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Deutsches Institut für  
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Institute

# How are climate-related issues incorporated into trade agreements?

**Axel Berger**

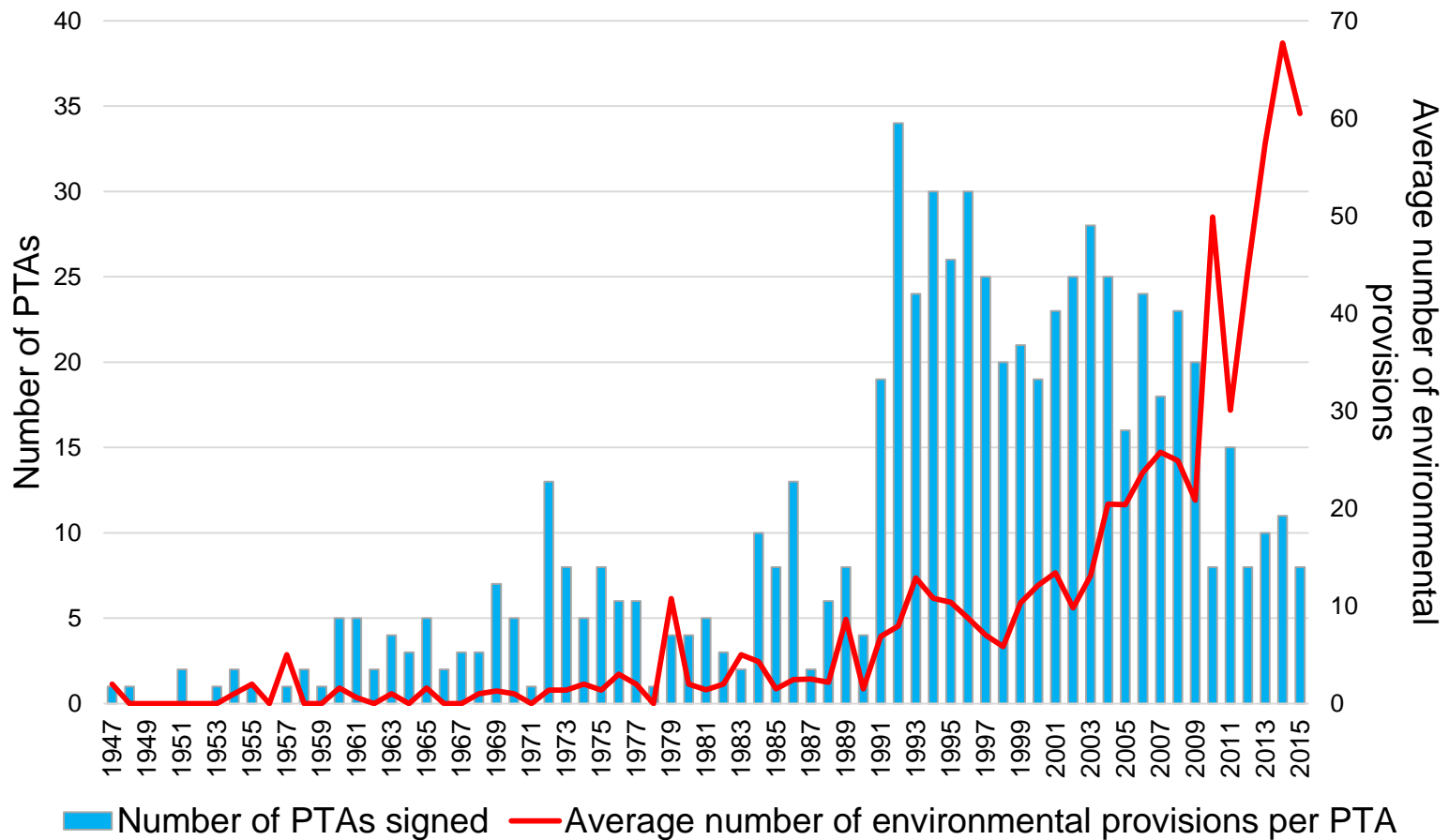
Bonn, 8.11.2017



- new-generation PTAs increasingly cover issues that go beyond rulebook of WTO
- some examples: investment, government procurement, competition policy, regulatory cooperation, e-commerce, state-owned enterprises, development, labour, environment etc
- At the same time NDCs cover many trade issues
- In the wake of the Paris Agreement and its bottom-up approach: Increased interaction between trade and climate – potential for synergies and risk of tensions

