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Leverage points for tackling unsustainable value chains: A call for critical rethinking of global trade

Executive summary

Our study analyzed global trade flows, environmental footprints, and trade agreements over the past three decades. Focusing on resource extraction and outdated ideas of progress, rooted in European colonial history, often leads to the exploitation of people and nature in the global South. This also pushes aside Indigenous Peoples and their land-care practices—which usually support biodiversity—making existing inequalities even worse. High-income countries consume more resources and outsource their environmental impacts, worsening disparities. Trade deals have led to more resource extraction, while environmental policy and regulation have had little impact. To fix this, we need to use fewer materials, take better care of the land, and support fairer global systems—like cancelling the debts of formerly colonized countries.

Policy recommendations

- Strengthening sustainability criteria in trade agreements and environmental policy and land governance reforms in producing countries, supported by consuming countries, is more effective than relying on voluntary standards. Producer country-led certification systems are valuable when supported by consumer countries, as short-term reform-oriented measures.
- Deep leverage points to transform global economies are needed, not only value chain measures. This includes cancelling debt for former colonized nations to enable economic restructuring, steps to decolonize knowledge systems and support for fair, community-based solidarity economies.
- Improve governance through increased civil society participation, plus support for Indigenous Peoples' and local community relational land care are part of effective biodiversity responses.
- Implement comprehensive footprint accounting in trade measures and introduce ecological premiums on resource-intensive imports to ensure fair compensation and reward sustainable production for producers in resource-rich countries.
- On the consumption side, deeper leverage points are reductions in material consumption by wealthier nations based on robust consumption-based governance.

Lessons learnt

1. High-income countries (HICs) are major drivers of tropical deforestation through their high per capita consumption of forest-risk commodities e.g. oil palm, cocoa, and coffee. Consumption rates in HICs have significantly increased in recent decades.
2. Notions of modernity and knowledge, shaped by European colonialism, now dominate globally. These view nature as separate from humans and something to control and use. This promotes resource extraction, enables land appropriation from Indigenous Peoples and local communities, and harms the political and economic independence of countries in the global South.
3. Many efforts to address social and environmental harms in value chains, especially voluntary ones, are too weak to limit corporate power. Trade deals now often include environmental clauses, but their strength and impact vary. Most are not strong enough. Even the more stringent ones tend to lose impact over time, as companies find ways around them. Weak laws and poor enforcement also limit their success.
4. Unequal use of resources causes global economic inequality, with wealthy countries consuming more and causing environmental harm elsewhere. Green policies in wealthy countries often move problems to other places, 'outsourcing' their environmental impacts. The success of sustainability certifications varies depending on the product and issue. Challenges include varying coverage, different standards, potential for 'standards shopping', and costs for smallholder farmers.



Context/Introduction

There is rapid tropical deforestation driven by the expansion of cash crops to meet demands from distant markets. Concerns over deforestation impacts from the global trade of tropical commodities have led high-income countries to consider regulatory and trade levers.

This TCforBE project study aimed to analyse global trade flows, environmental footprints, and the role of trade agreements over the past three decades. The study looked at how extractivism—a way of using natural resources and labour in the global South shaped by colonial modernities—creates global inequalities. It also examined how well environmental rules in trade agreements reduce the harms of trade. By showing the differences in resource use between high-income and low-income countries, the study aimed to provide insight into the root causes of systemic issues driving ecological and economic imbalances.

Key findings

Ecologically unequal exchange remains a significant driver of global economic inequality, sustained by trade imbalances rooted in structural power imbalances between nations embedded in the global economy. Wealthier countries, through their high demand for resource-intensive goods, disproportionately consume global resources, leading to higher per capita ecological footprints. Despite implementing progressive

Notions of modernity such as seeing nature as separate from humans, treating nature as a resource to use, and racial stratifications of peoples emerging in colonial thinking, continue to shape global structures and strongly influence how societies think and act today around the world. This creates ongoing geopolitical inequalities which have exploited resource-rich nations with 'cheap' labour in the Global South. In return, they have limited capacity to address the socio-ecological impacts of this exploitation. Trade agreements that promote intense global trade make these inequalities worse. Although environmental provisions in trade agreements have been proposed as a solution, they fail to address the root causes embedded in the global economy and overconsumption in wealthy countries. These prevent transformative changes towards biodiversity conservation and equity.

