including the elimination and repurposing of environmentally harmful subsidies, transparency, and environmental standards.

- *Promoting inclusive and just trade, with sustainable development at the centre.* Developing and least developed countries have a central role to play as active contributors to trade narratives and policy agendas that can drive outcomes on climate, nature, and sustainable development. In this regard, promoting the prosperity of developing countries and sustainable development will be central to achieving nature and climate objectives. For developing countries most exposed to climate impacts and with large parts of their populations relying directly on nature for their basic needs, a stable climate and thriving nature are critical. In this regard, the growing range of developing countries that are champions on nature and climate emphasize the economic imperative for strong environmental action, and for approaches that place environmental commitments within the context of wider national sustainable development strategies and goals. In the trade arena, this calls for greater focus

on the integration of climate, nature, and sustainable development considerations into trade policies, and on how trade policies and cooperation can support sustainability goals, including through national plans on biodiversity and on climate, for instance. More broadly, it will require trade cooperation that provides positive incentives for sustainable production, supports greater value addition in developing countries, promotes economic diversification and employment, and ensures fair benefits from participation in green value chains. This in turn will require targeted support, such as aid for trade, finance, investment, capacity building, technology transfer, and co-development of green technologies. A consistent sustainable development perspective with a strong focus on inclusive cooperation and coordination will also be vital in the development and implementation of technical regulations and voluntary standards on sustainability.

3.2. Policy Agenda and Priorities

Table 3. Potential Elements of a New Global Trade Policy Agenda for Sustainability

Reorienting trade and investment rules to support sustainable outcomes.
Harnessing trade cooperation to scale-up the development and diffusion of sustainable products and technologies.
Prioritizing sustainable development outcomes, equity, and resilience through strategies that harness trade for sustainable economic transformation.
Mainstreaming sustainability considerations in trade arrangements and negotiations.
Developing trade scenarios and strategies to help catalyse long-term transformation.

Source: Author's elaboration.

Alongside these shifts in narrative, the following are five potential elements of a policy agenda for an international trading system that delivers for nature and people (see Table 3). The overarching goal should be to promote cooperation on trade that addresses and advances progress on sustainability challenges across environmental, social, and economic dimensions. The guiding purpose of such efforts should be to transform trade—i.e. to reduce environmentally harmful trade and shift towards sustainable trade in ways that lay the

foundations for long-term prosperity, stability, a thriving planet, and development outcomes.⁴

- *Reorienting trade and investment rules to support sustainable outcomes.* Fair and evidence-based rules should be designed or reformed, in an inclusive manner, to reward and provide positive incentives for sustainable production practices, products, and consumption patterns, and to discourage harmful ones. This includes three key dimensions:

4. Shifting trade flows towards sustainable goods and services is critical to scaling up sustainable production and consumption. If the ultimate goal is for all trade to be sustainable, not just a subset of “green” products, this transformation requires rethinking trade rules, incentives, and cooperation mechanisms.

- Reviewing current multilateral, regional, and bilateral trade rules that may obstruct progress on solutions or prevent countries from aligning trade and sustainability objectives. This could include, for example, fair and evidence-based rules—agreed by both producer and consumer countries—that differentiate between products to reward those that are produced in an environmentally sustainable manner.

- Identifying how trade and investment rules and institutions can proactively contribute to sustainability outcomes. This could include, for example: removing and repurposing environmentally harmful subsidies (e.g. for fossil fuels, overfishing, or deforestation-linked agriculture); applying border measures to ban or restrict unsustainably produced products or products and wastes deemed harmful for human health and the environment; supporting or rewarding producers committed to achieve internationally agreed nature, climate, and sustainable development objectives; or, more broadly, encouraging production of goods and services where there is the strongest environmental comparative advantage (recognizing that the emissions and environmental impacts of production, such as for agricultural products, have major variations across countries and continents) (Ossa, 2024).

- Fostering cooperation among diverse regulatory systems. Fragmentation, complexity, unpredictability, and poor transparency of sustainability requirements in different jurisdictions raises costs for businesses around the world and reduces effectiveness. To enhance sustainability in trade, international cooperation on the further development and coordination of international sustainability standards, shared definitions, and harmonized metrics, as well as transparency and mutual recognition and equivalences of technical regulations, will be vital. An example of a concrete opportunity would be enhanced technical cooperation on carbon accounting methodologies, reporting, and markets. Engagement of both

producer and consumer countries in the development of principles or guidance on the design and implementation of trade-related sustainability measures (such as trade-related measures with climate or circularity objectives for instance) could support more effective and equitable outcomes (TrCM Expert Group, 2023).

