WORLD TRADE ORGANIZATION

SUSTAINABLE DEVELOPMENT GOALS

WTO contribution to the 2022 UN High-Level Political Forum

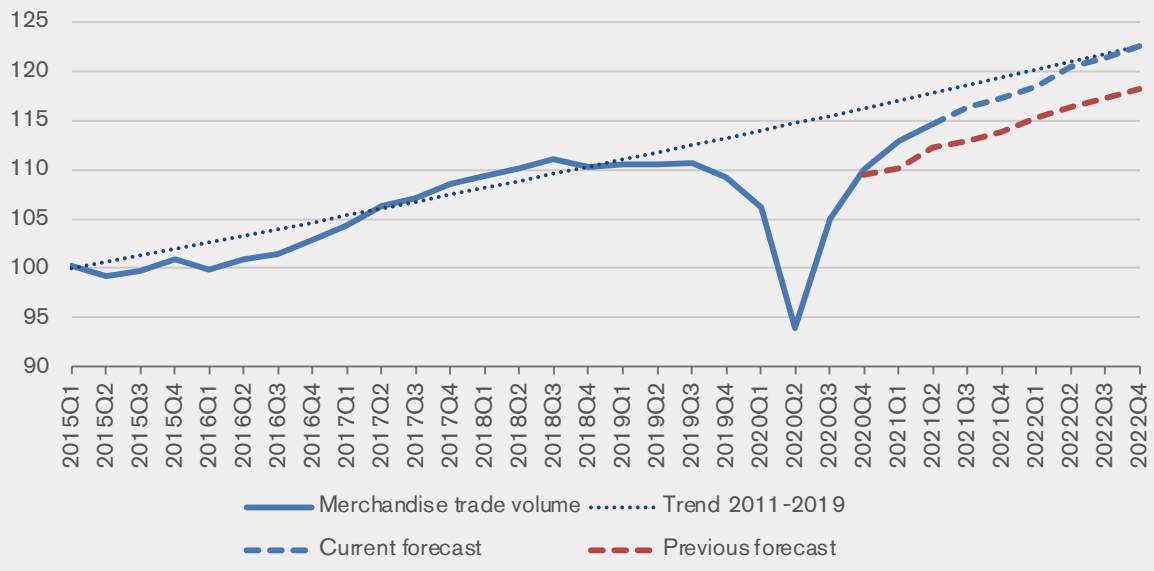
CONTENTS

1 INTRODUCTION: BUILDING BACK BETTER AND TOGETHER AFTER COVID-19

In 2021, the WTO appointed a new Director-General, Dr Ngozi Okonjo-Iweala, the first African and the first woman to lead the organization. With this new leadership and vision comes a renewed emphasis on the role that trade can play in improving livelihoods, creating opportunities for full employment, and achieving sustainable development in line with the objectives outlined in the Marrakesh Agreement Establishing the WTO and the Agenda 2030 for Sustainable Development. This commitment to making trade and the work of the WTO centred on people is one the main reasons why the work of the organization has been devoted to building back a stronger and more inclusive global economy, and reviving progress towards the Sustainable Development Goals (SDGs). It has also been strongly reflected in the work done by the Director-General to improve access to the COVID-19 vaccine, and has been translated into concrete steps to ramp up and diversify production in developing countries, particularly on the African continent.

The COVID-19 pandemic has put massive stress on the world trading system. This started with lockdowns, which generated a severe reduction in economic activity, leading to a temporary collapse of global trade. In 2020, the value of global trade in goods and services in nominal dollar terms fell by 9.6 per cent, while global GDP fell by 3.3 per cent, in the most severe recession since World War II. But a quick recovery of merchandise trade flows followed in 2021. The WTO predicted a growth of 10.8 per cent of world merchandise trade volumes in 2021, followed by a 4.7 per cent rise in 2022, as shown in Figure 1. However, following the Ukraine conflict, the WTO Secretariat revised its trade

Figure 1: Prior to the conflict in Ukraine WTO's world merchandise trade volume forecast suggested a rapid recovery after the COVID-19 shock



Source: WTO Trade Forecast October 2021 (https://www.wto.org/english/news_e/pres21_e/pr889_e.htm).

forecast for 2022 in its report assessing the impact of the war, released in April 2022 and titled *The crisis in Ukraine: Implications of the war for global trade and development*.[1] Using a global economic simulation model, the WTO now forecasts that the conflict and related policies could knock 0.7-1.3 percentage points off global GDP growth, bringing it to somewhere between 3.1 and 3.7 per cent. Using the same simulation model, global trade growth this year could be cut almost in half, from the 4.7 per cent forecasted in October 2021 to between 2.4 per cent and 3 per cent.

Ukraine and Russia taken together may account for barely 2 per cent of global GDP, and 2.5 per cent of merchandise exports, but they are key suppliers of food, energy, fertilizers and certain metals. As a result, the economic shocks emanating from the Black Sea region, starting with higher food and energy prices, have implications for the lives and livelihoods of people around the world and for the global food and nutrition security situation. Considering this situation, the UN Secretary-General set up a three-tier steering committee at the levels of heads of government, heads of international organizations, and technical experts to examine the issue of surging energy and food prices, assess the impact on developing countries and formulate recommendations. The WTO has been invited to join this committee and is expected to play a key role in finding solutions to this looming crisis that threatens to roll back progress in achieving SDG 2 on zero hunger, but also SDG 1 on poverty. The WTO Director-General, as well as the heads of the International Monetary Fund (IMF), World Bank Group (WBG) and World Food Programme (WFP) also issued a joint statement in April 2022 calling for urgent food coordination on food security.

Prior to the conflict in Ukraine, a strong rebound in global trade and the increased demand for consumer durable goods at the expense of services, such as tourism, put some supply chains and the global shipping system under stress generating customs and logistic bottlenecks and increasing trade costs uncertainty. The unfolding tragedy in Ukraine is adding to supply chain woes. While the full implications for global supply networks will take time to become clear, there have been immediate impacts on global food security, with sharp price increases for grains, oilseeds and vegetable oils, and fertilizers, as well as energy.

It is therefore important to manage supply chain issues to avoid disrupting trade at a time when it is needed to build food supply resilience in countries with a food deficit. In this context, in March 2022, the Director-General convened a meeting with top executives from the full range of supply chain actors – shipping companies, ports, logistics firms and users – to look at what the WTO can do to ease supply chain disruptions and enhance the free flow of trade.

In the near term, international cooperation on trade will also be crucial to minimize the impact of supply crunches in key commodities for which prices are already high by historical standards, and to keep international markets functioning smoothly. Only through coordination can governments avoid a repeat of the cascading export restrictions that exacerbated price increases in the food price crisis of 2008 to 2010.

In the long term, supply resilience will be best served by deeper and more diverse international markets anchored in open and predictable rules. Concentrating sourcing and production at home, while understandable, could also create new vulnerabilities and may not be the best risk management strategy.

Despite these supply chain bottlenecks issues the world trading system has kept up well and has helped the world to recover faster after the COVID-19 pandemic. Merchandise trade recovered more quickly than GDP after the initial shock of COVID-19 and is driving the recovery from the pandemic as shown in Figure 2.

The recovery has, however, been uneven. More than 114 million jobs were destroyed as a consequence of the pandemic in 2020 disproportionately hitting women and young workers (ILO, 2021). The number of informal workers also increased in many economies, increasing the precarity of working conditions. While many high-income and upper middle-income economies are reducing poverty at a faster rate than before the pandemic, the number of poor in low-income economies is projected to increase in 2021 by 2.7 per cent, a rate almost 14 times higher than before the pandemic (World Bank, 2021). Unequal and slow access to vaccines in developing and least-developed countries continues to be a major obstacle to economic recovery. Although more than 10 billion doses have been administered globally, less than 11 per cent of people in low-income countries have received at least one dose.

In parallel, the current trade growth remains uneven across sectors. Services trade continues to lag behind merchandise trade, particularly in sectors

Figure 2: Economic recovery has been associated with trade recovery during the COVID-19 pandemic (second to fourth quarter of 2020)

Source: WTO (2021).
Note: The GDP growth rate and trade recovery rate are defined as the percentage change from Q2 to Q4 2020. Trade levels were at their lowest point in April/May 2020.

related to travel and leisure. These trends have implications for economic recovery which cannot be as inclusive as it should be, given that vulnerable groups, including women and the poor, continue to be underrepresented in some booming sectors, such as digitally supplied services, and overrepresented in some struggling sectors, such as tourism.

In that vein, the 67 WTO members participating in the Joint Initiative on Services Domestic Regulation successfully concluded negotiations on 2 December 2022. This agreement represents the first set of rules on services in 24 years and is expected to save businesses, especially small businesses and those in the financial, business, communications and transport services sectors, US$ 150 billion annually in costs according to WTO and OECD research.[2] The severe socio-economic consequences of the pandemic highlight the importance of recovering from the pandemic in a more resilient, sustainable, and inclusive manner. In that context, international trade and the WTO can play a key role in supporting the recovery and building more resilient, sustainable, and inclusive economies.

Although in today's hyper-connected global economy, trade makes the world more exposed to some risks and vulnerable to some shocks, it also provides important means to prevent, prepare for, cope with and recover from shocks and disruptions. Trade, as a source of economic growth and productivity, has been essential to development and poverty reduction. Trade also helps to better prepare for shocks by ensuring that critical goods and services, such as weather forecasting, insurance, telecommunications, transportation and logistics, and health services, are available in a timely manner in case of shocks. Trade enables countries to better cope with and adjust to shocks by enabling them to switch the sources of supply in case of domestic shortages. Trade can also contribute to speeding up economic recovery thanks to sustained foreign demand on the export side and the availability of intermediates on the import side. Economies with limited ability to spur recovery through fiscal stimulus packages, including least-developed countries (LDCs), are particularly dependent on trade recovery as a source of economic growth.

The beneficial coping effect of trade has been found to dominate the trade exposure to risk and the transmission of shocks, when it comes to macroeconomic stability. In particular, the increase in trade openness in the last 50 years has reduced

macroeconomic volatility in most countries. This overall beneficial role of trade has largely been made possible through diversification. Trade diversification is indeed associated with reduced volatility, as shown in Figure 3. Trade allows countries to diversify sources of supply and demand, thereby reducing exposure to country-specific shocks. Just as trade can help in case of shortage in domestic supply, diversification of trade suppliers can help in case traditional foreign supply is disrupted, for example by a natural disaster in one supplier. Likewise, if a country's exports are concentrated in a few products, countries are more vulnerable to a drop in demand of these products, increasing aggregate volatility. The severe impact of the COVID-19 crisis on regions dependent on tourism is a case in point. Limited economic diversification in many developing and least developed economies has constrained them from being more economically resilient and recovering faster.

Trade also supports efforts to build back better by contributing to climate change solutions. Importantly, trade plays a critical role in diffusing green technology by lowering the cost of adaptation, helping countries transition, in a just way, to a low-carbon economy. Regarding extreme weather events and natural disasters, countries need to be able to import food and materials for reconstruction, and trade is often the vehicle for this to happen.

Hence, trade is an essential force of good for the climate and has a multifaceted impact on carbon emissions. Reductions of emissions associated with trade are possible with technological innovation and international climate cooperation. Successful climate policy requires the engagement of all countries to address concerns over carbon leakage. The WTO Director-General has called for increased global cooperation on tackling climate change, to ensure that climate-related measures, such as carbon pricing, are not misused as a pretext for protectionism, especially against developing countries.

Just and inclusive carbon pricing mechanisms will take into account the histories, responsibilities and needs of developed and developing countries. For developing countries, there are many potential benefits of just carbon pricing mechanisms, as they can help facilitate the transition towards new sectors, and ultimately offer significant revenue-creation opportunities, as well as the means to respond to

Figure 3: Trade diversification reduces macroeconomic volatility

Source: WTO (2021).
Note: The diversification index is based on the Herfindahl-Hirschman index of geographical export concentration and ranges from zero (no diversification) to one (complete diversification). Volatility is computed as the standard deviation of the ten yearly GDP growth rates observed in the period 2007-17.

pressing developmental challenges, while future-proofing investments. However, the participation of the developing world in the transition to a global low-carbon economy requires access not only to technology, but to climate finance.

Tackling these issues cooperatively would help with finding effective solutions. The same can be said for carbon pricing, itself a key pillar for an effective and just transition to a low-carbon world. About 65 different carbon pricing initiatives currently exist in around 45 national jurisdictions. Coverage and prices vary from less than US$ 1 per ton of CO2 in certain countries to more than US$ 135 in Sweden. Still others are taking different approaches: supporting green innovation, regulating fuel efficiency, and pursuing sectoral policies.

As the Director-General has said in her participation in the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in 2021, and at other key events, such as the 7th Ministerial Meeting of the Coalition of Finance Ministers for Climate Coalition in 2022, fragmentation of this kind will weaken our efforts to reach the Paris Agreement targets. Carbon prices are more efficient when applied globally. WTO projections show that the carbon price needed to stay on a 2°C degrees warming trajectory would be 25 per cent lower by 2030 if coordinated at a global level instead of being introduced regionally.

Moreover, multiplying approaches to carbon pricing and border adjustment is likely to increase costs and confusion for businesses, as well as give rise to trade frictions. A "fair and just transition" for developing countries could fall by the wayside. Today, getting access to green technology and the US$ 100 billion of climate finance promised is urgent.

While proposals exist for both global carbon prices, few have been able to garner significant support. However, the IMF has proposed a differential carbon pricing scheme which may be able to mitigate the adverse real income effects of global carbon policies for low-income regions. In fact, according to WTO estimates, a differential carbon pricing proposal could reduce the negative welfare effects for most low-income countries to a limited extent. With a differential carbon price, as proposed by the IMF (US$ 25, US$ 50 and US$ 75, respectively, for low-income, middle-income and high-income regions), developing countries would have a smaller real income reduction than under a uniform carbon price.

