

# AID FOR TRADE WORKSHOP SUSTAINABLE DEVELOPMENT AND THE GREEN ECONOMY

*SETTING THE SCENE:  
ECONOMIC DIVERSIFICATION, SUSTAINABLE  
DEVELOPMENT AND THE GREEN ECONOMY:  
WHAT ROLE FOR TRADE?*

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WTO

# OUTLINE

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- **Diversification from a green economy perspective**

- Diversifying towards green economic activities: a win for prosperity, the environment and resilience

- **Why pay attention to international trade?**

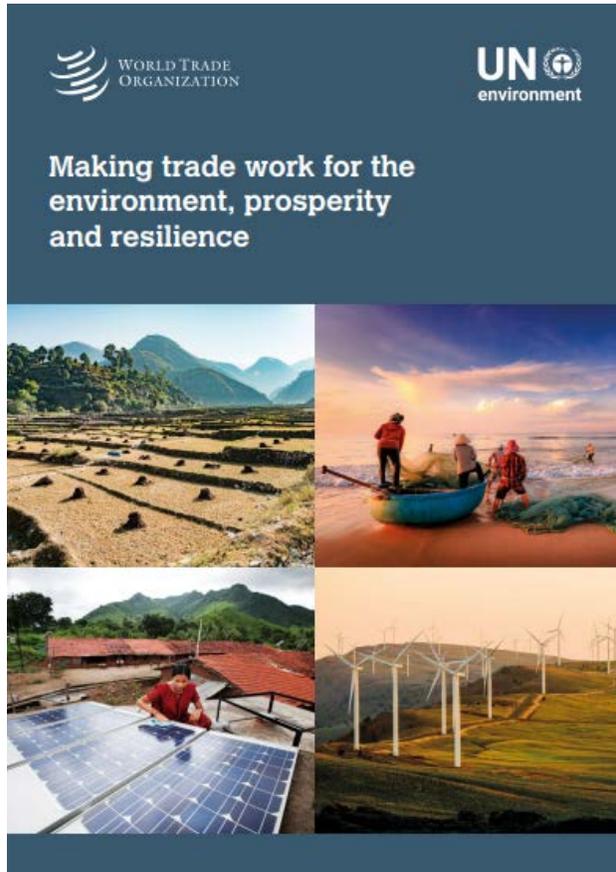
- Trade allows countries tap into emerging green economic opportunities and can help accelerate the green transition

- **What role for international cooperation?**

- Policy dialogue, Aid for Trade and better market access must work hand-in-hand to support diversification towards green economic activities