- *Harnessing trade cooperation to scale-up the development and diffusion of sustainable products and technologies.* Trade has already proven essential in the development, diffusion, affordability, and uptake of renewable energy technologies over the past decade, and could similarly boost the development of markets for other climate- and nature-positive goods and services. Critically, a key priority is to harness trade cooperation not just to scale up trade in a subset of “green” goods, services, and technologies that promote sustainability and resource efficiency, but to drive sustainable production and consumption across all goods and services and support the functioning of safe and environmentally sound supply chains. Here, trade policies and cooperation, such as green tariff preferences, price premiums, green R&D incentives, green customs classifications, and technology and investment partnerships, have a significant role to play. Boosting cooperation on trade-related policies—from subsidies and procurement to investment and standards—will be essential to fostering green innovation and the scale-up of sustainable products and technologies. To ensure a green transition that works for sustainable development, a central challenge will be to increase the participation of developing countries in export markets for sustainable and sustainably produced products and associated sustainable supply chains, and—vitaly—to ensure they retain a fair share of the value. Long-term investment, finance, technology, and trade partnerships will be critical to support producers, especially in developing countries, to invest in and reap benefits from sustainable production practices.

- *Prioritizing sustainable development outcomes, equity, and resilience through strategies that harness trade for sustainable economic transformation.* To serve sustainable development goals, trade-related policy action must have as a core purpose to contribute to poverty reduction, decent work, sustainable livelihoods, and structural economic transformation in developing countries, including through inclusive value chains, just transitions, and climate-resilient development pathways. Greater environmental sustainability of trade can only be achieved if development considerations are addressed. This can be advanced through:
 - Effective approaches to technology cooperation, investment, financing, aid for trade, and technical assistance.
 - Adequate targeted support to smallholders, Indigenous Peoples, and micro, small, and medium-sized enterprises (MSMEs) (e.g. expanded aid for trade, finance, investment, and technology partnerships).
 - Appropriate support mechanisms to advance just transitions and address the different national capacities and circumstances of developing countries. This will require the systematic integration of equity and development considerations into trade rules, including flexibilities and options that respond to national circumstances, coupled with adequate support measures.
 - Tailored approaches that reflect the flexibilities and support many developing countries need in order to prioritize and implement domestic sustainability objectives—for example in regard to public procurement, investment, sustainability requirements, local content requirements, and intellectual property (UNCTAD, 2023).
- Support for the integration of sustainability considerations into domestic trade strategies to ensure these advance the wider sustainable development priorities and strategies of countries.
- *Mainstreaming sustainability considerations in trade arrangements and negotiations.* For over 30 years, there have been calls for systematic ex ante and ex post sustainability impact assessments of trade arrangements, with some important results and lessons learned, but unfortunately limited uptake. More recently, there is growing attention to the need to account for both domestic and international effects of trade arrangements, including the international environmental footprint of domestic consumption. A number of initiatives and indicators that can be used exist,⁵ but more resources, technical assistance, and capacity building are needed. Just as importantly, trade perspectives also need to be included in the development of national strategies, policies, and plans for achieving biodiversity, climate, and sustainable development goals (OECD, 2025).
- *Developing trade scenarios and strategies to help catalyse long-term transformation.* Developing medium- and long-term trade scenarios and strategies that embed climate, nature, and equity priorities and considerations could provide a vital tool for generating the data and policy analysis required to guide, inform, and underpin international trade agendas that work for people and the planet.