Whatever scheme is adopted, the WTO, as a forum, can help in those discussions and debates and find solutions to reduce fragmentation risks, with its common principles, such as transparency, non-discrimination, avoidance of unnecessary obstacles to trade, and seeking harmonization around global carbon pricing approaches. With members at every level of development, the WTO stands ready to contribute to a just transition and help mitigate potential trade frictions by serving as a forum for transparency, dialogue and convergence on carbon pricing approaches.

The WTO's Aid for Trade Initiative can help developing countries by mobilizing funding for a green transition and supporting the private sector in developing countries to adapt to climate change. However, there is a notable financial shortfall in this area: in 2018, climate-focused Aid for Trade amounted to only US$ 15 billion, representing one-third (33 per cent) of overall Aid for Trade. The WTO can also contribute by including developing countries in discussions on carbon pricing through dedicated fora such as the Trade and Environmental Sustainability Structed Discussions. Lastly, the WTO has started engaging in partnerships with other international institutions, such as the IMF, World Bank and the OECD, to work on finding common approaches and solutions. A joint forum among these could propose an approach on global carbon pricing coordination in support of countries' efforts to meet the Paris Agreement.

Although trade resilience contributes to economic recovery, it might not always be sufficient to sustain economic resilience. Addressing the factors and conditions underpinning the vulnerabilities and exposures to risks and shocks faced by economies, and communities at large, is important to ensure a more sustainable, resilient and equitable development. Addressing the barriers to economic diversification of products, suppliers and export markets is important. Similarly, overcoming the obstacles that prevent certain groups, including the poor, women and micro, small and medium-sized enterprises (MSMEs), from fully participating in trade is essential. This can be achieved by improving access to higher education, digital technology, finance, information, and transport infrastructure, among others.

While trade brings significant positive economic and social benefits, it can also lead to some disruptions in the labour market because some sectors tend to expand while others tend to contract following trade openness and increased competition. The adjustment costs to new economic conditions, including in the context of the economic recovery from the pandemic, can fall disproportionately on some workers, sectors and regions depending on their labour skills and mobility. Mitigating the obstacles to labour

mobility, that prevent workers from moving between industries or regions to find new job opportunities, are important. Ensuring that the gains from trade are maximized and shared more evenly is also key to improve economic efficiency and resilience, and to sustain political support for trade opening and sustainable development.

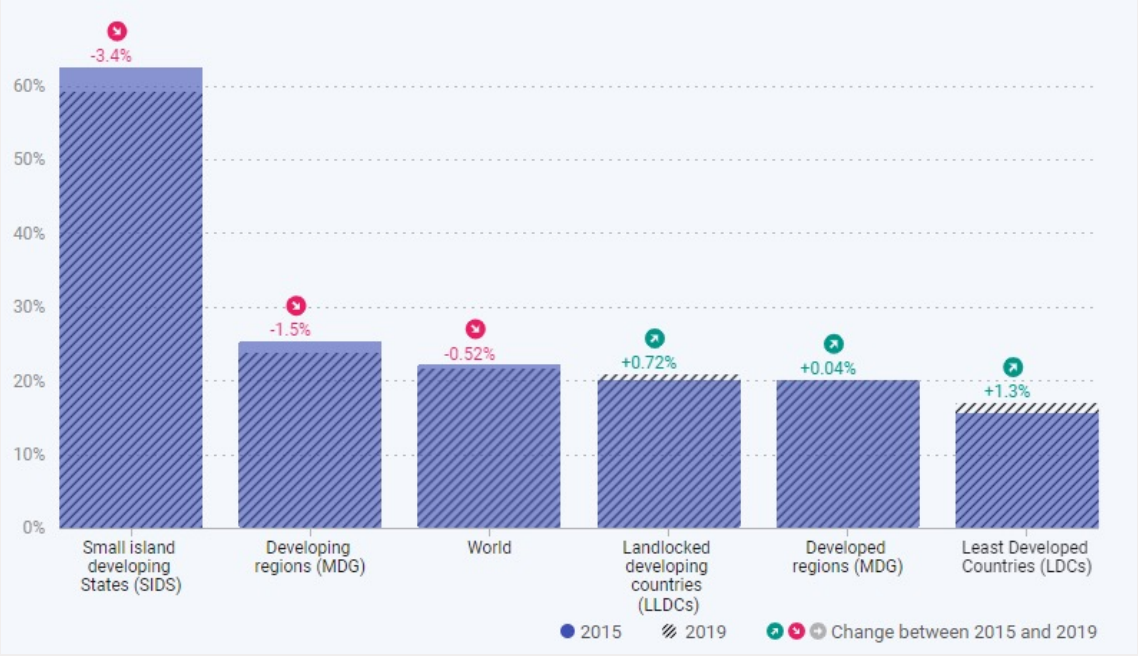
The COVID-19 pandemic has also shed light on the need for greater international cooperation, including international trade cooperation, to strengthen economic resilience by building back better from the pandemic while advancing the full implementation of the 2030 Agenda for Sustainable Development. The WTO framework supports the conditions underpinning economic resilience and recovery by supporting policies that create or expand positive cross-border spillovers, and by limiting the adoption of policies that cause negative cross-border spillovers. Some of the major contributions of the WTO to trade cooperation to strengthen the global economy and build-back-better efforts include reducing trade barriers, streamlining customs procedures, encouraging transparency and predictability of trade policy, building trade capacity in poorer countries, and collaborating with other international and regional organizations.

On-going negotiations and initiatives related to trade and health, fisheries, services, agriculture, electronic commerce, MSMEs, women's economic empowerment and sustainability could further contribute to economy recovery and the 2030 Sustainable Development Goals.

1.1 Overview of international trade of developing countries under COVID-19

Merchandise trade volume[3] in developing economies contracted by 2.9 per cent in 2020, less than in developed economies (-7.5 per cent), during the same period. From 2018 to 2020, world trade and GDP growth fluctuated strongly as the global economy experienced multiple economic shocks affecting developing and developed economies alike. World merchandise trade volume expanded by 3.1 per cent in 2018, slowing down to 0.1 per cent in 2019, to drop by 5.3 per cent in 2020. World GDP growth slowed from 3.1 per cent in 2018 to 2.5 per cent in 2019, partly because of heightened trade tensions. GDP growth then fell by 3.5 per cent in 2020 due to the COVID-19 pandemic.

Figure 4: Share of exports (merchandise) of developing countries over GDP



Source: SDG Trade Monitor.

The export shares of merchandise of developing countries and small island developing states over GDP decreased between 2015 and 2019, respectively by 3.4 per cent and 1.5 per cent (see Figure 4). On the other hand, merchandise exports of landlocked developing countries (LLDCs) have made an increased contribution to GDP, with a recorded growth rate of 0.72 per cent. This growth rate is second only to that of LDCs (1.3 per cent) and surpasses developed regions. Nevertheless, LLDCs face specific challenges that have been exacerbated by the pandemic. The WTO recently completed a study highlighting the supply chain constraints and high trade costs faced by LLDCs and the extent of their reliance on transit countries for imports and exports, and recommending ways to address these trade challenges so that LLDCs can increase their participation in international trade.[4]

In 2020, developing economies' merchandise exports dropped by 6 per cent in nominal terms, less than exports of the rest of the world (-9 per cent). In 2020 the value of global merchandise exports declined by 8 per cent as the devastating consequences of the COVID-19 pandemic were felt across the world. Merchandise trade of fuels and mining products suffered from weak prices in 2019, while trade in manufactured goods experienced a smaller decrease. Merchandise exports of developing economies fell to US$ 7.6 trillion in 2020, and imports were down 8 per cent to US$ 7.2 trillion. The share of developing economies' merchandise exports in world merchandise exports grew from 43.0 per cent in 2018 to 43.9 per cent in 2020, while the share of their imports grew from 40.5 per cent in 2018 to 41.7 per cent in 2020.

In the second quarter of 2020, exports volumes plunged 18.3 per cent quarter-on-quarter in developed economies, driving global merchandise exports down by 12.9 per cent. Trade in developing economies, however, did not contract as much, as exports fell 5.8 per cent quarter-on-quarter and imports declined by 8.8 per cent. Global merchandise trade volume rebounded by 12.1 per cent in the third quarter of 2020 as economic activity resumed.

Developing Asia was the main driver of the merchandise trade volume performance of developing economies. Developing Asia's[5] exports were up 3.8 per cent year-on-year in 2018, up 1.2 per cent in 2019, and continued to record a 1.7 per cent growth in 2020. Merchandise imports volumes of the region grew in 2018 (5.7 per cent) but fell in 2019 (0.6 per cent) and 2020 (0.8 per cent). By contrast, the Middle East recorded the sharpest declines during the pandemic, with exports falling by 11.6 per cent year-on-year in 2020 and imports contracting by 13.9 per cent year-on-year.

Merchandise exports from Africa, sensitive to commodity price fluctuations, dropped by 8.8 per cent in 2020 in volume terms, which further constrained their ability to import, leading to a steep decline of 11.1 per cent year-on-year.

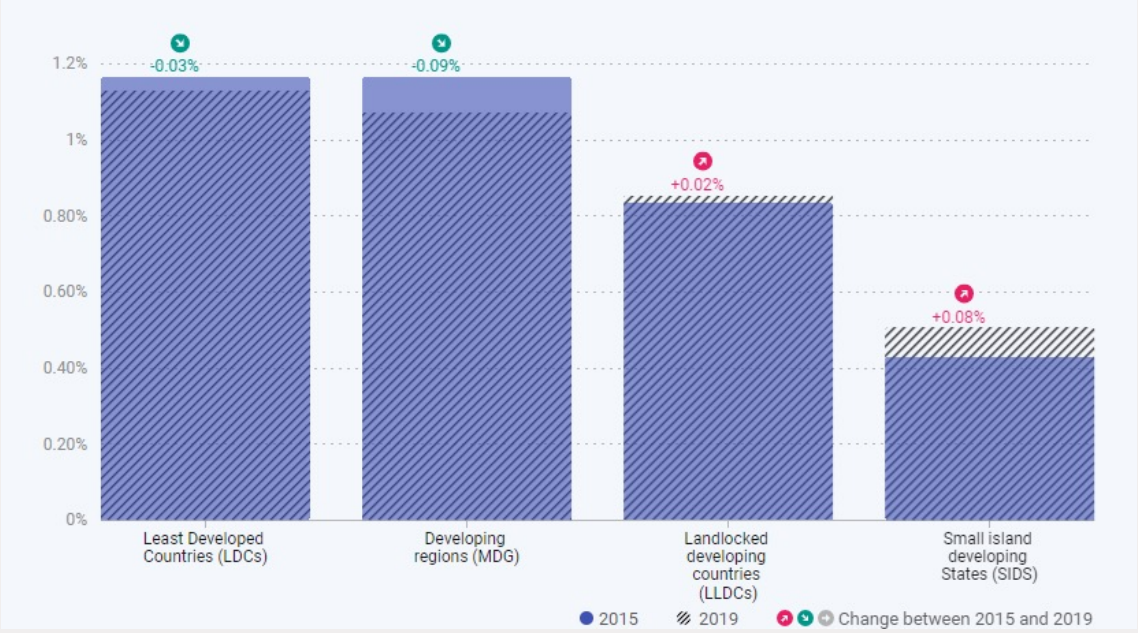
China, the Republic of Korea, and Mexico remained the top traders amongst developing economies. The order of the top four exporters did not change between 2018 and 2020, with China being the top exporter with a share of 34 per cent in 2020, followed by the Republic of Korea (share of 7 per cent), Mexico (share of 5 per cent) and Singapore (share of 5 per cent). Amongst the top 15 exporters only Viet Nam, Chinese Taipei and China recorded export growth in 2020. Regarding imports, the top two importers in both 2018 and 2020 were China (share of 29 per cent in 2020) and the Republic of Korea (share of 7 per cent). Mexico moved from 4th position in 2018 to 3rd position in 2020 (share of 5 per cent), while India dropped from 3rd in 2018 to 4th in 2020 (share of 5 per cent). Only four out of the top 15 importers had higher imports in 2020 than in 2019.

Merchandise exports of the developing economies continue to be dominated by exports of manufactured goods. Between 2018 and 2020, the share of manufactures in their total merchandise exports increased from 70 per cent to 73 per cent. China, the Republic of Korea, and Mexico were the top exporters of manufactured goods. During the same period, the share of fuels dropped the most, notably from 21 per cent in 2018 to only 10 per cent in 2020. Apart from the decline in market demand for fuels due to the pandemic – mainly because of travel restrictions imposed in many countries – this is also an effect of the 2020 decline in energy prices (-30 per cent). In 2020, soybeans were the most-traded agricultural product and monolithic integrated circuits the most-traded non-agricultural product of developing economies.

On exports to developed regions, developing regions faced an average tariff of 1.15 per cent in 2019 (see Figure 5). Tariffs incurred by LLDCs are lower than that of LDC and developing regions in general, albeit higher than that of small island developing states.

The United States, the European Union and China remained the top three merchandise trading partners of developing economies. The order of the top 10 destinations of the merchandise exports of

Figure 5: Average tariffs faced by developing countries, least-developed countries and small island developing states



Source: SDG Trade Monitor.

developing economies remained the same between 2018 and 2020, led by the United States (share of 17 per cent in 2020), the European Union (share of 14 per cent in 2020) and China (share of 13 per cent in 2020). For imports, the top three origins in 2020 were China (share of 20 per cent), the European Union (share of 14 per cent) and the United States (share of 11 per cent).

Developing Asia and trade in manufactures are the main drivers of South-South trade. Trade of developing economies with other developing economies or "South-South" trade has grown from an estimated share of 53 per cent in 2018 to a share of 55 per cent in 2020, amounting to about US$ 3,853 billion in 2020 (down from US$ 4,601 billion in 2018). In 2020, around 80 per cent of total intra-South-South exports were generated by Developing Asia, slightly more than 5 per cent by South and Central America and the Caribbean and about 5 per cent by the Middle East.

