Third Global Dialogue on the Impacts of the Implementation of Response Measures

SESSION 3: Emerging opportunities, innovations and market shifts advancing economic diversification

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Commodity dependence concentrates both economic and climate risk

85%

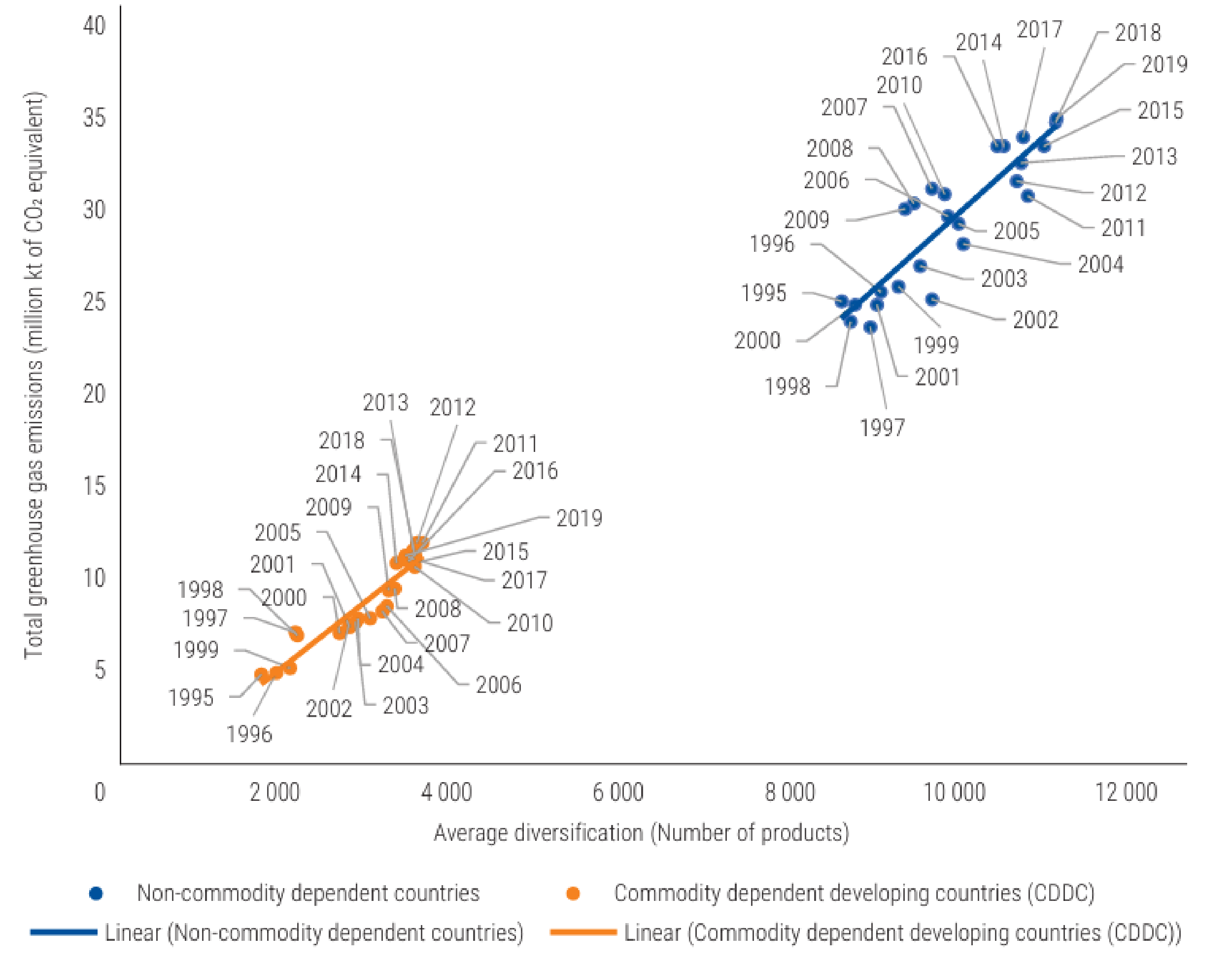
of least developed countries are commodity-dependent

vs. 13% of developed economies

19/20

of the countries most vulnerable to climate change are commodity-dependent

Diversification has been associated with higher total greenhouse gas emissions. Commodity-dependent developing countries need to diversify through a new low carbon-path



Source: UNCTAD based on UNCTADstat database and World Bank data.