5. See WWF et al. (2024) for an overview.

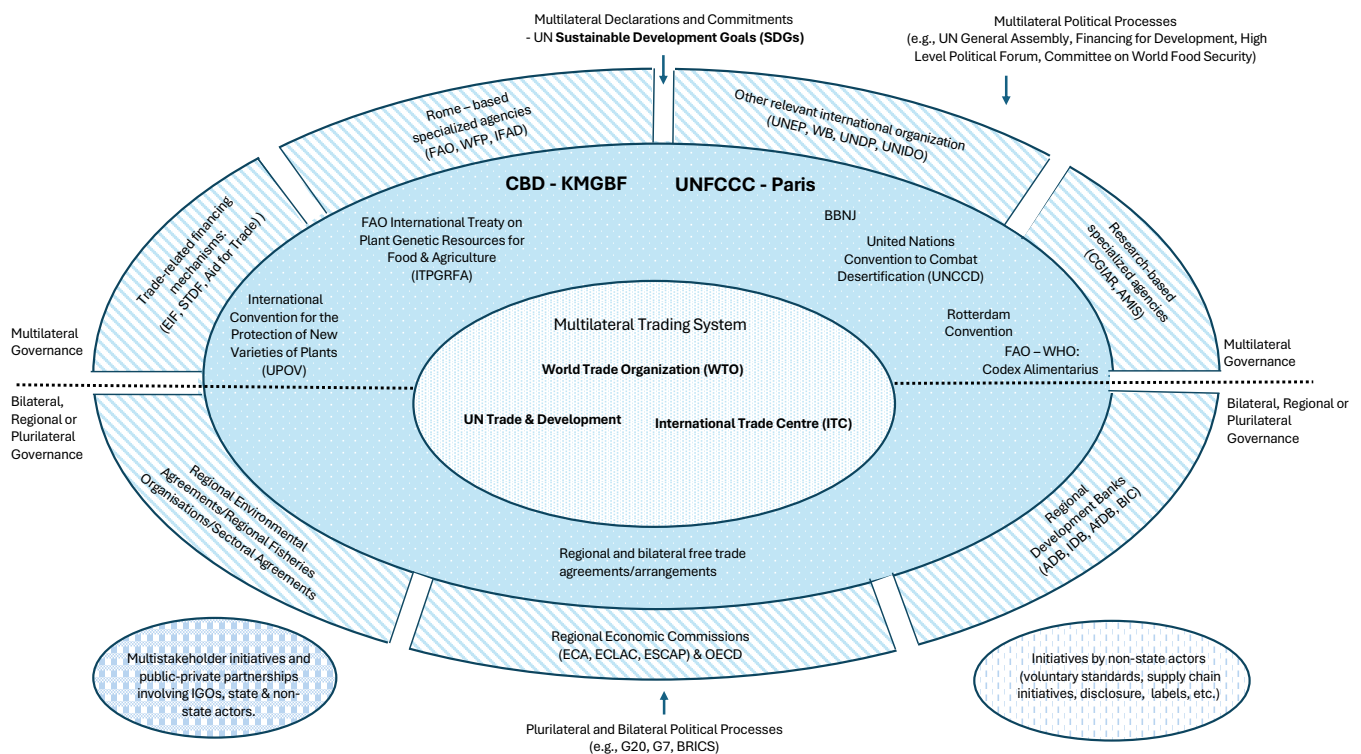
4. Potential Opportunities for an Equitable, Nature-Positive, and Net-Zero Trading System That Works for Sustainable Development

Despite the array of challenges and tensions on the global trade policy landscape, the case for strengthening international trade cooperation to advance sustainability objectives has never been stronger or more urgent, and there are significant opportunities to do so across the international trading system. Seizing these opportunities will require significantly stronger commitment to active political engagement, the objective of sustainable development, long-term collaboration, addressing equity concerns, and moving beyond “business as usual” towards new approaches. Faced with the urgent task of accelerating action on nature, climate change, and sustainable development, current political realities must not be an excuse to wait but should encourage us to be more creative, determined, and sophisticated in how sustainable trade can be advanced.

This section outlines processes that provide opportunities to advance dialogue and action on trade and sustainability, highlighting key intergovernmental processes that offer avenues for enhanced cooperation. It also identifies domestic-level opportunities to integrate sustainability into trade policy and highlights the critical role of non-state stakeholders—such as businesses and civil society organizations—in initiating and driving impactful action.

Stepping back, Figure 1 illustrates the complex international ecosystem relevant to trade and its nexus with nature, climate, and sustainable development goals, highlighting the wide array of relevant actors as well as multilateral, regional, and plurilateral fora, processes, agreements, and mandates. A core strategic question is which of these can be most effectively harnessed and for which purposes.

