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Mainstreaming sustainability into trade and development policies: Towards the Rio+20 summit

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Summary prepared by the UNCTAD secretariat

Mainstreaming sustainability into trade and development policies: Towards the Rio+20 summit

1. This panel discussion was opened and moderated by the Director of UNCTAD's Division on International Trade in Goods and Services, and Commodities. The panellists were the Secretary-General of UNCTAD; the Minister for Public Enterprises, Scientific Policy and Development Cooperation of Belgium; the President of Peru's National Institute for the Defence of Competition and Protection of Intellectual Property (INDECOPI) and Head of the Delegation of Peru; the Ambassador of South Africa to the World Trade Organization (WTO); the Ambassador of Qatar to the United Nations in Geneva; the Head of the Division for Trade Promotion of Switzerland's State Secretariat for Economic Affairs; the Director of International Economic Negotiations of the Ministry of Foreign Affairs of Peru; and the President of the Indonesian Cosmetics Association.

2. It was noted that, as the world community confronted multiple challenges and crises that were clearly interconnected, there was growing acceptance that economic growth could no longer be pursued at the expense of increasing environmental risks, natural resource scarcities, social disparities, and poverty. Against that background, the United Nations Conference on Sustainable Development (Rio+20 summit) offered real opportunities to rethink traditional perceptions of growth, consumption and production patterns, and well-being. It would also allow Governments to reaffirm their commitment to sustainable development. Ultimately, the Rio+20 summit should help countries achieve a transition towards a greener and more equitable economy – a transition that was not a substitute for sustainability, but rather an opportunity to make sustainability a full part of the quest for development.

3. Finding the right mix of national policies, and creating a more effective institutional framework at the international level to support sustainable development, remained difficult outstanding challenges. Ensuring coherent trade and development policies was a critical part of that overall challenge. International trade could improve resource efficiency and facilitate the diffusion of clean technology by transmitting, across world markets, the growing environmental and social preferences of firms and consumers. As such, trade could serve as a motor to expand global levels of demand and supply for goods and services that protected the environment and enhanced social equity.

4. Although markets could help stimulate the structural transformation needed to move towards a green economy, government had an essential role to play as a regulator and supporter of industry. Most governments were in agreement that no single template could be applied to make a national transition to a green economy; each country had to define its own path, and there would be as many paths as there were countries. Whichever paths were pursued, equitable access to natural resources must be supported to ensure inclusive and sustainable growth, among and within countries, and for both current and future generations.

5. It was noted that a greening global economy was opening new markets with trade opportunities for all countries, which could generate employment and improve living standards for the poor. Particularly in rural areas, a green economy had the unique power to connect people to global markets.

6. BioTrade was just one example of how open markets and changing consumer preferences could generate new business opportunities for biodiversity-based products, which were an emerging class of goods and services supportive of sustainable development. In Peru, for example, exports of biodiversity-based products had increased tenfold over the last decade, reaching \$400 million in 2010. In the case of Indonesia, similar export growth had been achieved for natural cosmetic products. The involvement of local populations and small-scale producers with the support of UNCTAD's BioTrade Initiative had been a key

driver for sustainable production practices, which were built upon the promotion of social equity and local participation in the value chain.

7. Nevertheless, the transition to a greener and more equitable economy was not without challenges. National policies to support a green economy may restrict access to markets, distort international competitiveness, and in some cases be incompatible with multilateral trade rules. That lack of coherence made it difficult for countries to establish effective green economy policies while at the same time respecting multilateral trade rules. There was thus a need to rebalance current WTO rules in order to allow countries to advance their transition towards a greener economy with tangible development gains. New rules or understandings were needed to discipline border tax adjustments and subsidies used to further environmental objectives, and to enhance flexibilities under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement to facilitate countries' access to green technologies.

8. In that context, it was widely accepted that trade measures should be compatible with Principle 12 of the Rio Declaration on Environment and Development (1992), in which it was stated that trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. With open global markets and an enabling business environment, all countries could find niche market opportunities allowing them to benefit from greener trade.

9. While most governments were positive about the benefits from greening their economies, many remained genuinely concerned about competitive disadvantages, as well as the market dislocations and social and financial hurdles, arising from such a transition. The Rio+20 negotiations were also challenging in the sense that countries had different capacities to make the transition towards a greener, more equitable economy. International cooperation would be required in order to ensure that developing countries received adequate financial and technical assistance to facilitate their transition to a green economy. Innovative mechanisms would be needed to unlock new sources of domestic and international financing and to ensure that capacity-building could be delivered effectively and efficiently.

10. It was noted that UNCTAD's analytical capacity could assist countries to assess their performance in harnessing trade to meet sustainable development goals; in addition, its convening power for intergovernmental exchanges of ideas could facilitate the sharing of national experiences to accelerate countries' transitions to a green economy. Building on those strengths, UNCTAD was pursuing two new initiatives to contribute to the follow-up to the Rio+20 summit. The first initiative would address concerns about green protectionism by establishing a new institutional space outside of a negotiating setting – the Global Trade and Green Economy Forum – which would allow for evidence-based dialogue and solution-sharing among countries. The second initiative would assist developing countries in seizing trade opportunities that would arise in a global green economy by helping them to identify promising green export opportunities and build supply capacity in relevant sectors.
