Macroeconomic implications for the global south of a green transition in the global north

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Using environmentally extended (multi-regional) input-output analysis, this paper analyses the potential macroeconomic impacts on countries and regions in the global south of a reduction in the material footprint of countries in the global north. This reduction is achieved via two alternative scenarios, which are label â€˜green growthâ€™ and â€˜degrowthâ€™ the results of which are evaluated and contrasted. The paper uses data from EXIOBASE 3 for 49 countries and classify 'high-income' economies (as defined by the World Bank) as composing the Global North. Irrespective of the scenario, results indicate a fall in GDP and employment and a worsening of the trade balance (as % of GDP) in global south countries. These results highlight that, regardless of the strategy adopted, the green transition in the global north can lead to deteriorating living standards and trigger potential macroeconomic crises in global south countries under the current pattern of specialisation in production and trade. Therefore, a coherent and just green transition strategy requires that a reduction of material consumption in the global north be coupled with a necessary restructuring of the development strategy in the global south. This would involve moving away from neo-extractivism towards strategies more aligned with a post-growth notion, thereby reducing the reliance of global south economies on exports of raw materials and imports of manufactured goods.