Figure 1. Illustrative Mapping of Processes and Actors Relevant to Trade and Sustainability



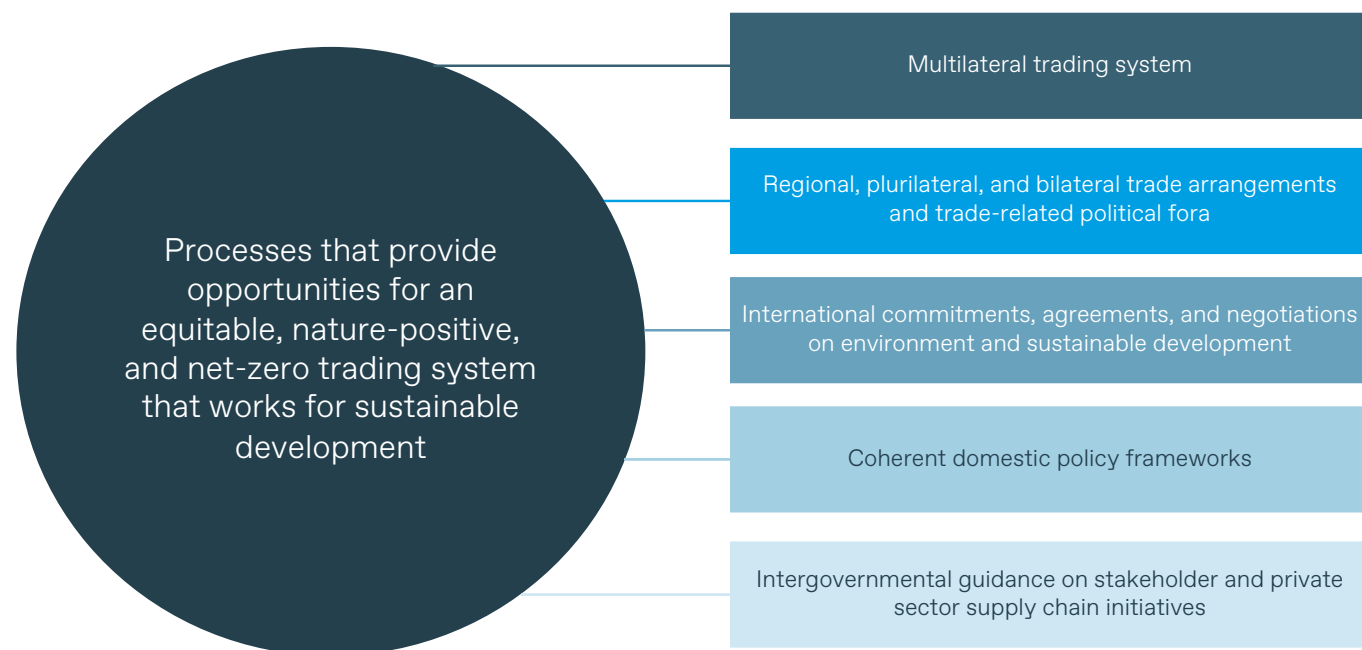
Note: This mapping is intended to be illustrative, not comprehensive, and does not aim to depict the relative relevance or influence of the various processes and institutions.

Source: Author's elaboration.

Informed by Figure 1, this section focuses on particular opportunities within and beyond the trade system that can help advance an equitable, nature-positive, and

net-zero trading system that works for sustainable development. Figure 2 illustrates the key processes discussed below, in no order of priority.

Figure 2. Snapshot of Processes That Provide Opportunities for Advancing Sustainability in Trade



Source: Author's elaboration.

4.1. Multilateral Trading System

Despite the challenges facing multilateralism in general and the WTO in particular, current discussions around a multi-faceted WTO reform offer opportunities for trade and sustainability agendas. Views on what WTO reforms mean or should entail vary among members; some are focused on reviving the WTO's dispute settlement system, others on improving decision-making processes (largely with an eye to preventing one or a handful of countries from blocking progress), and yet others on issues related to the role of industrial policies and state-owned enterprises or on the development dimensions of trade.

At this time of considerable rethinking of the multilateral trading system—both conceptually and practically—there is arguably more scope and opportunity to take

forward long-standing calls to embed sustainability considerations as a core part of the WTO reform discussion and to encourage greater system-wide focus at the WTO on sustainability in all its dimensions. While there is currently considerable concern and commentary about the political commitment of at least one major trading partner to the WTO and to its core rules and principles, the reality is that there are over 160 other WTO members that remain committed to the importance of multilateral approaches and to the WTO as a key component of cooperation on international trade, while recognizing its flaws, and over 75% of global trade continues to be conducted under WTO rules.

More than half of the WTO's members, for instance, have demonstrated a commitment to sustainability through their participation in three member-led initiatives: the Trade and Environmental Sustainability Structured

Discussions (TESSD) (aimed at fostering dialogue on the relationship between trade and environmental sustainability, including issues such as the circular economy, environmental goods and services, subsidies, and trade-related climate measures); the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (DPP) (seeking to support international cooperation on reducing plastic pollution through trade-related cooperation); and the Fossil Fuel Subsidy Reform (FFSR) initiative (advocating for increased transparency, peer learning, and dialogue on the reform of inefficient fossil fuel subsidies, with the aim of contributing to both global climate commitments and the SDGs). The first two of these initiatives each involve members accounting for over 85% of global trade, and more than half of the WTO membership participates in the DPP.