# JOINT WTO-UN ENVIRONMENT PUBLICATION

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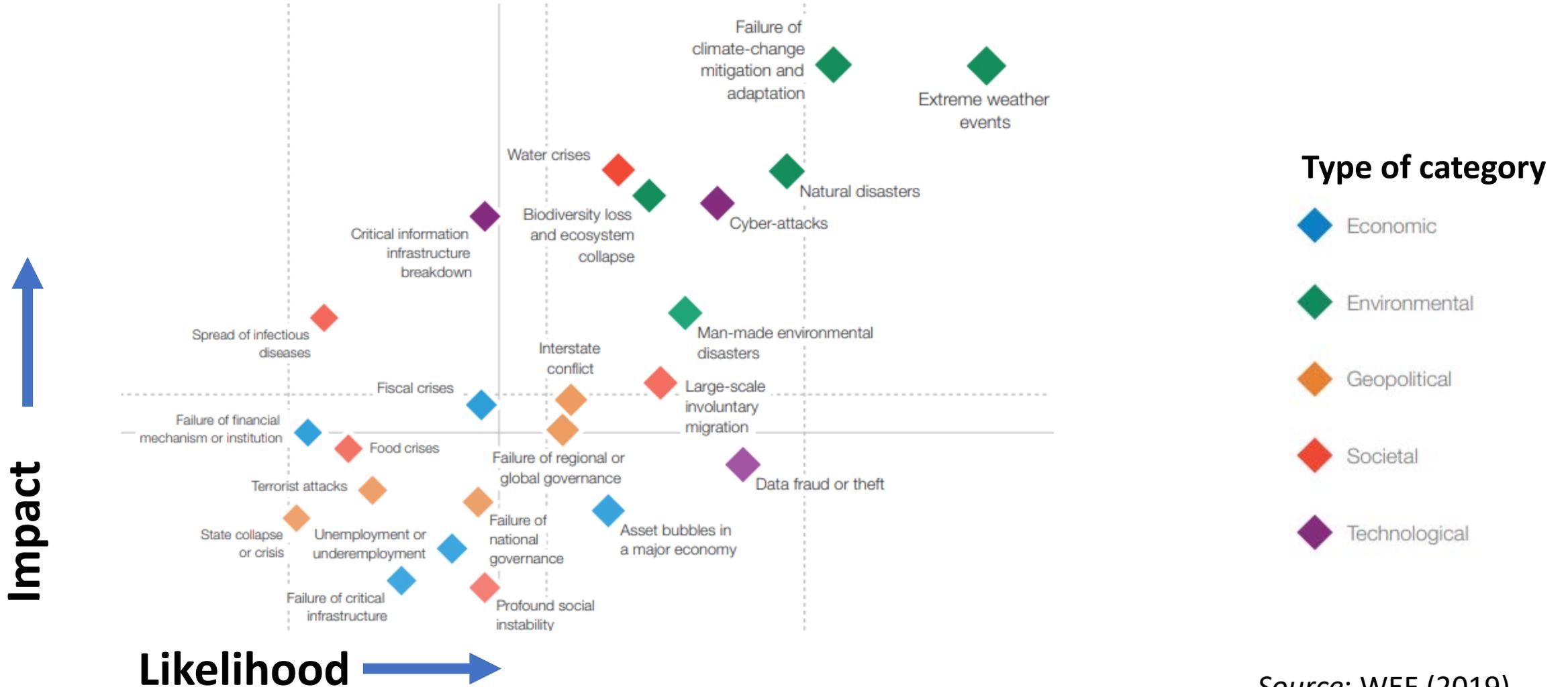


## MAKING TRADE WORK FOR THE ENVIRONMENT, PROSPERITY AND RESILIENCE

Publication available at:

[https://www.wto.org/english/res\\_e/publications\\_e/unereport2018\\_e.htm](https://www.wto.org/english/res_e/publications_e/unereport2018_e.htm)