Developing economies' commercial services exports dropped 25 per cent in 2020, more than in the rest of the world (-18 per cent). Restrictions to cross-border movement of people, border closures, and strict lockdown measures implemented to fight the COVID-19 pandemic hit hard services, particularly in developing economies. Services exports dropped 25 per cent to US$ 1,451 billion in 2020, due to collapsing international travel and transport services. This represents an export loss of US$ 483 billion for developing economies, more than four times higher than the loss recorded during the 2008-2009 global financial crisis (US$ 102 billion). As a result, the contribution of developing economies to world exports of commercial services declined from 30.9 per cent in 2018 to 29.5 per cent in 2020. Participation in global imports also fell from 37.8 per cent in 2018 to 35.2 per cent in 2020.

On the other hand, developing economies' exports of other commercial services were resilient during the pandemic. In comparison with the rest of the world, developing economies' exports of other commercial services were more dynamic prior to the pandemic, and resilient in 2020. In 2018, exports were up 14 per cent versus 10 per cent in other economies, up 4 per cent versus 2 per cent in 2019, and decreased only by 0.3 per cent in 2020 compared to a 3 per cent decline in the rest of the world. Computer services saw rapid export growth in many developing economies, boosted by the demand for digitalization and the shift to remote working.

China, India, and Singapore ranked both as the leading services exporters and importers. Services trade remains concentrated with the first 15 economies, predominantly Asian, accounting for almost 80 per cent of services exports and 76 per cent of imports in 2020. China, India, and Singapore were the leading traders both in 2018 and in 2020, although in a different order. No African country appeared in the top 15 developing traders; the first is Egypt, in the 18th position, as an exporter, and Nigeria in the 17th position, as a services importer in 2020.

In 2020, developing economies' travel exports dropped 66 per cent in 2020 as international tourism collapsed. Travel receipts contracted to US$ 205 billion from US$ 609 billion in 2019, dropping 66 per cent, a more pronounced decline than in developed economies (59 per cent). Developing Asia saw the sharpest fall (-72 per cent), while in the Middle East's travel exports decreased less than average (-54 per cent). The relative share of travel in developing economies' services exports decreased from 31.1 per cent in 2018 to 14.1 per cent in 2020.

Transport services trade declined by 18 per cent in 2020, with large differences among developing regions. In Africa transport exports dropped 21 per cent, 26 per cent in Latin America and the Caribbean, 32 per cent in the Middle East, and 39 per cent in Developing Europe. These declines are two or three times sharper than those recorded in Developing Asia, the largest trader (-10 per cent). With a 25 per cent increase in transport exports in 2020, China became the leading developing transport exporter, overtaking Singapore.

"South-South" trade accounted for 48.6 per cent of developing economies' services trade in 2019. According to estimates in the WTO-OECD Balanced Trade in Services (BaTIS) dataset, the share of South-South trade in developing economies' services trade reached 48.6 per cent in 2019, the latest available year, up from 40.7 per cent in 2005. South-South services trade is dominated by intra Developing Asian flows (58.1 per cent in 2019).

1.2 The road to the WTO's 12th Ministerial Conference (MC12)

MC12, now scheduled for 12-15 June 2022, will take place against a backdrop of extraordinary circumstances, where business is not as usual anymore. Multilateral institutions such as the WTO need to step up to these challenges. The international legal, monetary, financial and trade system, embodied by institutions like the United Nations, IMF, WBG and WTO, was set up in the wake of the Second World War to foster peace through prosperity and interdependence. Those goals are now under threat.

But at this time of difficulty, as a multilateral organization, the WTO, through its Ministerial Conference, will try to set an example of why multilateralism is so necessary in times of crisis. Multilateralism is one of the instruments that draws us together to address the global challenges with which we are all currently grappling. It is critical to keep the work of multilateral organizations going for the benefit of the people they have been set up to serve.

Work at the WTO Secretariat in Geneva to prepare for MC12 is forging ahead on both process and substance. The focus of the conference, as outlined by members, will be the pandemic response, fisheries subsidies, agriculture and WTO reform, issues linked to development and LDCs, and e-commerce.

Reaching a positive conclusion of the fisheries subsidies negotiations will be crucial in delivering on target 14.6 of the SDGs, as detailed further in this report, and would be a major achievement for the global oceans agenda, for our broader blue economy and for the livelihoods that depend on the health of our ecosystems. The WTO is also working closely with other agencies to set up a fisheries funding mechanism for technical assistance and capacity-building to implement the disciplines once the agreement is reached. Moreover, progress in the area of agriculture could complete the achievement of SDG target 2.b to correct and prevent trade restrictions and distortions in agricultural markets, which was already partially delivered upon by the WTO's 2015 Ministerial Decision on Export Competition.

The WTO response to the pandemic remains another critical area. As the effects of the pandemic linger, the WTO continues to treat this matter with the urgency that it deserves. This includes working towards a solution to some of the intellectual property challenges that have been highlighted by developing countries. One such solution is a proposal by India and South Africa for a temporary waiver of certain TRIPS obligations in response to COVID-19, originally circulated on 2 October 2020.[6] As of 28 April 2022, the proposal now has a total of 65 co-sponsors, with broad support from over 105 countries, both developed and

developing. In addition, over the last few months, important discussions among a smaller group of WTO members, facilitated by the DG, have been able to make considerable progress on a meaningful and acceptable proposal regarding intellectual property and vaccines, to be referred to the entire membership for consideration. Their discussions have focused on practical ways of clarifying, streamlining and simplifying how governments can enable diversification of the production of COVID-19 vaccines without the right-holders' consent. This represents a practical problem-solving approach responding to the concrete obstacles encountered in charting the pandemic response.

Still on the topic of the pandemic response, the Multilateral Leaders' Task Force, led by the Heads of the IMF, WBG, WHO and WTO, has held regular meetings which have been very productive. This process has enabled the increase of production to the point at which it now appears sufficient to cover present needs. Nevertheless, there is a persistent issue of inequity of access, as well as future diversification of production capacity. Currently, some of the main challenges that have been identified concern distribution problems and infrastructure issues with cold chains and personnel shortage. There are also many discontinuities on the ground, and there is supply fragmentation. Recent discussion with the chief executive officers (CEOs) of the leading COVID-19 manufacturers have focused on tackling these issues concretely on the ground in order to move forward on the issue of equity of access to vaccines in line with target 3.b of the SDGs.

Trade has been, and will remain, a critical means of adapting to the mounting global shocks that the world is currently experiencing, and a WTO that works is part of this. The WTO is working to use trade to build stronger, greener and more inclusive economies, nationally and globally aligned with the SDGs. But for this agenda and for the 2030 Agenda for Sustainable Development to move forward, it is important to start by making a success of MC12.

Endnotes

1 See https://www.wto.org/english/res_e/booksp_e/imparctukraine422_e.pdf

2 https://www.wto.org/english/news_e/news21_e/jssdr_26nov21_e.pdf

3 Measured as an average of imports and exports.

4 https://www.wto.org/english/res_e/publications_e/landlocked2021_e.htm

5 The IMF's categorization of emerging and developing countries in Asia includes: Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, India, Indonesia, Kiribati, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu and Viet Nam.

6 https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/IP/C/W669R1.pdf&Open=True

2 GOAL 4: QUALITY EDUCATION

2.1 Implications of the COVID-19 crisis on educational services

The COVID-19 crisis and the resulting closure of schools and universities has had a significant effect on the provision of educational services, accelerating the demand for online learning services worldwide. Online learning services have the potential to enhance access to education in support of the SDGs, while also bringing some old and new challenges to the forefront. Trade agreements can support and complement international efforts and domestic policies aimed at reaping the benefits of online education in pursuit of the SDGs.

2.1.1 The surge of distance learning and its potential to promote access to education

While traditionally student mobility represented the main form of supplying educational services internationally, the rapid development of information and communication technology (ICT) has allowed distance learning to gain prominence in the last years.

The United Nations Educational, Scientific and Cultural Organization (UNESCO) estimated that during the peak of the crisis, school and university closures in 190 countries had impacted over 90 per cent of the world's student population.[1] While the period of closure ranges significantly across countries and regions, it invariably resulted in a massive use of online education to fill the gap. This trend is expected to continue and increase in the future due to the advantages offered by online learning services.

At the level of higher education, online education provides students the possibility to enrol in a foreign institution and receive a qualification, while staying at home, at a considerably lower fee. By aggregating the demand globally, online courses attract student numbers that even the largest universities cannot service in traditional settings.[2] Online courses offer not only more flexibility, but also more options and opportunities for students at a lower cost. It can also be used to upskill workers in specific areas, including new technologies.[3]

The COVID-19 crisis has exacerbated existing inequalities in accessing education and training and therefore, special efforts are required to recover leaning losses caused by the pandemic.[4] While governments have been the main funder for education, these funds have decreased in the last years. Since the pandemic started, an estimated 65 per cent of governments in low and lower-middle countries, and 35 per cent in upper-middle and high-income countries, have further reduced funding for education.[5]

Online education has the potential to provide further opportunities of access to information, knowledge, and skills to students at broader scales to meet the increasing demand for higher education, particularly in the development world. A study from 212 countries found that online learners from lower socioeconomic backgrounds are significantly more likely to report benefits from online learning.[6] Online education can complement traditional ways of learning and positively contribute to achieving SDG Goal 4 of ensuring inclusive and quality education and promoting lifelong learning, provided that the challenges associated with it are adequately addressed.

2.1.2 Challenges hampering the potential of online educational services

As a result of digitalization and the sudden spread of online education, governments and providers of educational services are facing the pressing need to develop and rapidly implement technical solutions to provide online education, including developing online materials and digital skills.

The lack of adequate digital infrastructure is one of the major challenges for taking advantage of online education. The provision of online education critically depends on the availability of computers, internet, and broadband.[7] Taking advantage of online education also requires having the necessary digital skills. A recent survey carried out by UNESCO, UNICEF and the World Bank found that Ministries of Education rank inadequate digital skills as a key barrier to technology use for education, regardless of the country's level of development.[8] Therefore, capacity building to take advantage of online education needs to be boosted especially for certain groups, such as girls and women, who tend to have lower levels of digital skills. Education is an important part of this capacity building and will benefit from it as well.

The sudden spread of distance learning also brings up old and new regulatory challenges to the forefront, such as those related to the accreditation of digital learning providers and material, as well as rules on the collection, management and use of data, especially personal data of children and young people.

2.2 How can trade agreements support the attainment of the SDGs in education?

International trade agreements, like the General Agreement on Trade in Services (GATS), can contribute to increase the supply of educational services, including for online education. They can support efforts to meet the increasing demand for educational services by reducing barriers to entry for foreign providers, as well as enhancing the transparency and predictability of regulatory frameworks. International rules on services trade are also pivotal to support national strategies for developing and enhancing ITC infrastructure (e.g., telecommunication services, broadband, etc.), which is a key enabler of online educational services.

International agreements can contribute to reduce barriers on foreign online education providers, such as local presence requirements (e.g., requiring a representative office or any form of enterprise or residency as a condition to supply a service in a country),[9] as well as restrictions on the electronic transmissions of course material and course content.[10]

Taking advantage of the potential benefits of online education for reducing the educational gap in developing countries and contributing to lifelong learning in line with the SDGs will rely also upon putting in place the complementary regulatory framework to protect consumers and ensure that appropriate levels of quality are achieved.[11] This is particularly pressing in the field of online education. The GATS gives flexibility to WTO members to undertake commitments for liberalizing trade in services, while safeguarding policy objectives such as ensuring quality, in a way that the benefits of opening trade in education support the achievement of SDGs.

Furthermore, countries could use trade policies and agreements to improve access to products that are linked to the provision of online education. A case in point is the WTO Information Technology Agreement (ITA),[12] which has played a key role in lowering prices for ICT hardware systems, computers, mobile phones and other devices that underpin the digitalization. In 2016, import prices of computers and semi-conductors were around 66 per cent lower than the corresponding level in 1996.[13] With the elimination of tariffs, cost of IT products, such as semi-conductors, telecommunication products, computers, touch screens and electronic education devices, have reduced significantly. By reducing the cost of ICT products, the ITA plays an important role in promoting affordable access to ICT, including products which are vital for benefiting from online education.

Given the key role played by education in building resilient and sustainable economies, building back better will require stepping up efforts to enhance education opportunities and access. As recognized by recent international instruments, promoting international cooperation to reap the benefits of online education to meet the SDGs will be key in the years to come.[14] Cooperation and dialogue among international institutions and relevant stakeholders can contribute to enhance synergies between different policies, like trade and education policies, reinforcing each other.

Endnotes

1 For information on the number of students and countries affected by the COVID-19 crisis, please refer to: https://en.unesco.org/covid19/educationresponse

2 Becker-Lindenthal, H. 2015. "Students' Impression Management in MOOCs: An Opportunity for Existential Learning?", MERLOT Journal of Online Learning and Teaching 11(2): 320–330.

3 The Earth Institute, Columbia University and Ericsson. 2016. "ICT & SDGs Final Report: How Information and Communications Technology can Accelerate Action on the Sustainable Development Goals." Available at: https://www.ericsson.com/res/docs/2016/ict-sdg.pdf

4 Hanushek, Eric A. and Woessmann, Ludger, "The Economic Impacts of Learning Losses", OECD, September 2020. Available at: https://www.oecd.org/education/The-economic-impacts-of-coronavirus-covid-19-learning-losses.pdf

5 "Education during COVID-19 and beyond", United Nations Policy Brief, August 2020. Available at: https://unsdg.un.org/sites/default/files/2020-08/sg_policy_brief_covid-19_and_education_august_2020.pdf

6 Survey carried out by academics at the University of Pennsylvania and the University of Washington. Wylie, I. 2016. "Free Moocs act as try-before-you-buy model for online courses". Financial Times.: http://www.ft.com/intl/cms/s/2/16214054-cb3b-11e5-a8ef-ea66e967dd44.html#axzz42xzf1FMf (accessed 12 February 2022).

