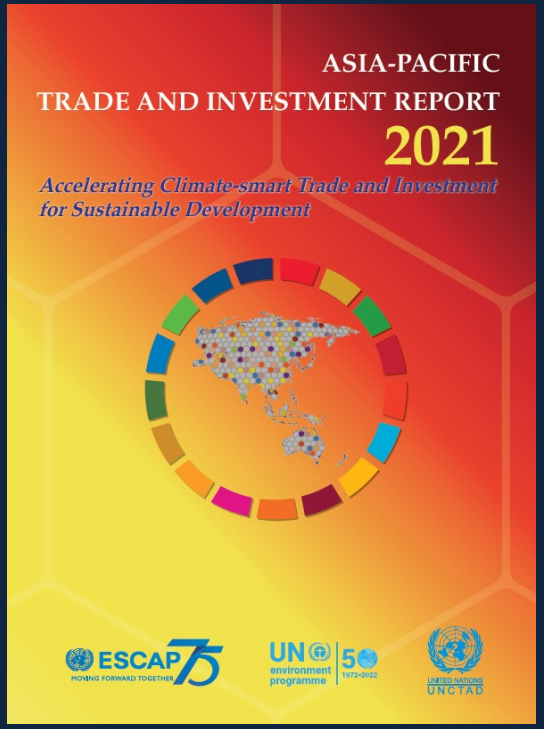

Asia-Pacific Trade and Investment Report 2021:

Accelerating climate-smart trade and investment for sustainable development

WORKSHOP

Emerging developments and opportunities in Green Trade Facilitation

3 October 2023

Presented by
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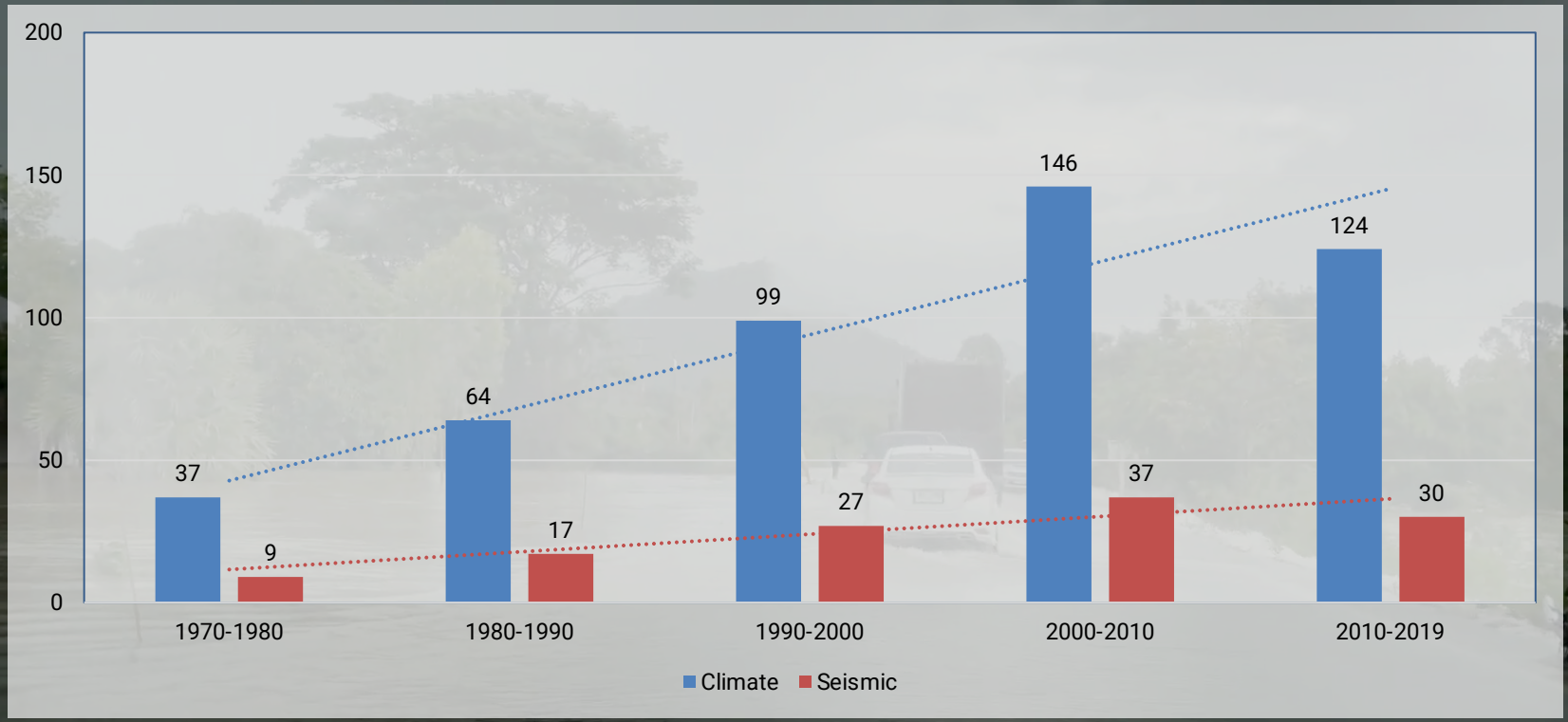
Climate change is making Asia-Pacific more hazardous



