

## Dubai PAGE Conference Parallel Session Report on

### Sustainable Trade – Driving an Inclusive Green Economy

#### 1. Background

The Rio+20 Outcome Document, *The Future We Want*, recognizes the “green economy in the context of sustainable development and poverty eradication as one of the important tools available for achieving sustainable development” and re-affirms that international trade can be an engine for development, sustained economic growth and the green economy transition.

Government leaders at Rio+20 initiated a departure from conventional trade-environment debates, by emphasizing the opportunities, rather than the challenges, that lie at the nexus of environment and trade. Indeed, when accompanied by appropriate regulation, international trade and the green economy can interact in a mutually beneficial way. In this regard, [UNEP’s report “Green Economy and Trade – Trends, Challenges and Opportunities”](#) identifies and assesses prospects and enabling conditions for win-win outcomes at the green economy – trade interface in six key economic sectors: agriculture, fisheries & aquaculture, forests, manufacturing, renewable energy and tourism. On the basis of the report’s empirical analysis, UNEP is currently undertaking national [Green Economy and Trade Opportunities Projects \(GE-TOP\)](#) in three pilot countries: [Ghana](#), [Peru](#) and [Viet Nam](#). The pilot studies examine policy reforms and enabling conditions required to identify and harness sustainable trade opportunities in selected sectors in the transition to a green economy.

#### 2. Content of the Session

This session titled “Sustainable Trade – Driving an Inclusive Green Economy” - discussed the importance of, and pathways towards, sustainable trade opportunities that arise from the transition to a green economy. It identified examples, good practices and experiences of green economy front-runners on how international trade can be transformed to become a driver for an inclusive green economy. The session also aimed at identifying key actors, institutions and policy options to scale-up knowledge sharing and to advance action for making sustainable trade a driver of the green economy on the national and international level.

The session was co-chaired by the Minister of Water and Environment of the Republic of Uganda, H.E. Professor Ephraim Kamuntu and Scott Vaughan, President of the International Institute for Sustainable Development. Panelists of the session were Mr. Timothy Drury, Procurement Operations Director at Unilever, Mr. Papa Bartels, Director of the Logistics and Value Chain Division at the Ministry of Trade and Industry of Ghana, and Ms. Tra Huong Nguyen, Senior Expert of the Ministry of Industry and Trade of Viet Nam.

H.E. Professor Kamuntu provided the conceptual framework of the session, illustrating the interaction between trade and a green economy and how trade, representing USD 22.3 trillion and almost 30% of global GDP, has to be taken into account in discussions on the transition towards a greener economy. Global trade grows on average 5% per year, with South-South trade representing the most dynamic segment of the international trading system. South-South trade rose from one fifth in 2002 to almost one third of world trade in 2011.

Mr. Drury outlined the importance for business to be engaged in greening global value chains and making trade more sustainable. Mr. Bartels provided a good practice example of how green economy measures, such as providing for the right framework for solar energy in Ghana, could lead to increased trade in solar energy in the region and contribute to the socio-economic development of the country. Ms. Tra Hong Nguyen showed how sustainability certification in the aquaculture sector in Viet Nam is an important tool for advancing triple-win situations on environmental, economic and social development.

Following the statements of the panelists, moderator Scott Vaughan led the discussion on the identification of key actors and policies as well as opportunities for knowledge sharing to make trade more sustainable.

### 3. Good Practices, Insights and Lessons Learned

#### *State-of-the-art knowledge and good-practice examples*

- Greening production and trade enhances resource efficiency, increases productivity and facilitates access to new markets. Environmental consciousness is growing and this opens new market opportunities. Branding and communication about the sustainability and traceability of products and services is key.
- But sustainable production and trade are more than a pure business case. Only the long-term protection of our natural resources can ensure livelihoods, the continuation of economic activity and, also, the survival of companies. In Uganda, for example, a large part the population depends on agriculture and natural resources. Organic agriculture is strategically supported by the government as part of its livelihood, development, export and growth strategy.
- Sustainability certification, if designed properly, fosters international trade as a driver for a green economy in three main ways: it opens opportunities for access to new markets, improves environmental sustainability and enhances social equity by increasing the participation of developing countries in the global value chain through sustainable, resource-efficient value

added product development. This has been analyzed and empirical evidence is available in Ghana, Peru and Viet Nam.