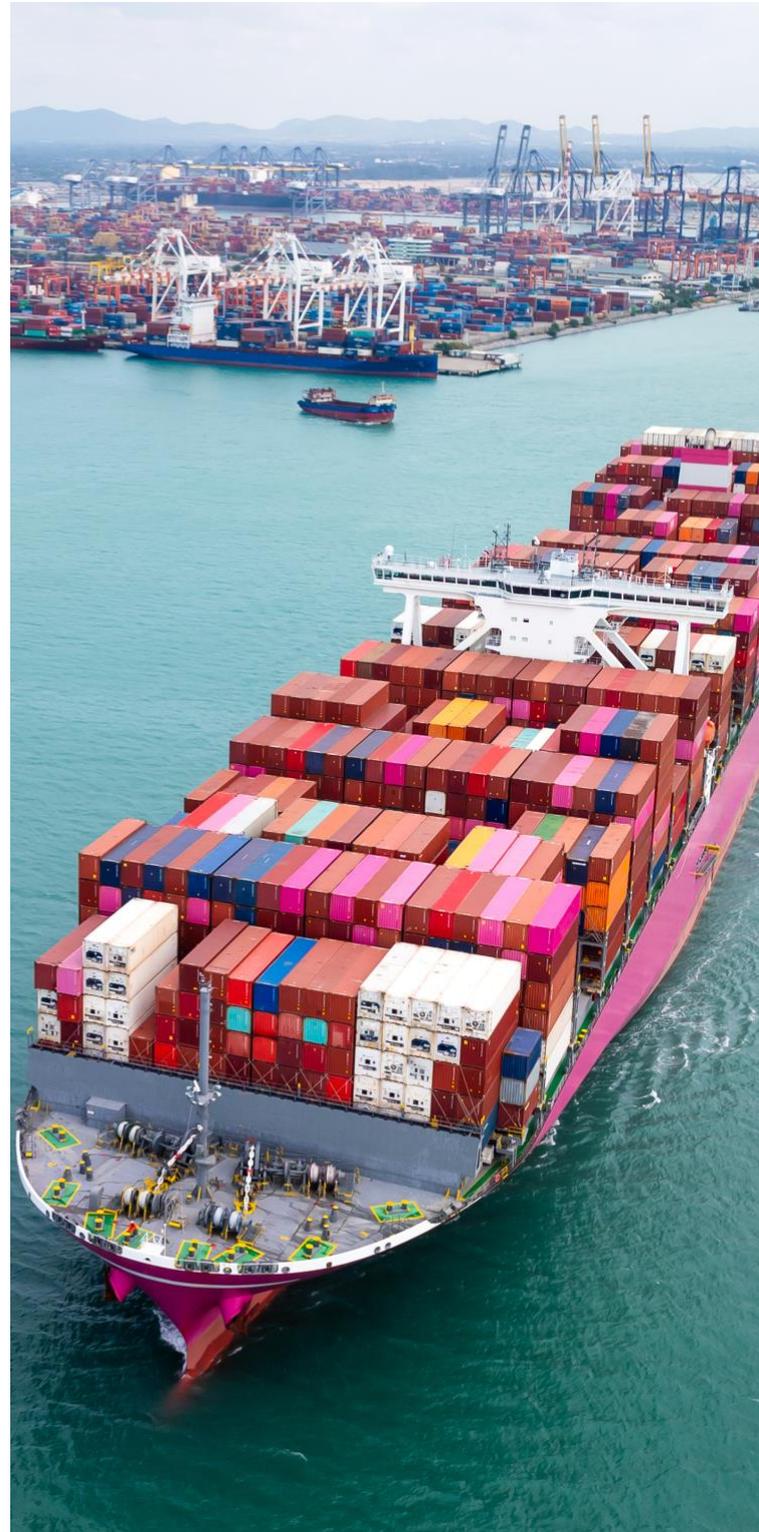
Market-based initiatives, including sustainability certification schemes and environmental clauses in trade agreements, are insufficient to address ongoing deforestation and socio-ecological degradation. They may even hinder transformative change by preserving dominant economic views and structures. The evidence regarding the impact of sustainability certification schemes is mixed across different commodities and sustainability dimensions. Environmental clauses are now more common in trade deals, but their impact varies, and trade deals may inherently not be the best tool for achieving social and environmental goals.

Addressing the root causes of unsustainable global value chains requires shifting focus

from production zones to the broader structures and wealth concentrations of the global political economy (IPBES 2024). Genuine progress will require wealthier nations to focus on reducing their material consumption throughout, prioritising sustainable consumption practices, adopting robust consumption-based governance, and, critically, enacting comprehensive structural reforms to the global financial system. This shift will alleviate the socio-ecological burdens on poorer nations and promote self-sufficiency and potentially wellbeing in affluent countries, reducing their dependence on external resources.

Critical to this transformation is the cancellation of debt for formerly colonized nations, which would allow for the restructuring of their economies, and give them a stronger voice in global governance. Additionally, it is important to challenge the assumptions about modernity and to decolonise economics, knowledge systems, and culture as part of this change. Trade measures that integrate comprehensive footprint accounting and implement mechanisms such as ecological premiums on resource-intensive imports can help ensure that producers in resource-rich countries are fairly compensated for their contributions. However, these reform measures still fall short of transformative change.

Ultimately, these measures need to reframe environmental degradation as a reflection of deeper systemic inequalities and power imbalances, often referred to as "colonial modernities" (IPBES, 2024), to address the root causes of overconsumption and resource exploitation, with an urgent need for shifts to post-growth economies to bend the biodiversity curve.



References

IPBES (2024). Thematic Assessment Report on the Underlying Causes of Biodiversity Loss and the Determinants of Transformative Change and Options for Achieving the 2050 Vision for Biodiversity of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. O'Brien, K., Garibaldi, L., Agrawal, A., et al. (eds.). IPBES secretariat, Bonn, Germany. DOI: <https://doi.org/10.5281/zenodo.11382230>

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