Continued engagement in these processes offers valuable opportunities for members and stakeholders to shape more environmentally and socially responsible trade policies. Moreover, discussions on trade and sustainability are taking place across several of the WTO's standing committees, including the Committee on Trade and Environment, the Committee on Development, the Committee on Technical Barriers to Trade, and the Committee on Agriculture, among others, reflecting a growing recognition of the WTO's role in addressing global sustainability challenges. These fora provide ongoing opportunities to address sustainability-related concerns within the framework of existing trade disciplines, support information exchange, and explore the implications of trade measures for environmental and developmental outcomes. Moreover, an array of WTO members are also actively seeking to move beyond dialogue and towards concrete outcomes, putting forward a growing number of proposals aimed at fostering action and cooperation on sustainability issues.

A notable development at the WTO in recent years has been the increasing engagement of developing countries in trade and sustainability discussions. This growing participation reflects a confluence of factors: heightened awareness of the trade-related impacts of environmental degradation and climate shocks; rising domestic pressure to address sustainability challenges; and the

practical need to align with sustainability standards set by international supply chain leaders, investors, and regulatory frameworks in key export markets. As a result, many developing countries are recognizing that proactive engagement in sustainability discussions is not only environmentally prudent but can also be strategically important for economic diversification, maintaining competitiveness, and expanding their role in global trade.

Finally, WTO members have just reached the threshold of ratifications required for the Agreement on Fisheries Subsidies to enter into force—a landmark step in addressing harmful subsidies that contribute to illegal fishing and overfishing and marine resource depletion, which is also the WTO's first “environmental” agreement. While the first agreement primarily addresses subsidies to illegal, unreported, and unregulated fishing, ongoing negotiations on outstanding issues of the agreement (which focus on subsidies that drive overcapacity and overfishing) are essential for addressing the root causes of overfishing and achieving long-term sustainability of fisheries and improving the health of marine ecosystems.

4.2. Regional, Plurilateral, and Bilateral Trade Arrangements and Trade-Related Political Fora

There are a number of opportunities to accelerate action on sustainability and trade through regional, plurilateral, and bilateral trade arrangements, as well as through political processes like the G20 and the BRICS.

At the regional level, there are opportunities for members of the AfCFTA to integrate sustainability considerations into their regional cooperation agenda. The United Nations Economic Commission for Africa has emphasized the importance of harnessing the Africa's regional integration process to accelerate Africa's green transition, including through policies that promote green industrialization, attract investments in renewable energy, enhance value addition in critical minerals, and build resilient regional value chains.

At the bilateral level, a range of existing efforts offer lessons and new approaches that can be built on. For

instance, a growing number of bilateral trade agreements include specific sustainability chapters and incorporate sustainability considerations in other chapters. Some governments require sustainability impact assessments of such agreements during the negotiations and at regular intervals after their entry into force. While views vary on the effectiveness of such efforts and how they can be improved, they can provide a reference point for further work. Moreover, governments are also exploring new approaches within free trade agreements (FTAs)—such as provisions that provide improved market access for products that meet certain sustainability criteria (e.g. Switzerland’s FTAs with Indonesia and Mercosur)—and beyond FTAs—such as partnerships that seek to address trade and investment goals in tandem (e.g. the EU’s Clean Trade and Investment Partnerships).

New trade agreements like the Agreement on Climate Change, Trade and Sustainability exemplify how trade cooperation can be harnessed explicitly as a vehicle for environmental progress. Concluded in 2025 by New Zealand, Costa Rica, Iceland, Norway, and Switzerland, the ACCTS was developed as a “pathfinder” initiative through which members have agreed to eliminate tariffs on environmental goods and services, establish guidelines for voluntary ecolabeling systems, and establish disciplines on fossil fuel subsidies. Similarly, the Australia-Singapore Green Economy Agreement, signed in 2022, stands out for its forward-looking framework focused on harmonizing standards for low-carbon technologies, promoting green finance, and building capacity for sustainable supply chains. Alongside, there are numerous efforts to bolster the sustainability of the massive investments in trade and related infrastructure across the developing world associated with China’s Belt and Road Initiative.

