

DSF POLICY BRIEF

Recalibrating Canada's trade policy for climate, biodiversity and pollution accountability

AUTHOR: SABAA A. KHAN

Executive summary

Canada's international trade policy has the potential to be better structurally aligned with its domestic climate legislation and multilateral environmental obligations. While Canada conducts environmental assessments of its trade negotiations, following a voluntary domestic policy, it does not require regular environmental impact assessments of the trade agreements themselves. Over the years, significant progress has been made toward integrating environmental considerations into trade policy, yet there are no binding mechanisms to ensure trade agreements uphold Canada's responsibilities under the Paris Agreement, the Kunming-Montreal Global Biodiversity Framework and key pollution-control treaties. This policy brief proposes five actionable reforms to anchor Canadian trade governance in environmental accountability, legal coherence and Indigenous rights.

I. Trade's environmental governance deficit

Despite recent shifts toward "sustainable trade" language in Canadian policy discourse, and dedicated chapters on environment adopted under Canada's contemporary free trade agreements, key weaknesses include limited enforcement power with respect to stipulated obligations; aspirational and non-binding language (lacking legal precision); insufficient oversight or monitoring; minimal public participation and transparency; disconnection from broader climate commitments or binding climate-related obligations and frameworks that overwhelmingly prioritize market liberalization over ecological integrity.

Environmental chapters in agreements such as the Canada–U.S.–Mexico trade agreement ([CUSMA](#)) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)) lack enforceable obligations tied to concrete emissions targets or biodiversity outcomes. Domestic environmental assessments of trade negotiations remain non-binding and discretionary, leaving their potential to serve as instruments of legal or democratic accountability untapped.

The absence of a structured, legally enforceable environmental governance framework within trade agreements reproduces a model of trade that is extractive, emissions-intensive and ecologically unsustainable.

II. Five pathways to a climate-compatible trade policy



1. Legislate mandatory environmental impact reviews of trade agreements

A federal statute could be enacted requiring:

- Ex-ante, ex-post and periodic environmental assessments of all bilateral and plurilateral trade agreements;
- An independent public body to oversee these assessments;
- Mandatory integration of environmental findings into trade negotiation mandates and ratification processes.

This would convert Canada's current policy framework from discretionary, aspirational commitments into enforceable environmental law.



2. Integrate Paris and biodiversity commitments as binding trade conditions

All future trade agreements should include:

- Core obligations to uphold the Paris Agreement, Global Biodiversity Framework, United Nations Convention on the Law of the Sea (UNCLOS) and [pollution-control treaties](#);
- Environmental conditionalities tied to market access and investor privileges;
- Mechanisms to suspend or modify trade benefits in cases of environmental non-compliance.

Environmental objectives must carry equal legal weight to commercial obligations within the text and structure of trade agreements.



3. Create a permanent monitoring and public accountability mechanism

A permanent Canadian observatory on trade, environment and rights should be established to:

- Monitor the cumulative ecological impacts of trade and investment flows;
- Issue annual public compliance reports;
- Include formal representation from Indigenous nations, civil society organizations and climate scientists.

Trade policy transparency must extend beyond government-appointed advisory bodies to include front-line voices and affected communities.





4. Implement **UNDRIP** in trade governance

Free, prior and informed consent must be a non-negotiable prerequisite for trade provisions that:

- Affect Indigenous lands and territories;
- Enable projects involving biodiversity loss, pollution or ecological degradation;
- Engage in the extraction, processing or transport of natural resources.

Trade agreements should operationalize Indigenous environmental stewardship and jurisdiction, in line with the United Nations Declaration on the Rights of Indigenous Peoples.



