

Executive Summary

Current EU trade agreements lack sufficient sustainability integration.

While trade liberalisation boosts food availability and economic growth, it alone does not significantly advance the UN Sustainable Development Goals (SDGs). Without complementary measures, trade liberalisation can contribute to environmental degradation and socio-economic inequalities.

Policy coherence is critical. Many EU trade policies are fragmented, with overlapping or contradictory measures reducing their effectiveness. Aligning trade agreements with sustainability goals requires a structured and harmonized approach.

Unequal distribution of trade benefits. The benefits of trade are not equitably shared among stakeholders, particularly in agri-food value chains, where smallholders and vulnerable groups often remain disadvantaged.

Future trade agreements should be SDG-proofed. Sustainability provisions in EU trade agreements must be strengthened, with clear implementation, monitoring, and enforcement mechanisms to ensure trade fosters sustainable development across economic, social, and environmental dimensions.

Introduction

The European Union (EU) has a **longstanding commitment** to fostering international trade while promoting sustainable development. However, findings from the TRADE4SD project reveal that **current trade agreements often fail to fully align with sustainability objectives**, particularly in relation to agriculture and food systems.

While trade agreements contribute to economic growth and global food security, they also have significant environmental and social implications. The unequal distribution of benefits, lack of enforceability in sustainability commitments, and limited impact assessments weaken their role in achieving the UN SDGs. The EU's Farm to Fork Strategy and Green Deal call for greater policy coherence, yet **trade agreements remain largely focused on economic liberalisation rather than a holistic integration of sustainability principles.**

This policy brief highlights the key challenges in current EU trade agreements and provides recommendations for redesigning them to enhance their role in achieving sustainability goals.

POLICY BRIEF 2:

01 | APRIL | 2025

REDESIGN TRADE AGREEMENTS FOR SUSTAINABILITY



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

Key Findings

1. Trade Liberalisation Alone Does Not Ensure Sustainability

- While trade liberalisation improves food availability and affordability, **it does not inherently lead to more sustainable food systems.**
- **Without additional measures**—such as investments in sustainable farming practices, carbon pricing, and labour rights protections—trade can contribute to environmental degradation and social inequality.
- Carbon tariffs applied selectively to agricultural goods **show limited effectiveness** in reducing emissions unless accompanied by broader mitigation policies.

2. Current Trade Agreements Lack Strong Sustainability Provisions

- Sustainability chapters in trade agreements remain **weakly enforced**, with vague commitments and limited accountability mechanisms.
- Environmental provisions in Free Trade Agreements (FTAs) **vary significantly** in scope and enforceability, with some agreements containing non-binding sustainability clauses.
- The **inclusion of sustainability chapters** does not necessarily lead to positive environmental or social outcomes if enforcement mechanisms are not in place.

3. Policy Fragmentation Weakens the Impact of Trade Agreements

- Current EU trade policies **lack internal consistency**, leading to inefficiencies and unintended trade-offs.
- There is **insufficient coordination** between trade policies and parallel initiatives, such as climate policies, CAP reform, and development aid programs.
- A more integrated approach is needed to **maximize synergies** between trade, environmental, and social policies.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

Policy Implications & Recommendations

1. Redesign EU Trade Agreements Towards Sustainable Trade Agreements

- Incorporate **sustainable development into all trade agreements** by creating a specific section referencing all **Trade and Sustainable Development (TSD) provisions**.
- Ensure **SDG-proofing** of trade agreements by systematically evaluating their economic, environmental, and social sustainability impacts before ratification.
- Improve **harmonisation of existing agreements** to ensure consistency in sustainability commitments across different trade deals.

2. Strengthen the Value Chain Approach in Trade Agreements

- Future EU trade agreements should take a **value chain approach**, integrating mechanisms that support sustainability across entire supply chains rather than focusing only on trade flows.
- **Facilitate local and regional value chains**, ensuring that trade benefits smallholders and SMEs alongside larger agricultural exporters.
- **Support fair and sustainable sourcing practices**, reinforcing sustainability certification systems within trade agreements.

3. Improve Implementation and Follow-Up Mechanisms

- Establish stronger **follow-up processes** to monitor compliance with sustainability provisions in trade agreements.
- Create **binding enforcement measures** for sustainability standards, including penalties for non-compliance and dispute settlement mechanisms.
- Involve **civil society, businesses, and local stakeholders** in the monitoring and evaluation of sustainability provisions within trade agreements.

4. Increase Training and Technical Assistance in Sustainability Compliance

- Implement **training programs** for policymakers, industry leaders, and trade negotiators on integrating sustainability into trade agreements.
- Provide **technical assistance** for partner countries to build institutional capacity in environmental and labour rights compliance.
- Encourage **public-private partnerships** to facilitate sustainable innovation and investment in value chains.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

Conclusion

EU trade agreements must evolve to fully align with the Sustainable Development Goals (SDGs). While trade liberalization contributes to economic growth and food security, its environmental and social impacts must be proactively addressed through **stronger sustainability provisions, improved enforcement, and better policy coherence**.

By adopting **SDG-proofing mechanisms, legally binding sustainability commitments, and structured follow-up processes**, the EU can transform trade agreements into tools that drive sustainable development. Integrating trade, agriculture, and climate policies will ensure that EU trade **remains a force for positive change**, balancing economic growth with social inclusion and environmental responsibility.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 101000551

Trade4SD is a 4-year project devoted to research on a topic which is high on the domestic as well as multilateral, EU and bilateral trade policy agenda. The ambition of the project is to explore and foster the positive linkages between trade and sustainable development is to provide policy recommendations for the creation of new opportunities for agents involved in the global, regional and national agri-food value chains, and to define conditions for sustainable livelihoods of farm producers in the EU and developing partner countries. Trade is a central factor in shaping global, regional and local development. Increased trade, empowered by the growth of Global Value Chains (GVCs), has boosted productivity and incomes in many countries.

