

## **SUMMARY OF THE AID FOR TRADE WORKSHOP ON "SUSTAINABLE DEVELOPMENT AND THE GREEN ECONOMY"**

Introducing the workshop, the Chair recalled that economic diversification was a central theme of the 2018-2019 Aid-for-Trade Work Programme. Economic diversification was also integral to green growth, climate change adaptation, and sustainable industrial development for developing countries, particularly the least developed countries.

Setting the Scene, Hoe Lim, Director of the Trade and Environment Division, WTO, presented on "*Economic diversification as an engine for promoting sustainable development and the green economy*". His presentation focused on the "triple win" for prosperity, environment and resilience from green diversification. Recalling the joint publication launched at the [Public Forum](#) with UN-Environment, he pointed to mounting global environment challenges, including extreme weather events and natural disasters. The UN 2030 Sustainable Development Agenda had also put a spotlight on more sustainable production and consumption. Global warming of 1 degree Celsius had already happened, according to IPCC research, with further warming on its way and a generally negative prognosis, if action was not taken. Trade in agricultural products was one of the sectors he identified that would be affected by climate change, as would trade in fish products through warming and ocean acidification. He outlined the opportunity to use diversification and trade to promote sustainable activities to benefit the economy and the environment. His presentation discussed how trade was supporting this transition and diversification towards green economic activities. He concluded his presentation with ideas on the role that Aid for Trade could play in this regard by promoting policy dialogue and market access.

Launching session 1 on policy perspectives, Kusum Lata, spoke on behalf of the United Nations Framework Convention on Climate Change (UNFCCC). She explained the potential positive and adverse impacts of mitigation effects from limiting climate change to the Paris Target (i.e. an increase in temperature of less than 2 degrees Celsius). She explained the need for a sustainable transition from the fossil-fuel-based economy to a renewable one, minimizing the economic and social impacts of the change, particularly for narrowly-focused commodity-based economies such as those of the LDCs. Moving away from single-sector dependence made sense in both an environment and economic sense, and was being discussed in the UNFCCC forum on response measures. Government intervention was an essential part of the change needed to green growth in her view. She outlined a six-year work plan that had been agreed at Katowice.

Francisco Boshell introduced the International Renewable Energy Agency, (IRENA), an inter-governmental authority established in 2011, together with IRENA's mandate. The energy sector was responsible for two-thirds of green gas emissions. More than 90% of the emission reductions needed by 2050 could be met through renewables and energy efficiency. A turning point had been reached in 2012, when investment in renewable energy generation globally had overtaken that in carbon sources. There was now more capacity in renewable energy than in coal, with over 10 million jobs created through these investments. The driver for change was the business case for investment. Renewables were inherent lower costs, with the technology itself becoming more price competitive against existing carbon technology. However, fossil fuels still drove 80% of economic activity. Addressing carbon emissions from transport, industry and buildings was more challenging, but electrification and digitalization held tremendous promise. A 50% target for electrification in these sectors could only be achieved through an acceleration of investment of up to US\$120 billion annually. Quality infrastructure was also essential to the spread of renewables, and the use of international standards in Puerto Rico and Tanzania were cited in support of this insight.

Orestes Anastasia explained the Global Green Growth Institute's (GGGI) mandate and operations as an inter-governmental organization working across some 30 countries. Citing global trends and research on planetary boundaries, he highlighted the dangers of large-scale and irreversible changes, from climate change and deforestation. Green growth solutions were needed to make this transition tangible and GGGI was working with countries to implement policy solutions. Investment in renewable infrastructure would yield a net benefit in terms of jobs and economic value. The adverse impacts of climate change would spur the transition, as would new business models and reductions in the cost of new green technologies such as photo voltaic solar cells, battery storage and the adoption of electric vehicles. Fiji's green growth strategy was explained – a strategy that included the target of zero emissions by 2030. Ethiopia's resilient green economy strategy was also profiled, together with the green investment financing system, along with those of the United Arab Emirates, Indonesia, Rwanda and Colombia.

