

Event Report

United Nations Environment Assembly III Side Event:

Unlocking Trade in Environmentally Sound Technologies to Tackle Air Pollution

Monday, 4 December 2017, 18:00-19:30

UN Office in Nairobi

I. Context and Purpose

Organized by the Environment and Trade Hub of the United Nations Environment Program, the Technical University of Denmark (DTU), and the African Centre for Technology Studies (ACTS), the side event on *Unlocking Trade in Environmentally Sound Technologies to Tackle Air Pollution* was held on the occasion of the third United Nations Environment Assembly (UNEA), under the overarching theme of *Towards a Pollution-Free Planet*. It marked the first trade-related event at UNEA, demonstrating a growing recognition of the importance of the trade and environment nexus, and brought together nearly 200 participants including pioneers and champions of clean technology trade, as well as ministers, ambassadors, and officials from international organisations.

The side event built upon a series of analyses and dialogue led by UN Environment on trade in clean technology, including a *Scoping Study on Intra-ASEAN Value Chain Cooperation and Trade in Energy Efficiency and Renewable Energy Technologies*, a *report on South-South Trade in Renewable Energy*, and a *Workshop on the Technology-Trade Nexus for Achieving the Sustainable Development Goals*, among knowledge products and events.

The side event aimed to address several key questions including:

- What is the role of trade in scaling up clean technology?
- What are best practices to stimulate trade in clean technologies?
- What are the barriers and how can we overcome them?
- What policies and support mechanisms are needed to stimulate trade in clean technologies?
- What partnerships and transformations are needed to incentivize trade that contributes to reducing air pollution and climate change?

By drawing upon successful business models and examples, it built momentum to create an "economy of the future" – one that is clean, green and inclusive, using trade as a vehicle to scale up environmentally sound technologies to abate air pollution, address climate change and conserve natural resources. The event promoted a multi-stakeholder partnership of actors championing trade in clean technologies and fed into the global agenda on trade and sustainable development in the context of the 2030 Agenda and the World Trade Organization's 11th Ministerial Conference.

II. Speakers

The event opened with a keynote speech by H.E. Kimmo Tiilikainen, Minister of the Environment, Energy and Housing of Finland, setting the tone by emphasizing the need for political will and private investment.

A panel discussion followed suit with H.E. Alvaro Cedeño, Ambassador of Costa Rica to the World Trade Organization (WTO); Kennedy Orwa, Acting Executive Director of the African Centre for Technology Studies (ACTS); Aik Hoe Lim, Director of the Environment and Trade Division at the WTO; Jodie Roussell, CEO of the Global Solar Council; Vijay Shekar Sharma, Founder and CEO of paytm, India's largest mobile-first financial services conglomerate, and Jorge Rodriguez Romero of the European Commission's Directorate General for the Environment.

Joshua Oigara, CEO and Managing Director of Kenya Commercial Bank, on behalf of the Kenyan Foreign Minister, H. E Amina Mohamed, provided final remarks, drawing parallels with the local context and reiterating the importance of a long-term investment horizon and policy planning.

Eliza Anyangwe, a freelance journalist and founder of The Nzinga Effect, moderated the event and opened the floor to the audience for questions and comments. The event ended with a call for action from each panelist to unlock trade in clean technologies.

III. Summary of the Discussion

The 2030 Agenda and the Paris Agreement provide an impetus for development, innovation and trade of environmentally sound technologies. These technologies can address air pollution and climate change while also creating new economic opportunities, jobs and social benefits. Trade serves as a means of implementation for, and a critical enabler of, sustainable development and environmental wellbeing and can facilitate the development, diffusion and large-scale adoption of new technologies, creating new opportunities for countries worldwide. Not only will trade in clean technologies spur their proliferation, stimulate innovation and create greater energy security, but it will also facilitate global access to air pollution abatement tools and mechanisms.

Trade has an important role to play in scaling up environmentally sound technologies.