GHG emissions indexed, 1990 = 100

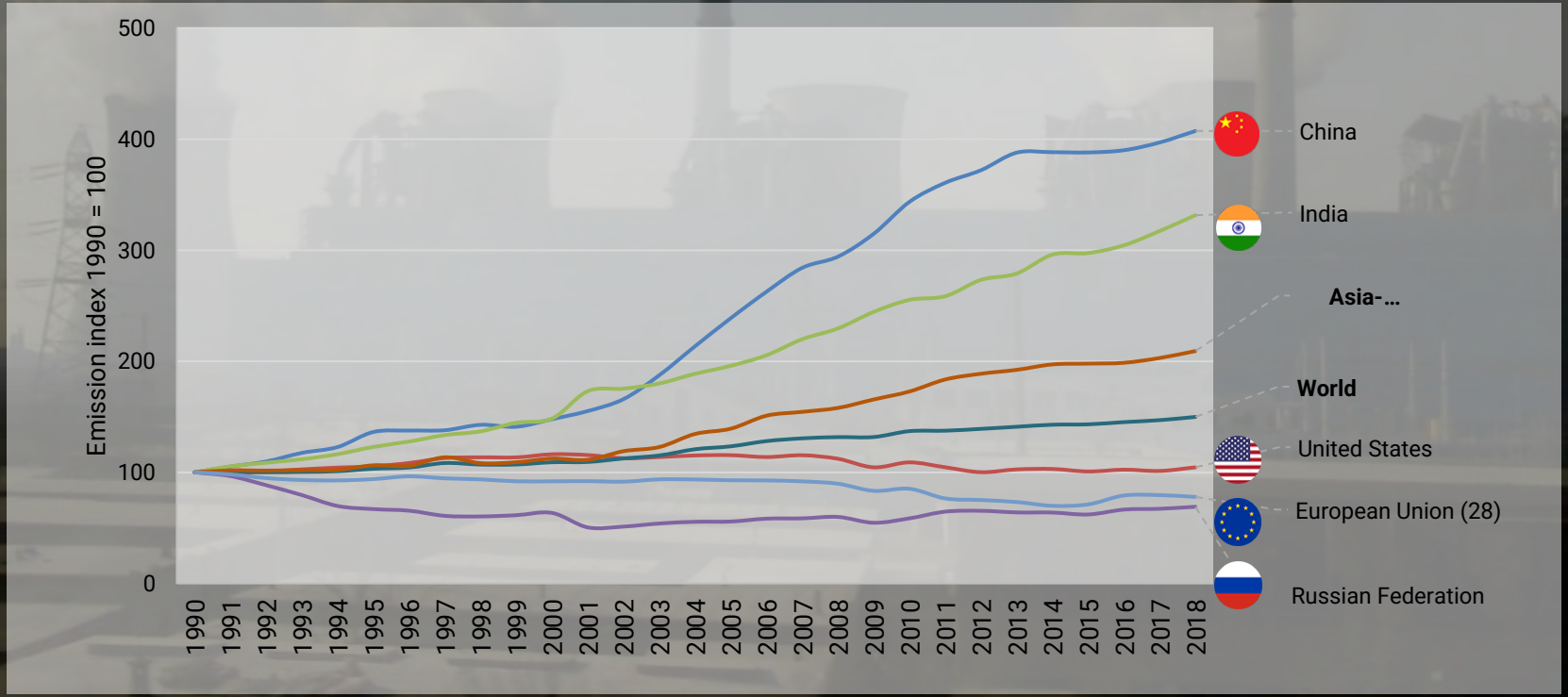
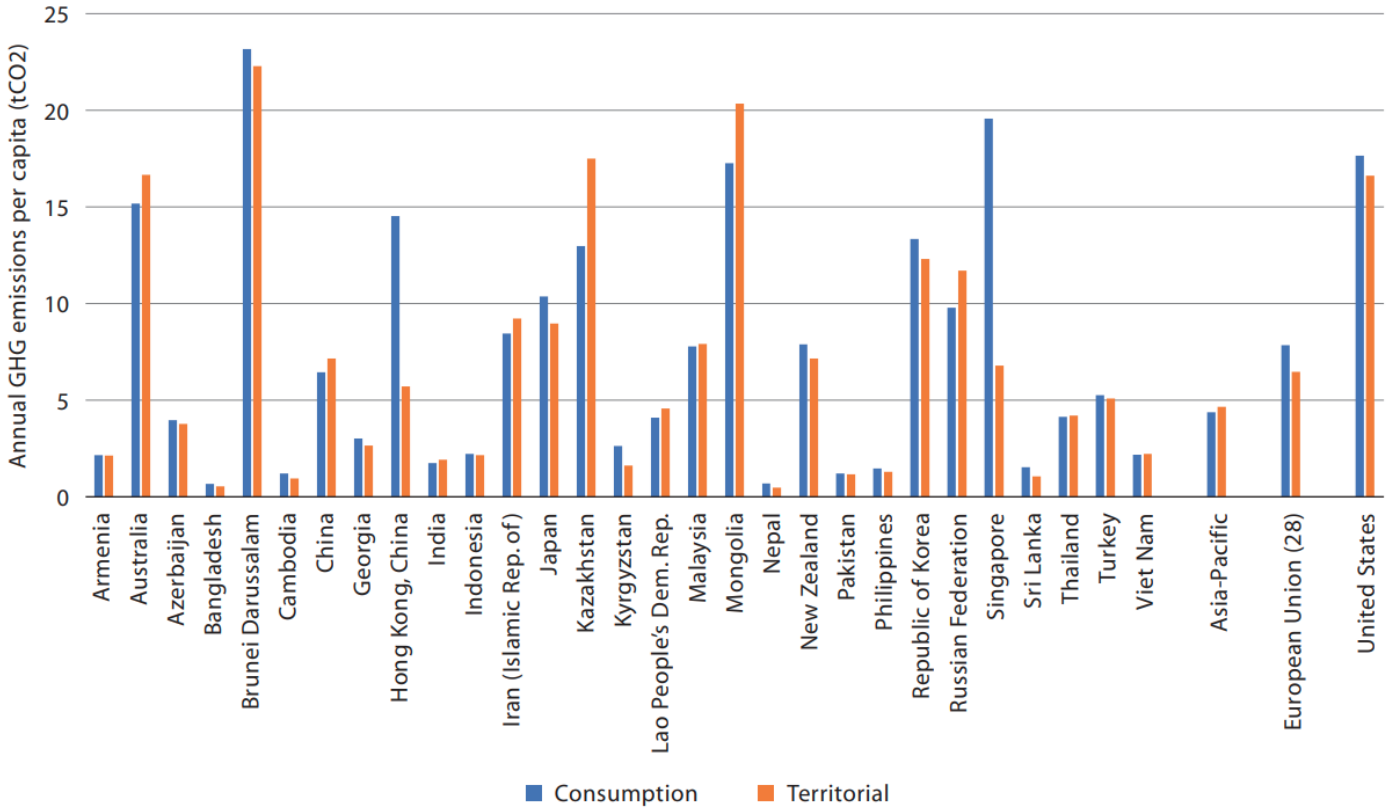


