

Redesign Trade Agreements for Sustainability (Martin Banse, THUENEN)

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Presentation of Trade4SD Policy Briefs

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**TRADE4SD FINAL EVENT
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Outline

- **Recap of Trade4SD policy proposals**
- **Contextualizing the “weak hand” of free trade in the world**
- **Contextualizing the “weak hand” of the SDGs in the EU**
- **Can two “weak hands” make a “strong hand” ?**

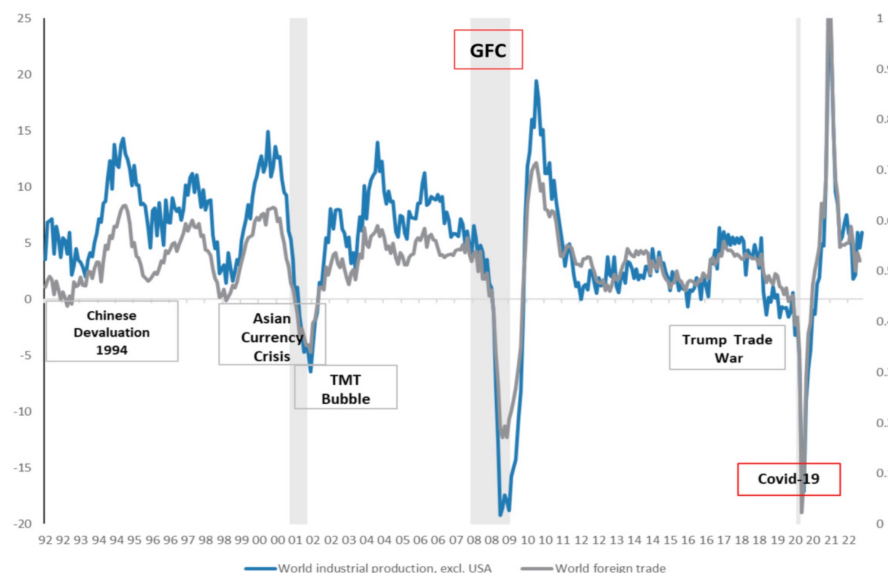
1. Recap of Trade4SD policy proposals

- Redesign EU trade agreements towards sustainable trade (T&SD provisions)
- Strengthen value chain approach in trade agreements (fair/sustainable sourcing)
- Improve implementation & follow-up mechanisms (monitoring & ownership)
- More training & technical assistance in sustainable compliance (training & PPPs)

2. Contextualizing the “weak hand” of free trade in the world

Figure 1. Growing protectionism is deterring global trade growth

Source: Macrobond, Federal Reserve Bank of Dallas, NBER, SSGA Macro Policy Research. Grey band indicates US recession.



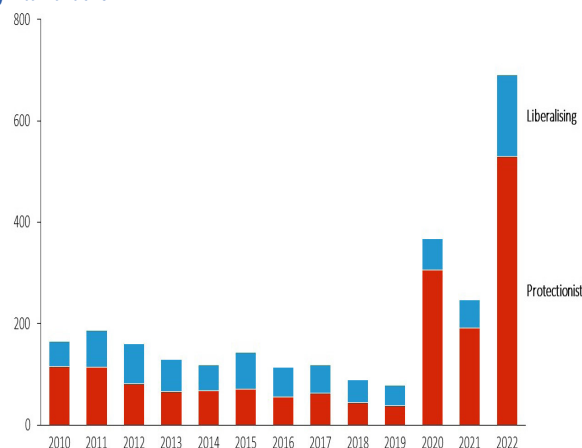
Protectionism is rising – taking on new forms and affecting a growing range of goods and services. Will it gum up global supply chains and keep inflation higher for longer?

Number of trade restrictions imposed globally



Sources: NatWest Markets, Global Trade Alert. Data current as of 22 October 2024.

Trade policy interventions



Note: Measures include tariffs, export-related measures, subsidies, contingent trade-protective measures, and trade-related investment measures.

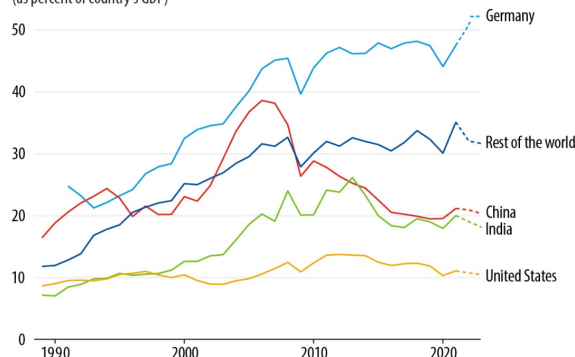
Source: Global Trade Alert, 2024.

Chart 1

Diverse trade experiences

Trade as a share of GDP is falling in a number of major economies, especially China and India.

Exports of goods and services (as percent of country's GDP)



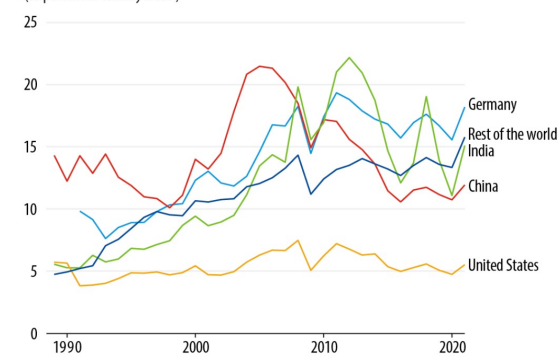
Source: Goldberg and Reed (2023a).

Chart 2

Intermediate imports

Imports of intermediate goods used in global manufacturing value chains continue to rise in many countries.

Intermediate goods imports (as percent of country's GDP)



Source: Goldberg and Reed (2023a).

3. Contextualizing the “weak hand” of the SDGs in the EU

Not to mention that the ESG metric is being abandoned in the US ...

and that the recent Omnibus Decree is stopping the CSRD process etc.

Let's take Draghi's Report on 'The future of European competitiveness'

- 'European Green Deal' is cited once about the stingy creation of green jobs
- 'SDGs' and '2030 Agenda' are never cited
- 'sustainable' is often coupled with 'growth' & once with 'deep sea mining'
- the new mantra seems to be 'increase security and reduce dependencies'

4. Can two “weak hands” make a “strong hand” ?

Though most Europeans are:

- i) appalling at Trump’s bullying with tariffs & human rights;*
- ii) dubious on the EU leadership venturing into a ‘security journey’;*
- iii) seeing that international trade & SDGs may be out of fashion*

- European values are consistent with SD & peacefully trading with other nations
- Can Montesquieu’s old adage (the natural effect of trade is to bring about peace) help ?
- Possibly, with a degree of non-war-mongering deterrence, the EU can still play a role in international relations by shaping trade along its rooted values requiring SD, that is a prosperity respecting the planet (E), people (S) and democracy (G)
- Thus, Trade4SD may not be just utopia but a possible future !