5. Lead a plurilateral green trade compact

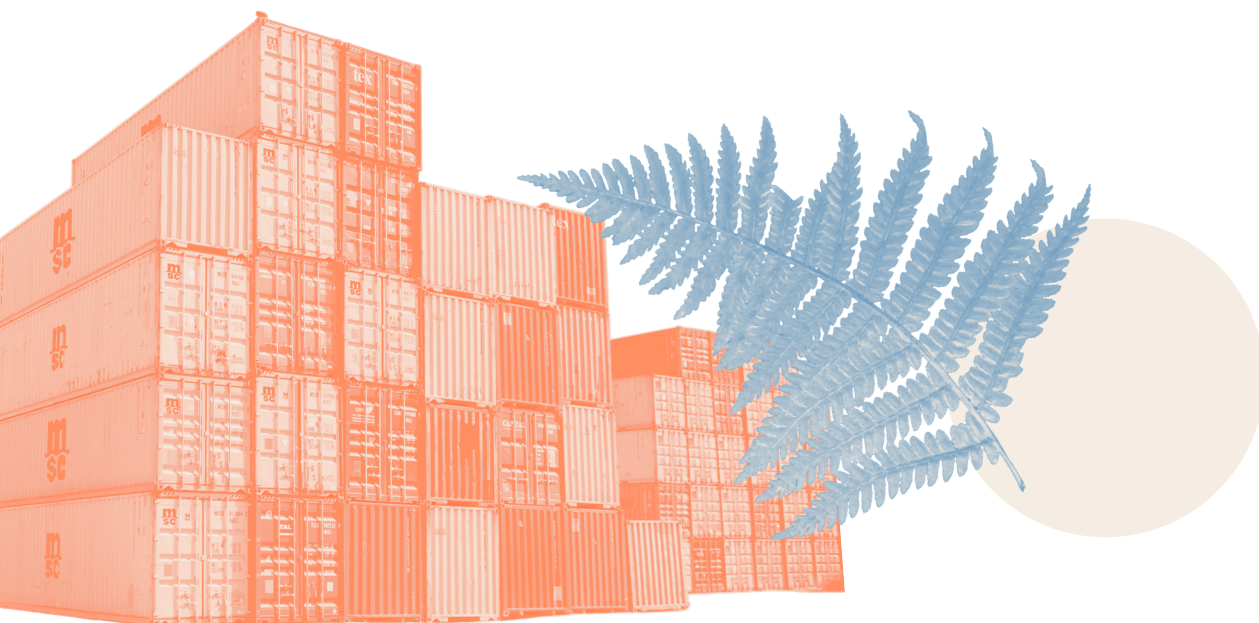
Canada should initiate a plurilateral green trade compact with climate-aligned countries, grounded in:

- Elimination of fossil fuel subsidies and environmentally harmful investment protections;
- Trade incentives for low-carbon and circular economy goods and services;
- Transparent, enforceable standards tied to climate science and just transition principles.

Such an initiative would mark Canada's evolution from aspirational sustainability to global environmental leadership.

III. Conclusion: Redesigning trade as a tool for ecological justice

Trade is not external to climate policy; it is structurally constitutive of Canada's emissions profile, land-use patterns and environmental injustices. Aligning trade policy with climate, biodiversity and pollution-control goals is not merely an opportunity; it is a legal and ethical imperative. By embedding environmental governance and Indigenous rights into the architecture of trade, Canada can chart a path that reconciles economic relations with planetary boundaries and ecological justice.



FTA comparison table:

Agreement	Mandatory environmental impact reviews	Binding climate & biodiversity commitments	Monitoring & public accountability mechanism	Integration of Indigenous rights / UNDRIP	Leadership on green trade reform
CUSMA (USMCA)	Voluntary domestic reviews only	No binding Paris Agreement or biodiversity clauses	Civil society forums (weak enforcement)	No formal role or protections	U.S.-led, not green-focused
CPTPP	No agreement-level reviews	Environmental chapter lacks legal teeth	Some cooperation mechanisms	Indigenous concerns largely omitted	Includes fossil fuel protections
CETA (EU–Canada)	EU-conducted sustainability impact assessments (SIAs); no binding reviews	Reference to Paris Agreement, non-binding	Domestic advisory groups (limited influence)	No Indigenous engagement framework	EU push for sustainability clauses
Canada–UK TCA	Interim deal, minimal provisions	No enforceable climate/biodiversity goals	No dedicated monitoring body	No Indigenous rights provisions	Limited environmental ambition
Canada–South Korea FTA	No environmental assessment (EA) mechanisms	No climate/environment obligations	No monitoring systems	No recognition of Indigenous rights	Traditional market access focus
Canada–Chile FTA (Updated)	Includes environmental cooperation	Lacks binding climate/biodiversity terms	Environment committee (limited power)	No specific Indigenous protections	Slightly more progressive post-update
Canada–Israel FTA (Updated)	No EA or review mechanisms	No climate or biodiversity language	No monitoring provisions	No engagement with Indigenous Peoples	No environmental leadership role

