

Arbache's Intervention – UNCTAD 10/7/2023

First and foremost, I would like to thank UNCTAD's Secretariat for the honorable invitation to participate in this panel.

I would like to start addressing the following question: *What are the services required to enable the consolidation of a more sustainable economy and society?*

Energy is an enabling factor for the green economy, but it is not the determining factor. After all, having a grid with predominantly clean energy is not a guarantee of a more sustainable economy. There are examples of this, including countries here in the LAC region. The central theme is what one does with the clean energy.

If the pursuit of sustainable energy reflects a search for something broader and impactful, which is a greener economy, then it is also necessary to think about the services that help make such an ambition viable.

Think of green manufacturing, sustainable agriculture, sustainable livestock farming, and sustainable mining. Therefore, a whole set of services from the conventional economy will need to undergo a transition that supports the formation and consolidation of the green economy.

Included in this set should be services from different segments, but I would like to highlight some of them:

- Financial services that favor sustainable finance.
- Legal services that help consolidate and implement the standards of a green economy.
- Engineering, construction, projects, and maintenance services necessary for a green economy - think, for example, of the maintenance of solar, wind, biomass, and green hydrogen energy production parks, or the maintenance of more efficient and sustainable manufacturing processes.
- Academic, educational, training, and capacity-building services for sustainable production processes that support the entire green energy industry - for example, think of green hydrogen plants; universities should therefore focus on training young professionals, masters, and PhD

candidates who can help master the technological cycles of this new economy, so as not to depend entirely on foreign sources.

- Availability of certification, compliance, standards, and reporting services, which are increasingly fundamental requirements for a country to reap the economic benefits of the green economy.
- In mining, services that assist in the technological and production cycles of minerals such as lithium, cobalt, nickel, and rare earths, which require substantial amounts of energy and water.
- Digital economy - after all, the green economy greatly benefits from digitalization - think of smart grids and more efficient production processes. The digitization of the economy is a synergistic and complementary element of the green economy.
- Services for powershoring, which is the strategy of attracting energy-intensive industrial plants to countries with abundant, safe, and cheap green energy, as is the case in several countries in the LAC region. Powershoring requires a whole range of services for the value chain.
- Finally, services associated with the establishment and full operation of the carbon credit market, which is another fundamental aspect of economies that aim to become green economies.

The Secretariat's Note mentions the role of trade for sustainable energy, and I understand that the identified points are well-addressed, but I believe the issue is more complex. Indeed, trade in services is important for developing and emerging economies to advance their immediate ambitions in the green economy.

However, I would like to point out another aspect, which is how interventions in the functioning and architecture of global trade hinder the ambitions of many emerging and developing countries in the green economy agenda. Consider, for example, the Inflation Reduction Act in the United States or the EU New Green Deal in the European Union, which create profound distortions in trade through massive subsidies, protectionism, and discrimination that significantly affect the competitiveness of these countries in renewable energy, sustainable agriculture, and green manufacturing.

A crucial theme here is the access of emerging and developing countries to the services that enable the green economy and, from there, their ability to realize the potential they have as exporters of solutions for the new economy.

The public policy agenda is crucial for emerging and developing countries to participate ambitiously in the global agenda of the green economy, not just in terms of environmental compliance, but also as providers of solutions, green manufactured goods, and sustainable agriculture and mining. In this regard, well designed and implemented policies that help foster enabling factors, including the services agenda for the green economy, are critical.

This should include trade agreements and controlled liberalization of trade in services, joint ventures, and policies to attract foreign direct investment.

Finally, regarding development banks, the green agenda is a priority for practically all of them, which support mitigation and adaptation, as well as the harnessing of numerous opportunities for creating green businesses and jobs. Development banks in general are fully engaged in financing renewable energies, transmission lines, digitalization, and energy efficiency, as well as innovation and projects in various areas that promote sustainability. They also play a significant role in disaster prevention and mitigation operations. All that require a whole set of services that enable the green economy. To that end, banks are developing a robust de-risking agenda to attract the private sector, the primary source of financing for the green economy. The commitment of banks to sustainable finance instruments include support for thematic bonds, guarantees, support for specific equity and debt funds, support for the carbon market, debt exchange schemes, among others. To be relevant, development banks should help countries transform the climate crisis into new business opportunities, which is the most powerful way to align environmental compliance with economic and social development.

Thank you very much.