Further, regional platforms such as ASEAN and APEC are increasingly fostering cooperation on trade and sustainability. ASEAN has integrated sustainability into its broader economic agenda through initiatives like the ASEAN Economic Community Blueprint 2025, which emphasizes sustainable economic development and resource efficiency, and its 2023 Framework for Circular Economy. Meanwhile, APEC has taken a leadership

role in aligning trade with climate goals by supporting the reduction of tariffs on environmental goods and services, including solar panels and wind turbines, and encouraging voluntary cooperation on green technologies and carbon markets. While these initiatives are non-binding, they create important momentum and policy alignment across diverse economies in the region.

Finally, at the plurilateral level, the G20 Principles on Trade and Sustainable Development, endorsed during Brazil’s G20 Presidency in 2024, highlight the potential for the G20 to serve as a forum for dialogue and political guidance on trade and sustainability (G20 2024b). Further, the BRICS Summit in Brazil in May 2025 highlighted the potential for plurilateral and South-South settings to be catalysts for cooperation, with the joint declaration of the high-level meeting referencing a new BRICS Laboratory for Trade, Climate Change, and Sustainable Development (BRICS 2025).

4.3. International Commitments, Agreements, and Negotiations on Environment and Sustainable Development

Beyond the trade policy arena, there are numerous international commitments, agreements, and negotiations on environment and sustainable development that offer opportunities to accelerate sustainability in trade.

At the multilateral level, the SDGs recognize the importance of trade as a key enabler of progress on the 2030 Agenda for Sustainable Development. Trade is explicitly referenced in SDG 17, which focuses on partnerships to achieve the goals, and is indirectly relevant across numerous other goals, including those related to zero hunger (SDG 2), decent work and economic growth (SDG 8), industry, innovation, and infrastructure (SDG 9), responsible consumption and production (SDG 12), climate action (SDG 13), and life below water (SDG 14). As governments move towards the final countdown for the SDGs, there is an important opportunity for action on trade and trade-related cooperation to support their realization.

A number of multilateral environmental agreements also have specific provisions or targets where cooperation on trade has a key role to play in accelerating action on nature and climate goals. For example, trade cooperation has a role to play in achieving all 23 targets of the Kunming-Montreal Global Biodiversity Framework by supporting nature-positive markets and promoting sustainable trade, with mutual benefits for environmental goals and sustainable development. Target 18 of the KMGBF, for instance, calls for the elimination, phasing out, or reform of subsidies that harm biodiversity, including those in sectors like agriculture, fisheries, and fossil fuels—all of which are sectors where the volume and share of international trade is high. Cooperation on trade and trade policies can reinforce a broad range of KMGBF goals, including by promoting cooperation on trade in biodiversity-friendly goods and services, supporting ecolabeling, and encouraging sustainable supply chains as well as reducing, in an equitable manner, the global footprint of consumption (see for instance Target 16) (UNEP & TESS, 2023).

Another set of multilateral environmental agreements where trade regulation has a key role to play are the Basel, Rotterdam, and Stockholm conventions, which seek to regulate the transboundary movement of hazardous chemicals and waste, promoting shared responsibility between exporting and importing countries. The Basel Convention, for instance, controls the export and import of hazardous wastes, while the Rotterdam Convention requires prior informed consent from importing countries for trade in specific hazardous chemicals.

Trade and trade cooperation are also key in supporting the global climate regime, as established by the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. As governments pursue action to meet the Paris goals, trade and trade policies have a direct role to play in supporting the development, transfer, affordability, diffusion, and uptake of climate technologies vital to decarbonization, the energy transition, and climate adaptation. Governments have important work to

do to bolster trade cooperation on the intersection of carbon pricing and measurement methodologies, emissions trading systems, industrial policies, climate standards, and trade in emission-intensive products. Progress on the Paris climate goals will also require cooperation around agricultural trade, and in particular commodities trade associated with deforestation of tropical forests.

Two final examples of “non-trade” processes that provide opportunities to accelerate progress on nature, climate, trade, and sustainable development relate to critical minerals and plastic pollution.

The UN Secretary-General’s Panel on Critical Energy Transition Minerals, launched in 2024, addresses the complex intersecting challenges of sustainability, equity, and governance associated with the rapidly growing demand for minerals vital to renewable energy technologies and the low-carbon transition (UN, 2024). The panel seeks to promote responsible sourcing, ESG standards, and transparency to ensure that supply chains are environmentally sustainable and socially equitable, as well as investment in local value addition in resource-rich developing countries to support inclusive development. As noted by the panel, the goal is to ensure that efforts to advance the energy transition vital for climate action avoid repeating historical patterns of resource exploitation and support both resilience and equity.

