

GREEN Trade Conference

Recommendation Paper



Kingdom of the Netherlands

Implemented by

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Zusammenarbeit (GIZ) GmbH



About the Green Trade Conference (GTC) - The event was held to shed light on the challenges and opportunities of Green Trade (GT) for The Hashemite Kingdom of Jordan (Jordan), and to propose to key recommendations to increase Jordan's readiness to actively engage in GT activities. Its principal objectives were:

- a. to raise awareness about the need to integrate GT practices into the trade processes and business strategies of Jordanian enterprises and,
- b. to build knowledge about possible transformational approaches to Jordan's exporting sectors, as to become more competitive and compliant to the ever-evolving Environmental, Social & Governance (ESG) requirements that are sweeping the globe.

In line with its mandate in export promotion, Jordan Exports (JE) organised the conference on November 22nd and 23rd, 2022. The event was supported by the Trade for Employment (T4E) project, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Kingdom of the Netherlands in partnership with The Ministry of Industry, Trade & Supply (MoITS).

Green Trade in Context - With the adverse effects of climate change, pollution, and waste being increasingly felt worldwide, the transition of the global economy towards low-carbon, circular, and sustainable practices is becoming fundamental to contemporary economic thought. Accordingly, countries are setting progressive agendas for transforming their economic models to be more sustainable and inclusive. Trade and the transport of export goods are a significant part of the challenge. At the end of the last decade, exported goods were responsible for almost 30% of global carbon emissions. By 2050, emissions from all modes of international merchandise transport could increase by up to 160% if no action is taken.

For Jordan, boosting exports as an effective economic growth stimulant can help place the economy on an upward trajectory; thus, creating greater employment opportunities. In that vein, GT policies can fundamentally impact and reinvigorate export performance. To highlight a recent national policymaking breakthrough, the Economic Modernisation Vision (EMV) aspires to transform the Kingdom into a sustainable, knowledge-based and high-value economy. Moreover, the Kingdom possesses vital success factors that can facilitate the green transformation of its globally tradable output, such as its geographical location, progressive legislation, membership in FTAs, availability of a skilled workforce, and an ever-growing clean energy sector. By promoting GT, domestic Jordanian production could reach new and larger global markets for environmentally sustainable goods and services. This transformation could also encourage and or even provide the basis for international investments in green industries. These investments, accompanied by appropriate environmental policies and international partnerships, can become a key driver towards greater sustainability and robust growth; and consequently, the creation of more jobs by driving advancement and innovation in green industries.

Realising Green Trade - Recommendations Around Six Enabling Factors - Six enabling factors were identified by the experts and participants of the GTC specific to the Jordanian context. As implementing agents, trade service providers play a critical role in promoting and facilitating these six factors. However, operating under an ever-shifting ecosystem requires progressive strategic approaches. To this end, trade service providers need to proactively adjust and adapt to the new trends in global trade. Within the framework of these enabling factors, the following recommendations aim to showcase pathways to increase the export performance of Jordanian enterprises by building a strong foundation to engage in GT.

1. Standards and Procedures - In getting ready for GT, enterprises face the need to meet legal requirements and product standards of recipient markets. Today, there is a growing shift towards green standards, procedures, and environmental compliance. With key global actors, such as the European Union (EU), introducing new restrictions on imports as reflected in the EU Green Deal, local producers and industries must proactively evolve to effectively engage and remain competitive in global trade.

Recommendations

- **Improve Green Information Services:** The launch of the Jordan Exports Portal (JEP) as a dedicated informational hub represents an advantageous first step towards more knowledge-sharing among trade actors.
- **Establish a Green Label:** Develop a green branding or labelling to distinguish companies that are ready to go green. This allows Jordanian companies to better position themselves within local and global markets by demonstrating their green compliance and achievements.
- **Showcase Success Stories:** As many companies already fulfil green standards and procedures, promoting them to share their experience will support the overall transitioning of Jordanian industries towards greener standards.

2. Digitalisation in Trade Facilitation: The digitalisation of trade-enabling services is key to facilitate GT. Digitalisation can boost global competitiveness and increase market share. This is achieved via improved cost and time efficiencies while reducing emissions associated with complex and bureaucratic procedures in trade. Additional effective practices, such as increasing the acceptability and procedural requirements for electronic documents and certificates, will help exporters facilitate the efficient and sustainable modes of trade.

Recommendations:

- **Improve Trade Procedures:** Increase the number of digital tools and resources in trade procedures to simplify and automate processes and increase the efficiency of processes.
- **Expand Digital Infrastructure:** Develop digital infrastructures such as e-signature procedures and e-gateways to improve existing processes.
- **Green Goods Classification:** Improve skills and capacity on preferential treatment of environmentally friendly goods and the fine-grained Harmonised System (HS) classification methodology for Jordanian goods.

3. Governance and Stakeholder Cooperation: Cooperation has always been an integral part of trade activities among both domestic and international trade partners. However, due to the growing number of environmental restrictions around green standards and procedures, the trade environment has become increasingly more complex. This makes cooperation even more important to create and maintain an enabling environment for GT.

Recommendations:

- **Involve the Private Sector:** Create a government-led multi-stakeholder cooperation body building on an existing taskforce or form a new supervisory board to ensure the private sector's involvement.
- **Bridge the Knowledge Gap:** Integrate companies with expertise on green topics and academics with relevant experience into the cooperation body to bridge the gap between the private sector and academia.
- **Action-Oriented Cooperation Body:** The cooperation body shall be action-oriented by providing direct recommendations and then apply monitoring mechanisms to ensure that recommendations are implemented.

4. Green Trade Services: Trade services, such as information sharing and coordination, form an integral part of today's trade sector and export promotion. Relevant and focused export promotion and marketing support services are vital to facilitate GT and navigate the ever-evolving environment of green standards and procedures.

Recommendations:

- **Integrate GT Holistically:** Establish a GT strategy and incorporate it into the National Export Strategy (NES) to ensure GT is integrated throughout the entire trade ecosystem.
- **Green Marketing Services:** Develop green marketing strategies for selected sectors that demonstrate promising potential for successful engagements in GT.
- **Make Services Accessible:** Create awareness in accessible ways for different target groups, such as educational institutions, SMEs (change-makers), etc.

5. Market Development and Access to Finance: Supporting export-oriented sectors with capacities to reduce Green House Gasses (GHG) and developing green products are fundamental pillars of GT. Therefore, making GT support services available to enterprises with the potential for green transformation is essential.

Recommendations:

- **Identify High-Potential Sectors:** Assess the competitiveness of green products and sectors to identify those with high export potential and provide tailored support.
- **Innovate on Financing Instruments:** Establish innovative financing instruments and incentives (i.e. tax benefits) for green producers/exporters.
- **Greening the Export Strategy:** Integrate GT elements into the NES and enhance capacities of decision-makers.

6. Supply Chain Requirements: Jordanian industries are well-integrated into global supply chains. However, suppliers in Jordan often face challenges in meeting green requirements. Some do not have a clear strategy on green product development, while others are missing the capabilities for implementation. It is the role of trade service providers to support companies in achieving these green standards and requirements through skill-development services.

Recommendations:

- **Enable creativity:** Provide a creative space for business owners to develop green mindsets and sustainable business models.
- **Empower Green Value Chains:** Support value chain analysis to enhance and promote green and circular practices – one industry's waste is another industry's resource.
- **Ensure Action-oriented Support:** Guarantee that all SME-support is action-oriented and enables clear implementation plans to increase GT readiness.