Questions from participants focused on the role of trade policy and green growth prospects for LDCs. A high-level call was made to bring actors together to discuss the transition to green economy. Possible effect on employment was cited, together with the role of developing and developed countries in a situation of a common challenge, but differentiated, responsibilities. A question was asked why green growth was not progressing faster if the benefits were indeed higher than costs. Responding to questions, a paradox was highlighted in that governments were not leading the transition, but nevertheless essential to promoting it. Non-tariff barriers for green products were cited as an area where trade/policy could focus. The creation of jobs in production and services dimensions of renewable energy was discussed. The role of innovation, not just in goods but also in business models, was considered critical. Transition to renewables would happen and was unstoppable; some were even arguing that, in some sectors, the pace was too fast. The case for eliminating trade barriers to speed up rates of adoption was made.

In session 2, on practice perspectives, the need to boost rates of adoption of clean technology was highlighted by UNIDO in a presentation themed *"Implementing inclusive and sustainable industrial development at the regional and country level"*. Industry, and in particular manufacturing, was the largest energy user. The head of UNIDO's Geneva Office, Frank Van Rompaey explained different stages of industrialization in terms of early, middle and late industrial development with regards to industry's GDP contribution. The most polluting industries tended to be middle industries, such as cement, metals, non-metallic minerals and chemicals that had low technology but high energy needs and environmental impacts. New technology needed to be used when developing countries moved into these "medium industries", as this technology would be locked in for decades.

More than half of UNIDO's US\$100 million technical cooperation activities was directed to sustainable industrialization, in particular the greening of industries and creating green industries. In 1994, UNIDO and UNEP had pioneered resource-efficient, clearer production centres in 65 different locations worldwide. Eco-industrial parks were being promoted with GIZ financing and had been established in seven countries, with 200 companies. Clean technology opportunities for MSMEs and chemical leasing were other initiatives cited. Detoxifying waste for recovery of e-waste amounted to a US\$62 billion opportunity. The representative of UNIDO also touched on the circular economy.

Regina Asariotis, Chief, Policy and Legislation Section, (UNCTAD), presented on *"Global perspectives on the impact of climate change and its relevance to the Sustainable Development Agenda"*. Ms Asariotis highlighted the importance of shipping in the integrated network of global supply chains. With 80% of global trade carried by sea, international shipping and ports provided crucial linkages in global supply chains and were essential for the ability of all countries to access global markets. Ports were affected directly and indirectly by climatic change, with broader implications for international trade and for the development prospects of the most vulnerable nations, in particular LDCs and SIDS. Given the potential economic implications of climate-related damage, disruption and delay, building the climate resilience of global ports was of strategic economic importance. Maritime transport was not only a "culprit" but also a "victim". More attention so far had been paid to mitigation than adaptation. Examples of disruption to transportation systems from sea-level rises and air transport were presented. The results of UNCTAD's port industry survey was discussed, together with the need to mainstream climate change considerations into operations. Threats for SIDS and the impact of extreme events were also highlighted.

Olivia Riera, Principal Economist at the European Bank for Reconstruction and Development (EBRD) presented on *"Promoting green value chains – trade in environmental goods and EBRD investment strategies to support the green economy transition"*. EBRD's core value was to foster open, market-oriented economies and support private initiative through investments based on promoting transition, sound banking principles, additionality and sustainability. As part of this approach, the EBRD has introduced a new transition concept based on six qualities of sustainable market economies: competitive, well-governed, green, inclusive, resilient and integrated.

EBRD had set a 40% target for green financing amounting by 2020 to the equivalent of US\$4 billion in renewable energy investments, green bonds, green economy financing facilities and climate change measures in telecommunications. In the second part of her presentation she focused on a study on trade in environmental goods. Trade in these products was going at 9% yearly, but accounted for only 2% of global imports. There was a significant potential for growth, but tariffs and non-tariff barriers were constraining this potential. Trade in green growth was predicted to grow to US\$2-3 trillion by 2030. An EBRD study had shown that reducing trade barriers would help grow trade in environmental goods and to achieve green policy objectives.

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