7 Scaling up digital learning and skills in the world's most populous countries to drive education recovery, UNESCO, 4 April 2021. Available at: https://en.unesco.org/news/scaling-digital-learning-and-skills-worlds-most-populous-countries-drive-education-recovery.

8 UNESCO; UNICEF; World Bank. 2020. "What Have We Learnt? : Overview of Findings from a Survey of Ministries of Education on National Responses to COVID-19". Paris, New York, Washington D.C.: UNESCO, UNICEF, World Bank.

9 Measures requiring the physical presence of the foreign institution have been identified as one of the main barriers affecting cross-border education. WTO Background Note by the Secretariat on Education Services (WTO official document number S/C/W/313), p.23.

10 Some recent regional trade agreements provide for cooperation on the prevention of deceptive practices to protect consumers, as well as rules on cross-border data flows.

11 Hopper, R. 2007. "Building Capacity in Quality Assurance: The Challenge of Context. In Cross-border Tertiary Education: A Way towards Capacity Development". Paris: OECD Publishing/World Bank, pp.109–157.

12 The ITA covers approximately 97 per cent of world trade in IT products. Initially an agreement among 29 members, the ITA now covers 82 WTO members. The tariff elimination under the ITA is implemented on a most-favoured national (MFN) basis, which means that all WTO members benefit from such tariff reductions.

13 At the 10th Ministerial Conference in Nairobi in December 2015, 53 members concluded the expansion of the ITA, which now covers an additional 201 products valued at over US$ 1.3 trillion per year. Products covered by the ITA Expansion include new generation of semi-conductors (multi-component integrated circuits), touch screens, GPS navigation equipment, portable interactive electronic education devices and medical equipment. For more information about the ITA, please refer to: https://www.wto.org/english/res_e/booksp_e/ita20years_2017_full_e.pdf

14 "Rewired Declaration on Connectivity for Education", dated 5 October 2021, available at: https://en.unesco.org/futuresofeducation/sites/default/files/2021-12/Rewired%20Global%20Declaration%20on%20Connectivity%20for%20Education.pdf

3 GOAL 5: GENDER EQUALITY

3.1 Current trends in women's participation in the economy and trade

Women's economic empowerment has gained momentum and become a global trend in recent years. Gender equality sits at the intersection of many international issues, negotiations and policies including climate change, labour, trade and the COVID-19 pandemic. Each of these include a gender perspective, as women are at the centre of countries' economic and social lives.

Economic trends clearly point toward the importance of integrating women into national economies, as the greater women's involvement, the greater the national economic growth. In fact, increasing women's participation in the labour market to the same level as men's would raise countries' GDP to 34 per cent in some cases. Investing in women and integrating them into the economy positively impacts job creation, economic diversification, innovation, entrepreneurship, poverty reduction and development.

In terms of job creation, women entrepreneurs are job-creators for themselves and others. There is a tendency for businesswomen to employ other women. In South Asia, East Africa and Latin America, 57 per cent of workers employed by women-owned micro-companies are female (WTO regional surveys South Asia, East Africa and Latin America 2019-20). A similar story plays out in country-level economic diversification: women tend to be more involved in services sectors, broadly growing these industries and fostering diversification. Certain countries, for example the Kingdom of Saudi Arabia, are beginning to include women's economic empowerment in their economic diversification strategies, recognising women's key role in the economy (Vision 2030).

When trained in new technologies, women entrepreneurs are more likely to integrate these technologies into their businesses than their male counterparts, fostering innovation. Simultaneously, women entrepreneurs are also using ancestral knowledge on medicine to develop innovative agricultural products and find niche markets for their export activities, scaling their business activities up. Most women entrepreneurs contribute to the overall family income and family expenses, such as rent and education, contributing to poverty reduction and human and economic development. In South Asia, East Africa and Latin America, these are women's second and third pillars of investment after their businesses (WTO regional surveys South Asia, East Africa and Latin America 2019-2020). All these elements drive economic growth.

However, the World Economic Forum (WEF) has calculated that it will take 268 years to close the gender economic gap and 136 years to close the global gender gap. Deep-rooted discrimination against women is still being perpetuated. Most societies where women live and work are not gender-neutral, and women still face a multitude of obstacles, including gender-biased laws and social norms and reduced access to finance, skills and knowledge.

Equal rights and opportunities for women are the only way to change this paradigm, and trade has an important role to play. Firms that trade employ more women. They represent 33 per cent of the workforce of export firms, compared with 24 per cent of non-exporting firms. Also, women constitute 36 per cent of the workforce of firms involved in global value chains (GVCs), and 38 per cent of the workforce of foreign-owned firms, which respectively represents 11 and 12 percentage points more than the proportion for non-GVC and domestically owned firms. In some countries, such as Morocco, Romania, or Viet Nam, women actually represent 50 per cent or more of the workforce of exporting firms, thus creating jobs for more than 5 million women in these countries, which roughly represents 15 per cent of the female population working in these countries. Trade can also free women from the informal sector and the risks associated with it.

3.2 The role of trade policies in empowering women

Behind these statistics, trade policy and trade agreements play a key role in fostering such employment for women as well as in addressing working conditions issues. Trade policy can create opportunities for women to enter the workforce. In the last decades, WTO members have designed gender-responsive trade policies that promote women's employment, aimed at supporting economic growth and development or filling workforce shortages in export-oriented sectors that are driving their economies. WTO members are also including gender chapters in their trade agreements and in their Aid for Trade strategies. Further, they are devising national trade policies that are gender-responsive. In Nigeria, for instance, the government fostered women's participation in the construction sector, where a labour shortage was identified. Similarly, in the Zambia, women were encouraged to work in the male-dominated mining sector.

Many governments include women's economic empowerment and their integration in the job market as a key priority in their national trade and investment strategies. They mostly use financial incentives to achieve this target. For example, some trade policies provide financial support to key export sectors to hire women. Others focus on re-integrating women that are on career breaks or reducing the number of women leaving the workforce because of childbirth. Some trade policies also have made women's employment one of the criteria for grant eligibility for cooperative enterprises.

By supporting women entrepreneurs, WTO members also support women's employment. For example, some trade policies provide financial incentives in the form of tax credit to encourage small businesses to re-employ career disconnected women. While these incentives are provided to both male and female small business owners, it is of note that governments can also support women's employment by targeting women entrepreneurs, as businesswomen employ a vast number of female workers.

Trade policy can balance the scale in favour of women by reducing gender discrimination and creating more decent work conditions. Some trade policies have had the result of socially empowering women. Trade policy can transform unpaid domestic work and care into paid work and reduce wage gaps between men and women. Some trade policies, not primarily targeting women's economic empowerment, have resulted in better working conditions for female employees and even better social laws base on gender equality. In order to support women's employment in the export sector, some countries have amended their labour in favour of women laws or have imposed beneficial social requirements to the private sector. Some have also focused on providing women with better mobility infrastructures. Trade agreements also focus on women's working conditions, childcare and nursing mothers, the prevention of gender-based workplace violence and harassment, and the elimination of gender discrimination in employment.

3.3 The WTO's work on trade for women

These are very encouraging trends, and the WTO is playing its part too. Inclusive trade is today at the heart of the WTO's work and supporting the integration of women in international trade is one of its key components. Gender mainstreaming in trade is crucial to maximize positive impacts on women, while curtailing negative effects. This process strengthens the effectiveness of the WTO agreements.

Since 2016, the WTO has grown from a gender-blind organization into a gender-aware one. With the establishment of the Informal Working Group on Trade and Gender in 2020 and the new Joint Ministerial Declaration on the Advancement of Gender Equality and Women's Economic Empowerment within Trade (WT/MIN(21)/4/Rev.1) – hereafter the Declaration on Trade and Gender Equality – to be adopted at the 12th WTO Ministerial Conference, the WTO is now on a path to becoming a gender-responsive organization.

The establishment of the Informal Working Group on Trade and Gender was a turning point in the history of the WTO. Through the creation of this group, more than 75 per cent of the WTO membership institutionalized the trade and gender issue in the Organization. The Group serves as a platform to strengthen members' efforts in increasing women's participation in global trade. With this goal, and throughout 2021, WTO members have discussed various trade instruments, policies and programmes in support of women[1] in 12 categories of policy intervention areas, such as data collection, the impact assessment of trade agreements on women, the promotion of female entrepreneurship and traders, Aid for Trade and capacity-building.

They have now decided to go further and take action with the Declaration on Trade and Gender Equality, which more than 124 WTO members will launch at MC12. This is the first formal joint ministerial declaration fully devoted to supporting gender equality and to be adopted by the WTO. It focuses on four key areas that are fundamental to advancing gender equality:

1. Data collection: Members commit to act on developing and improving gender-disaggregated data collection.
2. Policy making: Using research findings to inform gender-responsive trade policies and promote female leadership in trade
3. Integrating gender issues in the work of the WTO. Members will first explore and analyse options.
4. Mainstreaming gender in Aid for Trade

The Declaration will provide members with a concrete pathway for implementation. To carry out these action points, members will design a concrete work plan. The Declaration will also further institutionalize gender in the WTO through a periodic reporting process to the General Council and WTO Ministers at the 13th Ministerial Conference. Through the Declaration, WTO members have also integrated on-the-ground realities into their work on trade and gender equality. Members will continue reviewing how COVID-19 impacts women to build inclusive recovery and strengthen women's economic resilience. Data collection is identified as a key tool in this respect.

The WTO Secretariat is also playing a role and actively supports members in their work on trade and gender. It has created a specialized unit dedicated to working on trade and gender. It has launched several initiatives, such as the WTO Gender Research Hub, a network of 40 experts aiming to foster research on this topic and to support WTO members' work, as research can be a powerful tool for governments to use when designing gender-responsive trade policies. The WTO Secretariat also supports members by offering a dedicated training programme on trade and gender, collecting data and providing them with a set of eight trade and gender policy tools to help them integrate gender in their programmes and policies. One of these tools is a comprehensive database detailing and categorizing all the gender provisions included in all trade agreements adopted by WTO members. Overall, out of 500 agreements, 104 include gender provisions, and some include full chapters on gender. Most of these provisions are focused on information-sharing and collaboration, very few are binding, many such provisions can be found in agreements adopted by African countries, which were actually pioneers in this regard.

Another database being developed by the WTO will compile gender-responsive trade policies adopted by WTO members as part of their national development strategies. Measures include, among others, support to female-owned MSMEs and female farmers, government procurement set aside for women, capacity-building programmes, and working conditions in export sectors. Both databases will be published along with the other trade and gender policy tools in 2022.

Yet many obstacles remain in trade, such as difficulties in accessing finance and trade finance. The SME Finance Forum reports that women-owned businesses account for 32 per cent of the MSME financial gap, representing a total of US$ 1.7 trillion of unmet credit demand. The lack of access to trade finance, such as trade credit and guarantees, is one of the main trade barriers raised by women entrepreneurs around the world. In the WTO Regional Surveys 2019-20 covering South Asia, Latin America and East Africa, 49 per cent of women entrepreneurs identified the lack of access to trade finance as a major obstacle to participating in trade. In its 2019 *Trade Finance Gaps, Growth, and Jobs Survey*, the Asian Development Bank (ADB) estimates that the average rejection rate for women-owned firms' proposals was 44 per cent compared with 38 per cent for male-owned firms. The ADB also found that once rejected, women were less likely to find alternative finance and they were also 10 per cent more likely be discouraged to apply for trade finance, despite their needs.

Access to finance in general is a key obstacle for women that want to export. Trade can be costly, and women need to cover costs related to standard requirement, packaging, labelling, skilled staff on custom procedure, specialised IT systems among other costs. However, in today's world, things have become tougher for women as they have suffered from the economic and social consequences of the COVID-19 pandemic. Women have been impacted mostly because of the disadvantages they face in the economic, social, financial and regulatory ecosystems they are economically operating in and which have been exacerbated by the crisis.

The COVID-19 pandemic has dried up their finances and the government responses to mitigate the impact of the pandemic have not helped. Only 9 per cent

of all gender-sensitive measures taken globally to mitigate the impact of COVID-19 on women support their economic security (UNDP COVID-19 Global Gender Response Tracker). Actually, women entrepreneurs were *de facto* excluded from most financial recovery packages, because of requirements that women could not fulfil.

The existing trade policies described above can help women overcome these obstacles but gender mainstreaming in trade policies is not systematic, often because government lack data on where women are in trade. Sex-disaggregated data in general are lacking, but when it comes to trade, data are quasi-inexistent. The lack of trained statisticians or of resources to conduct such extensive data collection explains, among other factors, the data gap. Hence the importance of inter-ministerial and inter-agency collaboration.

In fact, the issue is simply not integrated in the statistics package. Even for countries that do collect sex-disaggregated data, they often do not have data on labour market and entrepreneurship. Statistical analysis of trade as a branch of economic activity in national surveys often does not clearly distinguish between foreign trade and domestic trade, or retail. Moreover, there is a low level of responsiveness from women entrepreneurs when governments organize consultations to collect data and information, out of fear of being additionally taxed or of having their trade secrets revealed. Distrust in government can also be a strong disincentive. Furthermore, many women work and run their businesses in the informal sector, and data are therefore harder to capture.

This issue has been discussed in the WTO, and members have exchanged data collection methods in the Informal Working Group on Trade and Gender and have committed to improve data collection, as described in the new Declaration on Trade and Gender Equality to be adopted at MC12. Among other policy tools, the WTO has developed a data collection questionnaire for government to use as guidance in this matter and it has incorporated this issue it its trainings on trade and gender for government officials.

