



**Sustainable Rebound**  
**Dr. Rebecca Harding, June 29<sup>th</sup> 2021**

**coriolis**



# What happened to trade in 2020?

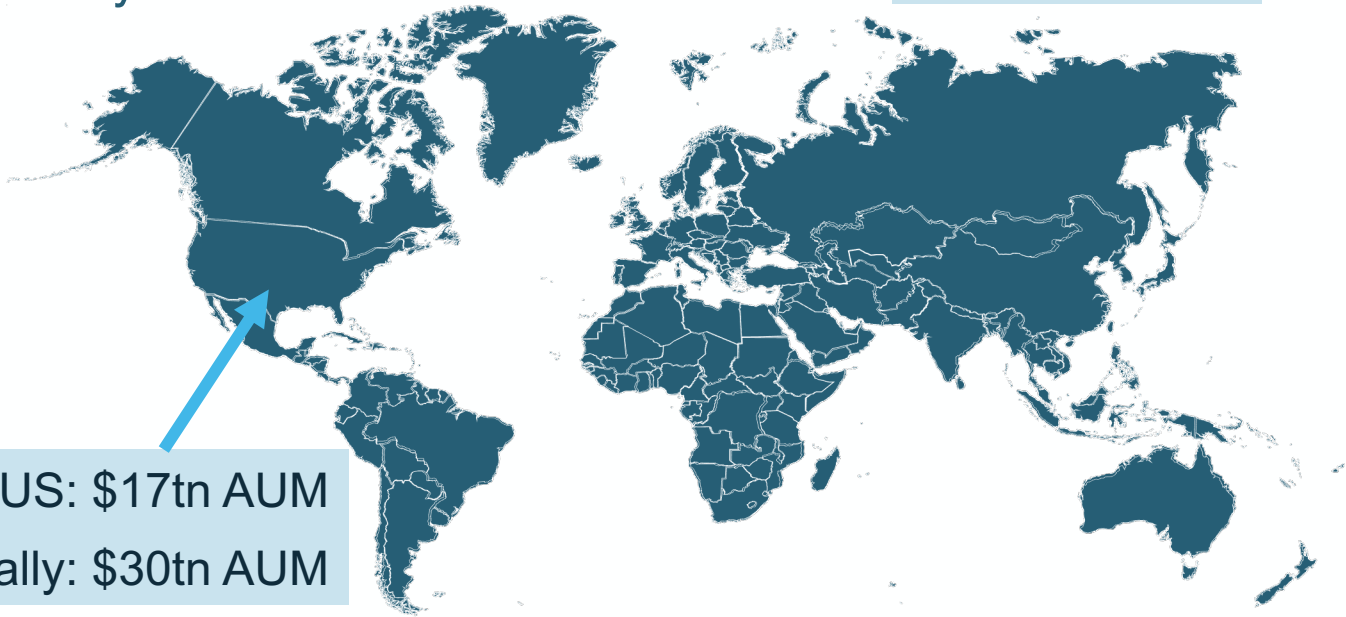
- Short answer – not much in the long run
- That's the problem
- 5% drop in volumes & 18% drop in values?
- BUT the crisis has accelerated trends we were seeing beforehand:
  - Trade Wars
  - Supply chains
  - Digitisation
  - Sustainability
- Policy moving towards sustainability disclosures in EU, UK and US by 2022
- Trade finance is the new “boots on the ground”
- Can we genuinely ”build back better”?

# Trade finance links it all

Global trade  
finance: \$17tn

## Sustainable trade is key

- For every £5m of goods traded by the top 10 countries, £1m align with positive sustainable development goals. £4m do not
- Cargo ships: 2-3% Emissions contribution & 18% to overall pollution
- SDGs that matter for work, economic development and equality do not feature in trade stats
- *Everyone* is talking about it
- *Proliferation* of research, metrics, money
- Trade needs to catch up!



