Better Trade 4 the SDGs

“Green export opportunities”
and how we identify them

UNDESA/UNITAR HLPF SDG Learning Event
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UNCTAD
An important UNCTAD objective:
Help interested developing countries to seize new green product export opportunities

but what is a “green” product?

There is no internationally agreed definition/list of green products

• Since the Doha Round started in 2002, WTO negotiators are unable to agree on a definition/list of environmental goods & services

• Neither Rio+20 nor 2030 Development Agenda provide such a definition/list
However, consumers and the market have been defining green goods for years

<table>
<thead>
<tr>
<th>Product</th>
<th>Production</th>
<th>Consumption</th>
<th>Disposal</th>
<th>Offset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Env. &amp; Renewable Energy Technologies</td>
<td>X</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Organic Food &amp; Bev.</td>
<td>✓</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainably harvested timber and fish</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Cosmetics</td>
<td>✓</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BioTrade Products</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biodigradable bags</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Ecotourism</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Airline Travel</td>
<td>X</td>
<td>X</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

And many brown products have become greener...

<table>
<thead>
<tr>
<th>Brown Product</th>
<th>Greener Variant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Batteries</td>
<td>Rechargeable Lithium Ion Batteries</td>
</tr>
<tr>
<td>Chlorine Bleached Paper</td>
<td>Chlorine Free Paper</td>
</tr>
<tr>
<td>Mercury CFL Lightbulbs</td>
<td>LED Lightbulbs</td>
</tr>
<tr>
<td>CRT Televisions</td>
<td>LCD Televisions</td>
</tr>
<tr>
<td>Lead/Oil Paints</td>
<td>Acrylic water-based Paints</td>
</tr>
<tr>
<td>Posted Letters</td>
<td>Email</td>
</tr>
<tr>
<td>Plastic Shopping Bags</td>
<td>Biodegradable Shopping Bags</td>
</tr>
<tr>
<td>Freon Air Conditioners / Fridge</td>
<td>HFC Air Conditioner / Fridge</td>
</tr>
<tr>
<td>Gas/Diesel Vehicles</td>
<td>Electric Vehicles (conditional)</td>
</tr>
<tr>
<td>Cameras, Calculators, Scanners, etc.</td>
<td>Mobile Apps</td>
</tr>
<tr>
<td>Oil Heaters</td>
<td>Geothermal Heaters</td>
</tr>
<tr>
<td>Diesel/Coal generated Electricity</td>
<td>Solar &amp; Wind generated Electricity</td>
</tr>
</tbody>
</table>
Context: ‘Real Market’ Green Market Timeline

The global market for green products is very diverse, and although it remains relatively small, accounting for 15 to 20 per cent of the traditional market for any given product, it is growing rapidly and significantly faster than world trade.

In developing countries, most green products are produced in rural areas, so job growth benefits small producers and smallholders in poor rural communities.

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Many Challenges face Green Exporter…

• however, tariff peaks exist, and tariff escalation affects processed products
• Non-Tariff Measures (NTMs) affecting food exports are increasing
• Need for mutual recognition and equivalence of national standards
• Need for training, awareness raising
• Need for supportive national policies and institutions
Many Challenges face Green Exporter…

• Need for investment, infrastructure
• Certification (VSS) is can be a long and expensive process…
• Substantial exports may deplete biodiversity

Context: ‘UN’ Green Economy Timeline

Rio Summit | WTO Doha Declaration | Rio+20 Agenda | 2030 Agenda

Agenda 21 Sustainable Development | Negotiations on Environmental Goods and Services | Green Economy | Sustainable Development Goals SDGs
UNCTAD’s National Green Export Reviews (NGERs) seek to identify this policy path:

- Green production
- Environmentally & socially sustainable
- Added Value
- Product diversification
- Global supply chain integration
- Identify and target higher value consumers
- Market diversification
**NGERs at UNCTAD** …

- **Our response to Rio+20, the SDGs and growth in green markets**
- **Support public and private stakeholders to build capacity in** *production and export of green products*
- **Involve a set of country-owned activities**
- **Generate consensus on an action plan defining the way forward**

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### First step: Identify competitive green exports…

We use *product space methodology*\(^\ast\) to find a country (A) competitive exports relative to other countries in the world (W) …based on Revealed Comparative Advantage or RCA:

\[
\text{RCA}_{Ai} = \frac{X_{Ai}}{\sum_{j} X_{wj}}
\]

*Method is based on national trade performance We need trade data*

\(^\ast\) see: http://atlas.cid.harvard.edu/
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Terra 2015

Green Products

When we do this we can “preliminarily” identify several potentially promising green goods for export for any country...
We can graph these results to analyze them.

Terra Dynamic RCA (2012-2015)
But this analysis alone does not help
... you need a process to get results

UNCTAD NGERs

... Greening national economies
one sector at a time

1) Country Request
2) Green Product Space Methodology

Lots of Trade Data ...

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1234</td>
<td>Organic seeds</td>
<td>87.5</td>
<td>89.7</td>
<td>91.2</td>
<td>93.5</td>
<td>95.8</td>
</tr>
<tr>
<td>2345</td>
<td>Biodegradable bags</td>
<td>12.3</td>
<td>13.5</td>
<td>14.7</td>
<td>15.9</td>
<td>17.1</td>
</tr>
</tbody>
</table>

Competitive Green Exports ...

3) 1st National Stakeholders Workshop

Priority Products Selected

National Team of Experts Selected

Producers, Policymakers, Investors, Academic Experts, NGOs, Workers, Communities, Development Partners
4) National Team Study

- History, Geography, Demography
- Infrastructure, Economy, Regulation, Institutions, Industry, Trade policy, Trade trends

Proposes Action Plan

Report Prepared

5) 2nd National Stakeholders Workshop

Validate And Adopt Action Plan
6) Implement Action Plan

![Image of action plan]

Actions must... Seize **Opportunities** Address **Challenges**

What...Who...When

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A real national action plan ...

<table>
<thead>
<tr>
<th>Item</th>
<th>Action</th>
<th>Year I</th>
<th>Year II</th>
<th>Year III</th>
<th>Year IV</th>
<th>Year V</th>
<th>Year VI</th>
<th>Year VII</th>
<th>Year VIII</th>
<th>Year IX</th>
<th>Responsible Agencies (Lead Agency *) (Funding entity **)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Implement awareness raising campaign for public</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
<tr>
<td>2</td>
<td>Farmer training program</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
<tr>
<td>3</td>
<td>Reform policies and regulations to attract foreign and domestic investment in organic agriculture</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
<tr>
<td>4</td>
<td>Increase access to micro-finance in rural areas</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
<tr>
<td>4</td>
<td>Certification activities for new production sites</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
<tr>
<td>5</td>
<td>Participate in international trade fairs</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
<td>III</td>
<td>IV</td>
<td>I</td>
<td>H</td>
</tr>
</tbody>
</table>
Goal of NGER Project ...

If the action plan is implemented, we can achieve the goal of *boosting production and export capacity* for selected green products.

Which products have been our focus in UNCTAD NGER projects?
To date, we have focused on a variety of green products...

...in a wide range of countries...