Gender inequalities are still rampant, and the COVID-19 pandemic has widened these existing gaps between men and women, to a point that in today's world, women are set backwards economically and socially compared to pre-pandemic. This is why it is crucial to mainstream gender in trade policies. Gender mainstreaming makes them respond more effectively to the roles and needs of women. It seeks to improve the daily condition of women by addressing practical gender issues and needs. It can also lead to positively transforming the social position of women and how they are valued in society. This is crucial as women's economic empowerment is a key driver of economic growth and sustainable development, one of the WTO's objectives.

Endnote

1 See https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/INF/TGE/R1.pdf&Open=True.

4 GOAL 14: LIFE BELOW WATER

4.1 Trade, fisheries, and life below water

Four out of the 10 SDG targets in Goal 14, namely SDG 14.2, 14.4, 14.5 and 14.6 included 2020 as the timeline for implementation. SDG 14.1 has 2025 as the target date, and work on all these SDG targets needs to pick up quickly so that implementation of Goal 14 is not further impacted by COVID-19. The postponement of the 12th WTO Ministerial Conference due to COVID-19 was the principal reason for the failure to conclude the fisheries subsidies negotiations in the WTO in 2021.

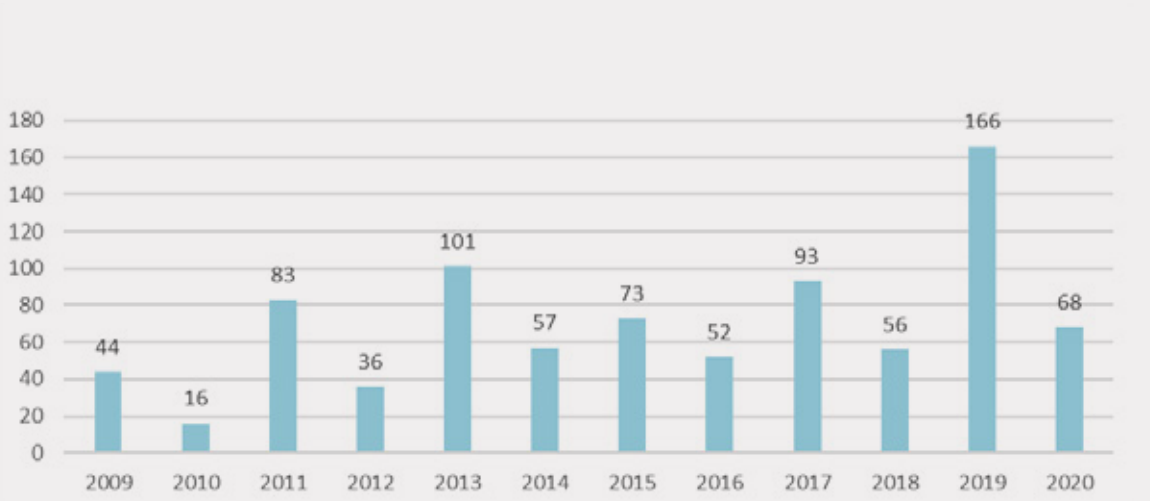
While there have been challenges, opportunities have also arisen due to these unprecedented circumstances. The pandemic offers a once-in-a-generation opportunity to build back better and in the case of "life below water" a chance to build back "bluer". On sustainability, particularly the blue or ocean economy and sustainable fish trade, many WTO members have expressed an interest in examining the trade and environment nexus with a view to exploring the "win-win" opportunities, where trade and the environment can be mutually supportive.

WTO members have stepped up work on trade and sustainability issues at the WTO Committee on Trade and Environment (CTE). In the context of Goal 14, there has been recent exchange of views on policy tools such as port state measures, subsidies, catch certification schemes, eco-labels and traceability requirements (tracing fisheries across the supply chain from "fish to plate" or from "sea to shop"). WTO members and inter-governmental organizations (IGOs) (such as the Food and Agriculture Organization of the UN (FAO), United Nations Conference on Trade and Development (UNCTAD), Organisation for Economic Co-operation and Development (OECD) and UN Environment Programme (UNEP)) have presented their activities, toolkits and experiences, for example, on the steps taken to prevent, deter and eliminate illegal, unreported and unregulated (IUU) fishing. In developing tools, some have highlighted the importance of keeping in mind principles such as non-discrimination, transparency and, wherever possible, the harmonization of measures adopted. The need for awareness generation, international co-operation, technical assistance, and capacity building has also been emphasized. On the margins of the CTE, several side events have been organized, such as the high-level panel discussion on "Trade, the Environment and Sustainability: A Focus on Green Recovery in a COVID-19 Era" co-hosted by Barbados and Maldives in 2021.[1]

There has also been increased transparency on trade and environmental measures affecting the fisheries sector that may be relevant to the implementation of SDG Goal 14. Between 2009 and 2020, the WTO Environmental Database[2] recorded 845 notified measures and 819 entries from WTO members' trade policy review reports that were related to the fisheries sector. Moreover, over this period, there were 681 notified measures specifically with the objective of sustainable fisheries management. WTO members continue to notify and adopt trade policies to contribute to the sustainable development of their fisheries sector and more broadly the blue economy. Although there are year-on-year variations, the growing number of environment-related measures affecting the fisheries sector that are notified to the WTO is evidence of the mutual supportiveness and the intertwining of trade, fisheries, and environmental policies (see Figure 6).

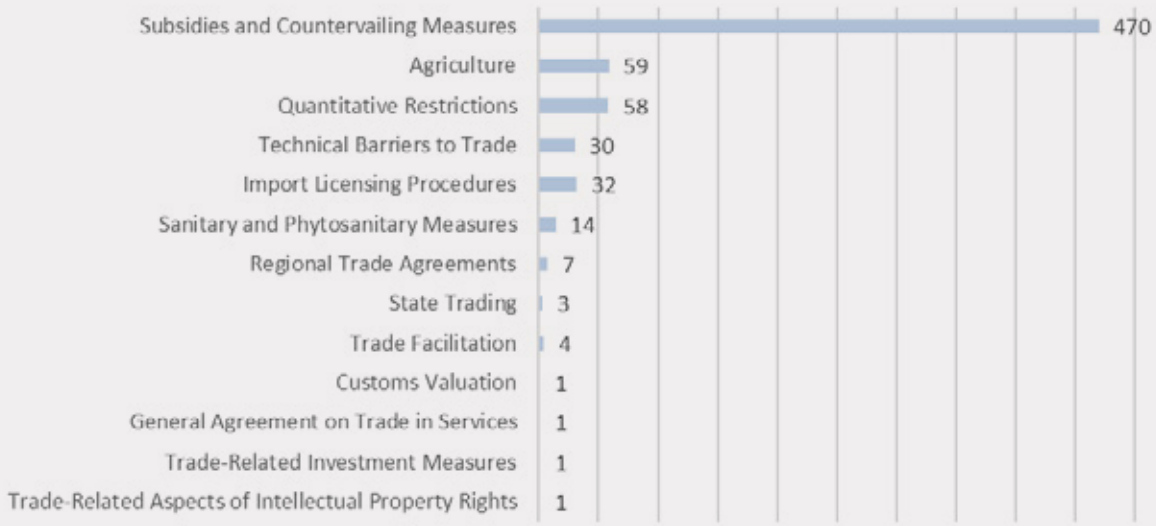
In terms of types of measures, most measures notified from 2009 onwards were support measures, usually in the form of grants and direct payments. Other support measures, such as income or price support, loans and financing, and non-monetary support were also provided to the fisheries sector for broader sustainability or environment-related purposes. Other measures in the EDB were environmental requirements in the form of licensing requirements, bans or quantitative restrictions, technical regulations, conformity assessment procedures or other regulatory requirements notified pursuant to the WTO Import Licensing Agreement, SPS or TBT Agreements among others (see Figure 7).

Figure 6. Notified measures affecting the fisheries sector (breakdown by year)



Source: WTO Environmental Database.

Figure 7. Sustainable fisheries management by WTO Agreement (2009-2020)



Source: WTO Environmental Database.

In 2020 and 2021, WTO members launched new trade and environment initiatives. This has opened up new work streams, for instance on tackling plastic pollution including marine plastic and microplastics. This initiative, the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP),[3] is open to all WTO members and its 68 co-sponsors – at end of 2021 – accounted for around 68 per cent of global trade and 75 per cent of plastics trade. The dialogue seeks to avoid duplication and support or complement the discussions in other fora, such as the United Nations Environment Assembly (UNEA) or the Basel Convention. For instance, in September 2021, on the margins of the IDP, the WTO was the venue for an informal ministerial meeting on marine litter and microplastics.[4] The Director-General, together with the Executive Director of UNEP, were asked by the UN Secretary-General to brief on the topics of trade and plastics for the UN System. The WTO will be working closely with UNEP and other partners.

Another new initiative is the Trade and Environmental Sustainability Structured Discussions (TESSD),[5] that aims to advance discussions on trade and environmental sustainability at the WTO. This initiative currently includes 71 WTO members and is open to all WTO members. In addition, TESSD has involved stakeholders from the private sector, civil society, international organizations and academia. This involvement of a broad set of stakeholders has enriched the WTO discourse on the SDGs and sustainability. The TESSD has so far covered topics such as trade and climate change, trade in environmental goods and services, circular economy and sustainable supply chains.

Finally, there is also the member-driven initiative on Fossil Fuel Subsidy Reform (FFSR). The FFSR initiative is supported by 45 WTO members, and other WTO members can join as co-sponsors. Globally, fossil fuel production and consumption subsidies amount to US$ 500 billion annually. The FFSR initiative encourages the rationalization and phase out of inefficient fossil fuel subsidies that encourage wasteful consumption.

4.2 SDG:14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development

SDG 14.6 states that, by 2020, the certain forms of subsidies that contribute to overfishing and overcapacity should be prohibited and subsidies that contribute to illegal, unreported and unregulated fishing should be eliminated while recognizing that special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiations. This language, including the deadline, was mirrored in the 2017 WTO Ministerial Decision on Fisheries Subsidies.

Although this deadline was missed, one of the main reasons has been the measures taken relating to the COVID-19 pandemic, which meant that the 12th Ministerial Conference (MC12) of the WTO, originally scheduled to take place in June 2020, has been twice postponed. Despite the restrictions on meetings, the negotiations have made significant progress over the past two years. In November 2021, a draft Agreement on Fisheries Subsidies was sent to WTO ministers in advance of MC12 which had been rescheduled to take place on 30 November to 3 December. The draft Agreement, the sixth revision of draft disciplines to fisheries subsidies first distributed to members in June 2020, was the product of several months of intensive work, including a meeting of the WTO's Trade Negotiations Committee, held on 15 July in virtual format at ministerial level.

On 22 February 2022, MC12 was rescheduled for 12 to 15 June 2022. With that target date, the fisheries subsidies work in the WTO is aiming to narrow the remaining differences among members, so that ministers can reach a final agreed outcome on fisheries subsidies disciplines.

Endnotes

1 See https://www.wto.org/english/news_e/events_e/wto_events_e.htm?bodyCode=ENVIR

2 WTO Environmental Database: https://edb.wto.org/.

3 See https://www.wto.org/english/tratop_e/ppesp_e/ppesp_e.htm.

4 See https://conferencemarinelitterplasticpollution.org/.

5 See https://www.wto.org/english/tratop_e/tessd_e/tessd_e.htm.

5 GOAL 15: LIFE ON LAND

5.1 The role of trade and WTO rules in the protection of biodiversity

5.1.1 Trade and life on land

Increased economic activity and consumption, in the absence of appropriate adaptation policies, may spur unsustainable resource use, deforestation, and environmentally harmful production processes posing risks to the ecosystems' health and biodiversity. Growing demand for products that are at risk of depletion or extinction and illegal trade may exacerbate the problem, as can harmful incentives, such as certain industrial and agricultural, including fossil fuel subsidies. A more globalized world also increases the risks of pests or diseases being introduced into areas not previously affected. Other drivers of biodiversity loss are sometimes associated with unfettered trade-induced increases in demand, such as unsustainable agriculture and forestry, or the extraction of natural resources, as well as pollution from industrial activities, pesticides, and plastics. However, while an increase in the level of economic activity could affect the environment and biodiversity, open trade also raises per capita income, thus boosting public demand for a cleaner environment. Eliminating tariffs and other trade barriers also tends to increase the availability and lower the cost of environmentally friendly technologies embodied in imported capital goods or in the form of knowledge-based processes diffused by the movement of people.[1]

In particular, trade has the potential to propel economic transformation toward environmental sustainability and safeguard efforts to protect and restore biodiversity. Trade policies can promote sustainable agricultural practices and circular economy models, green infrastructure projects, resource-smart food systems and land restoration, and more energy efficient technologies. This can reduce demands on the biosphere. Legal and well-regulated trade in sustainable plant and animal products may also promote biodiversity conservation. Poverty itself is an important driver of environmental degradation, including deforestation, land degradation, and illegal wildlife trade.[2] Trade, by enhancing livelihoods, creates new economic opportunities, which can lessen the reliance on natural resources for economic growth.[3] The creation and promotion of markets in biodiversity-based products (e.g., biodiversity prospecting and the commercialization of medicinal plants) generates important indirect incentives for conservation and sustainable use of components of biodiversity.[4] Equally, international initiatives can increase investment in sustainable and more efficient production processes and prove instrumental in protecting biodiversity.

