

Green Trade

By Erin Henwood

The second largest exporter of coal and one of the highest emitters of greenhouse gases on a per capita basis, Australia's progress on climate change has been labelled 'unambitious' at best, and a 'catastrophic failure' at worst.

Many were understandably concerned when the UK Government revealed details of its UK-Australia Free Trade Agreement, which contained underwhelming commitments to the environment and is expected to lead to an increase in carbon dioxide emissions, including an estimated 40% rise in transport emissions. The Chairman of the Government's Climate Change Advisory Board went as far as to label the deal 'totally offensive', warning that it would undermine the UK's attempts to tackle emissions.

Despite the criticised deal with Australia, the UK Government is in a prime position to promote green trade and encourage international collaboration on the sustainability agenda in the current post-Brexit trading landscape.

In 2021, the Board of Trade released a report emphasising the opportunities that green trade could bring to the UK. As well as fuelling technological innovation, a focus on green trade will undoubtedly drive sustainable growth in all corners of the country and is predicted to create more than one million jobs in England alone by 2050. Indeed, the Board of Trade outlined that the UK's low carbon economy could grow by 11% per year and the global export market for low-carbon products could increase to a value of £1.8 trillion by 2030.

From a regional perspective, progress is being made: the West Midlands is aiming to lead the nation's green revolution and become a net zero carbon economy by 2041. The low carbon and environmental technologies sector already contributes over £4 billion to the West Midlands Combined Authority's Gross Value Added and supports nearly 30,000 jobs across the region, figures which are both anticipated to dramatically increase in the coming years. Data from the Greater Birmingham Chambers of Commerce's Sustainable Business Series revealed that 68% of businesses in the area intend to introduce environmental measures in the future, highlighting the significant opportunity that the sector has to boost regional investment and create thousands more jobs for local people.

Action is already being taken by the Government: just last week (7th June 2022), the UK Government signed the UK-Malaysia Memorandum of Understanding 2022, which will see both countries 'work together to step up action on climate and biodiversity to reduce greenhouse gases'. The UK Global Tariff has also removed tariffs on over 100 green goods.

However, the Board of Trade is encouraging the UK Government to go further. As well as utilising its convening power at various multilateral fora – such as G7 and G20 – to emphasise the links between trade and the environment, the UK has also been advised to deploy advocacy and diplomacy tools to raise environmental standards across the globe. Free Trade Agreements, for example, can remove tariff and regulatory barriers to trade in environmental goods and services, including goods used to generate clean energy – like wind turbines and solar panels – and research and development services.

If the UK wants to consolidate its environmental progress and position itself as a world leader on green trade, it is not just actions like this which are desperately needed. The UK Government must provide further details and considered guidance on its recently announced green trade agenda to

ensure businesses are fully aware of the opportunities that will flow from boosting the export potential of our domestic green tech industry.

As the UK Government looks to continue its run of securing new trade deals with other countries, such as India and Canada, this is an important moment to secure progressive commitments on the environment from key global players for both the business community and the country's future alike.