

# 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

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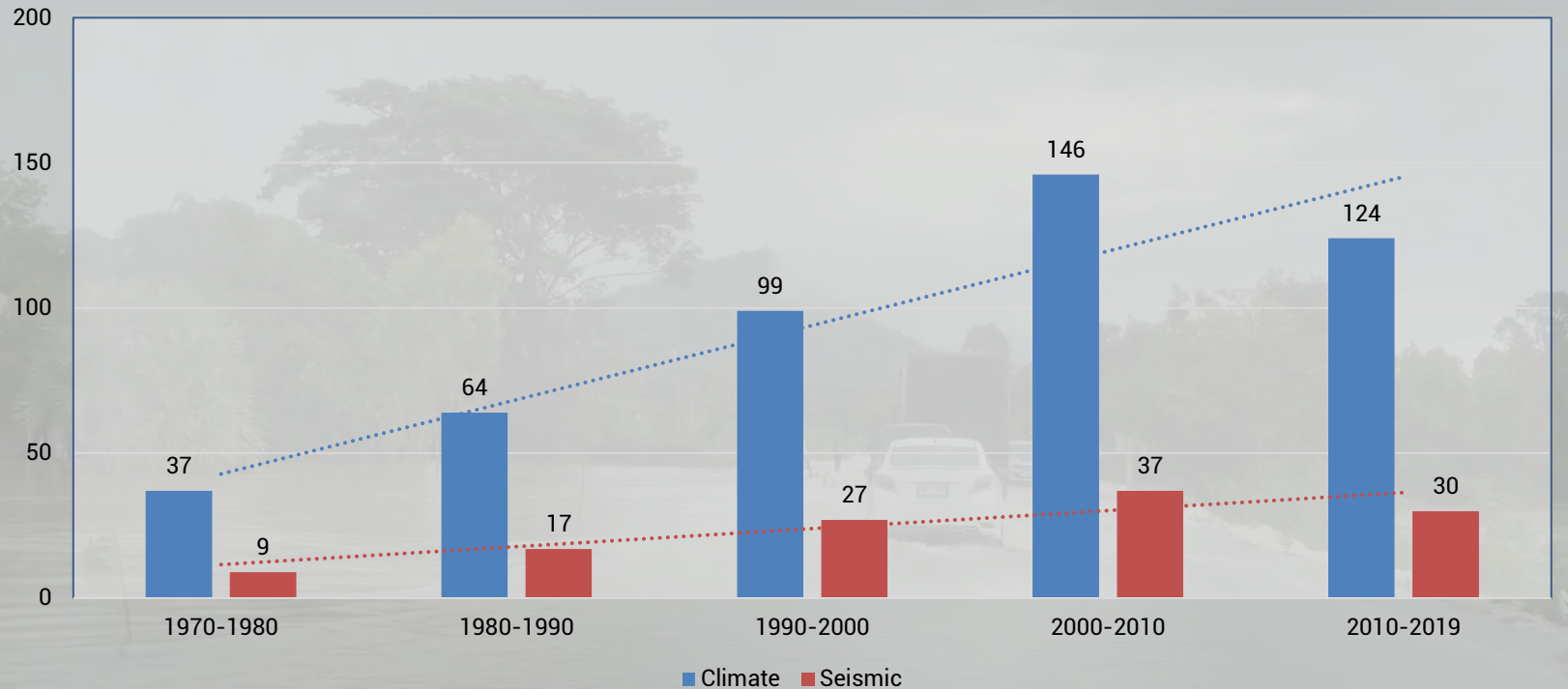
Trade, Investment and Innovation Division

