CoP24 Side Event

Economic Diversification as a channel for low carbon development and green growth”

4th Dec - 13:15-14:45

WTO, TRADE & CLIMATE CHANGE ACTION

MAKING TRADE WORK FOR ENVIRONMENT, PROSPERITY AND RESILIENCE

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MUTUAL SUPPORTIVENESS OF ENVIRONMENTAL PROTECTION AND TRADE

Trade and Sustainable Development

- Rio Declaration (Principle 12)
- UNFCCC (Article 3.5)
- WTO (Preamble, Marrakesh Agreement)
- SDG’s, Agenda 2030
CONNECTING THE DOTS

Prosperity

Environment

Resilience

Trade
High-Level Dialogue on Trade and Environment

January 2018: WTO Director-General and UN Environment Executive Director announce their commitment to strengthen cooperation between their organizations.

The purpose is to facilitate a dialogue among stakeholders on ways to ensure that trade and environmental policies work in tandem.

The publication, along with a high-level leadership dialogue and a sustainability exhibition held during the 2018 WTO Public Forum, kick-started this work.

More info on the Leadership dialogue held on 2 Oct 2018 at: https://www.wto.org/english/news_e/news18_e/envir_03oct18_e.htm
Making trade work for the environment, prosperity and resilience

Publication available at: https://www.wto.org/english/res_e/publications_e/unereport2018_e.htm
CONNECTING THE DOTS

- 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**
Some **50%** of globally traded grains pass through at least one of 14 “chokepoints”

Climate change can undermine the role of trade as a driver of well-being
OPPORTUNITIES

Changes in food prices and purchasing power in 2050: climate change scenario relative to baseline

The increase in climate-driven malnutrition is less severe in an integrated world economy.

Trade promotes a more efficient allocation of resources globally and can help cushion the impact of environmental shocks.

“International trade could play a particularly important role in adaptation efforts, contributing towards food security in many countries.”
OPPORTUNITIES

- Eliminating trade barriers would result in some countries importing:
  - 63% more energy-efficient lighting
  - 23% more wind power equipment
  - 14% more solar power equipment

Trade accelerates the dissemination and reduces the cost of environmental solutions around the world

Trade in Global value chains improve productivity, lower costs

Important to focus trade opening efforts on the entire value chain, **including services** linked to environmental goods
OPPORTUNITIES

- Markets for sustainable products are expanding:
  - Global organic food market has more than quadrupled over the past 15 years (to $82 billion)
  - Proliferation of certification and labelling schemes

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

- Strengthen the incentives to shift to more sustainable production
- Open export opportunities for developing countries
- Diversify markets and products
- Challenges related to certification and quality infrastructure
THE NEED FOR COHERENT AND FIT-FOR-PURPOSE POLICIES

- No single blueprint

- Sound environmental policies, functioning markets and effective institutions are needed for trade to deliver benefits
  - Includes policies to reduce the environmental impact of trade (e.g., carbon emissions from freight transport)

- Sound environmental policies are not inherently incompatible with an open trading system
  - On the contrary, such policies can boost demand for innovative green solutions and exports of green goods and services
IN PRACTICE, TRADE AND ENVIRONMENTAL POLICIES ARE INCREASINGLY INTERTWINED

Publication available at: https://www.wto.org/english/res_e/reser_e/ersd201613_e.htm
THE GROWING INTERFACE BETWEEN TRADE AND ENVIRONMENTAL POLICIES IS ALSO VISIBLE AT THE WTO

About 1 in 6 notifications to the WTO are related to the environment

Environmental Database (EDB) available at:
www.wto.org/edb
If we also consider climate change-related measures (*clustering*) – around 38% of the environment-related measures notified to the WTO are adopted for climate action purposes (total of 3505)...
THE WTO PROMOTES COOPERATION FOR MORE SUSTAINABLE TRADE

Sustainable development is a guiding principle under the WTO’s founding charter.

WTO members have a dedicated forum to discuss the interaction between trade and the environment.

WTO rules promote stability and predictability; they leave ample room for the achievement of environmental goals.
THE WTO PROMOTES COOPERATION FOR MORE SUSTAINABLE TRADE

The WTO provides a **forum for negotiations** to deliver additional benefits for trade and the environment.

The WTO works with key partners to help **developing countries** use trade more effectively to achieve sustainable development.
6 AREAS FOR COORDINATED ACTION

1. Tackle environmental challenges
2. Pursue trade approaches that strengthen sustainability, prosperity and resilience simultaneously
3. Encourage trade and environment officials to collaborate more
4. Foster public-private partnerships to identify trade opportunities in emerging green sectors
5. Strengthen the capacity of the poorest countries to seize those trade opportunities
6. Raise awareness about the role of trade in sustainability, prosperity and resilience
Aid for Trade Global Review 2019 to examine economic diversification and empowerment

The next Global Review of Aid for Trade will take place from 3 to 5 July 2019 at the WTO under the theme “Supporting Economic Diversification and Empowerment for Inclusive, Sustainable Development through Aid for Trade”. Proposals to organize sessions at the event may be submitted up to 31 March 2019.
TECHNICAL ASSISTANCE?

From the WTO?
- Right to ask for national technical assistance activities

From Members?
- Example of the TBT Agreement.
THANK YOU FOR YOUR ATTENTION!

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