Figure 1.5

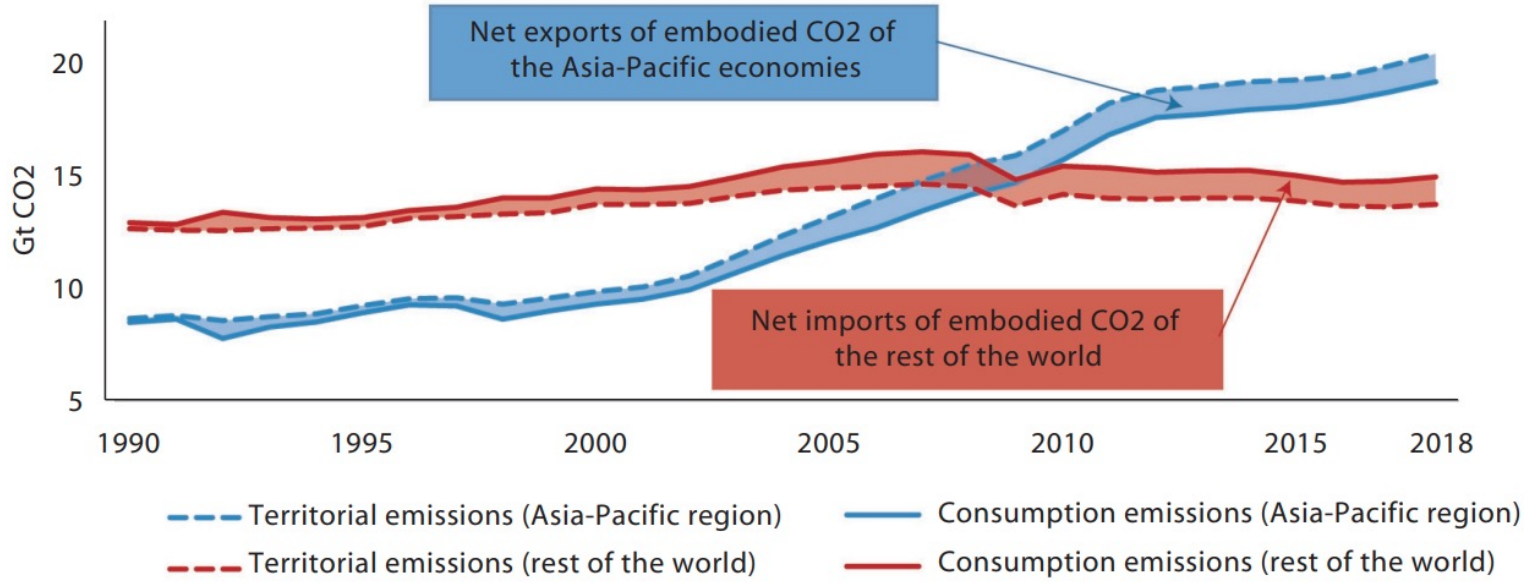
Per capita territorial and consumption emissions in the Asia-Pacific region and large developed trade partners



Source: Authors' calculations based on data from Friedlingstein and others (2020); World Bank (2021).

Figure 1.6

Territorial and consumption emissions in the Asia-Pacific region and the rest of the world, 1990–2018



Source: Authors' calculations based on data from (Friedlingstein and others (2020); World Bank (2021).

Effects of trade and investment on GHG emissions

Direct effect
- GHG emissions due to transportation & trade procedures

Scale effect
- GHG emissions due to increased economic activity

Regulatory effect
- Climate-related policies motivated by trade or investment objectives

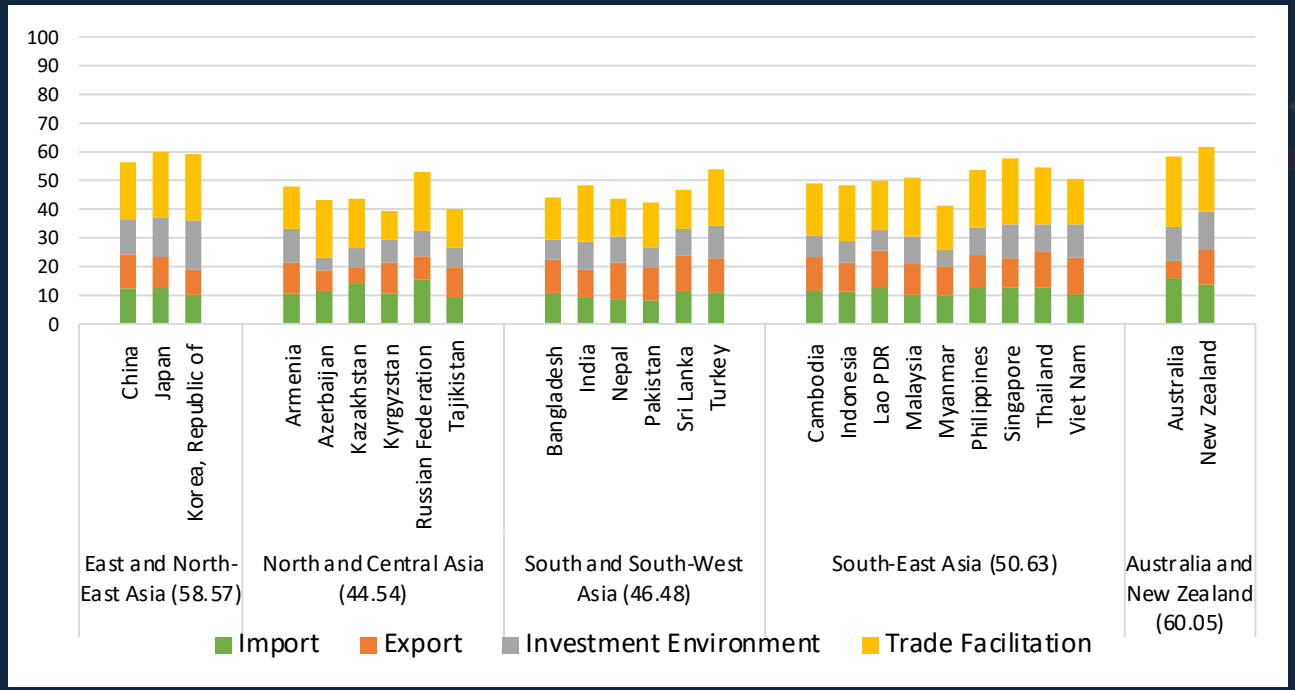
Composition effect
- Production in more/less GHG-intensive locations