Economic growth must be decoupled from the use of natural resources in order to address pollution, a particularly salient issue in large, developing economies such as India and China. In China, where GDP growth has averaged nearly 10 percent annually over the past few decades, approximately 4000 people die per day due to health complications related to poor air quality.¹

Change needs to be driven by disruption, and trade can fill this role in disseminating clean technologies and in transitioning towards a more sustainable economy. A shift to clean technologies can address air pollution challenges and promote yet economic development. Yet several trade barriers persist, drawing attention to bottlenecks for goods and services and their negative implications on job creation, among other economic factors. There is a need to lower trade barriers and to create enabling conditions, in the aforementioned emerging economies and across Africa, including Kenya, where the lack of a skill work force to install renewable systems built upon clean technologies, limits greater uptake. Investment constitutes another critical blockage, common to renewable energy projects, which in developing countries often lack financing in the absence of proof of creditworthiness. Stable land-ownership rights must also be addressed to facilitate job and service creation. To address some of these issues, longer-term policy planning is needed, a challenge often exacerbated by electoral cycles, in order to fully unlock investment in clean technologies.

The environment and trade communities must work together to overcome barriers and bottlenecks.

In recent years, great strides have been made at the nexus of environment, trade and technology at global, regional and national levels, illustrated for example, by the launch of the Environmental

¹ <http://www.worldbank.org/en/country/china/overview>
<http://news.mit.edu/2017/tackling-air-pollution-in-china-0517>

Goods Agreement negotiations in 2014 and APEC's commitment in 2012 to reduce tariffs on environmental goods – including many clean technologies – to pursue sustainable development objectives and to address climate change. Furthermore, national-level champions have risen to the challenge, with Costa Rica's and European Union's ambitious promotion of renewable energy generation. In 2017, Costa Rica generated over 99% of its electricity from renewable energy resources.²

Despite such progress, there remains a clear need to bring together the trade and environment communities to a greater extent, underlining policy coherence as precursor in tackling complex, transboundary challenges such as air pollution. Increased dialogue between trade policy makers and environment policy makers would provide both groups the chance to jointly share experiences and to identify synergistic opportunities to abate air pollution and to promote trade in clean technologies – reaching beyond tariffs – as well as to tackle environmental problems more broadly. Following the example of the WTO's Committee on Trade and Environment, the establishment of cross-ministerial environment and trade committees at the national and regional levels would facilitate such interaction and allow scaled-up multilateral support.

Leadership at the multilateral-level is needed to catalyze change.

A need for a more collaborative, inclusive, transparent and sustainable trading system persists, in order to facilitate trade in clean technologies and unlock related financing. A multitude of environmentally sound technological solutions already exist, yet scale-up and dissemination remain key challenges. Pursuing the currently stalled negotiations on the Environmental Goods Agreement provides one avenue to unlock such technologies, despite speculation on its completion. The Agreement sought to reduce tariffs on environmental goods, which are as high as 26% on select air pollution control technologies in some countries.³

The international trade framework provides a mechanism to regulate, including on creating policies conducive to environmental protection. Falling in part under the WTO's remit, the need for reform at the multilateral level on subsidies for fossil fuels, among other perverse economic incentives, is also critical. Environmental “bads” must be taxed to move markets in the right direction and to allow countries to reap the benefits of global trade in clean technologies.

Capacity building is critical to empower countries to take action.

Capacity building and knowledge transfer is required to allow countries to be able to harness opportunities from increased trade in environmentally sound technologies. In the solar industry, 75% of jobs are downstream in the value chain, in services, not in goods. Strengthening local capacity and addressing the skills gap is critical to support the uptake, and upkeep, of clean technologies to tackle air pollution, in the transition to a sustainable energy sector, and ultimately a cleaner world.

The Environment and Trade Hub's resources, including toolkits for trade negotiators to understand environmental provisions in trade agreements, and for policymakers on trade measures to support green industrial policy, can help to fill this gap.⁴ Additionally, the Hub's tailored training sessions on trade opportunities across a variety of geographic and development contexts can support the generation of specialized knowledge in country.

² <http://presidencia.go.cr/comunicados/2017/12/sistema-electrico-de-costa-rica-se-consolida-como-modelo-de-generacion-renovable/>

³ <https://ustr.gov/trade-agreements/other-initiatives/environmental-goods-agreement>

⁴ <https://www.iisd.org/toolkits/sustainability-toolkit-for-trade-negotiators/>
http://www.un-page.org/files/public/gita_manual_150ppi_full_3.pdf

Multi-stakeholder partnerships are key in addressing constraints which inhibit trade in clean technologies.