- Sustainability certification and adherence to sustainability standards in the aquaculture sector in Viet Nam has opened up new market opportunities for sustainable goods and is expected to improve the livelihoods upon which small-scale farmers are dependent. For example, the preliminary findings of the Vietnam GE-TOP study show that more than 70% of surveyed enterprises sell better when adhering to sustainability standards. Due to higher demand for certified aquaculture products as opposed to conventionally produced aquaculture, 50% of surveyed enterprises are able to sell at a higher price and create a larger profit margin.
- Challenges remain especially related to the proliferation of standards as well as the upfront costs of certification. These need to be addressed through targeted assistance and incentive programmes by both governments, the private sector and the international community.
- South-south trade, for example in renewable energy goods, is growing faster than global trade in the same sectors. Dynamic growth rates in south-south trade in renewable energy and other environmental products bears large potential also in developing countries for participating in new and greener value chains.
- A framework that encourages renewable energy production and trade, such as the Renewable Energy Act in Ghana, fosters the development of low-carbon energy, decreases dependence on imports and enhances regional economic integration. The work in the West African Power Pool (WAPP) shows that imports as well as exports of renewable energy could contribute to a country's inclusive green growth strategy.
- Unilever's experience confirmed that in particular through increased resource efficiency and access to new markets it is possible to double production while halving the environmental footprint. The example of Unilever's Sustainable Living Plan - which aims at sourcing 100% of agricultural raw materials sustainably by 2020 – illustrates the importance of setting clear and ambitious targets. Ensuring the traceability of products and their sustainable production, procurement and supply, the more efficient production as well as the increase in demand for sustainable products all improve the long-term competitiveness of the company.

*Identified key actors and policies that make sustainable trade a driver of an inclusive green economy*

- Governments need to set the right investment incentives and design favorable conditions for the promotion of sustainable trade and the transition to a green economy, including appropriate

support measures, co-investments, regulatory frameworks, and capacity building actions such as helping producers with access to market information, certification and global value chains.

- At the same time, cooperation with business and private sector is crucial also to help harness trade opportunities for small-scale producers. Activities by companies to support sustainable farming through large capacity building and training programmes for farmers, including small holders, supported through relevant government policies and incentives, are exemplary for such cooperation.
- Inter-ministerial coordination between all relevant ministries, including finance, planning, trade, environment and key sectoral ministries, as well as inclusive and participatory stakeholder processes are key for coherent policy making as well as for knowledge creation and dissemination.
- There is a role for governments, consumers and civil society more generally to improve the demand side of sustainable goods and services. In this context, the important role of information and communication tools was emphasized to enable consumers to make more informed choices on preferences and purchases.

#### *Opportunities for Knowledge Sharing and Learning*

- The discussion on the role of trade in the green economy has shifted from challenges and conflicts to opportunities. Country studies that can provide empirical evidence as well as analysis and data on concrete economic, social and environmental benefits from greening trade are a very important contribution to furthering the understanding of positive synergies between sustainability and trade. GE-TOP pilots in Ghana, Peru and Vietnam provide excellent examples for such analysis and recommendations developed through stakeholder processes. Further such studies under the umbrella of PAGE were called for.
- There is an urgent need for capacity building and technology transfer. Strategic partnerships and Private Public Partnerships in particular, need to be developed and supported to developing joint visions on sustainable trade and actions based on the common green economy objectives.
- Learning alliances and knowledge network have proved as effective tools to help countries in greening their economies and trade practices. Examples are twinning projects between two African countries or an Asian and an African country learning from each other about renewable energy trade.

- Harnessing sustainable trade opportunities has to go hand in hand with governments developing, negotiating and implementing plurilateral, regional and multilateral trade agreements including on the reduction of trade barriers on environmental goods and services. Assistance and support of international organizations is indispensable to ensure that the green economy angle is fully reflected in this process as well as in the outcomes of these negotiations.

#### 4. Key Take Home Points/Recommendation

- Sustainable trade can be a key driver for an inclusive green economy. Empirical evidence demonstrates that greener trade can create decent jobs and more resource efficient production methods, increase competitiveness, build new market access opportunities and enhance sustainability.
- The private sector has a key role to play. Green innovation and greener global value chains as well as social and environmental practices, such as certification and adhering to sustainability standards, drive international markets and present a clear business case for industry and are, for many, indispensable for long-term survival of business. Best practice examples demonstrate the importance of setting clear and accountable environmental and social targets and monitoring implementation.
- Policy makers need to set the right enabling conditions and incentive measures to enhance sustainable trade. These policies need to be carefully designed at the national, regional, multilateral levels to enhance innovation and transfer of environmental technologies. Inter-ministerial coordination as well as international donor assistance is crucial.
- Scaling up support, financing and intensive capacity building for sustainable trade, and trade in environmental goods and services, will help green global value chains and drive the shift to an inclusive green economy. Strategic partnerships, like PAGE, which strive to engage government, the private sector and civil society stakeholders, have an important role to play in helping countries identify and harness sustainable trade opportunities.

#### 5. Key Resources for the Session

- South – South Trade in Renewable Energy: A Trade Flow Analysis of Select Environmental Goods, UNEP, 2014, forthcoming
- [Green Economy and Trade: Trends, Challenges, Opportunities, UNEP, 2013](#)
- [Green Economy and Trade: Solar Export Potential Study in Ghana, UNEP-TEC, forthcoming](#)



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1<sup>st</sup> Global Conference on Partnership for Action on  
Green Economy  
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- [Green Economy and Trade: BioTrade Export Potential Study in Peru, UNEP-Profananpe, forthcoming](#)
- [Green Economy and Trade: Certified Aquaculture Export Potential Study in Viet Nam, UNEP-MOIT, forthcoming](#)



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