US: \$17tn AUM

Globally: \$30tn AUM





# The changes are already happening

But let's avoid greenwash:

- EU sustainability disclosure reporting
- EU taxonomy being agreed
- UK sustainability disclosures pending
- Cross border carbon tax – US
- Supply chain review – US
- Recovery packages linked to sustainability
  - EU recovery fund: just under 1/3 committed to green bonds

# Happy families as the way forward?

## EU as regulatory superpower

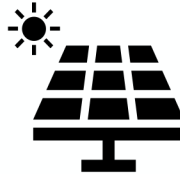
- EU taxonomy is game changer
- EU accounts for around 32% of world trade but reach is wider
- EU multilateralism has the opportunity to bring others into system
- EU trade strategy is focused on decent work & social justice
- EU taxonomy very focused on climate and biodiversity
- There is still a huge risk of greenwash because of complexity



Growth in intra-regional trade increasing at 7% annualized since 2016



Growth in intra-regional trade increasing at 6.5% annualized since 2016

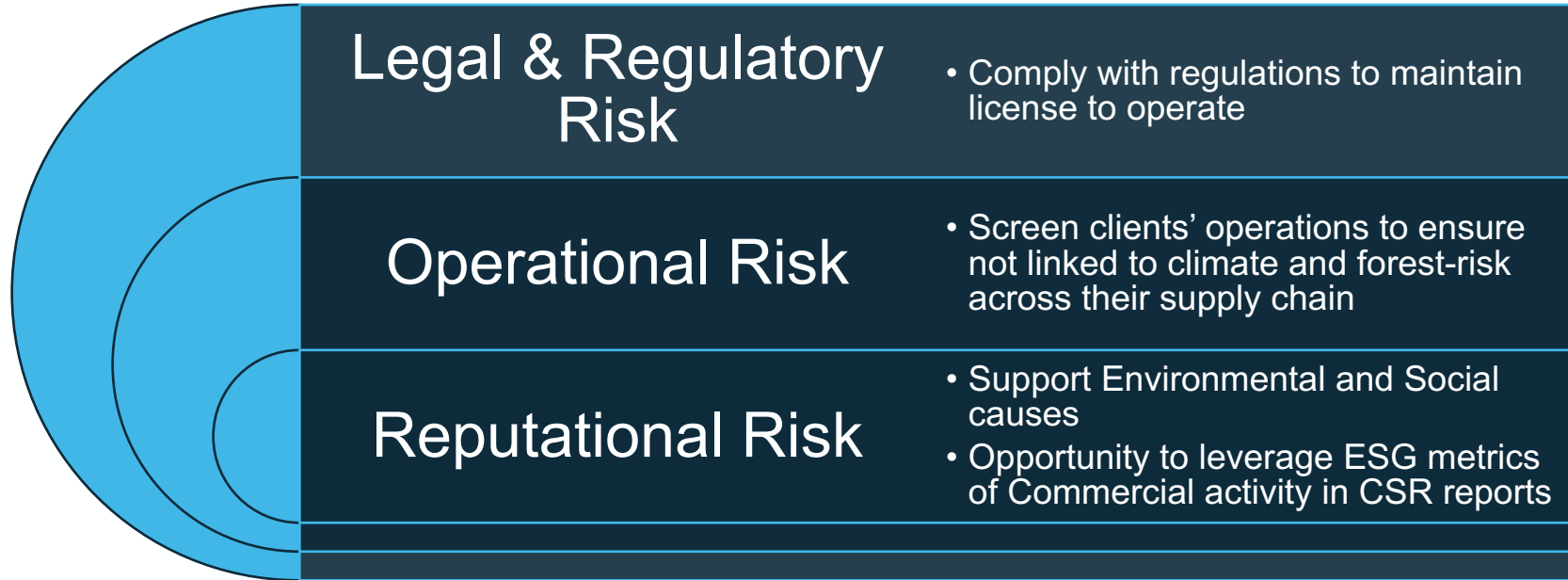


Growth in intra-regional trade increasing at 9% annualized since 2016



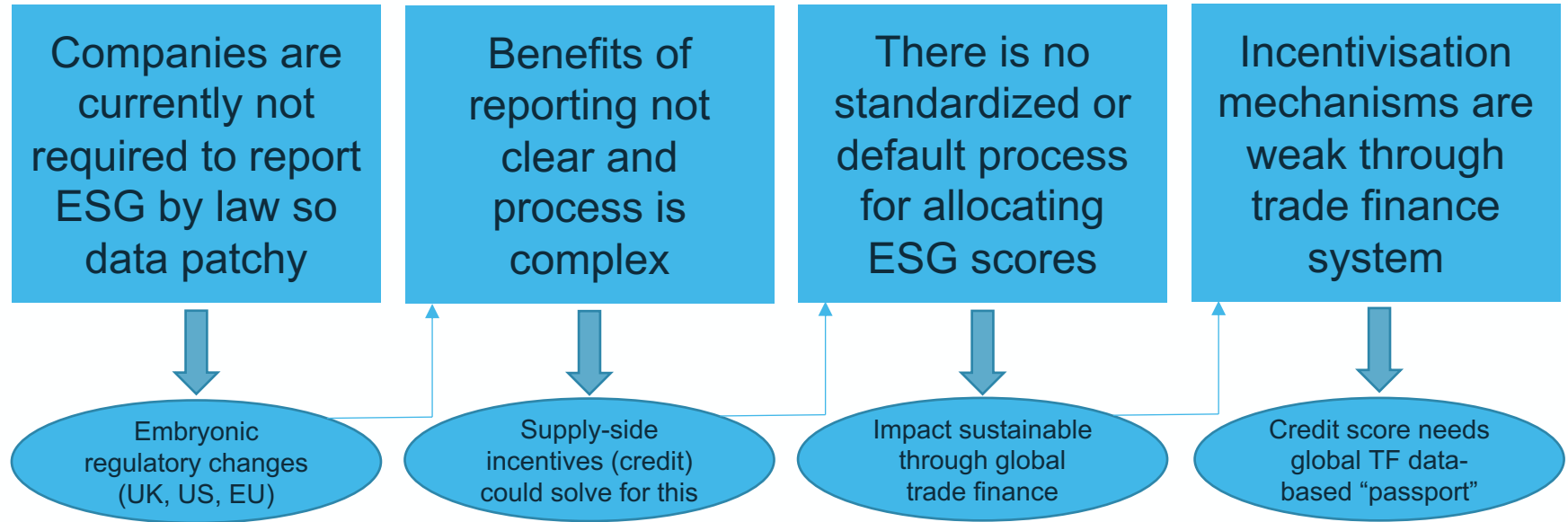
# Is this just about compliance?

Growing regulatory pressure is risky



# The problem: there is no easily accessible and complete dataset to date to support Commercial banks

Too much information, too many solutions and not enough data





# Three ways to unpack all this

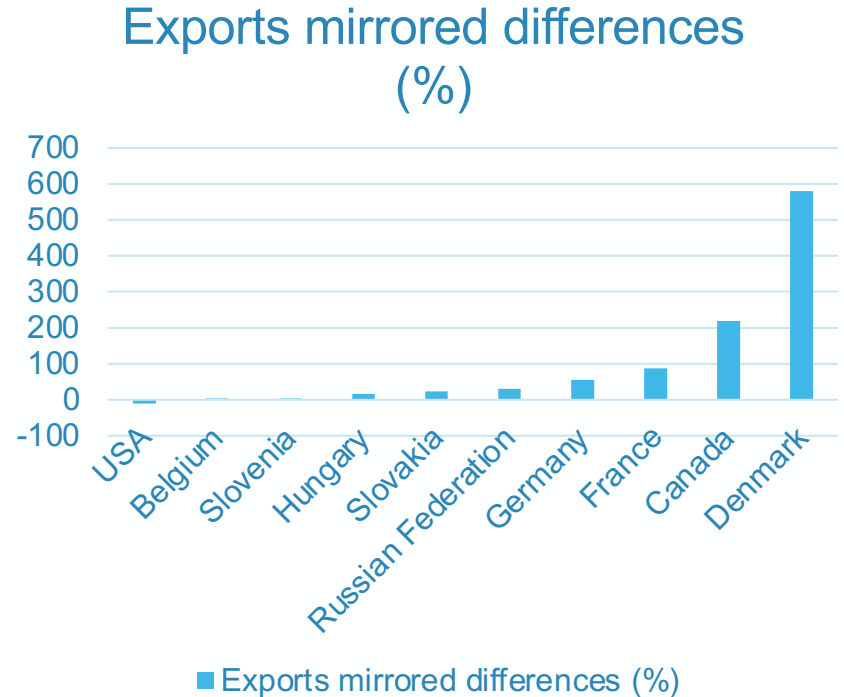
1. Understand shipping and logistics through trade flows
2. Understand the business and its trade and ESG behaviours
3. Understand the product and its components