Technique effect
- Access to climate-smart products and technology

www.unescap.org/kp/APTIR2021

All countries have room to make trade and investment "climate smarter"

"The Asia-Pacific region's climate-smart trade and investment environment has improved since 2015… but there is substantial room to improve"



Source: ESCAP's Climate-smart Trade and Investment Index

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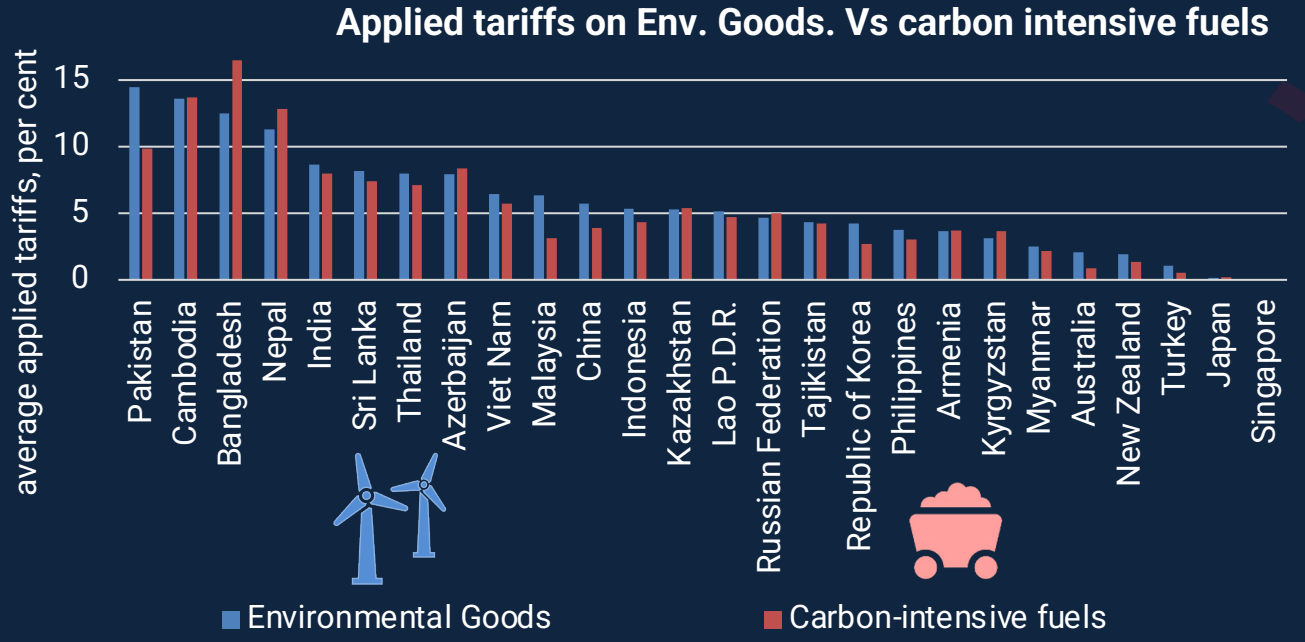
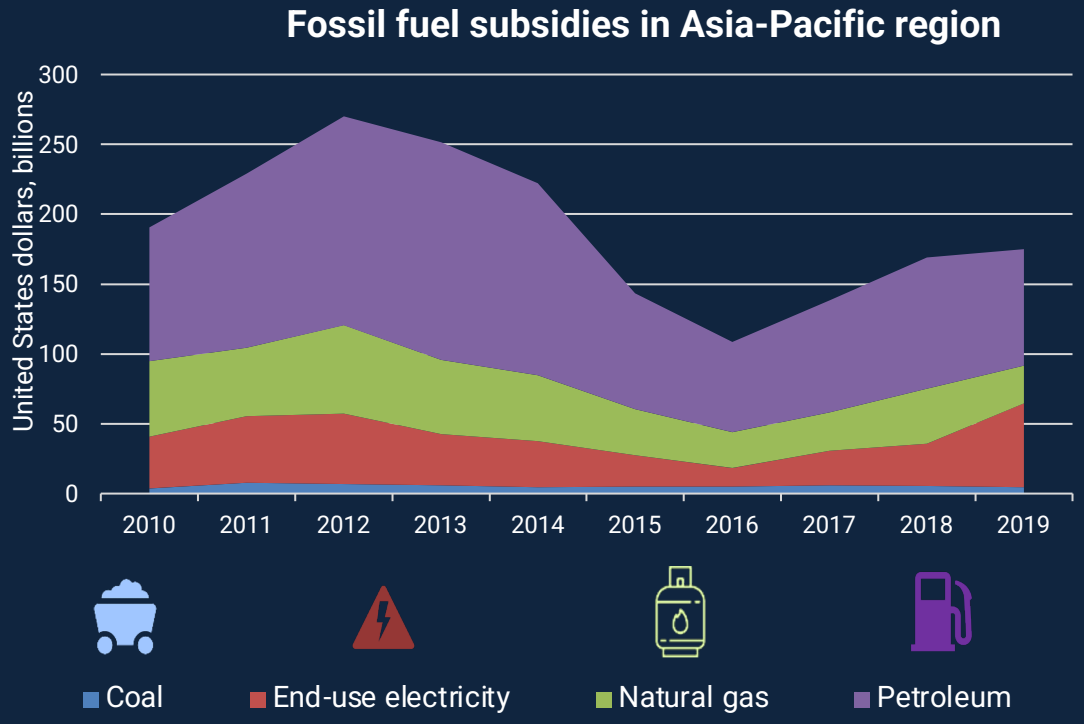
1. Liberalize trade in climate-smart and other environmental goods and services

"Average tariffs applied on carbon-intensive fossil fuels in Asia Pacific are lower than the tariffs applied on the environmental goods."



