

The Game of Trading Jobs for Emissions

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Following the international debate on the implications of international trade for global climate policy, this paper analyses the role of international trade in the growth of GHG emissions and introduces the important topic of the economic benefits related to emission generation. We use a multiregional input-output model and the World Input-Output Database to decompose the change in the evolution of GHG emissions in the period 1995-2008. We find that i) the evolution of emissions is mainly driven by the growth in the level of domestic final demand; ii) trade plays a secondary but relevant role in the growth of GHG emissions; iii) technological change contributes notably to offset the other two factors. We have also assessed the employment and greenhouse gas (GHG) generated worldwide by the production of exports. We show that, international trade should not be ignored when assessing the options for reducing global GHG emissions, since 24% of global GHG emissions are linked to trade. When doing that, it should bear in mind that 20% of the employment around the world is generated by international trade.