# Country level – tropical hardwood

## Mirroring key

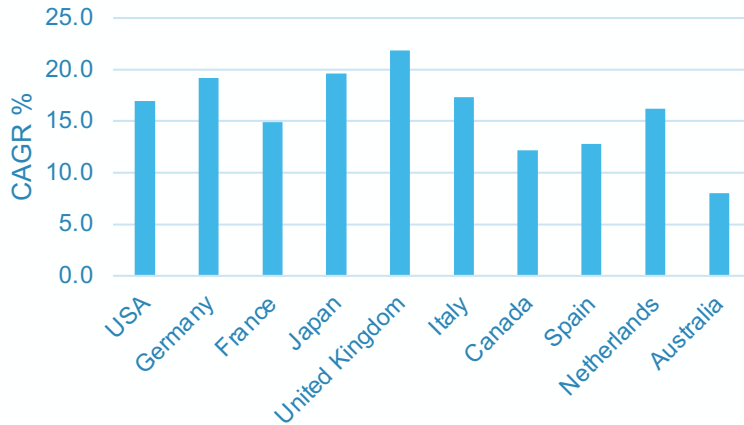
- Trade in tropical hardwood and rough hardwood:
  - Export divergences bigger than import divergences
  - Vietnam and Indonesia barely report
  - Biggest culprits are emerging markets in Asia
  - Although Germany and Austria do not report well
- Untreated oak – this is about consumer demand and developed economies know what they are doing!



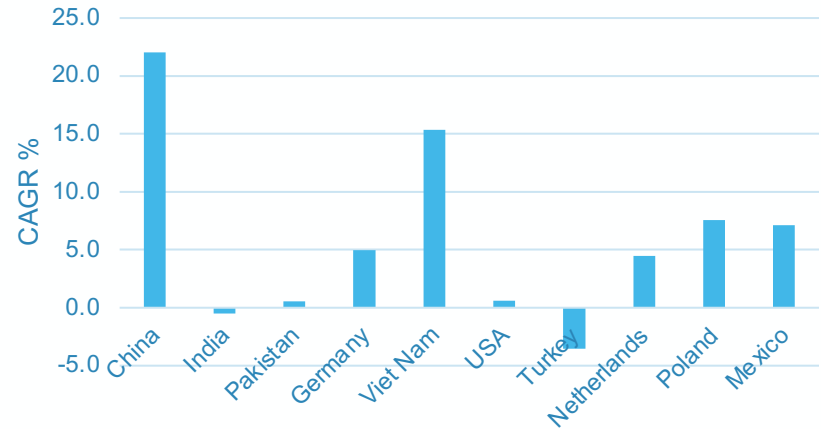
# Country level - second-hand clothing

## Worrying growth in trade in used clothing

Growth in imports of used clothing,  
largest 10 exporters  
CAGR 2014-20 (%)



Growth in exports of used clothing,  
largest 10 exporters  
CAGR 2014-20, %





## Or can it also be about changing the way we do things?

- ESG passporting at transactions level
- Could transform the way trade finance is priced

# If the latter, what do banks need to know

Automatic flag for:

- Product and transactions ESG
- Company ESG status (akin to AML/KYC)
- Supply chain ESG status
- Country ESG risk status



# This is crazy – right?

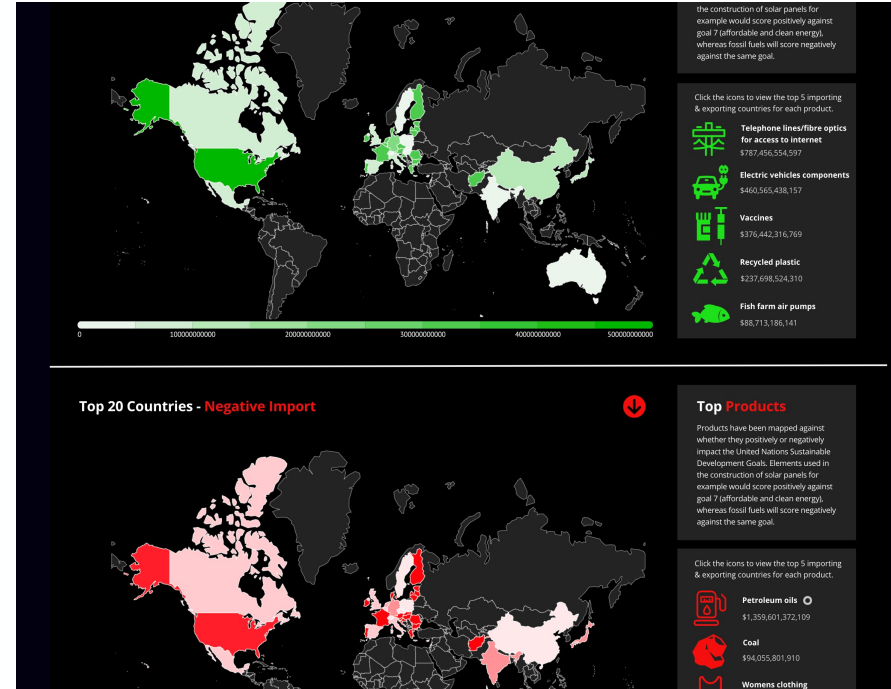
NO!!