2. Phase out fossil fuel subsidies

"Asia-Pacific economies spent more than $175 billion on fossil fuel subsidies in 2019"



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3. Adopt climate-smart non-tariff measures

"Asia-Pacific economies apply climate-related NTMs to only 6.2 per cent of their imports"

Imposing economy	Objective category	Description
Australia	Emissions from machinery and vehicles	Requirement of application of fuel consumption labels and energy consumption labels to vehicles.
China	Energy efficiency, other	Technical requirement regarding the minimum allowable level of energy efficiency of self -ballasted fluorescent lamps has been specified.
Brunei Darussalam	Deforestation	Prohibition on felling certain tree.
New Zealand	Greenhouse gas emissions	…The levy applies to a range of imported goods including fridges, freezers, heat pumps, air-conditioners, and refrigerated trailers. It is linked to the price of carbon and varies between items to reflect the amount of gas, the specified gas and its global warming potential.
Afghanistan	Greenhouse gas emissions	Chloro Floro Carbons (CFS) and Products containing CFS and certain halons and products containing them are banned from import to Afghanistan

4. Encourage climate-smart investment and private sector initiatives

Energy sector

increasing the share of renewables

Industrial sector

increasing energy efficiency and reducing resource-use in sectors such as cement, iron and steel.

Transport sector

Investing in cleaner modes of transport / technologies

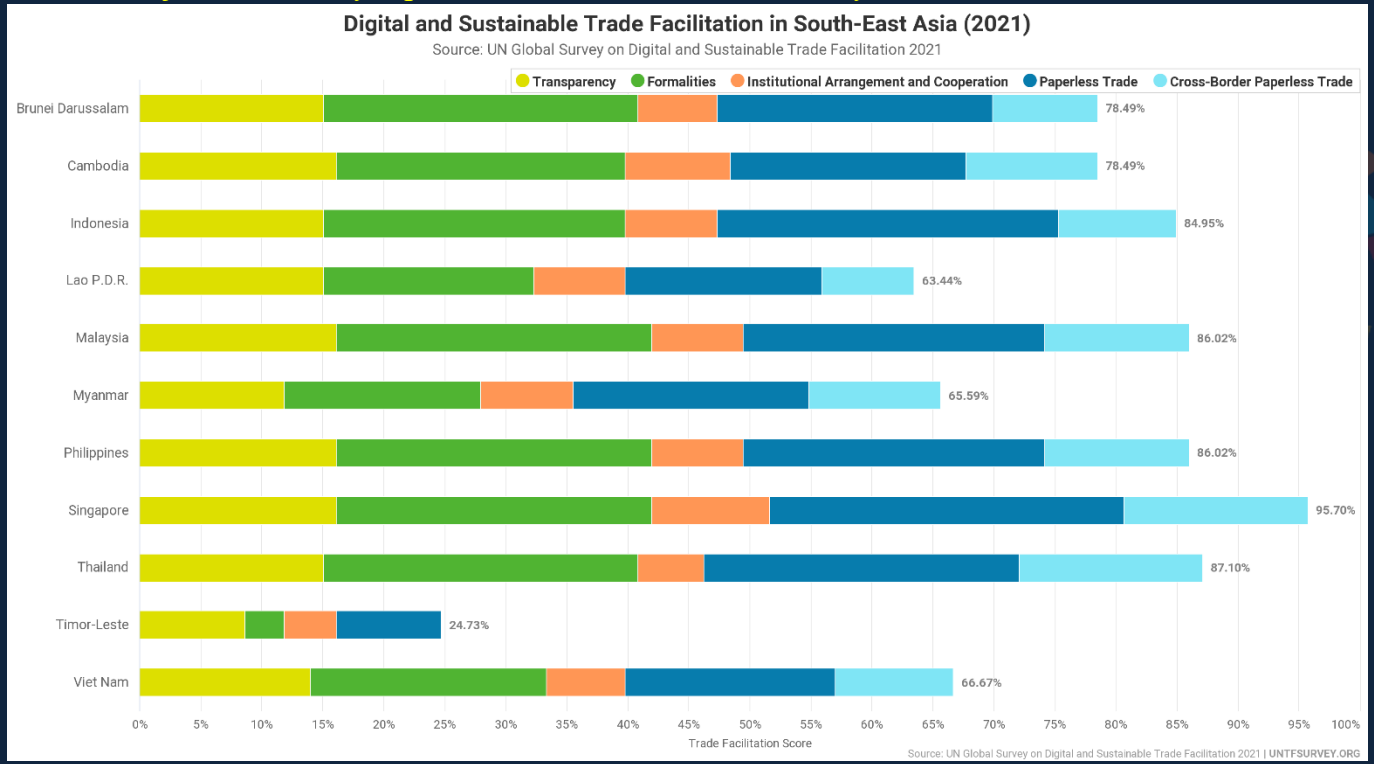
Construction sector

Greening buildings through increasing energy efficiency

Private sector initiatives: internal carbon pricing, sustainability reporting (increasing required by investors)…

5. Accelerate trade digitalization

"Each single end-to-end trade transaction undertaken fully digitally could save emissions equivalent to planting 1.5 trees. For the whole of Asia-Pacific, this implies savings of about 13 million tons of CO2 annually, equivalent to the carbon absorbed by 400 million trees. "