United Nations Economic and Social Commission for Asia and the Pacific

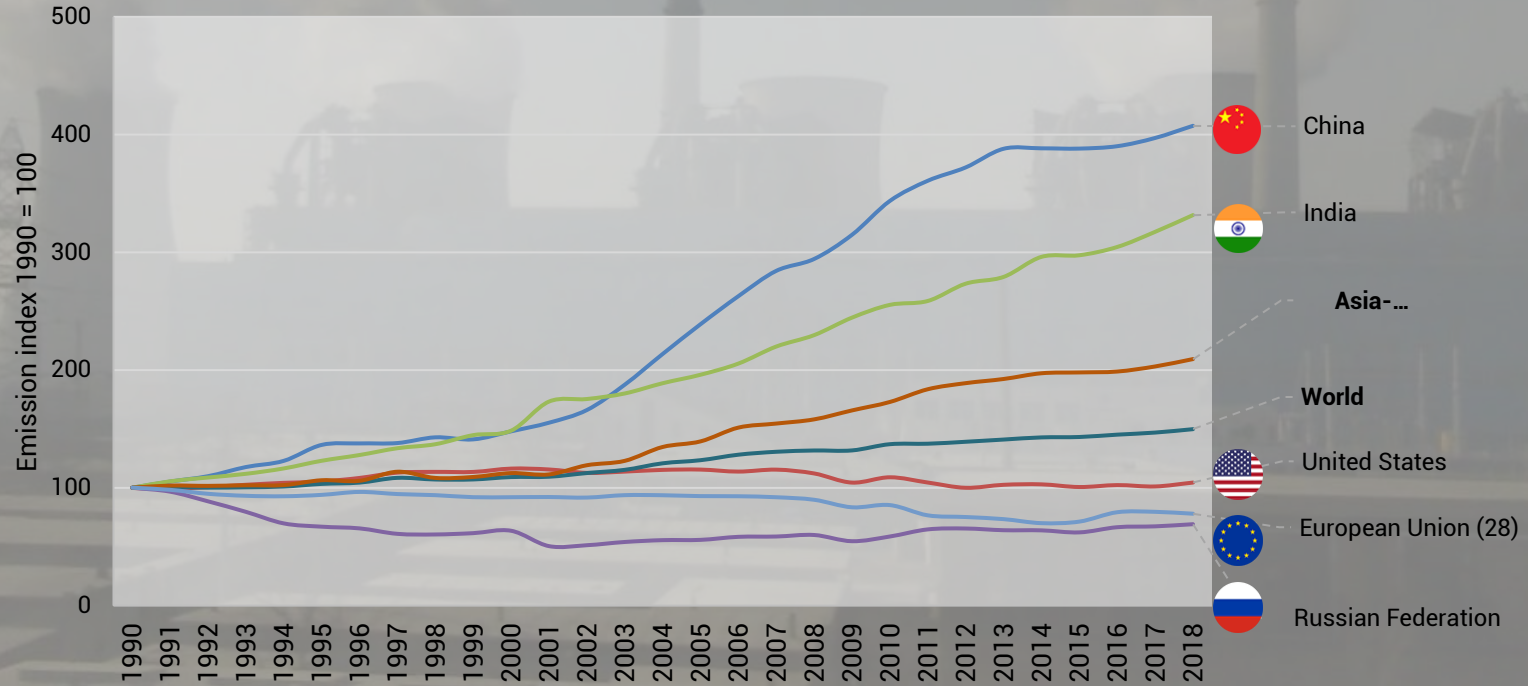


# Climate change is making Asia-Pacific more hazardous

*Disaster events in Asia-Pacific region - average per decade*