# Environmental risks are becoming more prominent



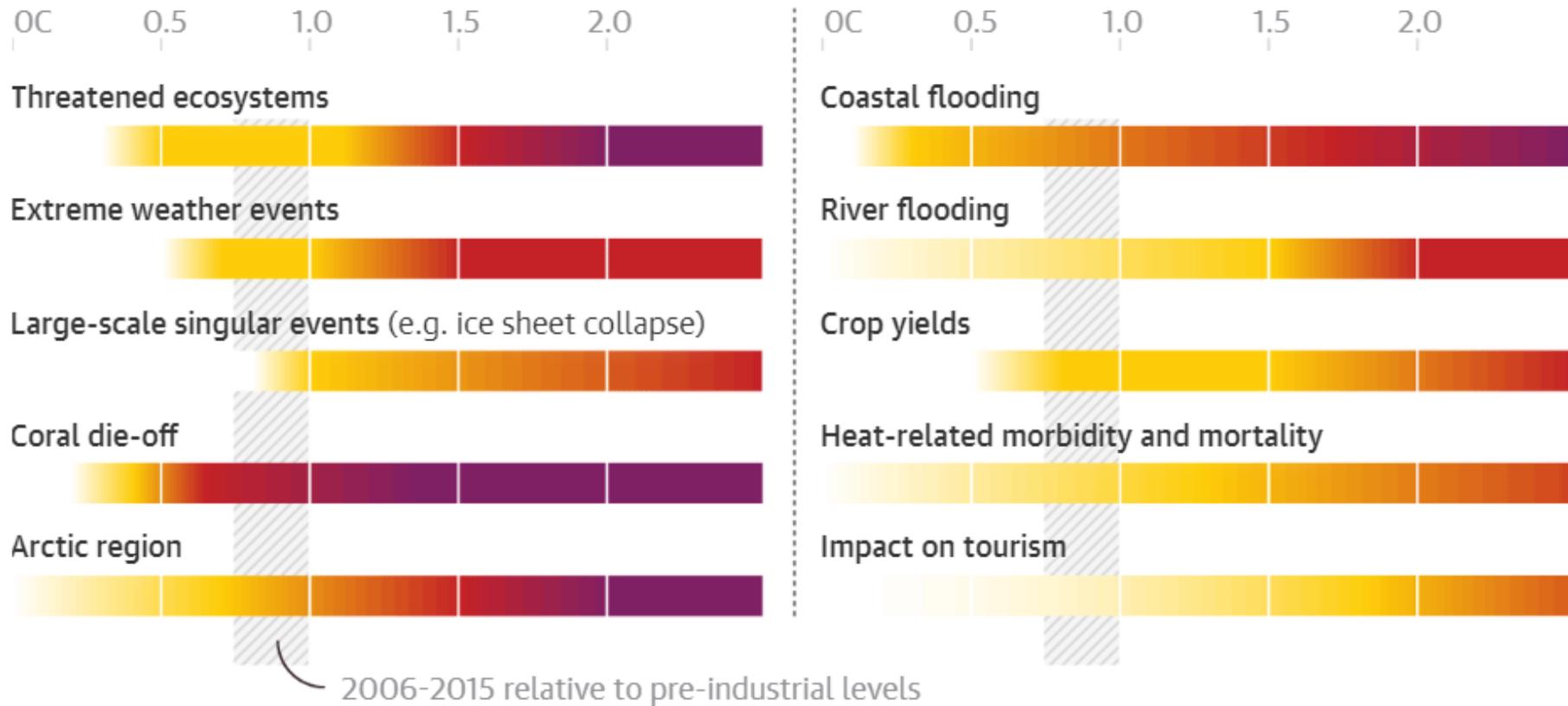
Source: WEF (2019)