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Source: www.untfsurvey.org

6. Transition to climate-smart transport

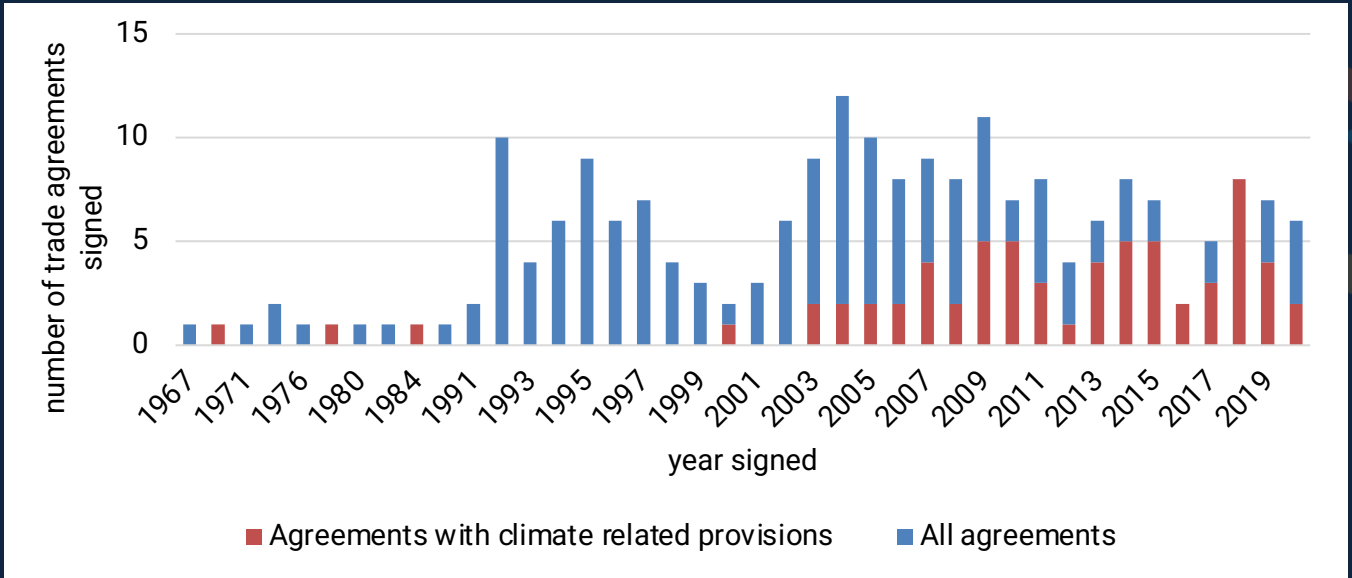
"CO2 emissions from freight transport were estimated to account for 42 percent of all transport related CO2 emissions in 2019, including both domestic and international freight"

Greening trade logistics through digital and smart transport systems

- The Enable-Avoid-Shift-Improve (EASI) framework
  - Enable (improve governance and access to data)
  - Avoid (unnecessary travels/shipments)
  - Shift (to more efficient/cleaner transport modes)
  - Improve (infrastructure, services, operations)
- Importance of digitalizing transport processes
- Regional approaches useful to facilitate interoperability

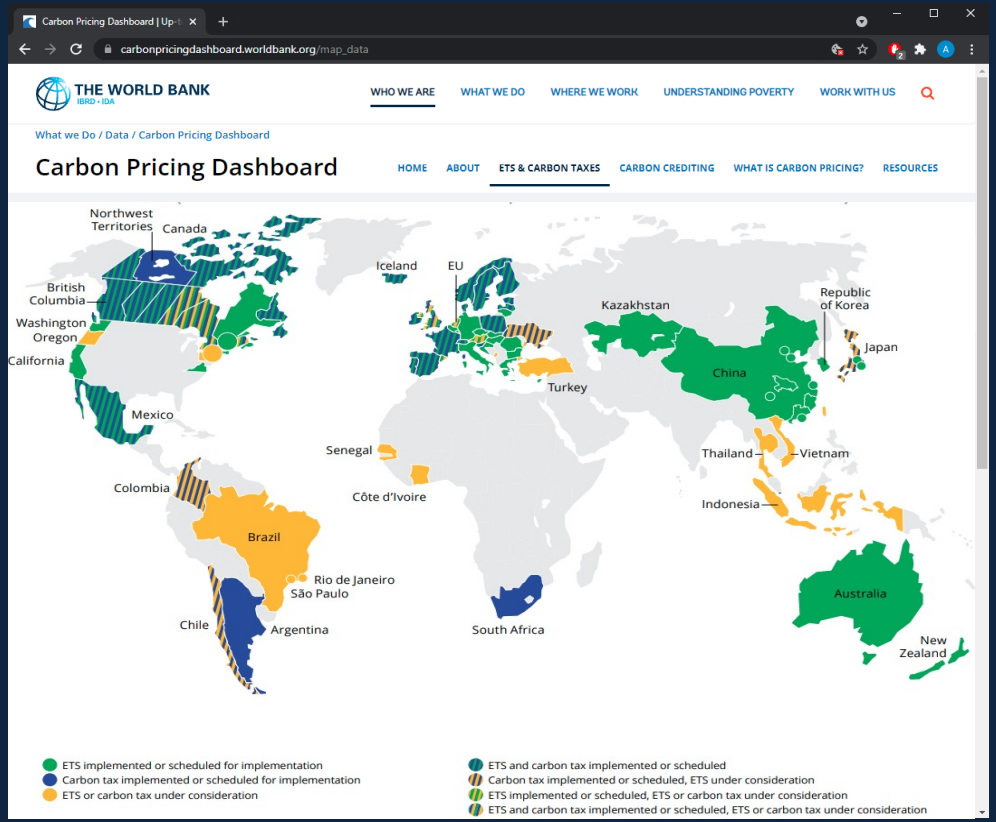
7. Incorporate climate considerations in regional trade and investment agreements

"85% of the RTAs involving an Asia-Pacific economy and containing at least one climate-related provision were signed after 2005"



8. Prepare for carbon pricing

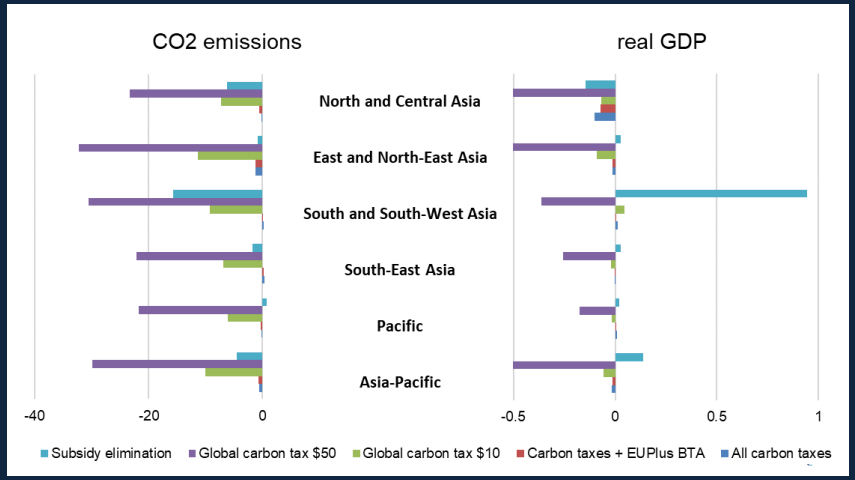
"Only 7.8% of emissions in the region are covered by carbon pricing – vs 21.5% globally"