Note: Diversification shows the number of products exported based on the HS 6-digit classification, further disaggregated by unit value.

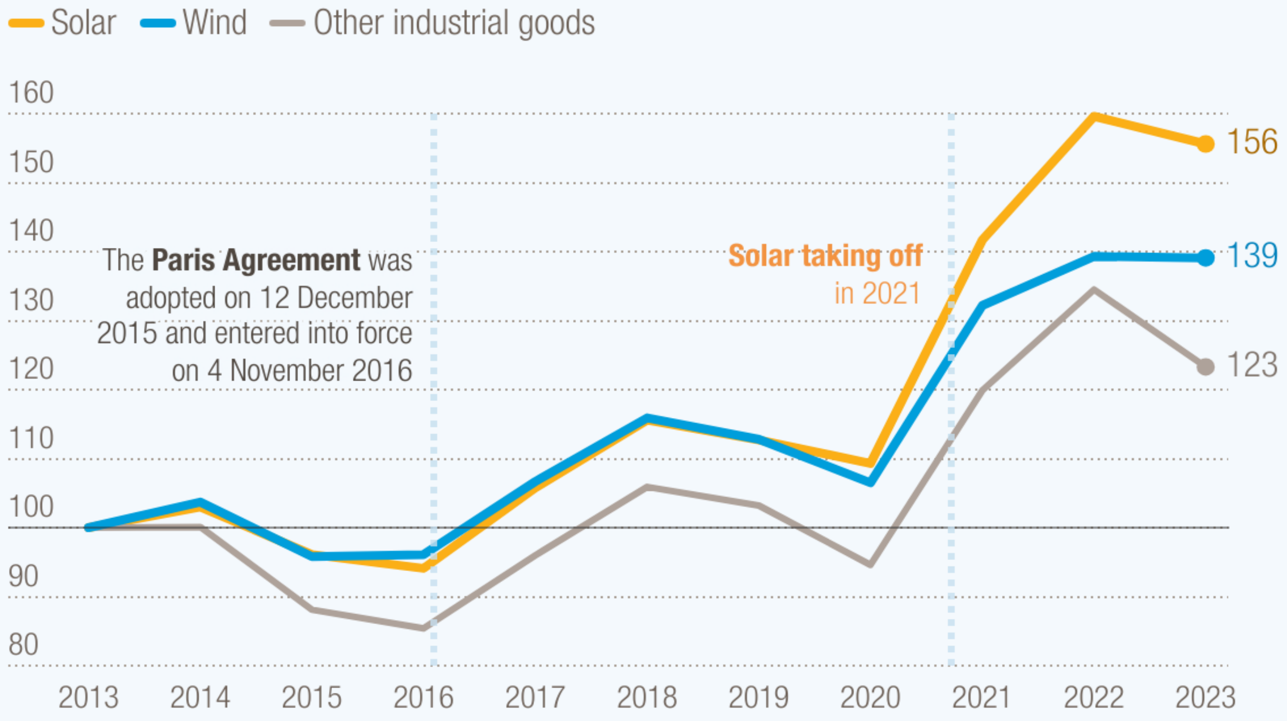
[Commodities and Development Report 2023 - Chapter 1: The predicament of commodity-dependent developing countries]

Trade in RE value chains

Trade & investment are already being realigned to climate actions

- Trade in solar & wind technologies and their components is growing faster than other industrial goods.
- Countries concentrated into hard-to-abate sectors are facing increasingly demanding climate-related sustainability and climate requirements.