# Rising temperatures, rising risks

Key to impacts and risks

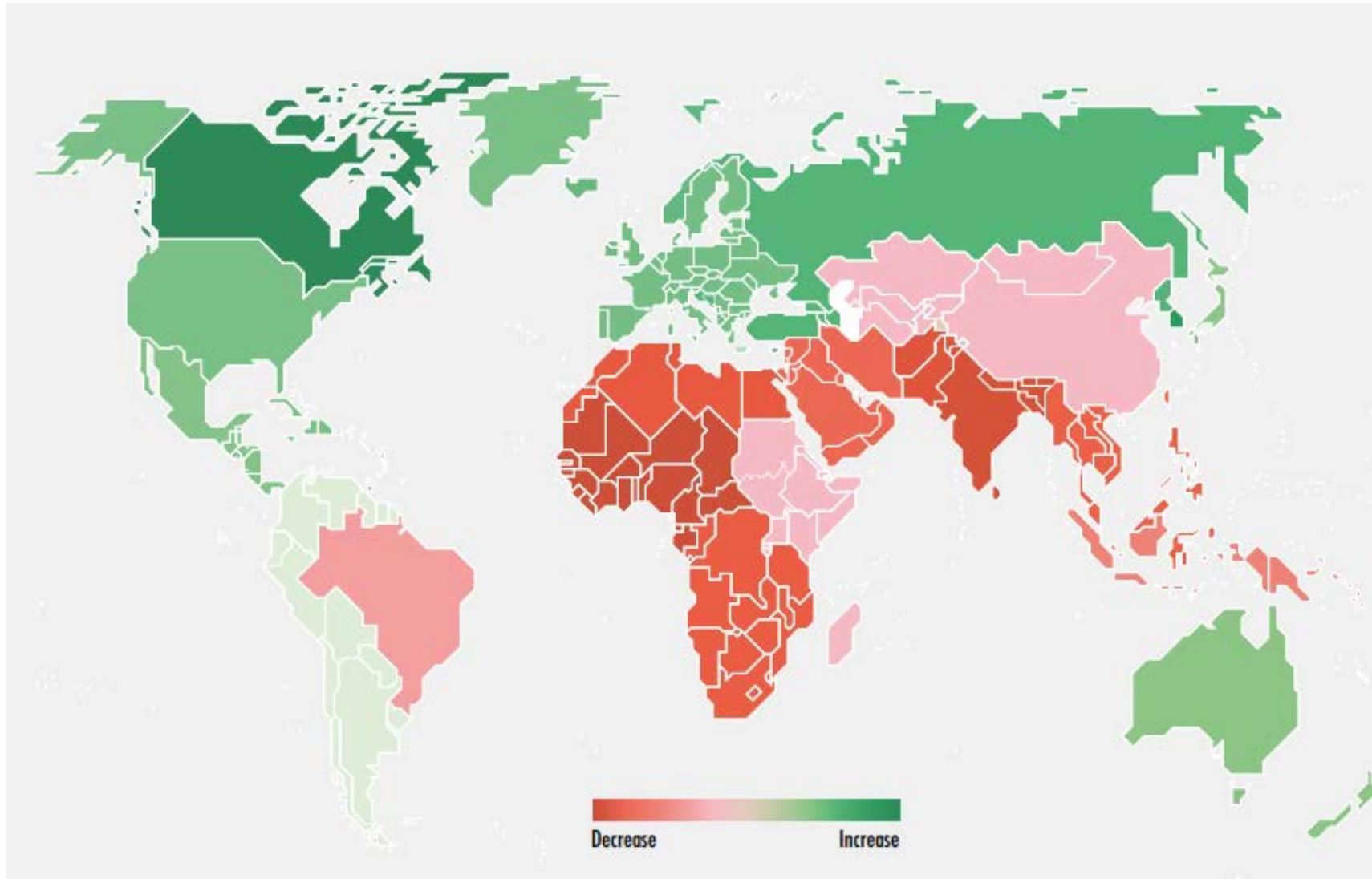


Global mean surface temperature change relative to pre-industrial levels,  $^{\circ}\text{C}$



# Environmental pressures can also affect countries' endowments and production

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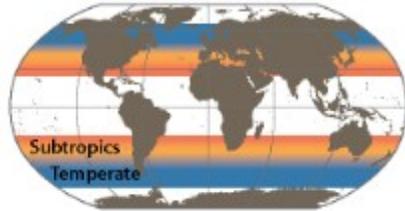
Changes in  
agricultural  
production in  
2050:  
Climate  
change  
relative to  
the baseline

Source: FAO (2018)

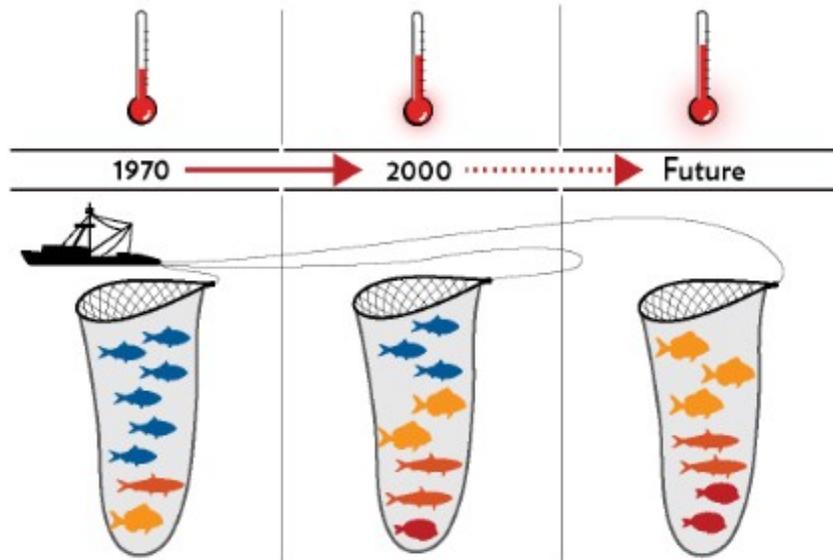
# Warming Oceans Are Reshaping Fisheries