Partnerships for “people and the planet” are essential in abating air pollution. In order to address air pollution through environmentally sound technologies, trade can no longer be viewed in a silo, but rather as part of an ecosystem. In this context, the dialogue put forward several proposals including the creation of a “Friends of Clean Technologies” group, comprised of WTO Members, which could provide evidence of the benefits deriving from trade in environmentally sound technologies and offer frontrunners a platform for exchange. Demonstrating successful case studies is critical to illustrate the benefits of environmentally sound technologies across the three dimensions of sustainable development – economic, environmental and social – and to bring other actors on board.

Additionally, strong leadership from a coalition of governments, international organizations, civil society and the private sector actors with an aim to champion trade in clean technologies would set a precedent for multi-stakeholder collaboration to address global, cross-cutting environmental issues. It is equally important to positively shape the narrative on trade, aiming to change existing, albeit outdated, mindsets in order to pave the way towards a pollution-free planet.

IV. Proposed Actions from the Event

The side event put forward the following recommendations:

1. Create a **“Friends of Clean Technologies” coalition** of WTO members who are willing to advance trade in environmentally sound technologies at the multilateral-level.
2. **Establish cross-ministerial committees** or mechanisms on environment and trade at the national-level.
3. Support emerging and developing economies with **capacity building and knowledge transfer** through targeted training on using trade policy instruments to support clean tech development.
4. Improve **skills development** of the labor force downstream in the clean tech value chain, including those working on testing, installation and maintenance.
5. Cultivate new **public-private partnerships** to link trade policy makers with progressive companies and investors at the forefront of clean technology development.
6. Propagate **market-oriented tools** to support the deployment of such technologies.
7. Endorse and support **pioneers and champions** of clean technology development and pollution abatement by recognizing their achievements and highlighting the associated environmental and economic benefits in global fora.
8. Redefine the **narrative surrounding environment and trade**, providing illustrative examples of trade's role in furnishing environmental benefits.
9. Leverage **private investment** in clean technology development in developing economies and encourage a long-term investment horizon at the policy-level.

V. Event Partners



ANNEX

Side Event Agenda

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Partners:

- ❖ China Council for the Promotion of International Trade
- ❖ African Center for Technology Studies
- ❖ Global Solar Council
- ❖ Research Institute of Global Value Chains
- ❖ Technical University of Denmark
- ❖ Clean Air & Climate Coalition
- ❖ Environment and Trade Hub, UN Environment

Description of event

The 2030 Agenda and the Paris Agreement provide an impetus for development, innovation and trade of Environmentally Sound Technologies. These technologies can serve to address air pollution and climate change while creating new economic opportunities, jobs and social benefits. If designed properly, international trade can be a critical enabler for the dissemination of clean technologies and open new opportunities for countries worldwide. Unlocking trade in clean technologies will not only spur proliferation and stimulate innovation but also create energy access and security.

This event brings together pioneers and champions in clean technology trade. By drawing upon successful business models and examples, it aims to build momentum for creating an economy of the future: one that is clean, green and inclusive. It uses trade as a vehicle to scaling up clean technologies to abate pollution, address climate change and preserve precious resources. The event intends to create a multi-stakeholder coalition of actors championing trade in clean technologies to feed into the global agenda on trade and sustainable development in the context of the Sustainable Development Agenda and the World Trade Organization.

Expected outcomes:

- ❖ Build momentum and bring together partners with a shared vision to shape the green economy of the future
- ❖ Support pioneers and champions in clean technology trade
- ❖ Explore and catalyze innovative business models in environmentally sound technologies
- ❖ Demonstrate how trade could scale up technologies to combat pollution
- ❖ Foster public-private partnership for trade and value chain cooperation for environmentally sound technologies
- ❖ Reenergize political will to reduce trade barriers for clean technologies

Speakers:

Keynote Speech:

- H.E. Kimmo Tiilikainen, Minister of the Environment, Energy and Housing of Finland

Panel Discussion:

- Alvaro Cedeño, Ambassador to the WTO, Costa Rica
- Kennedy Orwa, Ag. Executive Director, African Centre for Technology
- Aik Hoe Lim, Director, Trade and Environment Division, World Trade Organization
- Jodie Roussell, CEO, Global Solar Council
- Vijay Shekhar Sharma, Founder and CEO, paytm
- Jorge Rodriguez Romero, European Commission's Directorate General for the Environment

Moderator:

- Eliza Anyangwe, Freelance journalist and founder of The Nzinga Effect

Closing Remarks:

- Joshua Oigara, CEO and Managing Director of Kenya Commercial Bank