



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

Kathmandu | 11-13 December 2024

Plenary: Trade and industrial policies in a time of climate action

Date: 12 December 2024 Time: 09:00-11:00

Developing countries are bearing the brunt of climate change, experiencing severe economic and social consequences from extreme weather events and disasters. To avoid even worse impacts, all nations must reach net-zero emissions by mid-century. For these countries, achieving climate resilience is not just about reducing emissions, but also about building sustainable development pathways. This requires transformations that include promoting investment in renewable energy, enhancing energy efficiency, and fostering green infrastructure. Such policies are critical in managing the shift to low-carbon economies by enabling economic diversification, creating green jobs, and supporting climate-resilient infrastructure—all the while minimizing carbon footprints. In other words, these pressing demands of the time provide justification for industrial and trade policies that favour green transformation. By aligning climate goals with trade and industrial strategies, developing nations can drive economic growth while mitigating the effects of climate change. As such, the integration of effective trade and industrial policies is essential for facilitating this transformation.

Key initiatives include streamlining customs procedures to cut down greenhouse gas emissions from inefficient logistics and leveraging government procurement to promote low-carbon industrial practices. Adopting international energy efficiency standards helps prevent regulatory fragmentation and accelerates the transition to greener technologies. Domestic regulations should also be revised to enhance the provision of climate-related services, supporting efforts toward adaptation and disaster recovery. Furthermore, adjusting import tariffs to discourage carbon-intensive industries and reforming environmentally harmful subsidies are vital steps toward advancing the green economy. Expanding finance for climate technologies, improving food and agriculture trade to bolster climate resilience, and strengthening sanitary and phytosanitary and technical barriers to trade measures will protect economies from climate-related risks.

However, implementing these industrial and trade policies for climate action faces several challenges. Carbon pricing, green industrial policies, and sustainable trade practices are key drivers of low-carbon development, but they are often hindered by economic costs, international competition, technological limitations, political resistance, and governance issues. Moreover, industrial and trade policies such as green subsidies and carbon tariffs may invite retaliatory measures from trade partners, thus creating conflicts between nations and inviting trade wars. Overcoming these barriers requires a comprehensive approach that balances economic priorities, environmental goals, and social equity, and more importantly the industrial and trade policies have to be well designed. Governments must foster

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international cooperation, invest in clean technologies, and provide support to affected communities to ensure a just and sustainable transition to a low-carbon future. Finally, regional cooperation in developing a common approach to green industrial and trade policies and creating funds to promote green investment and infrastructure can help immensely.

Against this background, this session will discuss how trade and industrial policies can support climate action by fostering sustainability and resilience. The following guiding questions will help explore the critical role these policies play in achieving sustainable development while addressing associated challenges:

- What role do industrial and trade policies play in helping developing nations achieve sustainable development and climate resilience?
- How can developing countries effectively link their trade and industrial plans with global climate goals while supporting economic growth and job creation?
- What are the key challenges in implementing low-carbon industrial policies, and how can these be addressed through international cooperation and government interventions?
- What are the potential economic costs and governance issues that developing countries face in transitioning to a low-carbon economy, and how can these barriers be overcome?
- What could be the role of regional cooperation in ensuring that industrial and trade policies support a green transformation in South Asia?