On plastics, negotiations are currently underway to conclude an international treaty on plastic pollution. The value of trade across the life cycle of plastics exceeds \$1.2 trillion annually (TESS, 2024). The mandate for negotiations calls for a comprehensive approach that addresses the full cycle of plastics and that promotes the sustainable production and consumption of plastics. Given the central role of international supply chains and trade in the global plastics economy, any effort to successfully address plastic pollution will require attention to trade. Notably, over 100 governments have called for the treaty to provide for global measures that recognize the transboundary nature of plastics supply chains

in order to address problematic plastic products and chemicals of concern in plastics, product design, and wastes. At the same time, ensuring appropriate flexibilities, support for treaty implementation, and attention to just transitions will be essential for the treaty's conclusion and implementation, in particular for developing countries and communities active in plastics-related value chains.⁶

4.4. Coherent Domestic Policy Frameworks

Beyond opportunities for intergovernmental trade cooperation on nature, climate change, and sustainable development, equally important is the development of coherent policy frameworks and integrated strategies at the domestic level. This requires breaking down institutional silos between ministries and sectors to develop coherent, cross-cutting strategies that reflect environmental and social priorities. Inclusive dialogue is essential—engaging Indigenous Peoples and local communities, smallholders, MSMEs, and civil society ensures that biodiversity-friendly trade policies are equitable and grounded in local realities. It also requires active engagement between trade negotiators and biodiversity, climate, and financial communities to ensure consistency and maximize synergies.

Four key elements of strategy that have been used successfully in some countries to promote coherent policy frameworks are: (i) the development of national trade policy strategies anchored in sustainability priorities; (ii) the formulation of inter-ministerial taskforces or coordinating processes that draw on perspectives from across government; (iii) consistent opportunities for legislative oversight and stakeholder input into the formulation of trade strategies; and (iv) assessments of potential impacts of trade strategy and policies on a range of domestic policy priorities and on trading partners (especially developing country partners) and wider international commitments to sustainability.

4.5. Intergovernmental Guidance

on Stakeholder and Private Sector Supply Chain Initiatives to Bolster Coordination, Cooperation, and Effectiveness

A growing number of stakeholder-led initiatives, ranging from voluntary sustainability standards and ecolabels to corporate environmental pledges and disclosure schemes, are seeking to drive transparency, traceability, accountability, and improved sustainability performance across international supply chains for different product groups and supply chains (e.g. steel and cement, organic agricultural products, and fish). To support the coordination and effectiveness of such efforts, many governments recognize the need to explore how to enhance intergovernmental economic diplomacy, guidance, and collaboration on standards and standard-setting (Messenger, 2025).

While recognizing the positive influence and impact of a broad range of voluntary sustainability schemes, including as drivers of policy change, interest in enhanced intergovernmental cooperation in relation to stakeholder-led supply chain initiatives has arisen for two reasons. First, although many sectoral or product-specific initiatives are delivering important impacts, there is also recognition that many fall short of their goals. Second, the current landscape is marked by a proliferation of overlapping and sometimes conflicting schemes, each with its own principles, metrics, indicators, definitions, and criteria, on top of government requirements. This fragmentation not only hampers the overall effectiveness of such schemes but also contributes to stakeholder confusion, implementation fatigue, diminished trust, and concerns about “greenwashing” by companies and organizations. In recent years, the wave of transparency and traceability initiatives and tools, including using technological innovations such as blockchain and digital product passports, is seen by many as a positive development that can support sustainability outcomes in trade. However, although these efforts offer potential

6. Notably, alongside, governments active in the DPP at the WTO have been exploring opportunities to reduce fragmentation, improve coordination, and increase transparency of regulations and standards on certain plastic products, such as single-use plastics and plastic packaging, and to promote trade in environmentally sound and effective non-plastic substitutes and waste management services.

for enhanced trust and stronger verification across complex supply chains, a number of developing country governments and companies raise concerns about: the costs associated with data collection; their limited influence over criteria, methodologies, and emerging standards; and challenges of compliance, particularly in the context of constrained access to finance and technology.