Index: For each category, global trade in 2013 = 100



Source: UN Trade and Development (UNCTAD)
Note: Classification of industrial goods according to the WTO Multilateral Trade Negotiations (MNT) categories. Many products used in solar and wind energy technologies can be used for several other purposes. Depicted trade flows correspond to total global trade flows of these goods, as their final use cannot be tracked with bilateral trade data.

Source: UNCTAD (November 2025) Global Trade Update

Developing countries have the potential to lift green exports at scale.

More data insight available at UNCTADstat

The growth of green, blue, and circular economies offers new avenues for value capture

- 2015-2024, biodiversity-based goods accounted on average, **32%** of LDCs total merchandise exports, nearly double the world average of 17%
- Developing-country exports of non-plastic substitutes (2023): **$193 billion**
- Developing-country exports of ocean goods & services (2025): **$1.1 trillion**
- South–South trade in fisheries and aquaculture products (2023): **$43 billion,** 21% of global exports in the sector.

The data shows the opportunities; Opportunities do not guarantee development gains

Biodiversity-based and ocean goods

Leverages comparative advantages in natural ingredients, alternative fibres, sustainable agriculture, and ocean products.

Green manufacturing

Expands production capabilities to move up global sustainable and low-carbon value chains and generate sustainable employment.

South–South Trade

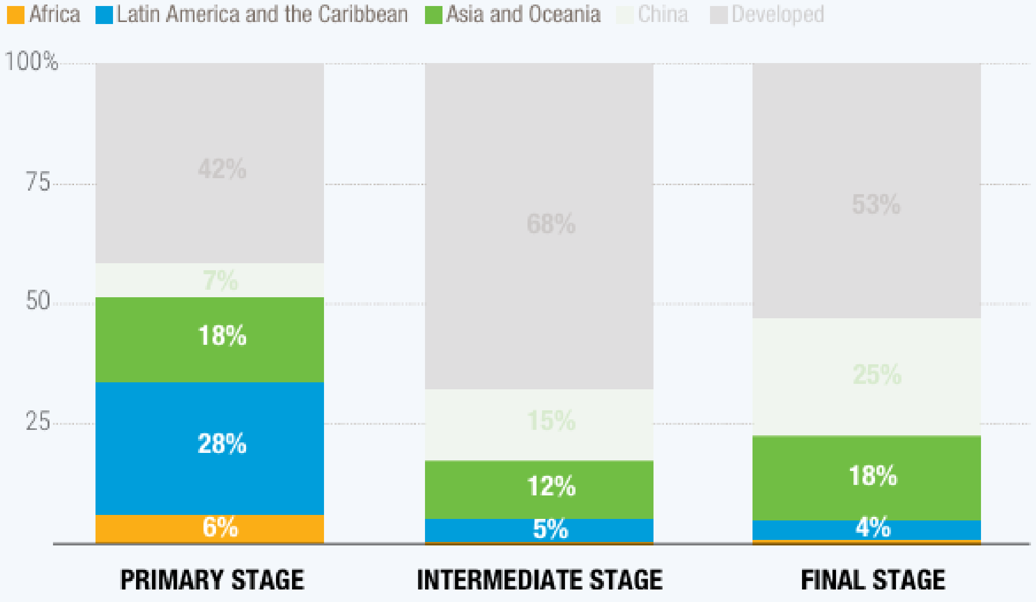
Capitalizes on intra-regional demand for sustainable products, fisheries, and eco-friendly raw material substitutes.

Low-carbon transition is not automatically translating into value addition.

Commodity-dependent economies need tailored trade, investment, industrial, and climate policy

Developing regions are mostly confined to the exports of raw materials.

Shares of world exports of goods in solar and wind energy technologies, 2020-2022



Source: UN GCRG - technical team calculations, based on UN Comtrade.

Notes: Primary stages summarize raw materials, inorganic chemicals and bearings. Intermediate stages include goods used in the wafer, solar cell, rotor and nacelle. The final stages include goods entering the PV modules, tower and substations. The label "Asia and Oceania" excludes China.