5.1.2 The WTO and life on land

Sustainable development and the protection and preservation of the environment are enshrined in the WTO's founding document, the Marrakesh Agreement Establishing the WTO. The WTO agreements also provide ample space for accommodating non-trade, and in particular environmental, concerns, including through measures aimed at protecting life on land. WTO rules applicable to biodiversity-protection policies include those of the Agreement on Agriculture, the Agreement on Technical Barriers to Trade (TBT Agreement), the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) and the Agreement on Subsidies and Countervailing Measures (SCM Agreement). WTO members are adopting trade measures to address biodiversity loss and ensure effective conservation efforts such as grants, direct payments, and non-monetary support to protect biodiversity; technical regulations, standards, and conformity assessment procedures; sanitary and phytosanitary measures; import and export licencing, prohibitions, and quantitative restrictions; and intellectual property measures.[5]

Trade policies in support of biodiversity can contribute to the achievement of SDG15, as they are useful tools to help orient trade patterns in this direction. Based on the description of the trade measures notified under various WTO agreements, WTO members implement policies (such as regulating the import and export of wildlife, restricting the introduction of certain genetically modified crops, and applying restrictions on the exports of certain animal and plant species) to comply with multilateral environmental agreements (MEAs), such as the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), among others.[6] By connecting producers to the rapidly growing global demand for such sustainable products, trade can also serve as a powerful financing tool for economic development

WTO Rules

The WTO provides a multilateral forum for countries to set common or compatible rules for trade and settle disputes on the application of these rules. The disciplines of the WTO agreements also promote good regulatory practices and provide opportunities for regulatory cooperation between WTO members, which is crucial to tackle these issues from a global perspective.

A measure (i.e., requirements affecting trade in products) taken by a WTO member may be found to be inconsistent with some of the basic WTO rules, e.g., because it discriminates between trading partners. Even then, however, it may be justifiable if it pursues an environmental or health objective, and if certain conditions are fulfilled. For example, the SPS and TBT Agreements regulate the way in which members adopt measures to protect animal and plant life and health, as well as technical regulations, standards, and conformity assessment procedures aimed at protecting biodiversity. These agreements recognize the right of WTO members to adopt such measures necessary to protect health and the environment, while aiming to ensure that they do not unjustifiably discriminate between trading partners or restrict trade more than necessary to achieve their objectives.

There is also an important link between the WTO TRIPS Agreement and the protection of biodiversity. IP rights play a role in encouraging access to genetic resources and the sharing of benefits from the use of those resources, as well as in contributing to the protection of traditional knowledge. Likewise, Article 20 of the WTO Agreement on Agriculture mandates continuing the negotiations with the aim to progressively reduce agricultural support and protection, which seek to build on the progress already achieved. Agricultural subsidies, which are linked to prices and production, often incentivize unsustainable production practices and are subject to disciplines at the WTO. Many of these subsidies have been destructive to the environment, encouraging a faster pace of land conversion, a loss of forests and of biological diversity. Other types of support measures, including environmental programmes, are exempt from reduction commitments on the grounds that they cause no more than minimal trade distortion. Negotiations to improve farm subsidy rules can therefore help contribute towards the conservation and sustainable use of biodiversity.

WTO jurisprudence has provided important clarifications, demonstrating that WTO rules give ample policy space to protect biodiversity. In one of the first disputes after the creation of the WTO in 1995, its Appellate Body clarified that "WTO members have a large measure of autonomy to determine their own policies on the environment (including its relationship with trade), their environmental objectives and the environmental legislation they enact and implement."[7] Examples of biodiversity-related policies challenged before WTO panels include measures ensuring the protection of dolphins and seals, and the conservation of sea turtles.[8]

The WTO-led Aid for Trade initiative has also increased investment in sustainable and more efficient production processes in developing countries and has proven instrumental in protecting biodiversity. Other global partnerships such as the Standards and Trade Development Facility (STDF)[9] hosted at the WTO, were established with other institutions to facilitate safe trade by helping developing countries implement the SPS Agreement.

in rural communities. At the same time, trade can provide incentives for the adoption of environmentally friendly production practices and, more broadly, for the sustainable management of biodiversity and ecosystems.[10]

Discussions on this topic are also held in many work areas of the WTO. Specifically, WTO committees are fora where members can discuss and resolve trade issues, discuss the implementation of the relevant agreements and, more generally, cooperate, exchange views and share best practices. Several WTO committees address biodiversity-related issues in their formal and informal meetings. For instance, the Committee on Sanitary and Phytosanitary Measures (SPS Committee) is currently discussing a proposal on how to respond to modern SPS challenges. These comprise topics such as the growing importance of sustainable agricultural practices and production systems, including their contribution to addressing climate change and biodiversity conservation.[11] Life-on-land-related concerns are also high on the agenda of the Committee on Trade and Environment (CTE), where governments discuss topics such as timber trade in tropical forests and land-use change triggered by trade in soy and palm oil. For instance, Indonesia and Malaysia have presented their initiatives related to sustainable management of forest resources in relation to palm oil production, highlighting international and national sustainability certification efforts in the field. WTO members have also heard from Colombia on a topic related to palm oil, when Colombia presented a pilot project aiming to avoid deforestation and enhance biodiversity synergies.[12]

A newly created forum for policy dialogue is the Trade and Environmental Sustainability Structured Discussions (TESSD), which currently includes 71 WTO members. The aim of the discussions is to advance work on trade and environmental sustainability, and one of the proposals was to place a greater focus on possible actions to reach biodiversity targets and support the sustainable use of natural resources.[13] Action on plastics is also high on the agenda of WTO members which, in November 2020, launched the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP). While the group does not focus on biodiversity issues as such, tackling plastics pollution would benefit action and conservation efforts in this area and contribute to ecosystem restoration.

Discussions in the TRIPS Council also focus on how the TRIPS Agreement and the CBD can be implemented in a mutually supportive way. The ideas put forward include amending the TRIPS Agreement to introduce specific disclosure requirements in patent legislation, to establish database on genetic resources and associated traditional knowledge, and/or to use national legislation and contractual arrangements.

Transparency in the WTO

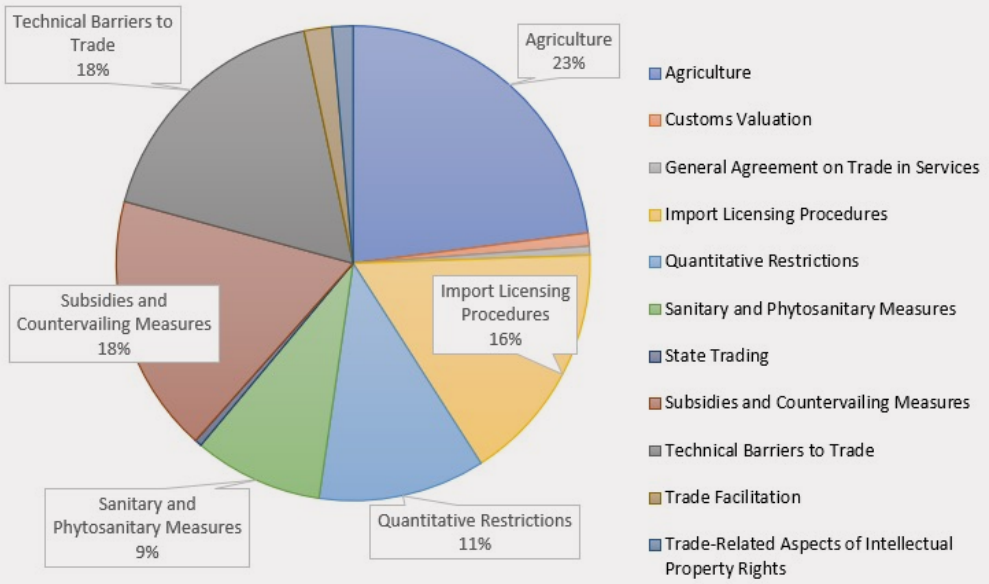
Transparency is a key principle of all WTO agreements, and a core element of good regulatory practices. The implementation of the disciplines contained in WTO agreements promotes many elements of good regulatory practices, which are designed to ensure that measures are effective in achieving their expected outcome (including, e.g., conservation of biodiversity), and to avoid unintended consequences, such as environmental damage. The WTO agreements also encourage international regulatory cooperation that can contribute to reducing unnecessary barriers to trade.

In the context of the WTO, transparency is mainly achieved in two ways. The first mechanism is the trade policy reviews (TPRs). These are regular "peer reviews" of members' trade policies and practices that also take into account members' needs and the external economic environment. Measures aimed at sustainable trade and preventing biodiversity loss are often discussed in this format.[14]

The second mechanism in place is the so-called notifications. Under WTO agreements, members have to inform each other of specific measures, policies or laws they adopted or plan to adopt. Between 2009 and 2020 WTO members notified close to 1,500 measures with objectives relating to biodiversity and ecosystems. Figure 8 illustrates the incidence of these notifications across WTO agreements. Figure 9 further illustrates the number of notified measures per year.

Under the SPS and TBT Agreements, members shall notify others of the measures they adopt that may have a significant effect on trade, while still in a draft format. Members also need to inform others of emergency measures adopted when threatened by an urgent problem of health protection. This WTO transparency mechanism provides a unique opportunity for members to comment on trading partners' measures before their adoption. Members must also consider and respond to comments received from other members. This peer review mechanism contributes to better regulations at the national level that, in turn, can help avoid trade disruptions before they arise.

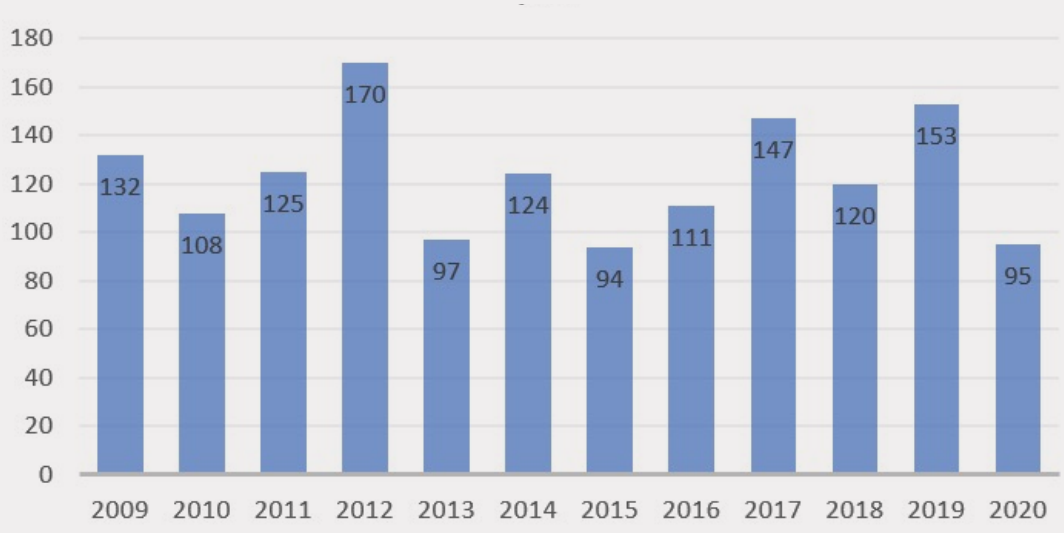
Figure 8. Biodiversity- and ecosystem-related notifications per WTO agreement



Source: WTO Environmental Database.

For example, in the context of the SPS Agreement, around 30 per cent of the regular and emergency notifications submitted refer to measures aimed at protecting animal health, plant health or a territory from other damage from pests, whereas about 22 per cent of the measures notified under the TBT Agreement refer to the protection of the environment or of animal or plant life or health. In order to facilitate access to trade measures notified by members, the WTO has created several transparency tools. Users can find information on, *inter alia*, trade measures related to biodiversity in the ePing SPS and TBT Platforms[15] WTO Environmental Database[16] the WTO MEA Matrix[17] and the WTO QR database[18] among others.

Figure 9. Biodiversity- and ecosystem-related notifications per year



Source: WTO Environmental Database.

Another avenue to enhance transparency, encourage policy dialogue among members and prevent trade tensions from escalating is the possibility to voice, within various WTO committees, trade concerns about other members' proposed or existing measures. In this regard, the SPS and TBT Committees often discuss trade measures, including some aimed at protecting natural resources and biodiversity, such as measures on palm and coconut oil, and on genetically engineered crops, regulation on renewable energies, systems prohibiting the presence of biotech products in products for infants and children, and approval procedures for genetically modified organisms and legislation on chemicals and pesticides.[19]

5.2 Trade topics and SDG15

5.2.1 Trade and protection of animal and plant life and health

International trade can impact biodiversity in several ways. If trade is sustainable throughout the value chain, it can play a role in preserving biodiversity. Sustainable protection of biodiversity requires protection of species or individuals, as well as of ecosystems, based on sound national policies, which are also implemented effectively. This can also contribute to avoiding overexploitation of natural resources and habitat degradation, especially in countries with weaker institutions. According to a UN report on progress towards SDGs, habitat loss from unsustainable agriculture is a main driver of biodiversity loss.[20] Certification, improved traceability, and information on areas such as production methods of traded products can contribute to meeting the increasing demand of consumers for sustainably produced products and, in parallel, drive sustainable practices. As a relevant forum for discussion, the SPS Committee is currently examining the impact of SPS policies on global issues such as biodiversity loss, and discussing challenges and opportunities related to new innovations in technology and the effects of climate change, among other topics, to ensure a transition to a long-term sustainable agriculture.

Animal and plant diseases and pests, as well as invasive alien species (IAS)[21] can be vectored by trade unless appropriate measures are taken. Import requirements, such as SPS measures and technical regulations, standards or conformity assessment procedures, can contribute to tackling these adverse effects. By promoting science- and risk-based measures, WTO agreements can contribute to the protection of animal and plant life and health, and also to the protection of risk from IAS, therefore contributing to preserving biodiversity on land.