There are several areas where intergovernmental cooperation could play a constructive role in addressing challenges associated with the proliferation and complexity of voluntary sustainability schemes. First, it could help ensure that such supply chain efforts are equitable and inclusive, avoiding unintended consequences that may disadvantage producers in the Global South, especially smallholder producers and MSMEs. Second, cooperation offers opportunities

to improve coordination, transparency, fairness, and accountability of supply chain initiatives. A focus at the international level on robust, transparent mechanisms and consistent minimum standards could enhance the transformative potential of these initiatives, reduce duplication, streamline reporting requirements, and ease the burden on producers, while encouraging broader stakeholder engagement. One proposal is the development of minimum international requirements for sustainability in agriculture—akin to a Codex Planetarius to accompany the Codex Alimentarius for food safety (Clay, 2025). Two existing efforts include UNCTAD’s BioTrade Principles, which promote sustainable trade in biodiversity-based products and services (UNCTAD, n.d.), and the International Trade Centre’s (ITC) Standards Map, which provides an online database of relevant sustainability standards for specific product groups across international markets (ITC, n.d.).

5. Takeaways and Key Questions to Guide Strategic Dialogue

Four key top-level takeaways on new international trade agendas to accelerate action on nature, climate, and sustainable development emerge from this paper:

1. There is real urgency to act assertively and equitably on trade cooperation that can support all three dimensions of sustainable development.
2. The trade and sustainability landscape is complex: the range of relevant actors, processes, and initiatives means that there are a multiplicity of opportunities to drive action.
3. The most effective ways forward—in terms of avenues, fora, and strategies—may vary according to the particular sectoral or sustainability outcomes being pursued, and will need to be grounded in careful reflection on the overarching geopolitical context, economic and technological trends, and domestic politics.

4. A range of strategies are available to drive much-needed transformation.

A strategic priority, from an environmental perspective, will be to identify the sectors, products, production practices, and consumption patterns with the highest environmental footprint and where there is the highest potential for progress. Sometimes this will mean engaging dominant actors in a sector; in others, it will mean targeting small but high-impact supply chains. Given the fragmented trade landscape, coordinated strategies across multiple fora and levels—multilateral, regional, bilateral, and domestic—will require consideration; specific bilateral, regional, or plurilateral arrangements may also provide the greatest opportunity for impact on particular outcomes.

For some environmental imperatives, it may also require being opportunistic and careful about when and how it will be effective, in the short or long

term, to frame approaches in ways that respond to particular national economic, development, or security priorities. In the face of ongoing concerns about a trade-off between economic and environmental goals, continued integration of sustainability concerns in trade arrangements will require sustained pressure, coherent arguments, clear evidence for why and how trade, trade policies, and trade cooperation can support—not undermine—climate, biodiversity, and sustainable development goals, and how this will be vital to generate and sustain economic prosperity, social welfare, and political support.

For those keen to foster effective, inclusive trade cooperation and action on trade and sustainability, this paper clearly shows that both determined international diplomacy alongside active engagement of business, civil society, researchers, and legislatures will be required.

Several broad priorities emerge for strategic cooperation on trade that stakeholders could pursue in order to drive positive outcomes for sustainability, including:

- Fostering inclusive, cross-sectoral, and cross-regional coalitions focused on key supply chains, sectoral strategies, and thematic areas or levers for transformative change.
- Promoting enhanced dialogue among stakeholders, experts, and officials, and connecting the dots between environment, trade, and development communities.
- Expanding the number and range of trade and sustainability champions—both countries and stakeholders—and collaboration among them.
- Advocating for action and accountability on trade and sustainability at domestic and international levels.

- Leading by example through practical supply chain initiatives, partnerships, and investments; and supporting coordination and cooperation across these.
- Generating robust data and impact analysis.

Looking ahead, and to anchor and inform strategic discussions on these issues going forward, the analysis in this paper points to a core set of questions that governments and stakeholders will need to consider:

- What are the priority policy areas, objectives, and strategies we should focus on collectively to ensure that the international trading system promotes stability and prosperity for people and nature through progress on sustainability in all three dimensions?
- Where could trade-related action make the biggest difference for nature, climate, and sustainable development? Where are the chances of success greatest?
- How to accelerate progress on nature, climate, and sustainable development in trade policy spaces at the pace required, given current geopolitics?
- How to advance and sustain inclusive international cooperation on trade and sustainability over the long term, recognizing the need for integrated policy approaches to accelerate transformative change?

In our multipolar and increasingly fragmented global trading system, achieving sustainability ambitions will depend on strategic coalitions, innovative partnerships, and a renewed commitment to international cooperation rooted in effectiveness and justice, recognizing that the sustainability challenges we face are both urgent but also “long” problems.

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