Marine species are gradually moving away from the equator into cooler waters, and, as a result, species from warmer waters are replacing those traditionally caught in many fisheries worldwide. Scientific studies show that this change is related to increasing ocean temperatures.

## Subtropic and temperate ocean

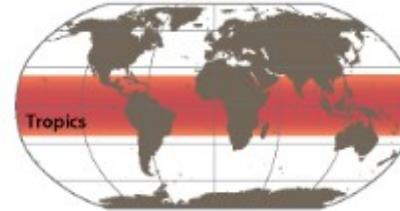


From 1970 to 2006, as open temperatures were rising, catch composition in the subtropic and temperate areas slowly changed to include more warm-water species and fewer cool-water species.

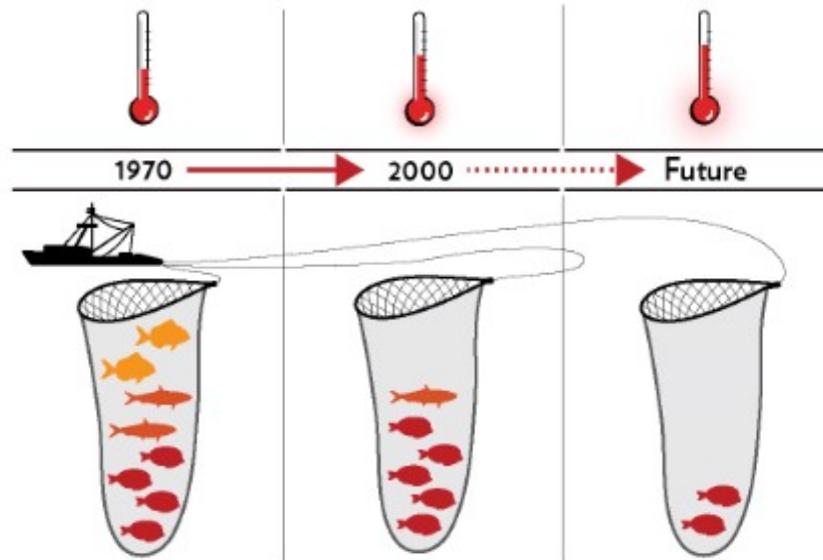


— Blue fish: Temperate/cool-water fish    — Orange fish: Subtropical fish    — Red fish: Tropical/warm-water fish

## Tropics



In the tropics, the catch composition changed from 1970 to 1980 and then stabilized, likely because there are no species with high enough temperature preferences to replace those that declined.



*These shifts could have negative effects including loss of traditional fisheries, decreases in profits and jobs, conflicts over new fisheries that emerge because of distribution shifts, food security concerns, and a large decrease in catch in the tropics.*

Source: PEW Charitable Trust, based on Cheung et al. (2013)

# The SDGs: A global effort to tackle environmental, economic and social challenges in a coordinated way

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# Diversification towards sustainable activities can benefit the economy and the environment at the same time