5.2.2 Trade and deforestation

Forests are vital for the sustainability of our world as they ensure food security, provide biodiversity habitat and raw materials for products, and play a key role in climate change mitigation. However, in only two decades, the world has had a net loss of almost 100 million hectares of its forests resulting mainly from the pace of agricultural expansion into intact ecosystems.[22] Globally, biodiversity is being lost at rates unprecedent in human history, with around 1 million animal and plant species being threatened with extinction.[23] Deforestation is considered to be one of the main drivers of biodiversity loss, together with habitat loss from unsustainable agriculture, unsustainable harvest and trade and IAS.[24]

In response, WTO members have been increasingly notifying policies supporting afforestation and sustainable forestry management (526 measures between 2009 and 2020).[25] These increased from 26 measures notified in 2009 to 75 in 2019. The topic seems to be of interest to both developing and developed countries with each group notifying about half of the measures. Such notifications include a wide range of measures from support schemes linked to conserving and restoring forest ecosystems and wildlife habitats, through standards for products derived from sustainable harvesting, to import and export bans and licensing requirements, as well as technical regulations ensuring that only legally harvested and marketed timber is traded.

One major factor of deforestation and land degradation is poverty. It is often the case that people and countries make an explicit trade-off, accepting long-term environmental degradation to meet their immediate needs, such as food production. Erosion in turn leads to a decline in agricultural productivity and income. In this regard, Aid for Trade programmes have the potential not only to empower farmers and lift them out of poverty, but also to contribute to reforestation and more sustainable forest and land management.[26]

In the CTE, WTO members have discussed the topics of illegal logging, trade of illegally harvested timber, and sustainable forest management (including the role of "ecolabels"). An example of such discussions is the EU's experience sharing in signing Voluntary Partnership Agreements (VPA) as part of its Forest Law Enforcement, Governance and Trade (FLEGT), aimed at tackling illegal

logging and associated trade, which was noted by several members as a positive example of trade cooperation.[27] Information exchange facilitates understanding of how domestic legal instruments function and may result in other jurisdictions adopting similar projects. Some of the main EU trade partners have in fact issued or modified domestic legislation in line with the EU Timber Regulation.[28]

In recent years, discussions have also started looking at sustainable supply chains to ensure that they do not lead to deforestation.[29] Furthermore, establishing appropriate SPS measures protect against introductions of plant and animal pests and diseases, and/or degradation of environmental and natural resources in a cost-effective manner. In the context of the SPS Committee, WTO members have discussed other members' requirements for the control of pests affecting hardwood trees, namely Asian and citrus longhorn beetles, as well as their recognition of pest-free areas. Discussions on these issues not only promote better national legislations, but also a more coordinated approach towards protection of ecosystems.

The role of trade in supporting the fight against deforestation has been one of the highlights at the November 2021 UNFCCC 26th Conference of Parties (COP26). The Glasgow Leaders' Declaration on Forests and Land Use was adopted – a package of economic and political commitments to end deforestation worldwide, with leaders representing over 85 per cent of the world's forests committing to halt and reverse deforestation and land degradation by 2030.[30] The package includes US$ 12 billion in public funds to protect and restore forests, alongside US$ 7.2 billion of private investment. Furthermore, the Forest, Agriculture and Commodity Trade (FACT) Statement was supported by 28 governments and the European Union, representing 75 per cent of global trade in key commodities that can threaten forests. FACT brings together agricultural producer and consumer countries to identify actions to reduce deforestation in supply chains, encourage investment in sustainable production and build new markets for sustainably grown products, as well as to enhance people's livelihoods and to support economic development and food security.

5.2.3 Trade and wildlife

International trade in wildlife is coming under increased scrutiny for its role in disease emergence and spread. The OIE estimates that 60 per cent of human infectious diseases are zoonotic; at least 75 per cent of emerging infectious diseases in humans (including Ebola, human immunodeficiency virus (HIV) and influenza) have an animal origin. In fact, three of the five new human diseases that emerge every year are of animal origin. While not all of these diseases originate in wildlife, habitat loss, land-use change, deforestation and human consumption of wild and exotic meats are thought to play a significant role.

At the outset of the COVID-19 pandemic, the OIE recalled the linkages of emerging zoonotic diseases with wildlife trade value chains, as well as the threat it represented to animal health and biodiversity.[31] According to the OIE, there are more than 50 wildlife diseases which may have a serious impact on livestock health and public health and adversely affect wildlife conservation. The OIE has also highlighted the need for national wildlife disease surveillance programmes to better understand the local risks associated to a disease.[32]

Given the interlinkages and interdependence between animal, human and environmental health, the OIE, the World Health Organization (WHO) and the FAO have created an alliance to fight diseases, in particular zoonoses, which pose significant health risks. At the national level, these organizations have jointly developed a tripartite guide to addressing zoonotic diseases[33] to assist countries in adopting a One Health approach to fight these diseases while involving a number of national stakeholders. Such international guidance helps WTO members ensure safe trade of animals and animal products.

Wildlife trade is reported to be one of the most lucrative trades in the world, even more so if endangered species are involved. Future trends look worrying also in light of overexploitation, a growing human population, and ever-increasing trade activity.[34] For one thing, illegal wildlife trade is an issue of poverty in the source countries as the root causes and socioeconomic context associated with it are linked to limited livelihood opportunities. Thus, illegal wildlife trade often occurs in countries with weaker institutions and regulations and vulnerable communities who get involved because of penurious economic situation. At the same time, illegal wildlife trade results in environmental degradation and adversely affects the ecosystem on which local communities rely to meet their needs. Illegal logging, fishing and wildlife trade also result in economic losses of US$ 1-2 trillion per year.[35] This in turn impacts the most vulnerable populations and hinders their development opportunities. Adopting incentives to boost legal and sustainable trade in wildlife is therefore crucial and has the potential to lift communities out of poverty. For instance,

legal international trade in skins has been central to reducing illegal, unmanaged, and unsustainable crocodilian harvests.[36] Trade facilitation is also a powerful tool in this area contributing to more efficient and transparent legal trade in wildlife.

CITES is among the earliest MEAs that make extensive use of trade-related measures to achieve their goals. These requirements – including prohibitions on international commercial trade with endangered species, use of import and/or export permits, and requirements that trade with covered species be legal, sustainable, and traceable – relate to core WTO disciplines.[37] When trade is well-regulated, it can contribute to conservation efforts while improving livelihoods. An emblematic example of this are the vicuñas, whose legal and regulated trade has helped the species to recover from near extinction.[38] CITES reported on this at the CTE, highlighting how trade rules can improve sustainability, traceability and legal trade in vicuña fibre by requiring a mark of origin throughout the value chain.[39]

At the WTO, more than 340 measures have been notified to date relating to the protection of endangered species, including wildlife habitat incentive programmes, import and export bans, licences and quotas on protected species, and quarantine and risk assessment requirements.[40] A total of 160 parties to CITES are also WTO members, and CITES is one of the international conventions most frequently mentioned as indication of the grounds for the import and export quantitative restrictions maintained.[41] But while by definition CITES-related trade measures are trade restrictive, to date there has been no WTO dispute directly challenging a CITES trade measure.

The importance of CITES was considered in the landmark WTO dispute *US – Shrimp*. The dispute involved measures adopted by the United States to protect endangered marine turtles from being harmed and killed during shrimp fishing operations. Notably, the Appellate Body interpreted the phrase "exhaustible natural resources" under Article XX(g) of the GATT 1994 broadly to include not only "mineral" or "non-living" resources, but also living species which may be susceptible to depletion, such as sea turtles. In order to demonstrate the exhaustible character of sea turtles, the Appellate Body noted that sea turtles were included in Appendix I of CITES which comprises species threatened with extinction.

5.2.4 Trade and invasive alien species (IAS)

Trade can be a pathway for the introduction of IAS. Whether plants and animals are traded as pets, for display in zoos or in botanical gardens, for food, or as seeds for planting, introductions of new species can lead to invasiveness and thereby contribute to biodiversity loss. In addition, many quarantine pests, weeds and animal diseases that are unintentionally introduced through trade in agricultural and forestry products, for example, are IAS. Measures adopted by WTO members to prevent the introduction of IAS fall under the SPS Agreement, which also covers measures that aim to ensure the life and health of animals (including wild fauna) and plants (including wild flora), and to prevent other damage from the introduction of pests.

Some trade-related IAS can be managed effectively by operational national SPS systems. The OIE and the IPPC, two of the standard-setting bodies explicitly recognized by the SPS Agreement, have developed international guidance that assist members in this regard. In addition to disease-specific standards, the OIE has developed guidelines for assessing the risk of non-native animals becoming invasive. IPPC guidance, for example on how to perform a risk assessment, can also be useful in the context of IAS. The CBD recommends that states implement border controls and quarantine measures to minimize the risks of introducing alien species that could become invasive. The Convention has also developed detailed guidance for assessing pest risks to the environment and in relation to IAS.

Strengthening existing SPS authorities offers an effective approach to enhance capacity to respond to and manage IAS-related risks. In this respect, the STDF has undertaken relevant work on the topic of IAS. A 2013 study[42] on international trade and IAS highlights the importance of having in place strategies and plans to address the risks faced, including through improved surveillance and control initiatives, as well as an enhanced collaboration with the private sector to better understand, assess and monitor the role of trade in the spread of IAS.

5.3 The COVID-19 recovery

Trade in animals and animal products, and especially trade in wildlife, can result in the emergence of new zoonotic diseases such as COVID-19. Moreover, illegal trafficking and illicit trade in wildlife are drivers of biodiversity loss, and they are also more likely to carry risks of zoonotic pathogen spillover and create

future pandemics. Deforestation, changes in forest habitats and poorly regulated agriculture have also altered the composition of wildlife communities, greatly increased contact between humans and wildlife, and created niches that harbour pathogens, increasing their chances of contact with humans.[43] As a first step in exploring how WTO disciplines relate to illicit trade, the WTO Secretariat is currently doing an internal assessment of illicit trade related to COVID-19 medical products during the pandemic, and in a forthcoming series of studies, it will also focus on other environmental topics such as plastics, wildlife and food.

COVID-19 has evidenced the crucial role that international trade can have in a pandemic. Leaving aside other critical aspects, such as sourcing of medical equipment and food supply chains, safe trade in animals and plants as potential disease-carrying organisms has been a topic of concern for WTO members.[44] In the wake of the pandemic, members initially imposed a few SPS restrictions on trade in animals in an attempt to control the spread of the disease through animals. As more scientific evidence became available, restrictions were subsequently lifted and members increasingly adopted and notified trade-facilitating measures. This serves as an example of how the COVID-19 pandemic has underlined the vital role of science in decision-making and of the importance of transparency, both of which will be crucial in subsequent efforts to support the recovery from the pandemic.

Science- and risk-based measures are a less restrictive and more effective way than trade bans to deal with these risks, together with investment in surveillance and strong human, animal, plant, and environmental health policies, ideally taking a one health (or planetary health) approach. For example, increased consideration of risk factors, such as the disease status of animals or sanitary controls in the supply chain and in markets, as well as the use of international standards, based on the latest scientific evidence, can contribute to a better preparedness to prevent future pandemics.[45] In sharing relevant information on good practices and scientific evidence through the various mechanisms made available at the WTO, members can help to improve the quality of regulation in this area, ensuring that trade measures contribute to enhancing future resilience to diseases of animal origin. Thus, putting in place policies for better regulation, establishing strong national and international systems preserving human, animal, plant and environmental health, and monitoring and controlling such trade is critical for limiting the risks of pathogen spillovers and for preventing future pandemics.

Endnotes

1 "World Trade Report 2013: Factors shaping the future of world trade", WTO, 2013, p. 242.

2 "Merging the Poverty and Environment Agendas", IISD Brief, 2021.

3 "Mainstreaming trade to attain the Sustainable Development Goals", WTO Report 2018.

4 On the linkages between trade and biodiversity, see: "Biodiversity and International Trade Policy Primer: How Does Nature Fit in the Sustainable Trade Agenda?", UNEP, UKRI GCRF Trade, GCRF TRADE Hub and TESS 2021; "Linking Trade and Biodiversity, UNCTAD 2021; "The Economics of Biodiversity: The Dasgupta Review", Dasgupta 2021; "Online Workshop on Trade and Biodiversity for the Post-2020 Global Biodiversity Framework: Workshop Report", UNCTAD 2021; "The Future is Now: Science for Achieving Sustainable Development, Global Sustainable Development Report 2019"; "The Convention on Biological Diversity: Social, Economic and Legal Challenges", CBD Secretariat.

5 Source: WTO Environmental Database (EDB).

6 Source: WTO Environmental Database (EDB).

7 Appellate Body Report, *US – Gasoline*, p. 30.

8 While these disputes concern marine animals, rather than life on land, they illustrate the application of WTO rules to national policies with the objective of protecting biodiversity more generally.

9 The STDF is a global partnership that supports developing countries in building their capacity to implement international SPS standards, guidelines and recommendations as a means to improve their human, animal and plant health status, and their ability to gain or maintain access to markets.

10 "Mainstreaming trade to attain the Sustainable Development Goals", WTO Report 2018.

11 See the latest revision of WTO document G/SPS/GEN/1758.

12 Presentations in the CTE by Indonesia and Malaysia in 2018 - WT/CTE/M/65 – and by Colombia in 2019 WT/CTE/M/67.

13 WTO document INF/TE/SSD/R/5.

14 For instance, as part of its 2021 TPR, Myanmar's was asked to elaborate on how environmental sustainability applies to its FTA negotiations. Myanmar responded inter alia that, as part of ASEAN community, it was committed to a number of strategic measures including strengthening regional cooperation to protect, restore and promote sustainable use of coastal and marine environment and terrestrial ecosystems resources, combat desertification, halt biodiversity loss, and halt and reserve land degradation (WTO document WT/TPR/M/405/Add.1).

15 ePing SPS&TBT Platform is an online tool that sends email alerts and allows users to search and retrieve notifications on SPS and TBT measures notified by WTO members.

16 EDB is an online database with over 13,000 environment-related measures drawn from WTO notifications and over 800 environmental-related entries from the Trade Policy Reviews of WTO members.

17 WTO MEA Matrix provides background information on trade-related measures pursuant to selected MEAs. The Matrix currently includes information on 15 MEAs, including CITES, CBD and ITTA.

