

Key messages

The global economic and financial crisis and the interrelated climate, food, and water crises have imposed themselves as defining parameters for policy-making today. Understanding the causes and consequences of these crises and drawing lessons from them should spur dramatic economic and policy changes. Indeed, economic crises tend to trigger major changes in conceptual and ideological thinking as well as the emergence of new policies, technologies and management practices.

While embracing change is always a political challenge, the key message of the Trade and Environment Review 2009/2010 (TER 2009/2010) is that the occurrence of these crises offers a window of opportunity to embark on a path of more resilient and sustainable economic growth. The key challenge is to avoid responding to the crises with measures that perpetuate economically, socially and environmentally unsustainable production and consumption patterns. The key opportunity is to seek ways to respond to the crises by identifying dynamic synergies to initiate change.

Developing countries can seize real opportunities for cleaner growth, including low-carbon growth. TER 2009/2010 argues that, while complex and long, the process of greening economies can and should be gradually piloted towards selected "poles of clean growth". A successful combination of sound economic and ecological management of such poles would steer economies towards more environmentally friendly development and, hopefully, generate positive spillover effects in other sectors, even under conditions of no or imperfect internalization of many key externalities. TER 2009/2010 offers three illustrations of promising poles of clean growth, especially relevant to developing countries:

1. Energy efficiency

Gains in energy efficiency, often utilizing well-known policy frameworks and technologies, are the fastest and most economical way to increase access to energy, mitigate climate change, reduce national expenditure on imports of fossil fuels and control air pollution, while saving costs and enhancing national competitiveness. While up-front costs may be significant, improvements in energy efficiency often pay for themselves through saved energy costs. Energy efficiency is often implemented in combination with material and resource efficiency.

2. Sustainable agriculture

Agriculture is of strategic importance for growth and poverty reduction in many developing countries. The adoption of coherent national and international policies to encourage the use of more sustainable production methods, including organic agriculture, could help save costs, develop new markets, improve revenues and enhance food security, while also providing considerable scope for climate change mitigation and adaptation.

3. Renewable energies for rural development

Renewable sources of energy, available in abundance in a number of developing countries, can be economically exploited with readily available technologies. For instance, the provision of electricity and mechanical energy offers enormous potential for improving rural welfare and accelerating poverty reduction, while at the same time unlocking the productive potential of isolated rural communities, including by enhancing their productive capacity and value addition in agricultural production.

Clearly, investment in these poles of cleaner growth will not automatically solve the current problems relating to poverty and climate change, but it will constitute a much-needed first step in the structural transformation towards a lower carbon economy. Moreover, investment in these poles of clean growth will yield economic, employment, social, technological and environmental dividends that will contribute directly to achieving the Millennium Development Goals.

However, the changes required to accelerate the emergence of clean growth poles will not occur spontaneously or effortlessly. As highlighted in TER 2009/2010, governments will need to take the lead in fostering the emergence of cleaner growth poles, particularly by introducing strong regulations as well as financial incentives, ensuring policy coherence and generating societal support for a new vision. The key question is whether developing countries will have the administrative and financial capacity to take the necessary actions. Global efforts to mitigate climate change could provide a platform for capacity-building and financial and technological cooperation to support developing countries, for instance in the context of nationally appropriate mitigation actions and sustainable development policies and measures.

Despite the enormity of the challenge, change is possible: TER 2009/2010 shows that this strategic agenda is accessible to developed and developing countries alike, including the poorest among them.