



Where trade meets multilateralism

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For all the G7 bluster on reducing CO2 emissions and creating a green Belt and Road Initiative to rival China's programme, there is little policy interest in how trade can, and should, be used as a policy lever to promote sustainability. Instead, the focus is on enabling developing economies to access finance and thereby tackle climate change. The "Green Marshall Plan" is at a smaller scale and will help the G7 nations to meet pre-existing support targets.

The exceptionalism this represents is breath-taking. In other words, it is not emerging economies that contribute the most to climate destruction, social inequality or poor governance per se – it is the demand that the developed world has for products associated with negative SDGs that is the problem.

Global trade in negative sustainable development goals (SDGs) is roughly four times greater than trade that is associated with positive SDGs. When economies boom, trade associated with negative SDGs grows more rapidly than its positive counterparts, and when the global economy is struggling, it falls back more quickly. Our passion for fossil fuel based consumption, clothing and plastics is the culprit – sectors related to these dominate the top ten negative trade commodities.

What really matters is the greenwash that is associated with meetings like the G7. There were, as always, promises and commitments made. The word "globalisation" has been substituted with the word "multilateralism" – an alliance-based approach to common problems – which sounds coordinated, and softer but ultimately runs the risk of lending itself to soundbite rather than action: we will build the world back better. What's not to like?

Yet the G7 missed a huge opportunity. Trade was a backdrop to negative conversations about Brexit rather than positive conversations about sustainability. Take the Green Belt and Road as an example – it smacks of all the weaknesses of globalisation wrapped in the cloak of multilateralism. The G7 will both fight its strategic conflict with China and help emerging economies to get greener by committing \$100bn to sustainable energy infrastructures in emerging markets: bingo – the world has become sustainable and the threat of China eliminated in one re-packaged commitment.

As always, the failure was to see that strategic goals can be achieved through trade in a positive way. The last few years have made trade a tool of assertive, indeed coercive, foreign policy objectives in the US and China. As the same group of leaders head off to the Nato summit this week, and as President Biden and the EU leaders seek to mend their relationship in meetings after Nato, trade will be there as a weapon and not as a force for good. But the strategic threat to G7 hegemony is surely nothing in comparison to the threats to our security of inequality, human rights abuses and climate destruction?

Sustainable trade is a priority for humanity - banks, businesses, governments and civil society have to be involved in the way we approach this and trade is the obvious way to coordinate everyone's objectives. The way trade is financed, through banks and supply chains, is a key way to ensure that these objectives are met. This is as much the case for China and Russia in the end as it is for the G7.

Since the beginning of time, trade has been a source of conflict; in the modern era, it has become the means to conduct that conflict. But trade is not globalisation and now the urgency is for it to be used and the mechanism for resolving conflict by becoming sustainable in every sense of the word. The tools are there through the regulation, supply chains and finance. Only if these are combined will trade truly become multilateral.



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