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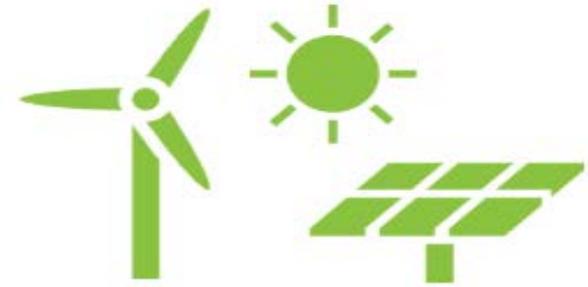
- More **sustainable use of materials and energy** would add an extra **US\$ 2 trillion** to the global economy by 2050 (UN Environment 2017).
- On average, the benefits of **restoring degraded land** are **ten times higher** than the costs (IPBES 2018)
- **Reversing the decline in fish stocks** due to unsustainable practices would increase annual net benefits to global fisheries by a factor of almost 30, from US\$ 3 billion to **US\$ 86 billion** (World Bank 2017)
- **Bold climate action** could deliver at least **US\$ 26 trillion** in economic benefits through to 2030, compared with business-as-usual (Global Commission on the Economy and Climate 2018)

# TRADE OPPORTUNITIES: ENVIRONMENTAL GOODS AND SERVICES

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**1** MORE AFFORDABLE PROTECTION OF THE ENVIRONMENT



**2** FASTER ADOPTION OF GREEN TECHNOLOGIES



**3** INCREASED INNOVATION & INVESTMENT IN EARTH-FRIENDLY SOLUTIONS



**4** OPPORTUNITIES FOR WORKERS & ENTERPRISES



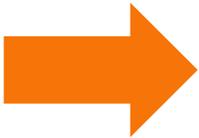
**5** A CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

# EXAMPLE: TRADE WORKING IN SUPPORT OF THE ENERGY TRANSITION

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- Rapid **cost reduction** in solar and wind power since 2009:
  - 75% for solar
  - 30% for wind
- Driven partly by **trade-led specialization, competition, economies of scale and innovation**

 **Win for jobs, electricity access, health and the environment**

# SUSTAINABLE INNOVATION IS HAPPENING ALL AROUND THE WORLD



# TRADE OPPORTUNITIES: SUSTAINABLE GOODS AND SERVICES AND BUSINESS MODELS

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- Markets for **sustainable goods** are expanding
  - Global **organic food market** has more than quadrupled over the past 15 years (to \$82 billion)
  - Proliferation of **certification and labelling schemes**
- Recent surveys and market studies indicate a growing portion of travellers are interested in **travel experiences that are good for residents and destinations**
  - 35% of holiday makers are likely to book **eco-tourism holidays** (GlobalData 2017)
- There is growing interest in the opportunities offered by trade to help scale up and strengthen “**circular**” **business models**

# TRADE OPPORTUNITIES: SUSTAINABLE PRODUCTS

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By connecting producers with the growing demand for sustainable products, trade can:



- Strengthen the incentives to shift to more **sustainable production**
- Create new **export opportunities** for developing countries
- Increase the **variety and affordability** of sustainable products for consumers

# Using trade as a tool to diversify the economy towards green sectors

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# The Committee on Trade and Environment

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## The CTE supports WTO members in:

- Understanding the **links between trade and environmental policies**
- Learning from **national experiences**
- Avoiding **green protectionism** and strengthening synergies between trade and the environment
- Making recommendations on whether **modifications to the provisions of the multilateral trading system** are needed

## Aid for Trade: Possible focus areas to promote diversification towards green economic activity

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- Strengthen the climate resilience of **trade-related infrastructure** and **supply chains**
- Foster access to **affordable and clean energy**, including through cross-border trade
- Reduce **trade costs** and **improve quality infrastructure** to help producers meet environmental requirements
- Remove **trade restrictions and distortions** that hinder the growth of emerging green business models and sectors
- Break down silos and **promote greater collaboration** between trade and environment officials

# Trade is not a silver bullet, but a necessary part of a coherent and fit-for purpose sustainable development policy framework

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