Revise trade model for a global green economy

Global trade can play a part in sustainable development and a green economy, if it ensures that benefits are equitably distributed among all sectors of society, and if trade agreements take account of and address impacts on natural resources and the environment. This is according to a recent report by the United Nations Conference on Trade and Development (UNCTAD), which has assessed the implications of a ‘green economy’ for sustainable development and international trade.

A green economy is one that promotes long-term social equality and well-being, without harming the environment or depleting natural resources for future generations. The report has been produced in the context of ongoing preparations for the UN’s Conference on Sustainable Development (Rio+20) to be held in Rio de Janeiro in June 2012, where ‘a green economy in the context of sustainable development and poverty eradication’ is a major theme on the agenda.

It is generally recognised that far reaching changes to the world economy, including international trade, are needed if urgent problems threatening the well-being of humankind, such as resource depletion and degradation, climate change, dependence on a carbon economy and poverty, in particular, are to be addressed.

The report describes how for the last 50 years, a trade model that focused on export-led growth was an accepted strategy to promote development, especially in developing countries. Success was typically measured in economic terms for producers, consumers and governments. Less consideration was given to whether trade gains were fairly distributed throughout society or used to reduce poverty and improve health and well-being. In addition, there was less attention paid to the impacts of trade on the environment.

The report argues that to make development more sustainable, a move towards a green economy and green growth is needed. In a green economy, global trade would be more broadly centred on sustainable development goals, promoting social and environmental benefits in addition to economic gains.

The report highlights how trade can contribute towards sustainable development. For example, environmental protection in trade agreements should be given higher importance, driven by climate change concerns and the previous success of global trade to promote economic development should be built upon, but tied more strongly to social and environmental improvements. The role of trade instruments and agreements in promoting the transition to a green economy should also be considered.

However, there are a number of challenges to be faced in the transition to a green economy. Major changes are needed in the way goods and services are produced, consumed and valued. This transformation will be costly and developed countries would most likely have to help developing countries make the transition to a green economy. Adequate protection must be provided to the under-privileged who would be most severely affected by the costs accompanying such a transition. In addition, although climate change is one of the main motivators for developing a green economy, the uncertainties associated with climate change (such as timescales and geographical impacts) are major barriers to the more demanding policies that are needed to promote the transition more swiftly.

Contact: info@unctad.org
Theme(s): Sustainable development and policy assessment

The contents and views included in this Thematic Issue are based on independent, peer reviewed research and do not necessarily reflect the position of the European Commission.