



SUSTAINABILITY AT THE INTERSECTION OF TRADE, ENVIRONMENT AND DEVELOPMENT

UNCTAD-CITES-OAS

Side event to the Eighth Session of the Open Working Group on
Sustainable Development Goals

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Conference Room E, UN Headquarters, New York

**Speech by Ms. Arancha González, Executive Director, International Trade
Centre.**

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Ladies and Gentleman,

Thank you to UNCTAD, CITES and OAS for the invitation today to speak to you at this side event to the Eighth Session of the UN's Open Working Group on Sustainable Development Goals.

“The Future We Want” Rio +20 Outcome document places trade at the heart of the post-2015 sustainable development agenda. It describes trade as a ‘means of implementation’ for a sustainable future. It reaffirms the critical role that a rules-based, open, and non-discriminatory multilateral trading system can play in stimulating economic growth and development worldwide.

At the International Trade Centre, we 100% support this position. It is therefore an honour to address you and to have the opportunity to provide some food for thought on the linkages between trade, the environment and development.

ITC's mandate is to empower small and medium-sized enterprises to internationalize. Over the last 50 years, ITC's experience of helping SMEs to export and import competitively in the global marketplace has clearly shown that trade and environment are important ingredients for successful and sustainable development.

SMEs are, in and of themselves, engines for sustainable development in that they generate more than 80% of jobs in developing countries. These jobs ensure that development progress in health; education; peace and security; and poverty reduction are well anchored and sustained. On the other hand, the impact of SME growth does go beyond poverty reduction. SMEs also have an impact on the environment through the technologies they use and how they source products.

Indeed, the sustainable development debate and the language of Rio +20 may seem at first glance very different from the realities of running a small export business in Kampala or Colombo. Nothing could be further from the truth. In reality, sustainability is integral to many SMEs business operations. In fact, without sufficient consideration, trade can lead to the destruction of biodiversity. Just a year ago, trade was said to account for up to 30% biodiversity loss. These statistics crystalize the challenge for stakeholders to make SME growth greener and more equitable.

At ITC, we very much see the environment through the lens of the entrepreneur. This lens shows that the natural environment can present constraints to business development but it can also offer huge market opportunities. For example, a recent ITC survey of agro-food exporters in Peru and Uganda found that climate change is now one of their primary competitiveness concerns due to lost productivity and unreliable supplies. These types of constraints often determine the success or failure of an SME business operation.

On the positive side, biodiversity can and is marketed and traded internationally. Biodiversity trade in the form of services such as the safari travel and tourism industry; or in the form of goods such as plant products is a huge market opportunity for SMEs in developing countries.

Peru, for example, has successfully branded its biodiversity for exports. In 2012, Peru won the Leading Culinary Destination category of the World Travel Awards. Peruvian chefs are regularly showcased internationally for using the country's unique and diverse ingredients. Together with other development partners, ITC is working with Promperu, Peru's Trade Promotion Board, to provide SMEs and their suppliers in rural communities with capacity building on how to sustainably source, certify and export superfoods like "maca" and "sachi inchi" which are endemic to the region.

We carried out research to identify new markets and prepared SMEs for trade fairs that resulted in approximately \$6 million USD worth of new business last year alone.

AT ITC, we recognize the beneficial and adverse interaction that trade can have with the environment and have taken steps to support a positive relationship between the two. For example, ITC provides a free-of-charge online database which maps a vast range of private standards, bringing much needed transparency to the different voluntary standards, which are in many cases simply de facto market access requirements for the export of “green” or sustainably-produced products and services.

ITC also offers expertise on Geographical Indications, marketing and branding strategies and quality management, all of which strengthen the competitiveness of our target SME sector. The impact of working on GIs is especially felt by the low income rural communities who are collecting and supplying the SME exporters. They are now receiving higher volume orders and better prices for their goods.

These orders will be even greater once SMEs are empowered with the knowledge and know-how needed to comply with non-tariff measures (NTMs) like the EU’s Novel Food Regulation and the US Generally Agreed as Safe Regulation. The issue is not to circumvent or undermine these measures, many of which are legitimate measures to protect the consumer, but rather to build the capacity of SMEs to identify and comply with these measures, including in the area of private standards. Here, ITC continues to survey the temperature of developing country SMEs in order to build the best solutions for their needs. An ITC survey conducted last year with over 7000 SMEs reported that 70% of exporters and importers in LDCs faced burdensome NTMs, compared to an overall average of 54% from developing countries.

Going back to the example of the US regulation, ITC assisted the Peruvian natural product sector association to prepare a technical dossier proving the safety of sacha inchi in order to open up the market substantially to Peruvian exporters. This means greater orders for the SMEs which trickle down to the farmers in San Martin and other regions of the Peruvian Amazon. These communities will then have greater sources of cash income – income that helps them meet basic needs like food, clothing, housing, health and education. In other words, these farming families have an economic incentive to conserve biodiversity.

That, Ladies and Gentlemen is the heart of the intersection between trade, environment and development – to build markets where businesses and local communities have a self-interest to conserve nature; to reduce carbon emissions; to conserve soils; and to keep water courses clean. We cannot rely on altruism to stop biodiversity loss any more than we can rely on individual good will to reduce carbon emissions.

Finding market-based solutions to biodiversity challenges is the very reason that ITC and CITES last week launched a partnership in Geneva. The collaboration will combine our expertise to increase understanding of international markets for products such as exotic skins, medicinal plants, natural fibres, precious timber; and to reinforce our capacity to deliver innovative solutions in areas where SMEs and communities need support to sustainably manage and trade biodiversity resources.

Partnerships with a multilateral environmental agreements like CITES mean that we can share expertise, it means international organizations and civil society can work more effectively and efficiently towards our common goals to develop sustainably.

However, we are not confined to partnering only with IOs. In November 2013, I had the pleasure to launch a similar tripartite partnership with the International Union for the Conservation of Nature as well as with Kering, which is the world's largest fashion holding company. Through the partnership, the three organizations are committed to working side by side in their respective areas of competence to bring about greater sustainability, transparency and improved animal welfare in the python skin business. An ITC report in 2012 estimated the value of the python skin trade to be worth over \$1 billion USD. It is a business linked to the livelihoods of many thousands of low income families in Southeast Asia.

The 2012 report also expressed concerns about illegality and the risk of a lack of sustainable sourcing in the trade. In response to these concerns, Kering is now investing in the traceability within its supply chain. ITC and IUCN will carry out research to strengthen the trade's benefits for livelihoods.

What I want to underline is the value of a shared vision amongst partners like CITES, IUCN, Kering and national authorities for creating legal, transparent markets in which SMEs and communities have the incentive to sustainably manage their biodiversity.

Let me also state that there is no silver bullet for sustainable trade. Natural resources are diverse by their very nature. Some species are more resilient than others. High levels of poverty in communities drive over-exploitation as do corruption and weak property rights.

However, these problems are not always insurmountable. The successful trade in vicuna and crocodiles from Latin America has demonstrated that wild animals can be traded legally and sustainably. ITC's work with its partners in Peru has also shown that the trade in plant biodiversity can be sustainably managed and deliver pro-poor economic growth.

By working together and thinking innovatively about how trade is structured, we maximize our chances of success in ensuring a more sustainable future. As Executive Director of ITC I look forward to in-depth engagement with you to safeguard biodiversity as part of the post 2015 Sustainable Development Goals.

Thank you

- See more at: <http://www.intracen.org/news/Sustainability-at-the-intersection-of-trade-environment-and-development/#sthash.SRcyBz8C.dpuf>