[Powering trade: Fine-tuning trade policy for solar and wind energy value chains | UN Trade and Development (UNCTAD)]

Examples emerging low-carbon and sustainable diversification opportunities

Energy transition

Battery processing
Battery assembly
Battery recycling
EV components
Renewables equipment
Green hydrogen

Nature-based Industries

Natural ingredients
Sustainable cosmetics
BioTrade products
Sustainable forestry products
Alternative fibres

Circular Economy

Repair & refurbishment
Recycling
Secondary materials
Waste-to-resource

Digital & Green Services

Certification
Traceability
Environmental data
Carbon accounting
Climate analytics

Blue economy

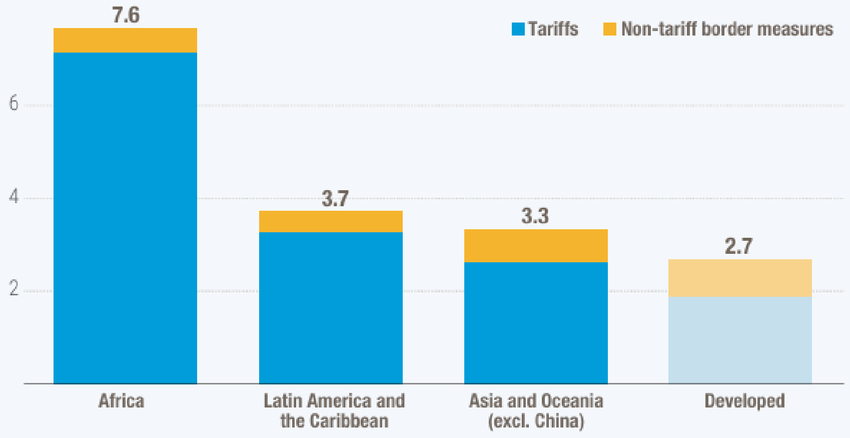
Seaweed value chains
Marine biotech
Ocean energy

Diversification increasingly comes from new business models, not only new products

Challenges: Trade costs

- Trade costs
- Finance gaps
- Technology gaps
- Skills gaps
- Infrastructure
- Other

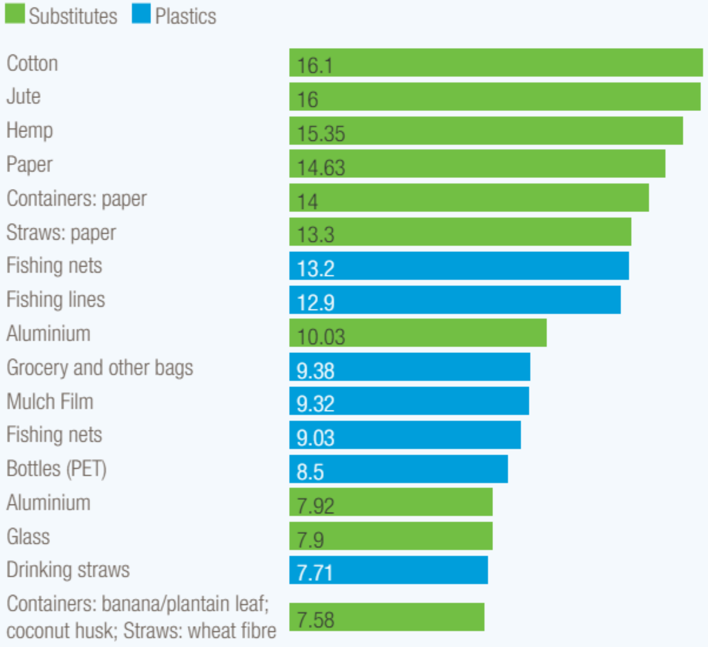
Trade policy costs on the trade of goods in wind and solar energy technologies (%), 2020-2022



Source: UN GCRG – technical team calculations, based on UN Comtrade, UNCTAD and Kee and Nicita (2022).

Notes: Trade costs as trade-weighted average of applied tariffs and ad-valorem equivalents of non-tariff border measures on goods entering solar and wind energy technology value chains by importing region. The label "Asia and Oceania" excludes China.

