



## Environmental Committee: Topic 1

# Rebuilding a greener economy after Covid-19

### Background:

The Covid-19 pandemic has led to a drastic decrease in oil use, as people use less transportation due to lockdowns. This has provided a unique opportunity to pursue a more decarbonized world, as we can channel investment to support the economy into 'Green' projects that pollute less. How we manage this post-pandemic recovery will be critical to bringing us closer to a decarbonized world. Reviving the "normal" pre-pandemic economy may result in irreversible climate change and other environmental risks.<sup>1</sup> The Economist said that the COVID-19 and climate crises are connected, so both curves need to be "flattened" as we rebuild the world economy.<sup>2</sup>

### Current Situation:

Economists believe that we are in the midst of a "reverse radical" recovery. This economic trajectory is the mirror image of the square-root symbol: a steep economic decline, followed by a sharp partial rebound, then a slow recovery over several years.<sup>1</sup> In June, the World Bank forecast that global GDP would shrink by 5.2%<sup>1</sup> in 2020, with recessions in both advanced and emerging market economies. This would make the crisis following the pandemic the worst recession since the Great Depression and far worse than the Global Financial Crisis (GFC), which led to a 1.8% drop in global GDP in 2009. The impact on jobs has been dire: the International Labor Organization (ILO) estimates a decline in global working hours in the second quarter of 2020 of around 10.7% (equivalent to 305 million full-time jobs) relative to the last quarter of 2019<sup>2</sup>. Young people are disproportionately affected, due to their concentration in informal employment and sectors most hit by the lockdown.<sup>3</sup>

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<sup>1</sup> Barbier, Edward. "Here's How To Deliver A Green Recovery For The G20 Economies". World Economic Forum, 2020, <https://www.weforum.org/agenda/2020/07/rebuilding-green-g20-economies-after-covid-19/>.

<sup>2</sup> Ucini, Andrea. "Countries Should Seize The Moment To Flatten The Climate Curve". The Economist, 2020, <https://www.economist.com/leaders/2020/05/21/countries-should-seize-the-moment-to-flatten-the-climate-curve>.

<sup>3</sup> Bellens, Jan, and George Atalla. "Will The Road To Recovery Lead To An Economy That'S Revived Or Reimagined?". EY, 2020, [https://www.ey.com/en\\_it/covid-19/how-do-we-revive-the-economy-and-reframe-the-future](https://www.ey.com/en_it/covid-19/how-do-we-revive-the-economy-and-reframe-the-future). Accessed 16 Nov 2020.



### Important bloc positions:

#### Developing “green” travel:<sup>4</sup>

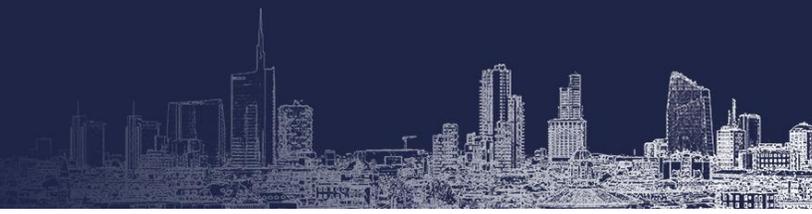
- Philippine, Thailand, Greece, Montenegro, Spain, Italy, Turkey, New Zealand, and Egypt:
  - Highly reliant on inward tourism
  - Travel and tourism contributes to between 15-30% of their GDP
  - Low amount of air travellers as a proportion to the population (between 0-2)
    - \*except NZ, theirs lies at about 3.6
  - Generally in favor of open borders but not as much to air traffic
- Canada, USA, Australia:
  - Large countries with high share of domestic air traffic
  - Low contributions to the GDP from travel and tourism (between 5-15%)
  - Moderate amount of air travellers
  - Somewhat in favor of open borders and air traffic
- UK and China:
  - Major Travel hubs with large international service sectors
  - Moderate amount of air travellers as a proportion of population (2-4)
  - Slightly higher contribution to the GDP from travel and tourism (7-15%)
- Hong Kong, Singapore, UAE, Qatar:
  - Major Travel hubs with large international service sectors
  - High amount of air travellers as a proportion of population (6-10)
  - Travel and tourism contributes to between 10-25% of their GDP
  - Very much in favor of reviving the air travel industry

