



Private Enterprise Development in Low-Income Countries

Firms and Climate Change: Trade and Economic Geography

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Trade and Economic Geography

- International trade
- Intranational trade: firm location and supply chain management
- Many actors:
 - Firms in LICs
 - Local governments, consumers, and workers
 - International organisations / governments
 - NGOs
 - Buyers and foreign consumers



International Trade

- **Leakage:**
 - Offshoring production of GhG. Relevance and measurement.
 - Location of production or choice of technology? (e.g., energy source)
 - Offshoring consumption: Will environmental technology innovations in HICs (e.g., soy-based plastic) push less green consumption (plastic) to LICs?
- **Incentives from foreign markets:**
 - E.g., social compliance and pressure from brands and consumers
 - From the LIC's perspective, what is the proper way to monitor and regulate this?
- **Importance of trade restrictions:**
 - Is green tech imported or produced domestically? (NK and RM)
 - If imported, how do trade policies affect incentives for adopting?



Internal trade and firm location

- Domestic supply chains
 - How do firms respond to increasing disruption to cross-regional trade?
 - Supply chain redundancy, inventory levels, buying locally, etc.
 - Short-run shocks (e.g., floods) are easier to study, but long-run changes may be more important.
 - Can we learn from past responses to non-climate shocks? (DD)
 - How do these adjustments affect firm location and market dynamics?
 - What is the role of insurance in location choices?



Toward an agenda

- What is the most useful way to move forward for both policy makers and researchers?
- Should we commission a “stylised facts” paper?
 - Sources of GhGs
 - Sources of green tech adopted by firms in LICs
 - Regulatory and insurance schemes
 - Incentives for grid-level renewables
 - Etc.