



# Fifteenth South Asia Economic Summit (SAES XV) Unleashing an equitable green transformation in South Asia

**Kathmandu | 11-13 December 2024**

Parallel session : Trade in environment-friendly goods and services:  
Emerging opportunities and challenges

Date: 12 December 2024 Time: 11:15-13:00

Trade contributes to environmental damage and climate change as the production of goods and their transportation are associated with significant carbon emissions. However, international trade can also be a tool to protect the environment and fight climate change by providing countries access to products, technologies and services that can help improve the environment or minimize environmental damage. More precisely, trade in environmental goods and services and environmentally preferable goods could be critical in cleaning the environment, climate change mitigation and adaptation, and transitioning to a low-carbon economy.

Environmental goods and services (EGS) include products, technologies and services that help mitigate environmental damages, including minimizing pollution and energy and resources use. Products that could mitigate climate change impacts also fall under its purview. Another set of products, the environmentally preferable products (EPP), contribute to the environment by causing less environmental harm than their counterparts—for instance, electric vehicles contribute to less environmental harm than fossil fuel powered vehicles.

While trade in EGS and EPP is increasing, it still faces barriers. These include tariff barriers, anti-dumping duties, countervailing measures, and more importantly other non-tariff barriers. Removal of these barriers can significantly enhance the diffusion of environment-friendly products, services, and technologies, and help countries meet their climate goals, including nationally determined contributions. For instance, according to an estimate presented in the World Trade Report 2022, the removal of tariff and non-tariff barriers on energy-related environmental goods and EPP could increase their exports by 5 and 14 percent above the baseline and further reduce carbon emissions by 0.6 percent.

Given that environmental protection and climate change affect every country, there is a case for unhindered flow of EGS and EPP. While efforts have been made to go beyond WTO's fundamental provision of free, smooth, and predictable trade of environmental-friendly goods and services, for instance, through multilateral and plurilateral negotiations at the WTO, these efforts have not been successful. Against this background, there is perhaps a greater role for regional cooperation to facilitate the trade of environmental-friendly goods and services in the region. Examples of regional cooperation include preparing a list of environment-friendly goods and services (given that there is no global consensus on what specific products EGS and EPP constitute) and forging an agreement to reduce or eliminate tariffs in the trade of these goods in the region. However, in South Asia, the stalemate of SAFTA and sluggishness in the SAARC mechanism mean that these outcomes may not be likely, at least in the

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short-term. But, given that protecting environment and tackling climate change impacts are common agendas of all South Asian nations, forging a consensus on a pressing but relatively non-controversial topic like environment protection and climate change may be areas to revitalize regional cooperation. In this context, regional cooperation may spring from the transfer of knowledge and expertise in the area of environmental goods, services, and technologies, trade facilitation at the borders (easy processing of EGS and EPG), and removal of non-tariff barriers.

Against this background, the issues and questions to be discussed in this session include:

- What have been the trends in trade in environmental goods and services and environmentally preferable goods in South Asia?
- Is there a scope for intensifying trade in environmental goods and services and environmentally preferable goods in South Asia?
- What are the major barriers that have to be overcome to spur trade in environment-friendly goods and services (EGS and EPP) in South Asia?
- What are the possible regional cooperation initiatives that can boost trade in EGS and EPP?
- What other regional cooperation initiatives—for instance, developing regional standards, trade facilitation at the borders, etc.—are required to promote trade in EGS and EPP?