18 QR database is an online tool to search and retrieve notifications on trade restrictions and prohibitions notified by WTO members. Apart from basing it on WTO provisions, members can also base the justification for these measures on international conventions such as CITES, among others.

19 See discussions on biodiversity in the Trade Concerns Database.

20 "Progress towards the Sustainable Development Goals", Reports of the UN Secretary General, 2018.

21 According to the CBD, invasive alien species are plants, animals, pathogens and other organisms that are non-native to an ecosystem, and which may cause economic or environmental harm or adversely affect human health.

22 UNSTATS.

23 "Global Assessment Report on Biodiversity and Ecosystem Services", Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

24 "Progress towards the Sustainable Development Goals", Reports of the UN Secretary General, 2018.

25 Source: WTO Environmental Database (EDB).

26 By way of example, the programme EU Multi-stakeholder Dialogue for Sustainable Cocoa funds parallel multi-stakeholder dialogue events in Côte d'Ivoire, Ghana and Cameroon, involving government, private sector companies and civil society, with the aim of training farmers on inter alia sustainability, tree replacement, and reforestation, while ensuring they earn a living income.

27 WTO documents WT/CTE/M/57, WT/CTE/M/58, WT/CTE/M/59.

28 The EU Timber Regulation (EUTR) is key element of the FLEGT Action Plan, which prohibits the placing of illegally harvested timber and timber products on the EU market and lays down obligations for operators placing timber on the market for the first time. (See Commission Impact Assessment on minimising the risk of deforestation and forest degradation associated with products placed on the EU market, p. 38).

29 WTO document INF/TE/SSD/R/5, para. 3.3.

30 Countries pledge to strengthen their shared efforts to "[f] acilitate trade and development policies, internationally and domestically, that promote sustainable development, and sustainable commodity production and consumption, that work to countries' mutual benefit, and that do not drive deforestation and land degradation" and "[i]mplement and, if necessary, redesign agricultural policies and programmes to incentivise sustainable agriculture, promote food security, and benefit the environment".

31 Statement of the OIE Wildlife Working Group, April 2020.

32 OIE Guidelines for Wildlife Disease Surveillance.

33 "Taking a Multisectoral, One Health Approach: A Tripartite Guide to Addressing Zoonotic Diseases in Countries". FAO, OIE, WHO, 2019.

34 WTO-CITES co-publication "CITES and the WTO: Enhancing Cooperation for Sustainable Development".

35 "Illegal logging, fishing, and wildlife trade : the cost and how to combat it". World Bank, 2019.

36 "The elephant in the room: sustainable use in the illegal wildlife trade debate", IIED Briefing 2014.

37 WTO-CITES co-publication "CITES and the WTO: Enhancing Cooperation for Sustainable Development".

38 "Trade in vicuña fibre. Implications for conservation and rural livelihoods". International Trade Centre, 2018.

39 WTO document WT/CTE/M/62, para. 2.3.

40 Source: WTO Environmental Database (EDB).

41 WTO document G/MA/W/114/Rev.3.

42 See the STDF work on Invasive Alien Species.

43 Merging the Poverty and Environment Agendas, IISD Brief, 2021.

44 Information on measures notified by WTO members is available in the dedicated webpage COVID-19 and world trade.

45 "Future resilience to diseases of animal origin: The role of trade".

6 GOAL 17: PARTNERSHIPS FOR THE GOALS

6.1 Fostering partnerships to build back better trade capacity in developing countries after COVID-19

6.1.1 Aid for Trade

The WTO Secretariat and WTO members recognize the need to work in partnership with other international organizations and development partners to improve the capacity of developing countries and LDCs to participate more fully in international trade. Central to this goal is the Aid for Trade initiative, a WTO-led partnership that helps developing countries and LDCs use trade more effectively to achieve sustainable development. The 2020-22 Aid for Trade Work Programme highlights sustainable trade and focuses on how to empower developing countries, especially LDCs, to seize the trade opportunities resulting from sustainability, responsible and circular production and the green economy.

In fact, the next Aid for Trade Global Review, "Empowered Connected Sustainable Trade", will be held at the WTO in Geneva in mid-2022. The Review is influential in highlighting areas where developing countries and LDCs need support to overcome supply-side constraints limiting their participation in global trade. It also helps galvanize support to address these issues so that developing countries derive maximum benefit from trade. The monitoring and evaluation exercise underpinning the Review will focus particularly on understanding the opportunities that green growth and digital connectivity offer to meet multiple targets in the 2030 Sustainable Development Agenda while promoting economic and export diversification.

Another partnership, the Enhanced Integrated Framework (EIF) serves as a springboard for mobilizing Aid for Trade and, more recently, private sector investment in the LDCs. The efficiency of these investments is equally important ensuring they are coherent and targeted towards national priorities. EIF projects cut across all technical areas of Aid for Trade, including trade-related infrastructure and building productive capacity for trade. Additionally, the EIF has collaborated with partners to deliver projects that advocate for trade-related policies that benefit women and increase trade capacity and access to international markets for women entrepreneurs. These include strategic partnerships with the International Trade Centre (ITC) on the SheTrades initiative, with the South Asia Women Development Forum, the International Telecommunications Union (ITU), Fair Trade International and the East Africa Women in Business Platform.

6.1.2 Strengthening partnerships for bolstering LDC trade and development

At the request of the LDC group, the WTO, jointly with the EIF, has been helping LDCs to better understand trade-related impacts of graduation from LDC status, and 2021 marked the completion of these efforts, resulting in 24 analytical reports and 30 capacity-building and outreach events benefitting close to 1,000 participants, including LDC delegations in Geneva and the high-level government officials in capitals.

A report on "Trade impacts of LDC graduation" reviewed in detail the possible implications of graduation for market access, WTO rules and development cooperation. The WTO also partnered with several trade and development experts from academia to assess health and trade impacts of the COVID-19 pandemic on graduating LDCs and to shed light on emerging priorities.

In addition, in 2022 the WTO together with the EIF, ITC, UNCTAD and the UN Department of Economic and Social Affairs (UN DESA) published an interagency report "Textiles and clothing for Asian graduating LDCs: challenges and options". This is one of the sectors that is likely to face significant

challenges for certain LDCs following graduation. The report builds on the strengths of each of the partner agencies and examines the impact of LDC graduation on market access scenario after graduation, the participation in global value chains and business perspectives, including at the firm level. This interagency effort reflects greater coordination and coherence among different UN agencies on trade-related topics of priority to LDCs. The findings contained in the reports served as an interagency input to the Fifth United Nations Conference on LDCs (LDC5), where the Doha Programme of Action for LDCs for the decade (2022 – 2031) is expected to be adopted.

In 2022, the WTO aims to strengthen its partnership with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States UN-OHRLLS with a view to better supporting LDCs with the implementation of trade-related aspects of the Doha Programme of Action. The WTO will also continue facilitating cooperation among LDCs and their development partners, including through annual South-South Dialogues and other capacity-building activities, to support greater integration of LDCs into global trade.

6.1.3 Partnerships for the environment

Beyond the initial arrangements upon the establishment of the Organization towards achieving a greater coherence in global economic policy-making, the WTO maintains working relations with over 200 international organizations.[1] Through different types of arrangements, the WTO has embarked on more active forms of cooperation with numerous organizations, in order to assist governments in ensuring that trade, environment, and development policies work together for sustainable development.

In the context of the SPS Agreement, the WTO closely cooperates with three international standard-setting bodies (ISSBs), namely the Codex Alimentarius Commission for food safety, the Organisation for Animal Health (OIE) for issues related to animal health and zoonoses, and the International Plant Protection Convention (IPPC) for plant health. Most WTO members are also parties to these organizations and, under the SPS Agreement, are encouraged to take part in the standard-setting process. These ISSBs set science-based standards, guidelines and recommendations on which, according to the SPS Agreement, WTO members shall base their national legislation. The use of harmonized standards is a core good regulatory practice and contributes to a more rational use of resources and to avoiding unnecessary divergences.

CITES, the CBD and the WTO also have a long history of cooperation and work together in areas such as technical assistance and capacity-building for government officials in charge of matters related to trade and environment, publications and events. A few years ago, the WTO and CITES launched an eLearning course giving an overview of the relationship, linkages and increasing synergies between CITES and the multilateral trading system. The CBD and CITES have observer status in the CTE and provide regular updates on their work. Both have also been invited ad hoc to its special (negotiating) sessions meetings[2] and have closely collaborated with the WTO through policy dialogues. For instance, the CTE has been used as a forum to discuss specific policy issues, such as illegal logging, which have benefitted from the inputs of the CITES Secretary-General. The CBD Secretariat also follows closely the discussions in other relevant WTO bodies and seeks cooperation through liaising with the WTO Secretariat and in information sessions.[3] This cooperation plays an effective role in raising awareness on issues related to biodiversity and in ensuring that trade and trade policies contribute to the objectives of sustainable development and conservation efforts.

The adoption of the Trade Facilitation Agreement has opened up new opportunities for collaboration between the WTO and other international organizations. To help WTO developing country members access the support they need to reap the benefits of the Agreement, the Trade Facilitation Agreement Facility was launched in 2014. In the context of CITES, for instance, work on trade facilitation can act as a catalyst for cooperation among customs, wildlife and trade officials at the national and international levels. It can thus help minimize the incidence and complexity of formalities affecting legal trade in wildlife, strengthen the capacity to obtain real-time data on such trade, and make it easier to detect potentially illegal or unsustainable trade in wildlife.

Another specific example of interlinkages is the Cartagena Protocol on Biosafety to the CBD, which is based on the precautionary approach and establishes a set of procedures relating to import and export of living modified organisms. As such, the Protocol has trade implications and relates to ongoing discussions under the SPS and TBT Committees.

Finally, the Post-2020 Global Biodiversity Framework (GBF) currently being discussed within the CBD identifies new action-oriented targets, including on trade issues covering wildlife and flora. Trade is to be better integrated in the GBF as some of the indicators[4] that are currently being elaborated and will be used to monitor implementation nationally and track progress globally refer to trade-related objectives. With the adoption of the Post-2020 GBF, enhanced discussions regarding the role of trade, trade policy and the WTO in its implementation are to be expected. This underscores the strong need for further multilateral and regional dialogue and cooperation to ensure that all countries are able to participate and benefit from efforts to address the global and urgent challenge of protecting biodiversity.

6.1.4 Other partnerships

The WTO also engages in other SDG and sustainable development-related partnerships with other international organizations. At the highest level, the WTO Director-General participates regularly in the UN System Chief Executives Board for Coordination (UN-CEB), convened by the UNSG. In October 2020 ITC, UNCTAD and WTO launched the SDG Trade Monitor.[5] The SDG Trade Monitor is an online repository of trade-specific development indicators, including most-favoured-nation and preferential tariff rates. This open data repository will allow policymakers, trade professionals and researchers to explore the relationship between trade and sustainable development, and to support data-driven trade policies. The SDG Trade Monitor will also help to further streamline the statistical coordination process of the three agencies involved providing a centralized and interactive one-stop-shop for most of the SDG trade indicators. It will now be possible to conduct customized analysis, including at the regional and country levels, and to perform various data comparisons using also complementary measurements, which assist in obtaining a more comprehensive understanding of the SDG agenda's trade-development relationship. This new instrument will make it much easier for countries to track their progress on various trade-related indicators and adjust their policies to optimize their developmental effects.

After the economic shock of the COVID-19 pandemic, data-driven polices have become more important than ever to help accelerate the global economic recovery. The statistics presented in the SDG Trade Monitor will allow governments, policy professionals and trade professionals to make clear, evidence-based decisions and to back effective programmes and policies. The SDG Trade monitor as the result of a collective effort between UNCTAD, ITC and the WTO is also an excellent example of the types of partnerships that are necessary to help in the delivery on the Agenda 2030. This multi-agency collaboration demonstrates the value proposition of the Geneva trade hub, further proving that multi-lateral efforts in trade are effective and worthwhile.

The WTO is also partnered with the UN with the aim of further integrating LLDCs into the multilateral trading system. The Vienna Programme of Action of the United Nations has coordinated the development and implementation of programmes of action to address the unique challenges LLDCs face and in turn to contribute to the eradication of poverty in LLDCs. Of the six priority areas of the VPoA (2014-2024), Priority 3 is international trade and trade facilitation. The VPoA flows from the Almaty Programme of Action (2003-2013), which aimed to develop partnerships to overcome specific problems LLDCs face.

The Standards and Trade Development Facility (STDF) is a global partnership that supports developing and least developed countries to meet international standards to facilitate safe trade. In January 2020, just months before COVID-19 was declared a global pandemic, the STDF launched its new strategy for 2020-24, "Safe and Inclusive Trade Horizons for Developing Countries". The strategy shows how the STDF's work to drive catalytic sanitary and phytosanitary (SPS) improvements in developing countries supports the UN Global Goals of no poverty, zero hunger, good health and well-being, decent work and economic growth, and partnerships. It also outlines how the STDF's work contributes to gender equity, reduced inequalities, responsible consumption and production, life below water and life on land.

Finally, the WTO supports the capacity-building needs of developing countries, especially LDCs and African countries, through its technical assistance programme. In 2019, the WTO continued to enhance human and institutional capacity development on multilateral trade issues in Africa through the biennial Training and Technical Assistance Plan. The Technical Assistance Plan is the framework that identifies priorities and mechanisms for implementation of technical assistance activities, sources of funding and anticipated results.

Endnotes

1 The WTO and other organizations.

2 At the Doha Ministerial Conference in November 2001, it was agreed to start negotiations on the relationship between existing WTO rules and specific trade obligations set out in MEAs, procedures for regular information exchange between MEA secretariats and the relevant WTO committees, and criteria for the granting of observer status.

3 CBD Secretariat: Cooperation with WTO.

4 Indicators for the post-2020 global biodiversity framework.

5 https://sdgtrade.org/entessd_e.htm.

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