
Trade and Climate Change:

*Issues and Priorities for the Commonwealth
SIDS, LDCs and Sub-Saharan Africa*

High Level Panel Session on Trade and Climate Change
10 December 2017
WTO MC11
Buenos Aires



The Commonwealth

Introduction: Physical Trade and Climate Linkages...



CLIMATE CHANGE AFFECTS TRADE

- Alters **productive capacity**.
- Changes **trade patterns** and **export specialisation**.
- Impairs **infrastructure** – tropical cyclones cause \$835mn of damage in the Caribbean and \$178mn in the Pacific each year (pre-2017).



TRADE AFFECTS CLIMATE CHANGE

- **Directly** (e.g. international transport contributes 5% of global emissions)
- **Indirectly** (e.g. trade-induced growth affecting production)



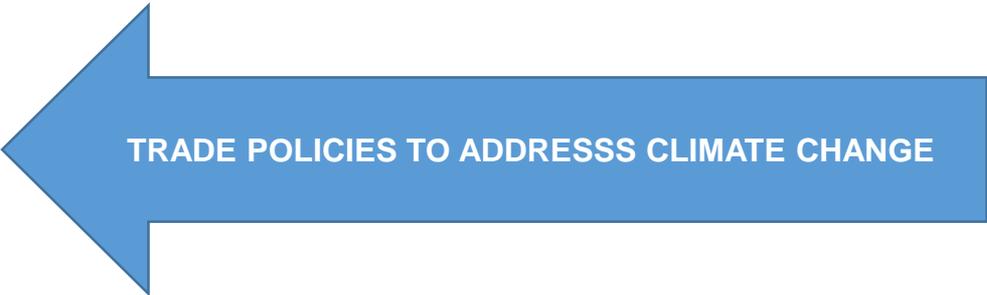
2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

... and Trade Policy and Climate Policy Intersections



CLIMATE CHANGE POLICIES AFFECTING TRADE

- **Response measures:** border carbon taxes, emissions trading schemes, aviation taxes, subsidies, technical regulations and standards, product labelling schemes, etc.



TRADE POLICIES TO ADDRESS CLIMATE CHANGE

- Removal of barriers to trade in **environmental goods and services**.
- **Intellectual property rights** to promote innovation in and the transfer of climate-friendly technologies
- **Investment** in clean energy.



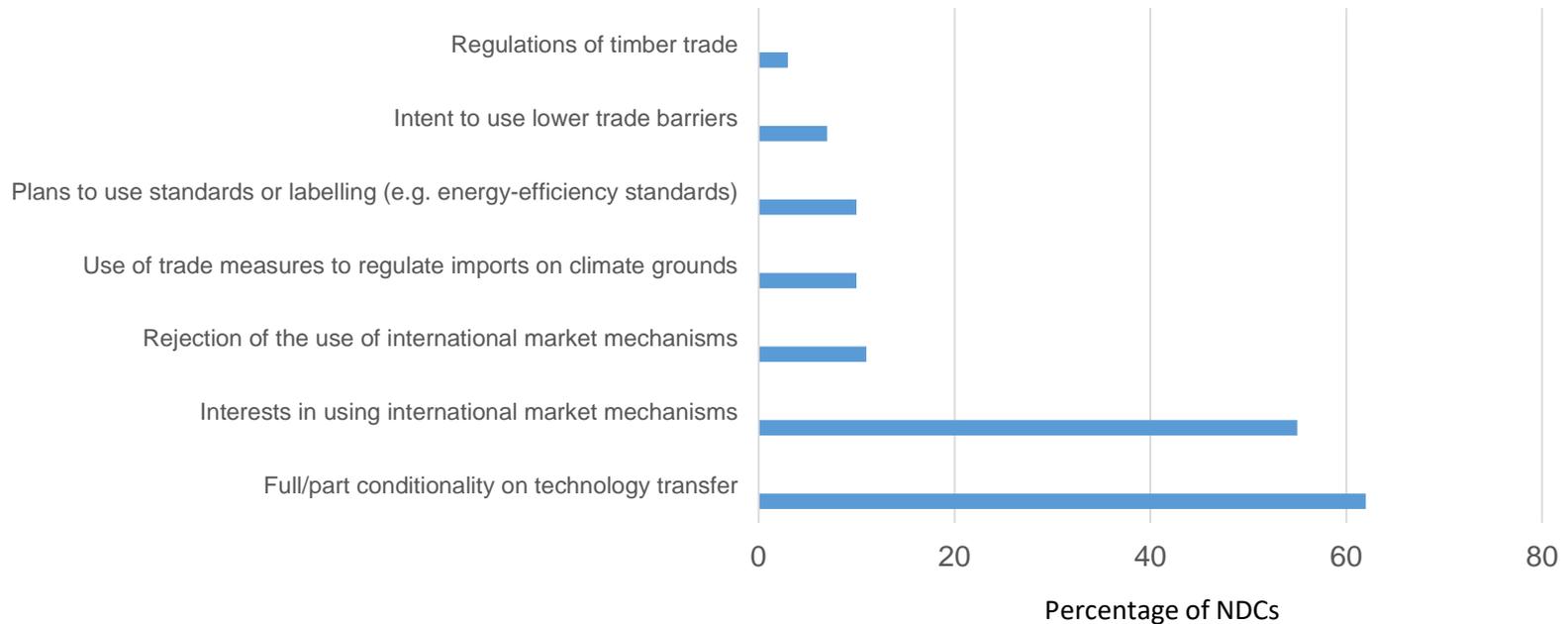
2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Paris Agreement is a major milestone in combating climate change...