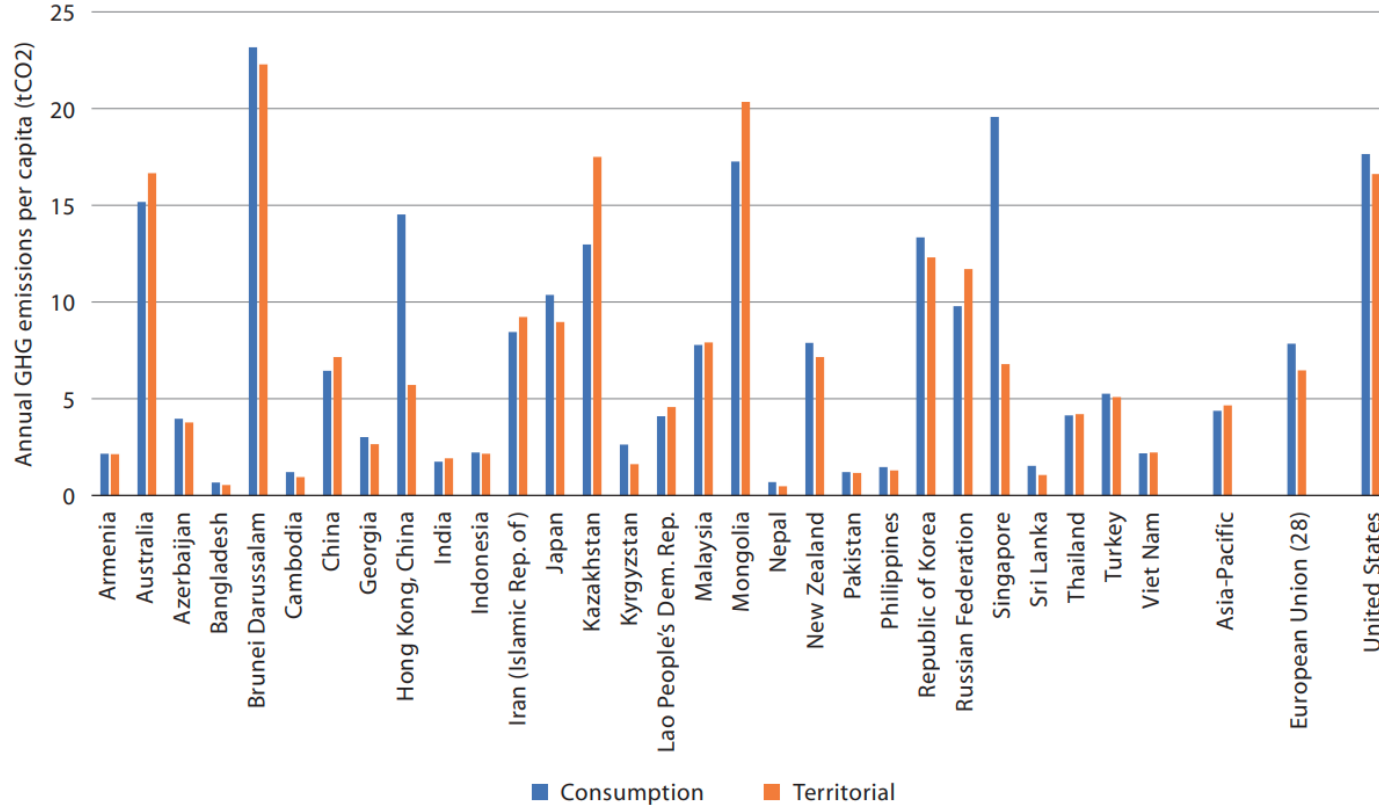


# GHG emissions indexed, 1990 = 100



**Figure 1.5**

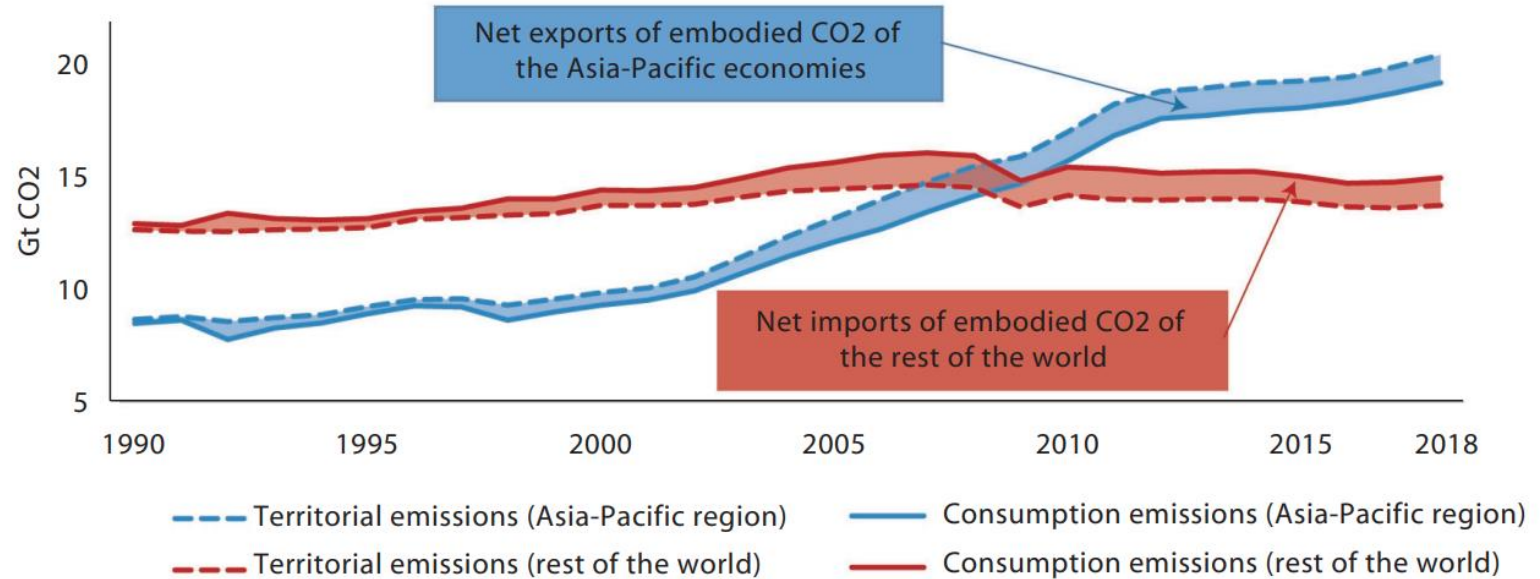
**Per capita territorial and consumption emissions in the Asia-Pacific region and large developed trade partners**



