Comments on "Green Trade and Economic Growth under the New Climate Regime" by *Sung Jin Kang*

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Summary of paper

Aim:

- Investigate the global and country-specific trends of share of green trade to total trade, from 1980 to 2015
- Identify the time series trade pattern of green goods and services

Methodology:

- Matching 2 sets of classification (SITC Rev.2 code and GGS classification) to define green and non-green industries
- Time series trade data from UN Comtrade database
- Plotting time series trends of green trade

Summary of paper

Findings:

- Generally, increasing trend of green exports, imports and trade
- Trend patterns for BLS1,3 and 4 industries
- Consistently increasing green trade trend of OECD countries vs fluctuating trend of non-OECD countries
- Observe trends for U.S., South Korea and China

Discussions/Conclusion:

- Using the trends observed to shape international accords and persuade developing countries to engage in more green trade and address climate change

Data classification

Classification of green & non-green goods and industries

- No international standard methodology for classification
- Further justification for choice of GGS and SITC Rev 2 classifications
- Lack of clarification on "careful interpretation" of overlapping industries

Assumptions & Limitations

Fundamental Assumption: Increase in the share of green trade is good for the environment

Limitations:

- May not capture effects from innovations into clean energy generation as electricity is typically produced and consumed domestically

- Trends of green trade are not indicative of countries' environmental concerns

Further Analysis

- Relatively more consistent increasing trend for green imports/export in OCED countries can be explained by the higher domestic demand for environmentalism.

- Cross-boundary pollution addressed by regional aid to polluter E.g. ASEAN Agreement on Transboundary Haze Pollution

- Comparative ease of regional agreements as compared to global agreements

Trends

- Further substantiate choice of using China, U.S. and South Korea for comparison
- Missing analysis of BLS2's trend on page 10
- Explain trends by specific international agreements, FTAs, restructuring initiatives, shift in political agendas or other reasons

On China's trend

- China has been investing heavily into sustainable development, particularly into renewable energy. As stated earlier, this might not necessarily be reflected in green trade data.
- As Chinese citizens grow more affluent, they are growing increasingly supportive of environmental causes. These recent developments may change the trend of low green trade in China.

Further Suggestions

- Figures 7-9 do not value-add much on top of Figures 5 & 6.

- Utilizing green trade data to encourage green investment lacks concrete recommendations on exact methods for implementation. Might be useful to look into green labelling (akin to Fair Trade Coffee) to differentiate green and non-green products for consumers in developed countries.

- Might be insightful to compare green trade trends between trade blocs