

# Opportunities for green trade

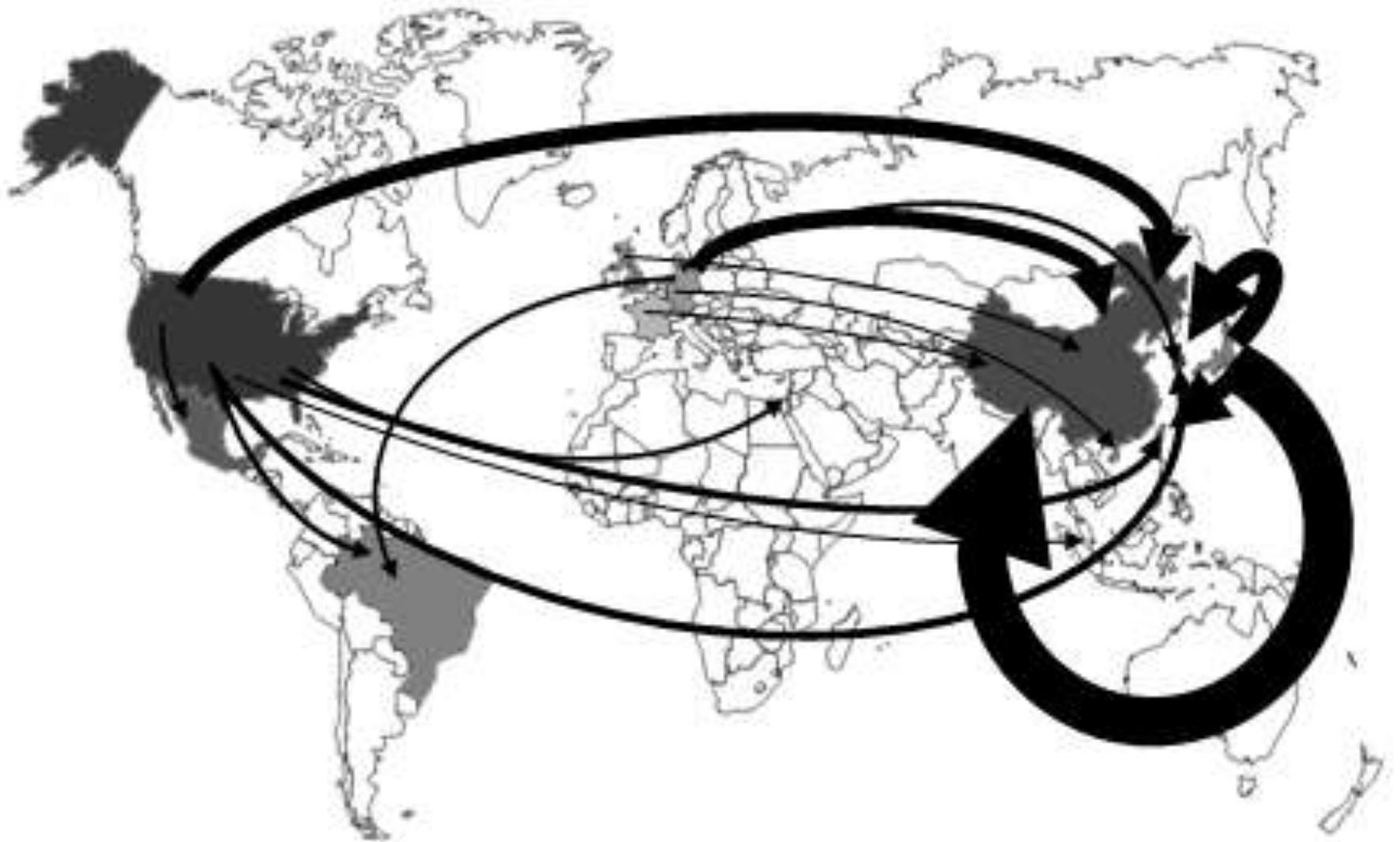
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# Why should governments support the diffusion of eco-innovation

- Two features of eco-innovation
  - Timing
  - Diffusion (international technology transfer)
- Eco-innovation is not invention
- Markets fail
  - Failure related to innovation (*IPR 1*)
  - Failure related to environmental benefits