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

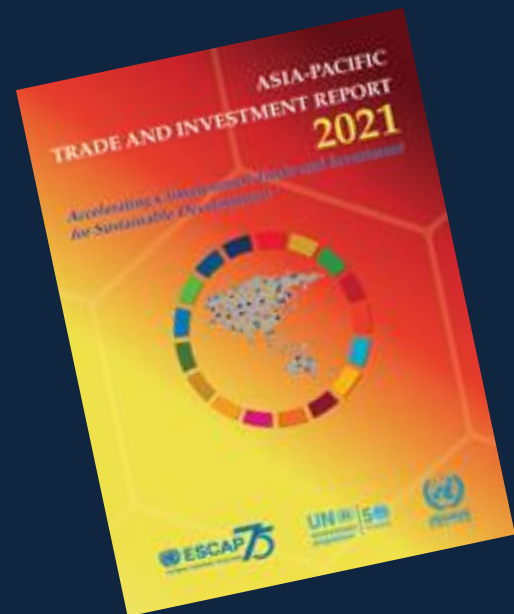


**Territorial and consumption emissions in the Asia-Pacific region and the rest of the world, 1990–2018**



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



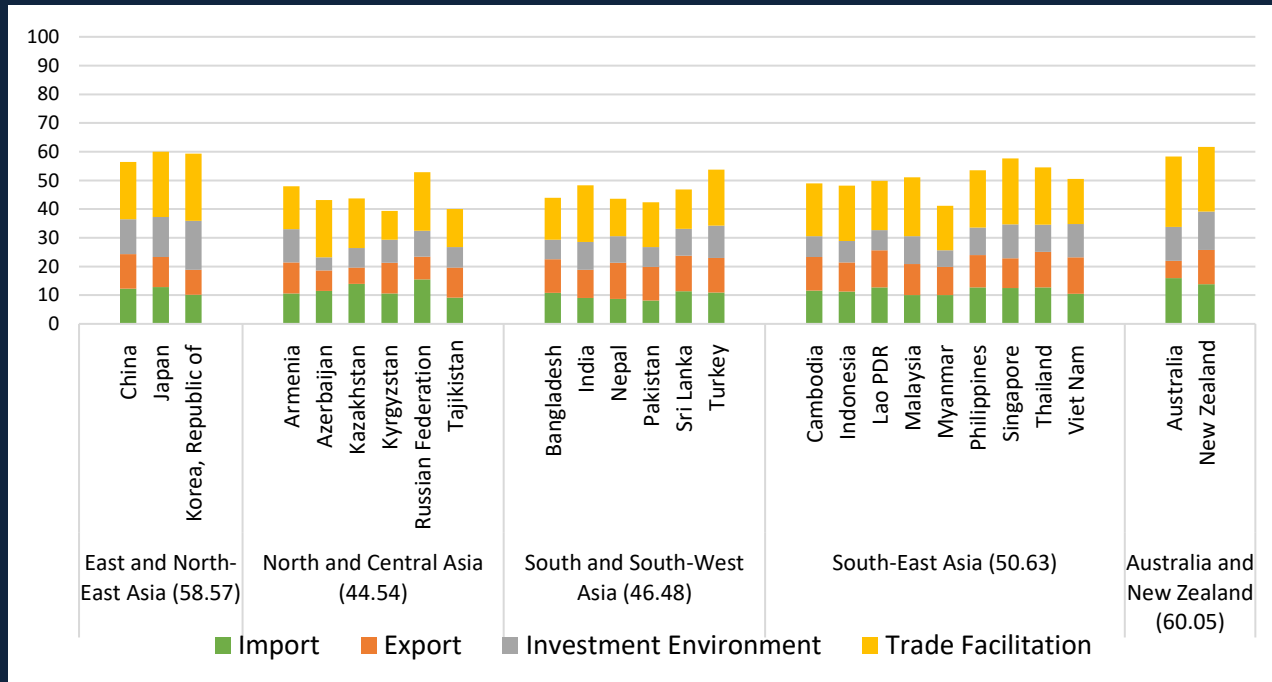
## Technique effect

- Access to climate-smart products and technology



# 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”*

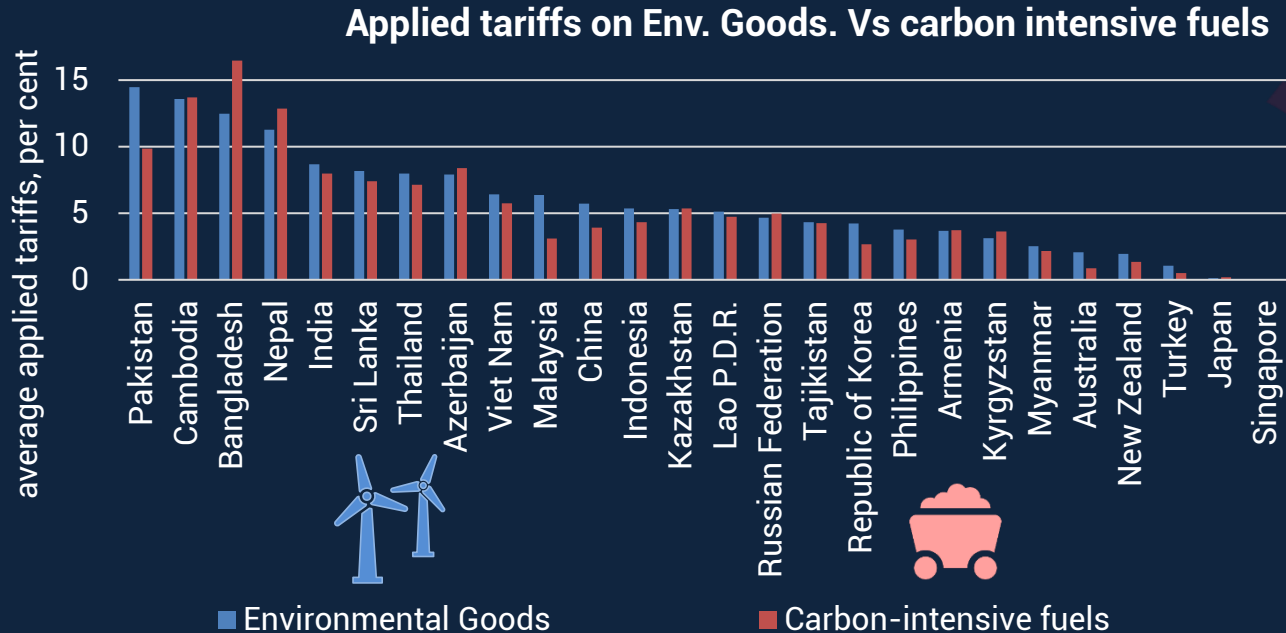