Source:

World Bank Carbon Pricing Dashboard

8. Prepare for carbon pricing (and carbon border taxes)



Existing carbon pricing comes at an economic cost to subregions implementing them

– with a marginal windfall to subregions not implementing them due to carbon leakage

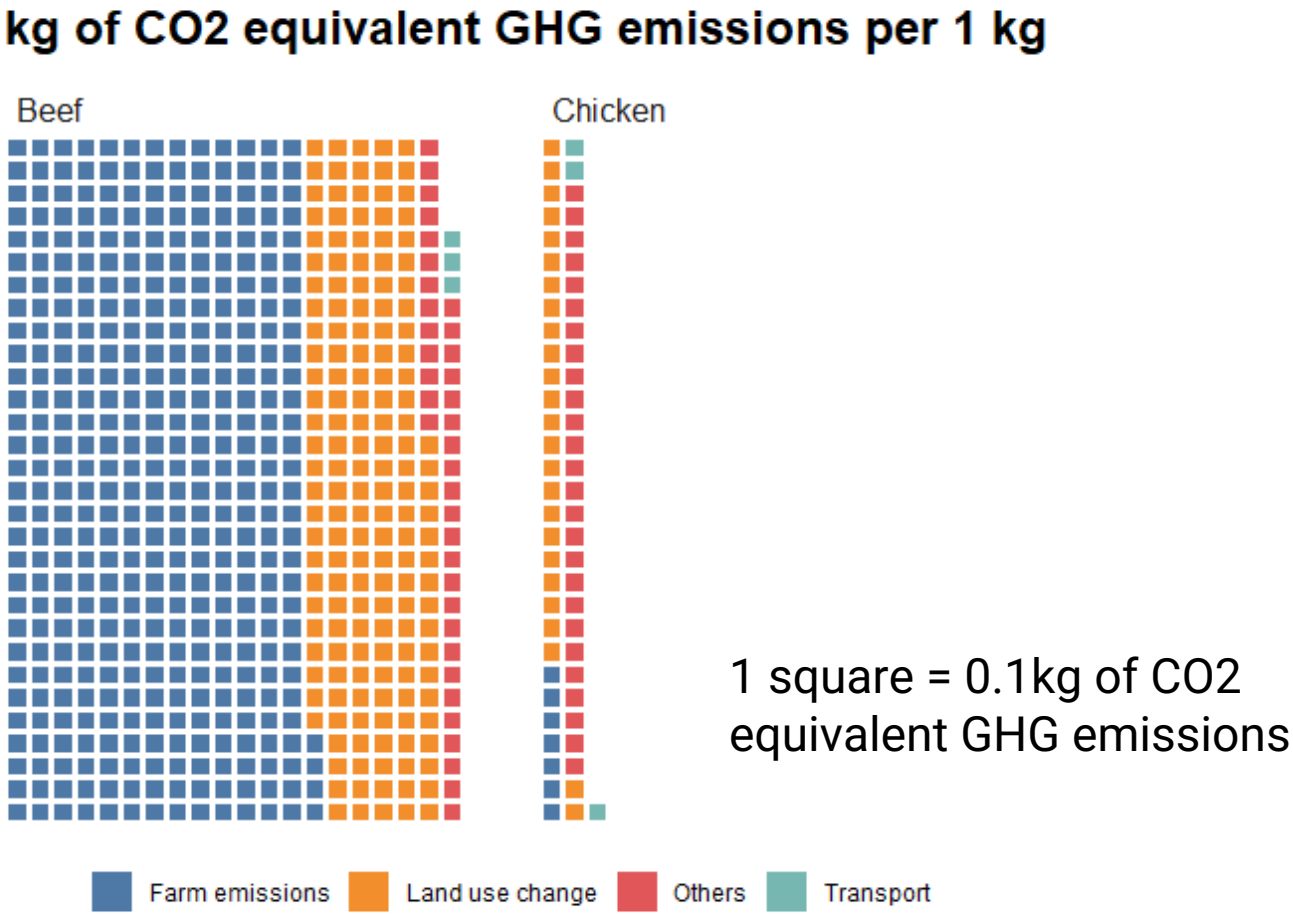
- Except for South and South-West Asia, Asia-Pacific subregions do not experience a substantive change in GDP due to EU+ Carbon Border Adjustment Mechanism
- Imposing global carbon prices of only $10 reduces emissions in all Asia-Pacific regions much more significantly than existing carbon pricing mechanisms
- With global price of carbon of $50, GDP to decline in all Asia-Pacific subregions between 0.18 and 0.64 per cent

9. Incorporate climate consideration in COVID-19 crisis recovery packages

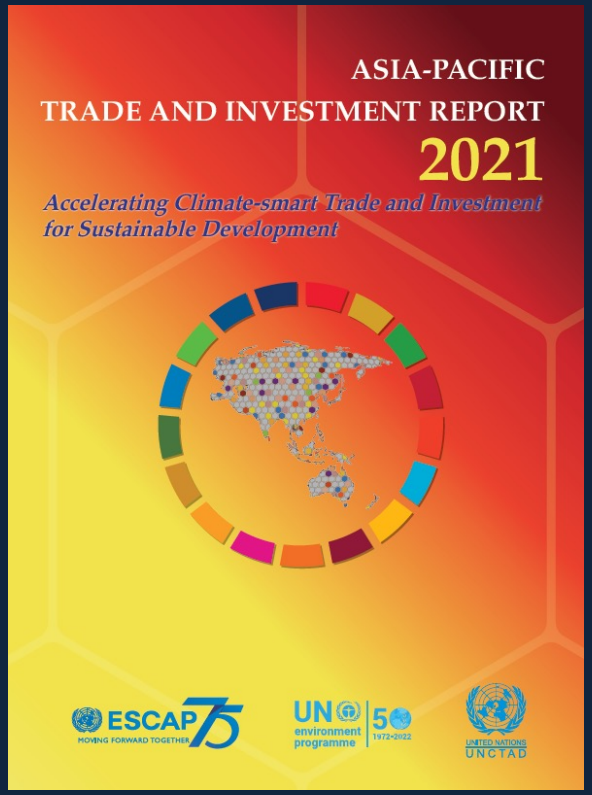
- Consider aligning COVID-19 recovery spending with climate action
- Support sectors and activities that can help reduce GHG emissions
- Some may be seen as discriminatory in nature and inconsistent with current multilateral trade rules.
- Governments may seek to make further progress at WTO in aligning multilateral trade regulations with climate action – and environmental protection in general.