Average import tariffs for selected plastic products and non-plastic substitutes, per cent



Source: UNCTAD, 2023, Plastic pollution: the pressing case for natural and environmentally friendly substitutes to plastics. Compiled by UNCTAD, based on The Observatory of Economic Complexity data 2020 and HS 2022 codes.
Note: Aluminium, paper and fishing nets are repeated in this graph because of different items represented in different HS codes.

Source: UNCTAD

Low carbon and sustainable diversification means structural transformation

UNCTAD defines structural transformation as:

"The reallocation of production factors – land, labour, physical and human capital – from low-productivity, labour-intensive and polluting activities to higher-productivity, skill-intensive and sustainable ones. "

Report of the Secretary-General of UNCTAD to the sixteenth session of the Conference

Cross-sector linkages

Connecting resource sectors to the wider domestic economy

Stronger low carbon productive capacities

Building local firms able to capture more value

Technological learning

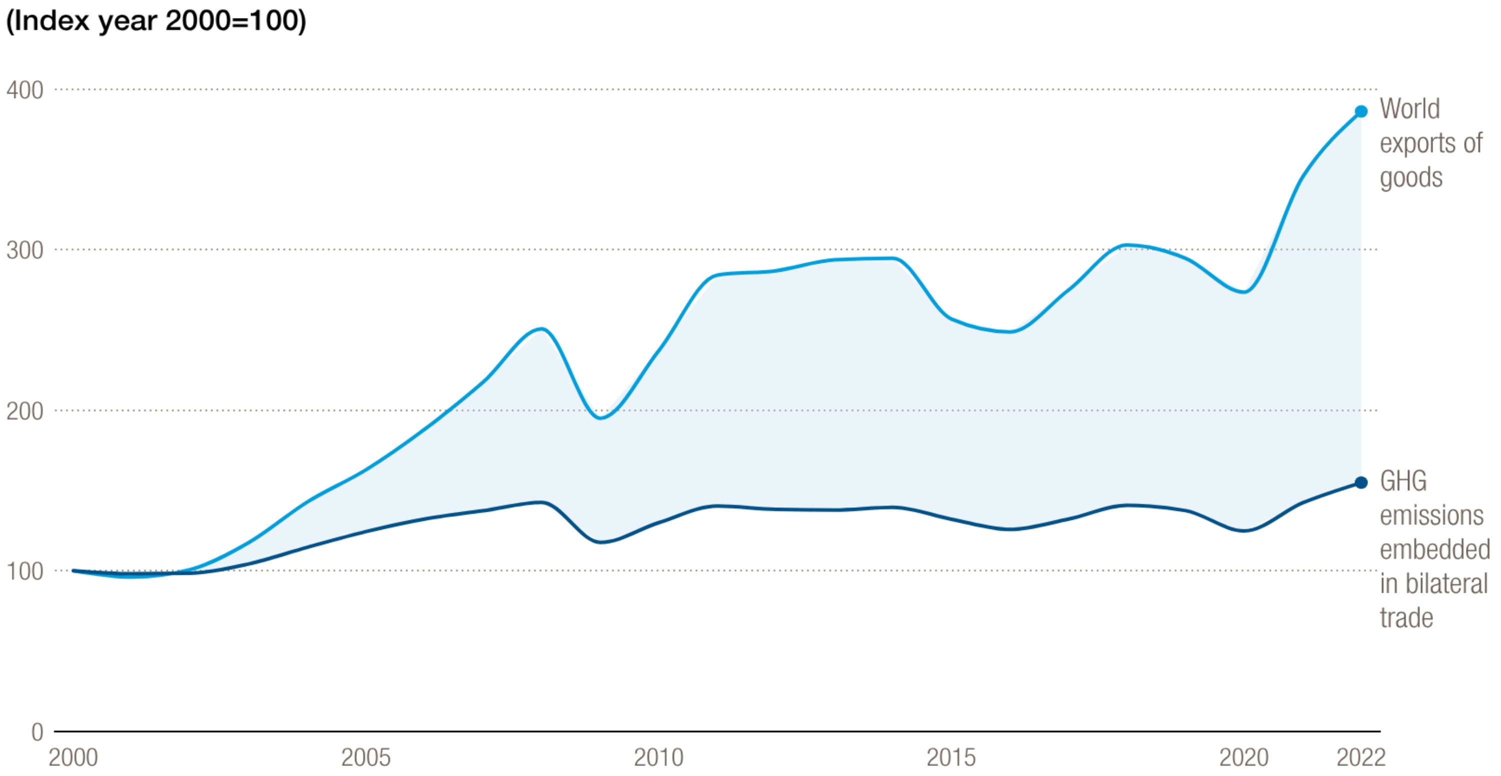
Upgrading skills and capabilities over time