Source: ESCAP's Climate-smart Trade and Investment Index



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

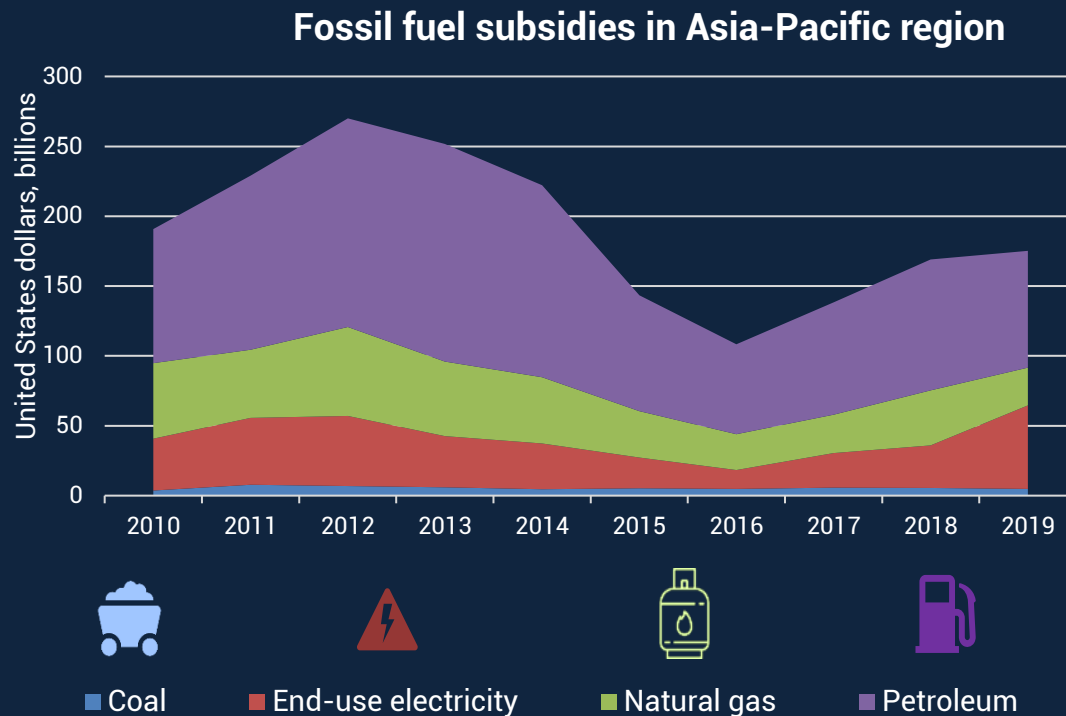
*“Average tariffs applied on carbon-intensive fossil fuels in Asia Pacific are lower than the tariffs applied on the environmental goods.”*





## 2. Phase out fossil fuel subsidies

*“Asia-Pacific economies spent more than \$175 billion on fossil fuel subsidies in 2019”*