- Paris Agreement, signed by over 190 countries, has three aims:
 - Limit the average global temperature rise to well below 2°C above pre-industrial levels and strive to achieve a cap of 1.5°C.
 - Fostering and supporting resilient and low-emissions development.
 - Ensuring global investment flows support these goals.
- **162 Parties** have submitted their domestic commitments through NDCs.
- The Agreement does not directly reference trade or investment policies; but UNFCCC sets obligations to avoid trade restrictions (Article 3.5).
- Successful implementation of NDCs will create opportunities for new or expanded trade and investment flows to fuel a **global green economy**.
- Trade in climate-friendly goods now US\$250 billion per year; with services, a global market valued at approximately US\$5.5 trillion (around 80% directly climate-related).

NDCs can provide indicator of future country-level demand for low-carbon goods, services, and investment...

Example: Trade-related elements featured in NDCs



Trade and Climate Change Issues for the Commonwealth

- Many Commonwealth members have high export concentrations in climate sensitive sectors (e.g. agriculture, fisheries, forestry, tourism).
- Others may be affected by mitigation measures, such as aviation and shipping taxes (Caribbean SIDS), fossil fuel disciplines (i.e. lower export revenues), etc.
- **SIDS, LDCs and SSA** countries have the least capacity to diversify their production and structurally transform in response to climate change impacts; SIDS and LLDCs especially confront extremely high trade costs.
- **With appropriate support mechanisms**, there may be opportunities to diversify into green goods and new services, and access technologies for cleaner, more efficient production.
- Commonwealth potential: environmental goods exports by our members grew from \$42bn (2005) to \$73bn (2015), but concentrated among few.
- Many Commonwealth **success stories**: renewable energy (esp. solar revolution), technology leapfrogging in SSA, climate-resilient infrastructure and “smart” cities, sustainable transport, global sustainability standards, etc.

Towards Climate-Compatible Commonwealth Trade

- Assess role of **green industrial policy** to increase resilience, trigger economic diversification, and scale up green goods and services.
- Potential for **trade, investment and innovation** in agriculture, fisheries, forestry, manufacturing, construction, renewable energy, tourism, transport and waste management.
- Build capacity to comply with **private product standards**, where a significant market exists – US\$32 billion in 2012 for 16 standards across 10 commodities.
- Attract climate-specific investments to adapt and diversify economies, including **REDD+ and GFC**, using the Commonwealth Climate Finance Access Hub.
- **Technology development and transfer** through UNFCCC's Technology Mechanism, especially for cleaner, more efficient production.
- Deepen **regional integration** for infrastructure and value chain development.
- Establish support for a **just transition for the workforce** and empower women, youth, and indigenous people and entrepreneurs.
- **Build policy coherence and mutual supportiveness** between the trade and climate regimes to advance and achieve sustainable development.

Presented by: Dr Brendan Vickers

Email: b.vickers@commonwealth.int

10 December 2017