#### Developing “green” trade lines:<sup>4</sup>

- Western BLOC:
  - Majorly dependent on Chinese imports
    - % of total imports that come from China:
      - USA: 18.1%
      - Japan: 23.5%
      - EU: 20.4%
  - In favor of building inventory through ‘just in case’ production (instead of ‘just in time’), less trade with China, reshoring some production to domestic suppliers., and diversifying production centres.
  - Also in favor of building a “green” economy rather than a “brown” one
- Eastern BLOC:
  - Somewhat afraid of China’s key role in ‘just in time’ global supply chains that rely on the timely delivery of intermediary goods for production to take place. But generally in support of China
  - Prioritize economic growth over sustainability

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<sup>4</sup> "The Post-COVID Economy | Barclays Investment Bank". Investmentbank.Barclays.Com, 2020, <https://www.investmentbank.barclays.com/our-insights/The-post-COVID-economy.html>.



Developing “green” energy:

- Western BLOC:
  - Invest a lot in green energy<sup>5</sup>
  - Use a lot of green energy<sup>6</sup>
  - Already have a lot of green energy
- Eastern BLOC:
  - Some invest a lot in green energy
  - Use moderate amounts of green energy
  - Still rely on “brown” energy more than is sustainable
  - China is the world’s largest producer of solar panels

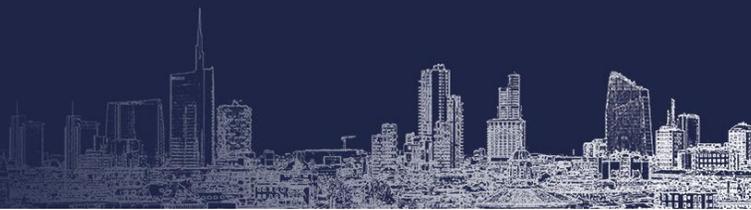
**Possible solutions:**

- Require that (some) Covid-19 support money be spent on ‘green’ projects, so that the economy returns with less reliance on polluting technologies.
- Revive the old ‘brown’ economy as a safety and then continue building towards a ‘green’ economy as has been done pre-pandemic.
- Invest in an electrical grid transmission system that can integrate renewables, urban development policies that combine municipal planning, and transport policies to foster more sustainable cities.<sup>1</sup>

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<sup>5</sup> "Renewable Energy Investment (% Of GDP)". Our World In Data, 2020, <https://ourworldindata.org/grapher/renewable-energy-investment-of-gdp>.

<sup>6</sup> "Per Capita Energy Consumption From Renewables". Our World In Data, 2020, <https://ourworldindata.org/grapher/per-capita-renewables>.



## **Further reading:**

- <https://www.economist.com/leaders/2020/05/21/countries-should-seize-the-moment-to-flatten-the-climate-curve>
- <https://ourworldindata.org/renewable-energy>
- [https://www.ey.com/en\\_it/covid-19/how-do-we-revive-the-economy-and-reframe-the-future](https://www.ey.com/en_it/covid-19/how-do-we-revive-the-economy-and-reframe-the-future)
- <https://www.weforum.org/agenda/2020/07/rebuilding-green-g20-economies-after-covid-19/>
- <https://hillnotes.ca/2020/09/14/rebuilding-better-calls-for-a-green-inclusive-sustainable-economic-recovery-from-the-covid-19-pandemic/>
- [https://www.c40.org/press\\_releases/mayors-launch-a-green-and-just-covid-19-recovery-plan-demand-national-governments-end-fossil-fuel-subsidies](https://www.c40.org/press_releases/mayors-launch-a-green-and-just-covid-19-recovery-plan-demand-national-governments-end-fossil-fuel-subsidies)
- <https://www.climate2020.org.uk/wp-content/uploads/2020/04/054-056-C2020-Barbier.pdf>
- <https://www.un.org/en/climatechange/recovering-better/six-climate-positive-actions>
- <https://www.theguardian.com/commentisfree/2020/jun/01/covid-low-carbon-future-lockdown-pandemic-green-economy>

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- "Per Capita Energy Consumption From Renewables". *Our World In Data*, 2020, <https://ourworldindata.org/grapher/per-capita-renewables>.
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- Ucini, Andrea. "Countries Should Seize The Moment To Flatten The Climate Curve". *The Economist*, 2020, <https://www.economist.com/leaders/2020/05/21/countries-should-seize-the-moment-to-flatten-the-climate-curve>.