### 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 Fluoro 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**

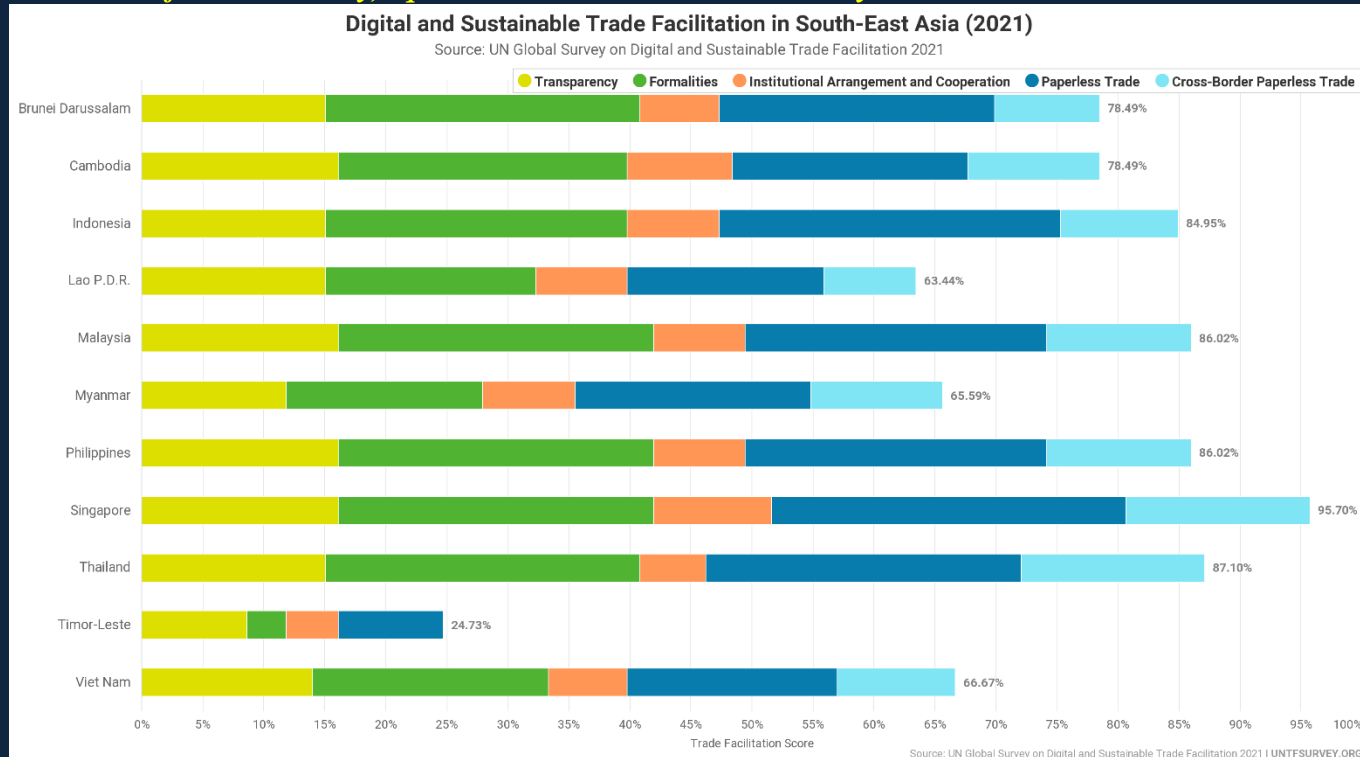
*Greening buildings through increasing energy efficiency*

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.”*



## 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”*

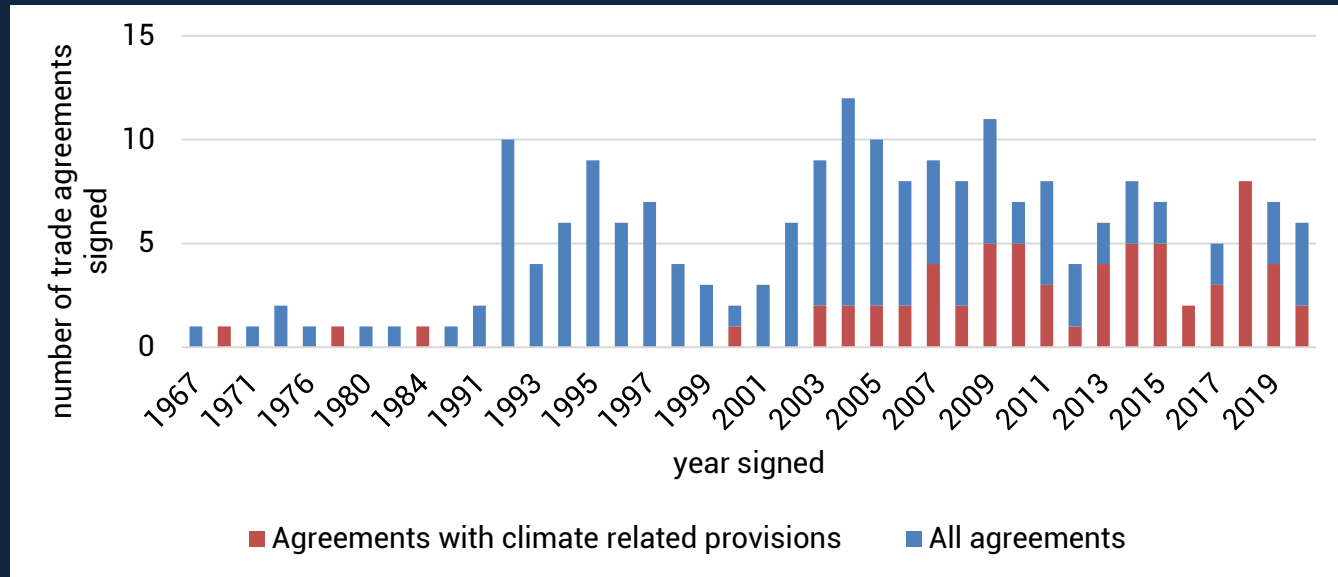
### Greening trade logistics through digital and smart transport systems