Regional integration

Scaling markets and cooperation across borders

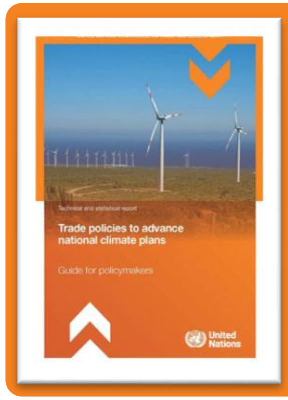
Trade can support decarbonization and diversification

Green trade is decoupling trade from GHG



Source: World exports data is from UNCTADstat Trade in Merchandise. GHG emissions embedded in bilateral trade is from OECD Greenhouse Gas Footprints (GHGFP) 2025 edition.

UNCTAD is supporting countries to better align their trade, investment, and climate policy



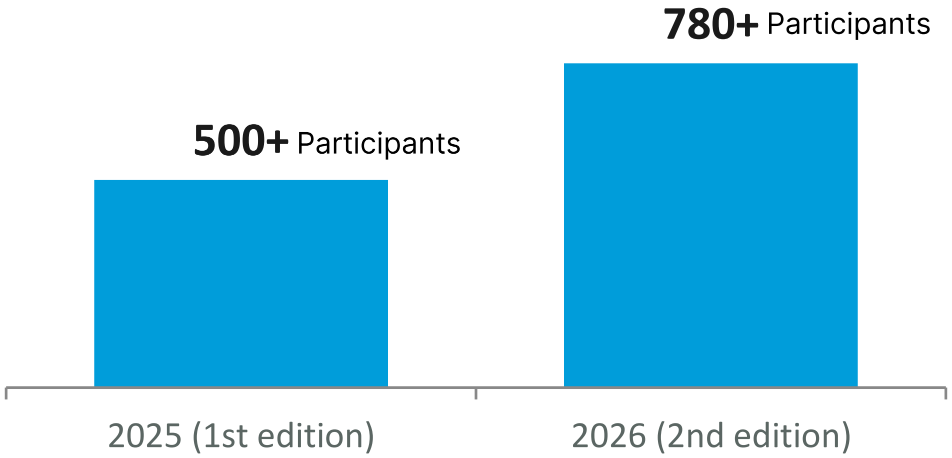
Guide for policymakers: Trade policies to advance national climate plans

Accompanied with the Guide, *Leveraging foreign direct investment to advance national climate plans*.

Identify priority sectors and policy options to diversify exports and increase value chain resilience.

E-learning course: Harnessing Trade to Advance National Climate and Development Goals

Multilingual editions and regional trainings are to be developed



From over 110+ countries

Three priorities to align trade, investment and climate strategy for low-carbon diversification

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1

Build green and low-carbon productive capacities

Move up value chains through processing, manufacturing, technological learning and local supplier development.

2

Invest in people and small and medium enterprises

Build skills, entrepreneurship, business development services and social protection into diversification strategies from the outset.

3

Strengthen international cooperation and policy space

Developing countries need affordable finance, facilitated access to climate-relevant technologies, fair trade rules, and international cooperation, including South-South.

Thank you

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