**UNEP Note to Chair, Finnish Employment and Equality Committee**

Finland is the front-runner of sustainable development and sustainable trade, with cutting-edge technologies and innovative solutions in resource management, low carbon development and circular economy that play an increasingly important role in the world economy. It is also a leading advocate both within the EU and in the global arena of sustainable trade and investment. There are huge opportunities in playing a leading role in the transition to an inclusive green economy, and this note lays out a few of the more prominent ones which could be considered by the Committee.

First, an Inclusive Green Economy (IGE) is about transforming the way economy grows. Specifically, the IGE requires the accumulation of a new generational of capital - natural capital, clean produced capital, healthy and green-skilled human capital, and social capital - which is required for producing environmental friendly goods and services. Green technology is at the core of clean produced capital. It is also connected to other forms of capital; it reduces the pressure on natural capital and enhances its productivity, requires human capital to develop and deploy, and has to enhance shared prosperity.

At the same time, the IGE requires a shift of consumption, investment, public spending and trade towards environmentally friendly goods and services, including new models of consumption such as the emerging sharing economy, new forms of investment such as Public-Private Partnerships (PPP), new roles for public spending including but also beyond the more familiar sustainable public procurement, such as credit creation for socially desired projects, and the liberalization of trade in environmental goods and services.

As in the case of accumulating the new generation of capital, green technology is also at the core of this shift. The sharing economy, for example, has evolved with the rapid ICT development seen in recent years. The PPP model - embraced and advocated by APEC - is typically considered for large-scale infrastructure projects with technologies that are low carbon, climate resilient and resource efficient. As far as public spending is concerned, one of the most important targets is R&D. Finally, green technology is also prevalent in the current international trade in environmental goods and services, mainly renewable energy and energy efficient technologies. Over 7 million jobs now exist at the global level in renewable energy, for example, and the number is growing.

Through working with multiple stakeholders and engaging both public, private sector and the civil society, Finland's engagement in capacity building for sustainable trade and green investment in clean technologies could not only help developing countries participate in green global value chains, create new market opportunities and enhance sustainable consumption and production models world wide, it could also create major trade partnerships for Nordic countries.

The following are particularly promising areas:

- **Liberalisation of trade in Environmental Goods and Services (EGS)**

World market of EGS has been growing rapidly especially in developing countries. The ongoing negotiation of the Environmental Goods Agreement is expected to further fuel EGS trade by removing trade barriers and opening markets. Many of the products on the proposed list would contribute to the efforts of combatting climate change and controlling pollution, such as renewable energy products, waste treatment technologies and energy efficiency products. Liberalisation of EGS trade will also bring green jobs and help disseminate clean technologies especially in developing countries.

- **Using trade and investment agreements to better fulfil climate and sustainable development goals**

The global trading system has been going through profound changes. The new generation of Free Trade Agreements (FTAs) and Bilateral Investment Treaties (BITs) have brought new opportunities to building nexus between trade and environmental policy. Regional and plurilateral trade and

investment agreements have an important role to play in achieving SDGs through opening markets for EGS trade, facilitating transfer of green technologies, improving sustainability in natural resource use and encouraging innovative actions from governments and businesses to combat climate change and promote low-carbon economy. There is a need to build capacities in developing countries to help them better negotiate trade and investment agreements and ensure they contribute to sustainable development.

- **Greening global value chains**

The vast expansion of Global Value Chains (GVCs) has been transforming the pattens of production, consumption and international trade and investment. It also offers important implications to developing countries in terms of job creation and integration into the global economy. The greening of value chains through voluntary business actions such as standards, labelling and certification schemes would help stimulate sustainable consumption and production and reducing environmental and carbon footprint. More work needs to be done to assist developing countries in integrating into global value chains and improve sustainability along their value chains.

Through the newly launched Environment and Trade Hub, front-runners such as Finland can play a major role in supporting such advances and thereby promoting the implementation of the 2030 Sustainable Development Agenda and the transition to a green economy in areas linked to green technologies and green jobs.

Finally, technological and methodological innovation is essential to spur green growth, however, challenges exist in identifying and prioritizing which energy technologies should receive support and funding. To better understand these uncertainties, the Green Growth Knowledge Platform's (GGKP's) Technology and Innovation Research Committee produced a comprehensive and systematic review of existing expert elicitation studies focused on climate mitigation technologies. This research was published as a GGKP working paper in January 2016*:*
*http://www.greengrowthknowledge.org/resource/future-energy-technologies-overview-expert-elicitations*