- We can map products to SDGs
- These are the top 20 countries
- And the top products for those countries
- Scored by their link to positive and negative SDGs

SOURCE:

<https://coriolistechnologies.com/kosmos/>

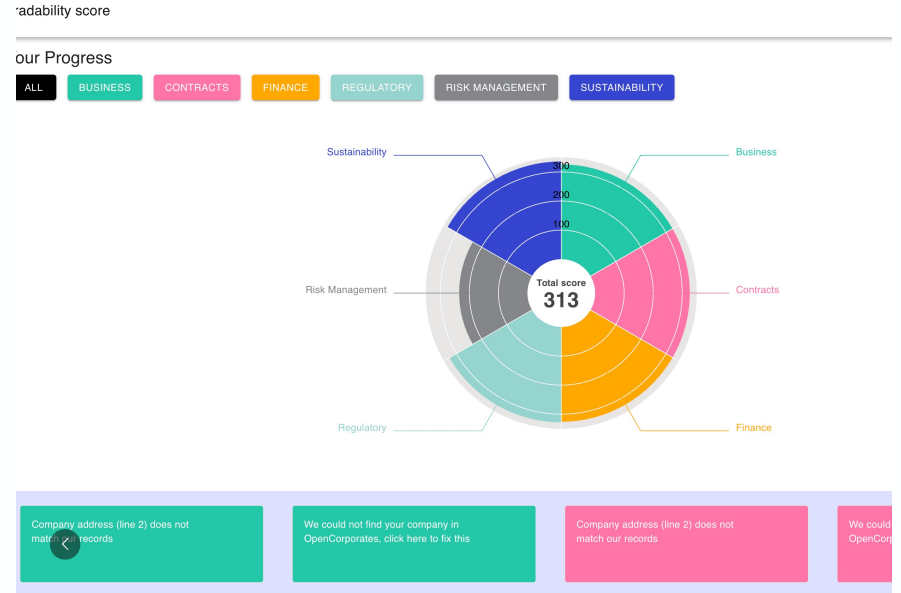
<https://app.powerbi.com/groups/me/reports/e7bc9068-7607-4294-b1c1-b611b971867a/ReportSection3cd80ef879b8835dbba3?ctid=b3e52306-d64b-4e90-96f3-c624e626b2b1>



# Product level by company and supply chain

## Yes - really

- Bill of lading data gives the product codes for all businesses
- HS codes are matched to SDGs and dual use goods
- Company can be checked for all aspects of ESG:
- <https://atlas-staging.coriolis.systems/tradability-score>



# The world is our Kosmos

## This can be scaled

- From product
- To company
- To supply chain
- To country

- The case of UK retail:  
<https://xd.adobe.com/view/863f1a12-ec4d-433f-b140-da78f3fa1b22-d36c/?fullscreen>

KOSMOS

Monitor ESG across the globe [Log out](#)

### Top sustainers

#### COUNTRIES

	E	S	G	Tot.
1. SWITZERLAND	3.31	3.59	3.74	<b>3.55</b>
2. SWEDEN	3.44	3.50	3.48	<b>3.48</b>
3. ICELAND	2.97	4.00	3.45	<b>3.47</b>
4. SLOVENIA	3.03	3.73	3.65	<b>3.47</b>
5. AUSTRIA	2.89	3.59	3.71	<b>3.40</b>

[View country ranking table](#)

#### SUPPLY CHAINS

	E	S	G	Tot.
1. ITALY	2.49	2.46	2.30	<b>2.41</b>
2. NETHERLANDS	2.59	2.58	2.49	<b>2.56</b>
3. TURKEY	2.65	2.70	2.78	<b>2.71</b>
3. BANGLADESH	2.87	2.83	2.80	<b>2.83</b>
4. CHINA	3.00	2.79	3.53	<b>3.03</b>

[View supply chain ranking table](#)

#### COMPANIES

	E	S
1. JOHN LEWIS	2.23	2.1
2. ASOS	2.23	2.1
3. MISSGUIDED	1.66	2.1
4. PRIMARK	1.66	1.1
5. BOOHOO	1.66	1.1

[View company ranking table](#)

### Explore countries

COUNTRY: UNITED KINGDOM




## Is sustainability another 'digital island'?

- The solution is in data aggregation and standardization
- Needs to scale quickly – needs collaborative approach (eg e-bills)
- Passporting ESG at product level for trade finance compliance
- Must be independent
- Must be interoperable

The problem is universal. So must the solution be.







Thank you!  
Any questions?

The future of trade is data...  
Don't be left behind

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