- 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



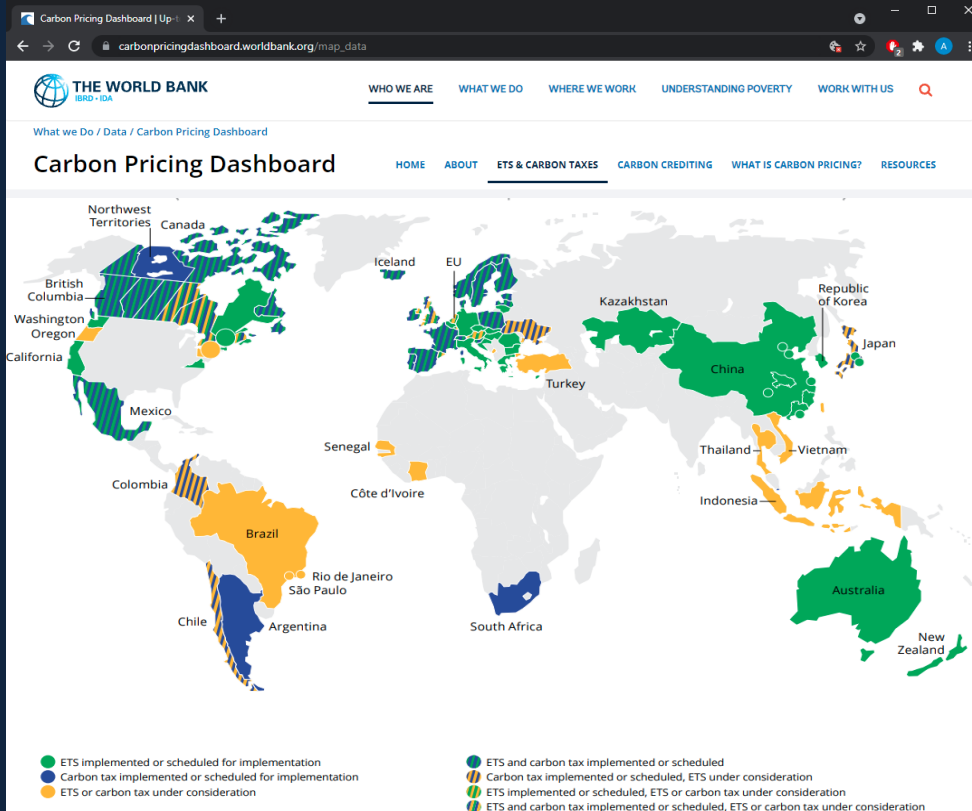
# 7. Incorporate climate considerations in regional trade and investment agreements

*“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

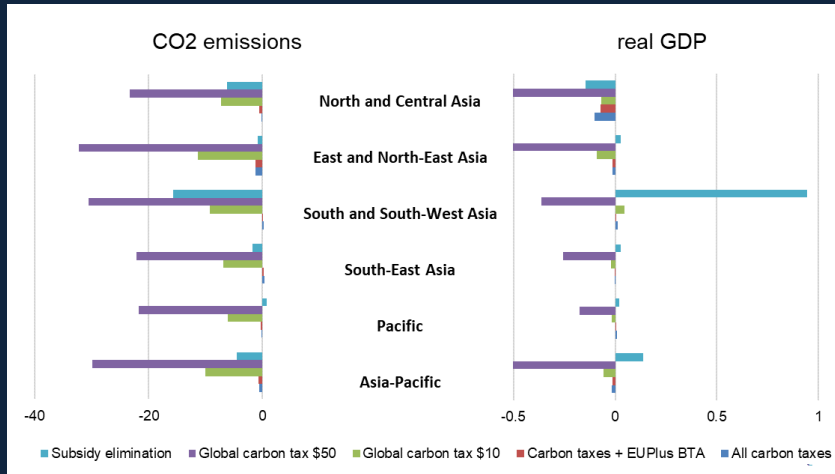
*“Only 7.8% of emissions in the region are covered by carbon pricing – vs 21.5% globally”*



