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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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
MAKING TRADE WORK FOR THE ENVIRONMENT, PROSPERITY AND RESILIENCE

Publication available at: 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

- Undetectable
- Moderate
- High
- Very high

Global mean surface temperature change relative to pre-industrial levels, °C

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<th>Threatened ecosystems</th>
<th>Coastal flooding</th>
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2006-2015 relative to pre-industrial levels

Guardian graphic. Source: IPCC Special Report on Global Warming of 1.5°C
Environmental pressures can also affect countries’ endowments and production.

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.

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

- 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

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

- 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

- 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**
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

Seizing green trade opportunities

Policy dialogue

Market access

Aid for Trade
The Committee on Trade and Environment

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

- 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
A coherent policy framework to promote sustainable development

- Access to finance
- Open and transparent trade and investment regime
- Sound environmental policies
- Labour-market policies
- Technological capacity building

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