

Selected Developed Country Trade Policies To Address Climate Change: Setting the Context

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Resources for the Future

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Q. Should Trade Policy Be Used to Achieve Climate Objectives?

- A. No. Never
- B. Yes. Let's use all tools available
- C. It depends on what one means by "trade policy"

What is Trade Policy?

- Initiatives being taken to complete Doha Round
- FTA/PTA negotiations
- Developed country trade preferences
- Protectionist initiatives during financial crisis
- Compliance with WTO cases lost as defendant

What policies should be used to achieve climate objectives?

- Environmental Policy
- Supportive Non-Environmental Policies that might include
 - Energy
 - Agriculture
 - Transport (e.g., promoting mass transit)
 - Trade (e.g., completing the Doha Round)

What Are the Tools of Environmental Policy?

- Regulations
 - Cap and trade
 - “Greenhouse gas performance standards”
- Taxes
 - “Internal carbon taxes”
 - “transport emission charges”
- “Subsidies to affected industries”
 - To address market failure
 - To redistribute income

Additional Tools of Environmental Policy for Transborder Issues

- International environmental agreements
 - Free riders
 - Compliance system
 - Assistance to developing countries
 - Technology Transfer

Are Border Measures Trade Policy or Climate Policy?

- “Tariffs”
- “Import charges”
- “Export rebate of emission allowance”
- “Trade sanctions”

Depends on Purpose

Does WTO Have Jurisdiction Over Environment/Climate Policy?

- Yes. WTO jurisdiction includes domestic measures in addition to trade measure
- GATT Art. III covers domestic and internal measures
- GATT Art. II and XI address import measures
- SCM covers subsidies