**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.

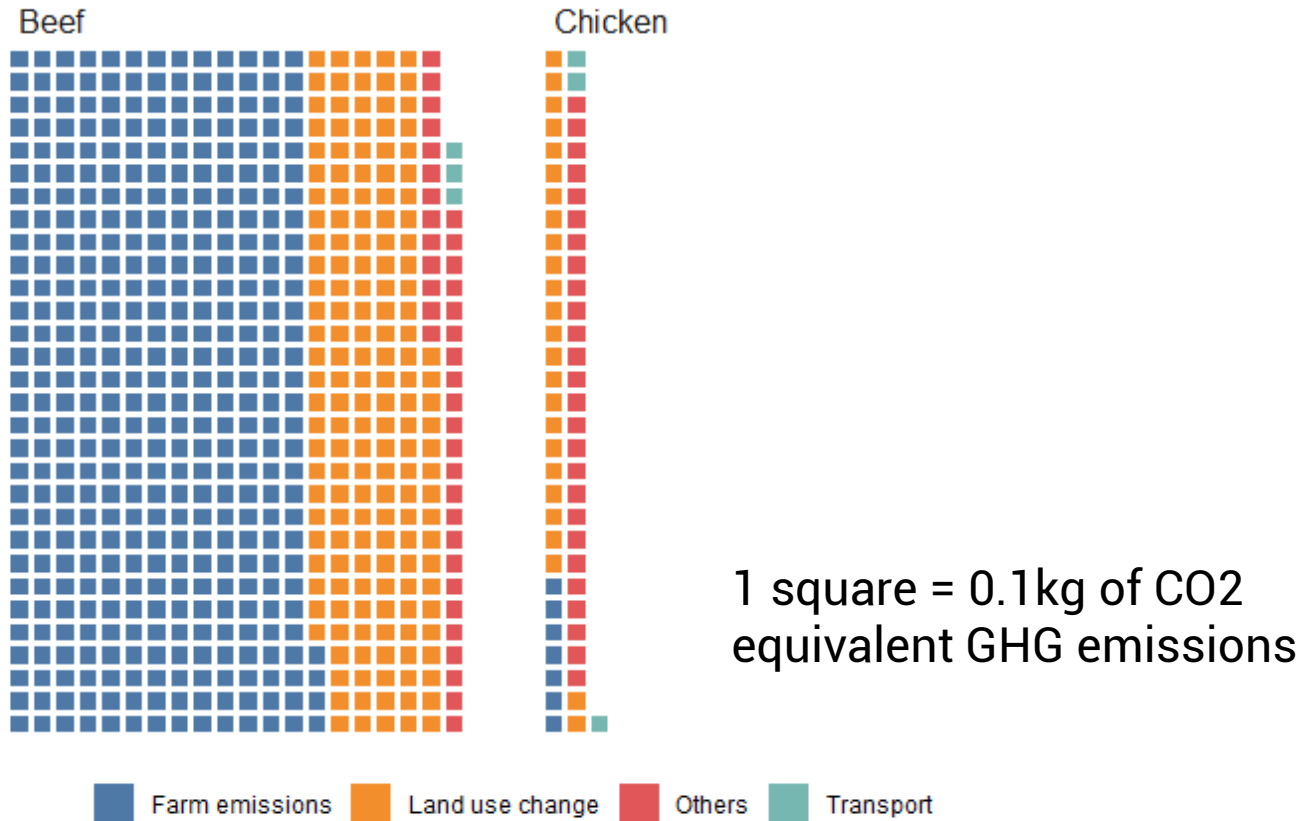


## 10. Strengthen capacity for climate-smart trade and investment policy

- 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.



# kg of CO2 equivalent GHG emissions per 1 kg



ASIA-PACIFIC  
TRADE AND INVESTMENT REPORT  
**2021**

*Accelerating Climate-smart Trade and Investment  
for Sustainable Development*



Read more at:  
[www.unescap.org/kp/APTIR2021](http://www.unescap.org/kp/APTIR2021)



# E-learning course on Climate-smart Trade and Investment for Sustainable Development

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## E-learning course on Climate-smart Trade and Investment for Sustainable Development

22 August 2022

This course has been jointly developed by ESCAP, UNEP and UNCTA

[Investment Report 2021: Accelerating Climate-smart Trade and Investment](#)

### Introduction

While globalization has lifted billions of people out of poverty in the past decades, the growth supported by existing trade and investment policies has come under increasing scrutiny. The latest report by the Intergovernmental Panel on Climate Change underscores the fact that the climate crisis is unfolding and that we are on the verge of a tipping point. It is considered in reducing greenhouse gas emissions, including in the investment. The links between trade, investment and climate change are becoming increasingly clear. The positive effects of trade and investment are maximized, such as renewable energy and low-carbon technologies, while minimizing the negative effects.

## Video Module 4: Regional trade agreements (RTA): a tool to promote climate-smart trade

### The evolution of RTAs

- The number of RTAs has increased rapidly and many now contain chapters pertaining to environment or sustainable development.

Figure 4.1 Evolution of RTAs with environmental provisions

Year of entry into force of RTAs	All RTAs	RTAs with environment-related provisions	RTAs with beyond-environmental exceptions (and preamble)	RTAs with only environmental exceptions (and preamble)
1980	0	0	0	0
1985	10	0	0	0
1990	20	0	0	0
1995	40	0	0	0
2000	70	10	5	5
2005	110	20	10	10
2010	160	40	20	20
2015	210	70	40	40
2020	270	110	70	60



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

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ASIA-PACIFIC  
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