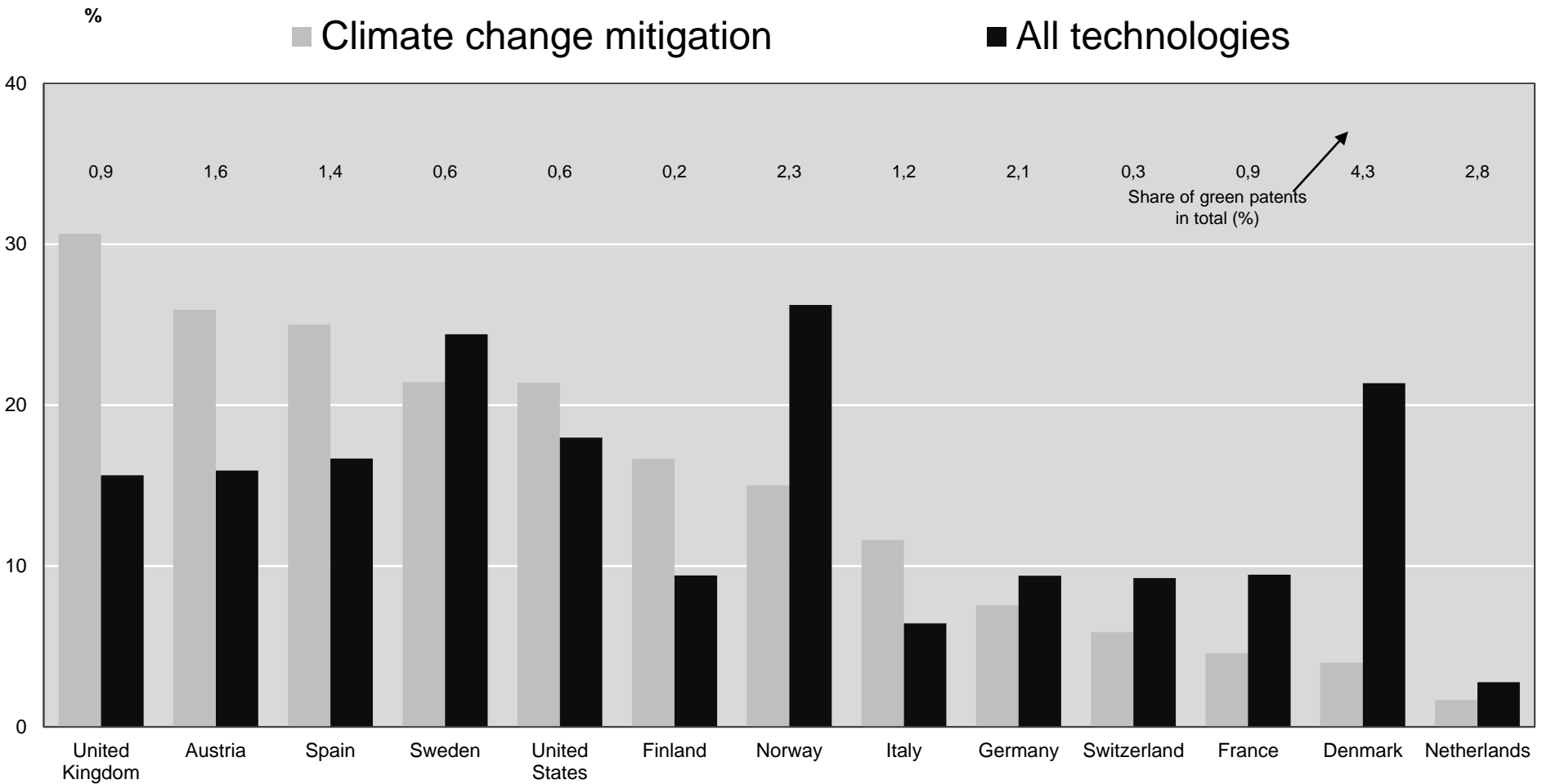
# International Transfer of Climate Mitigation Technologies: solar photovoltaics



# National strategies to promote eco-innovation

- A variety of objectives
  - Science, industry, competition, environment
- A combination of policy instruments
  - Combining supply side and demand side policies
  - Improving conditions for entrepreneurship

# Green entrepreneurship: younger firms tend to be greener innovators



# Opportunities to create larger markets

- Risks of market fragmentation
  - National, technology-prescriptive environmental policies
  - Competitiveness issues and green protectionism
- How to overcome them
  - Removing barriers to trade in clean technologies (*IPR2*)
  - Flexible policies in both source and recipient countries
  - The potential benefits of international standards
  - Transparent green public procurement
  - Targeted, timebound support



# Additional opportunities for international cooperation

- Encourage multilateral policy cooperation
- Pool development risks and share information
- Involve developing countries
  - Strengthening absorptive capabilities
  - Trade in environment-related services

# Features driving the policy mix

- The knowledge base
- The size of domestic markets
- Industry structure
- The *vigueur* of the venture capital industry



For more information on OECD's work  
on eco-innovation

[www.oecd.org/environment/innovation](http://www.oecd.org/environment/innovation)

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