10. Strengthen capacity for climate-smart trade and investment policy

- Need for policymakers and analysts to upskill in order to
  - design and negotiate climate-smart trade and investment policies and agreements that meet the need of their countries; and
  - mitigate the impact of third-party climate-change policies.
- Specific capacity building programmes to be developed, taking advantage of digital technologies and services.
- ESCAP, UNEP and UNCTAD stand ready to support.



See: https://www.unescap.org/blog/when-buying-local-exacerbates-climate-change



Read more at:
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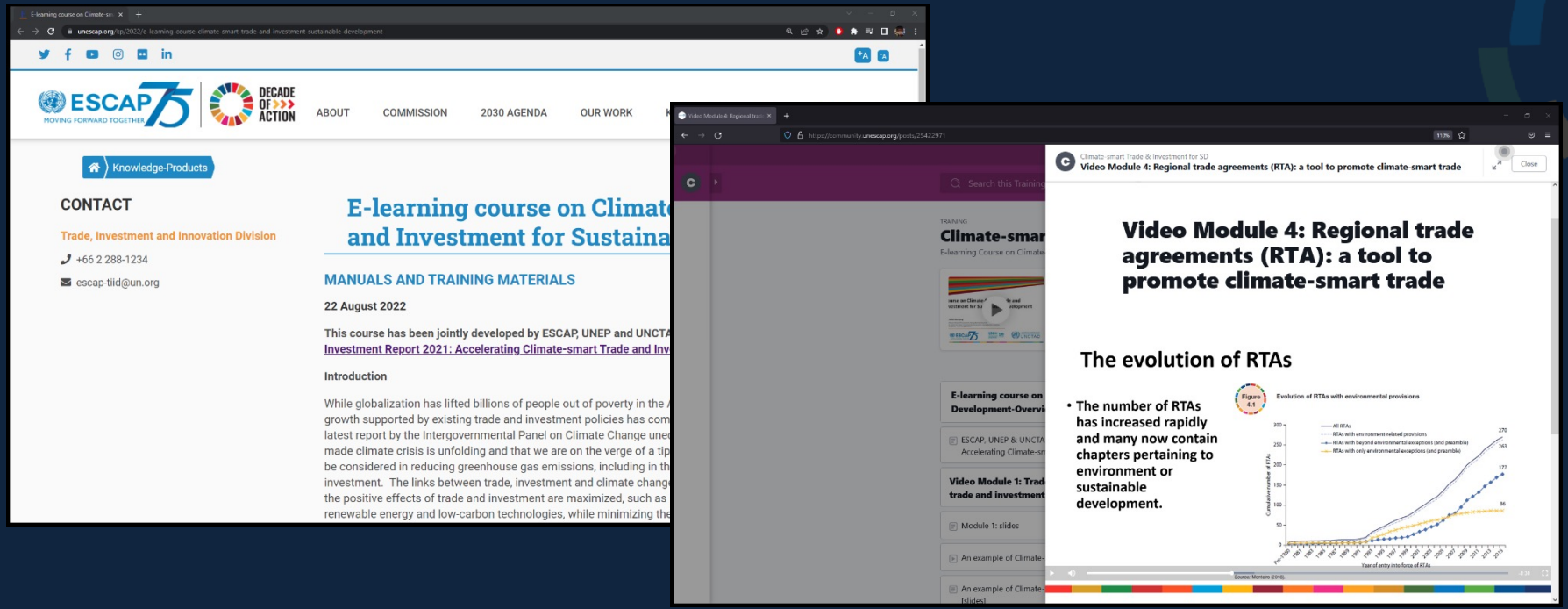

https://www.unescap.org/kp/2022/e-learning-course-climate-smart-trade-and-investment-sustainable-development

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AWARDED TO

Alexey Kravchenko

for having successfully completed

Course on Climate-smart Trade and Investment for Sustainable Development

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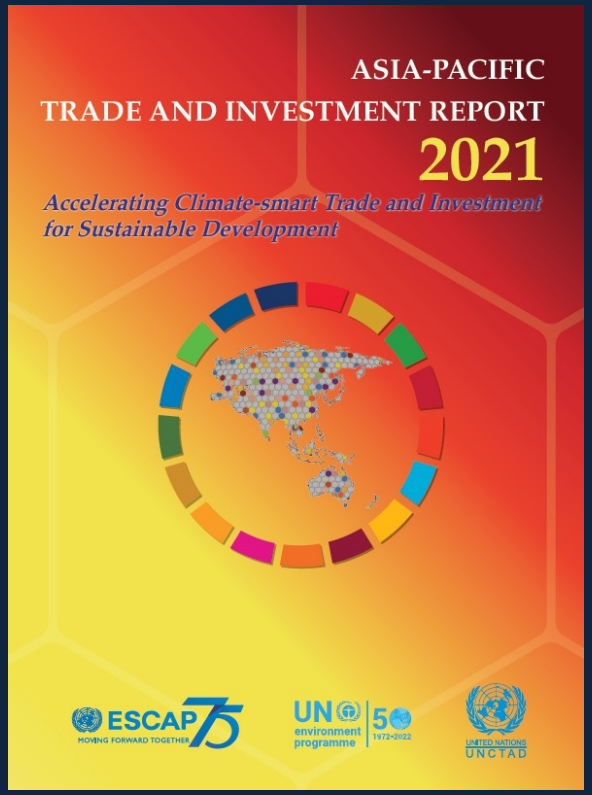

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