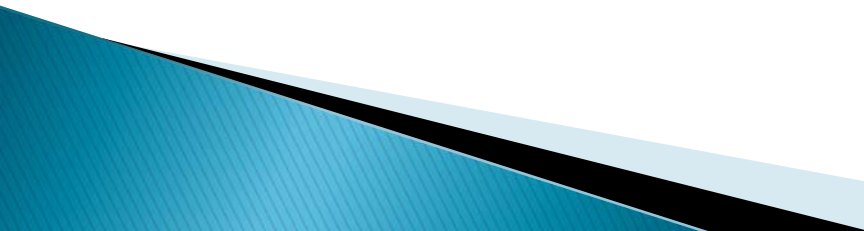


Problems in Climate Change and Trade

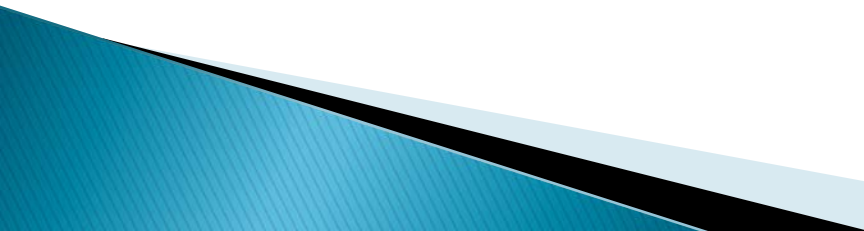
Deborah Elms, TFCTN Singapore

May 7, 2010

What is the Connection?

- ▶ Climate change about release of greenhouse gas emissions
 - Even if ended today, would still have problem of rising temperatures
 - ▶ Action so far mostly in climate change
 - ▶ Trade officials largely waiting
 - Exception—Doha mandate on environmental goods and services (EGS) liberalization
 - ▶ Climate rules will have trade effects
- 

Global Problem Needs A Global Solution

- ▶ Fixing emissions can *not* be only done by developed economies
 - Comes into conflict with special and differential treatment in trade realm for developing economies
 - ▶ Climate change is public good with strong temptation to free ride
 - ▶ Impact and costs not evenly distributed
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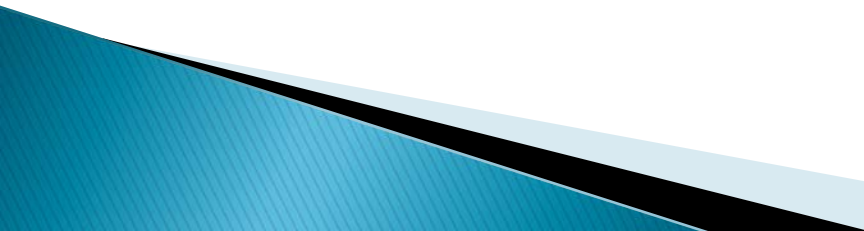
Removing Barriers to Trade

- ▶ One issue—barriers hampering spread of technologies
 - Tariffs, regulatory frameworks, intellectual property rights, investment rules
- ▶ To remove barriers, must define goods
 - Difficult challenges
 - Goods that fix existing problems? Goods that have better environmental outcomes in use? Disposal? Manufacturing?
 - Changing technology?
 - Dual use products?

Standards and Labels

- ▶ Barriers like tariffs not only reason spread of technology limited
- ▶ Individual regulations on standards and labels makes a big difference
 - Spread of energy efficient products lead to greater emissions reductions than many alternatives
- ▶ Differing standards and labels a problem
 - Who decides on standards?

Border Adjustment Measures

- ▶ Climate rules will impact economic competitiveness
 - ▶ States with stronger rules face “unfair” playing field
 - ▶ Will likely lead to some adjustment at the border (like a tax) to make it fair again
 - ▶ Will harm supply chains in Asia
 - ▶ “Race to the bottom” possible
- 

Who Benefits?

- ▶ Benefits also unevenly distributed
 - ▶ Technology transfer will be difficult to determine and to administer
 - ▶ Funding from ??? to ???
 - ▶ Lack of institutional structure to handle climate and trade
 - ▶ Speed of decisionmaking
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