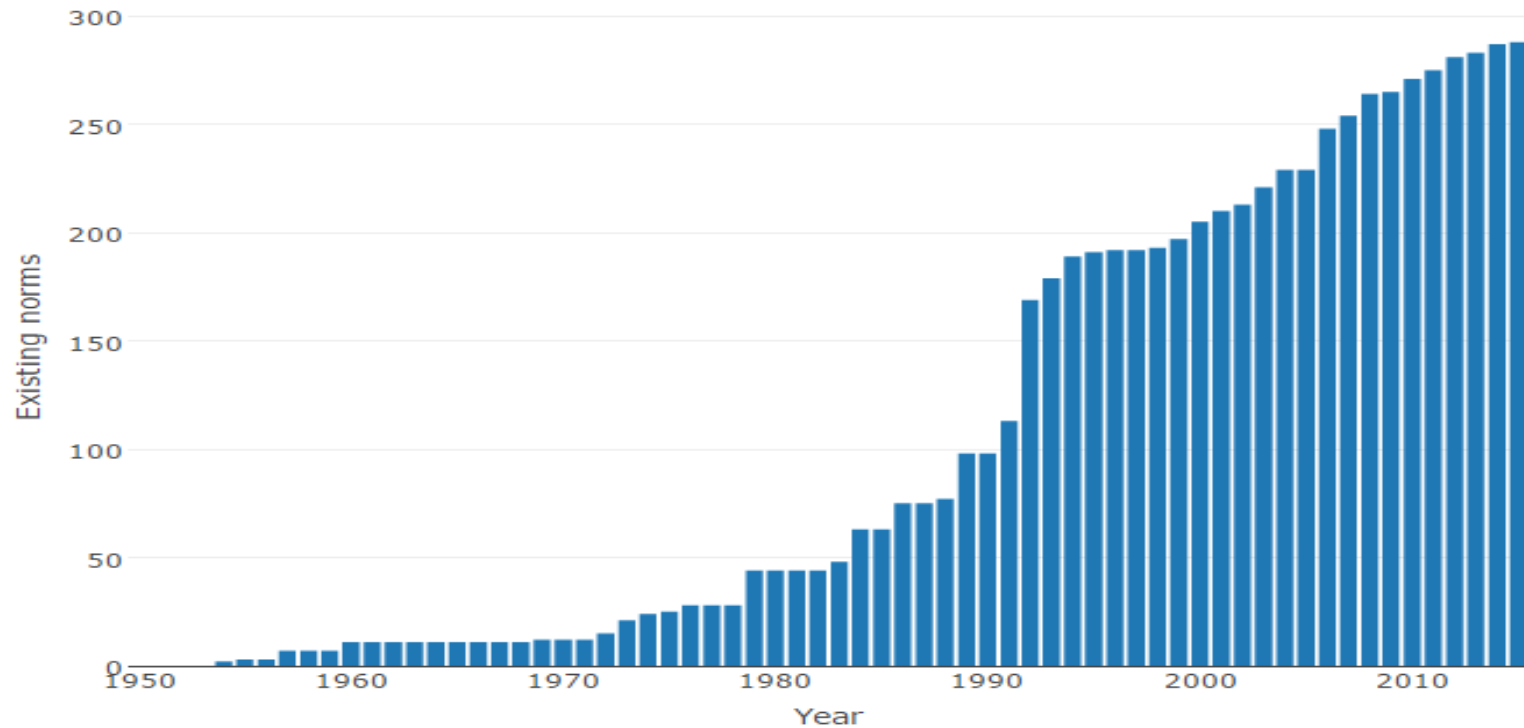


## Trade agreements include more and more environmental provisions over time...





## Environmental provisions are getting increasingly divers...



# What are the potentials?



- PTAs may eliminate barriers to trade thus stimulating the diffusion of climate-friendly goods, services and technologies
- The inclusion of climate-related provisions in PTAs (and trade-related provisions in NDCs) can support policy coherence
- PTAs can foster the implementation of national and international climate-related regulations and agreements
- PTAs allow for bargaining and package deals and can lead to more stringent climate-related provisions
- The growing network of bilateral and regional PTAs offers the potential for policy innovation and diffusion
- PTA negotiations are a good place to discuss trade-related aspects of climate change mitigation (e.g. border tax adjustment, carbon trading etc.)

# Examples for climate-related provisions



Category of provision	First PTA to include it	Year	Excerpt	Number of PTAs
<b>Promotion of renewable energy</b>	Lomé II	1979	“The Community will assist inter alia, in the [...] implementation of alternative energy strategies in programmes and projects that will [...] cover wind, solar, geothermal and hydro-energy sources”	70
<b>Promotion of energy efficiency</b>	Lomé II	1979	“The Community will assist inter alia, in the [...] production in the ACP States of equipment for the production and distribution of energy as well as the application of energy-saving techniques”	68
<b>Cooperation on climate governance</b>	UE and Poland /Hungary	1991	“Cooperation shall centre on [...] global climate change”	38
<b>Reduction of GHG emissions</b>	Lomé IV	1989	“The Parties recognize the value of exchanging views, using existing consultation mechanisms under this Convention, on major ecological hazards, whether on a planetary scale (such as the greenhouse effect)”	31
<b>Adaptation to climate change</b>	China and Costa Rica	2010	“The Parties shall cooperate to [...] promote effective risk management in the agribusiness chains aiming to incorporate measures for adaptation [...] of climate change [...]”	14
<b>Ratification or implementation of Kyoto</b>	EU and Montenegro	2007	“Special attention shall be paid to the ratification and the implementation of the Kyoto Protocol.”	13
<b>Ratification or implementation of UNFCCC</b>	Common Market for Eastern and Southern Africa	1993	“The Member States [...] agree to: [...] accede to the UNCED Agreements relating to the Conventions on climatic change and biodiversity”	7
<b>Harmonization of climate regulation</b>	EU and Ukraine	2014	“Ukraine undertakes to gradually approximate its legislation to [...] Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community [...]”	2

*Jean-Frédéric Morin and Sikina Jinnah, “The Emergence of Climate Change Norms in the International Trade Complex”*



There are many more provisions in PTAs that indirectly related to climate change:

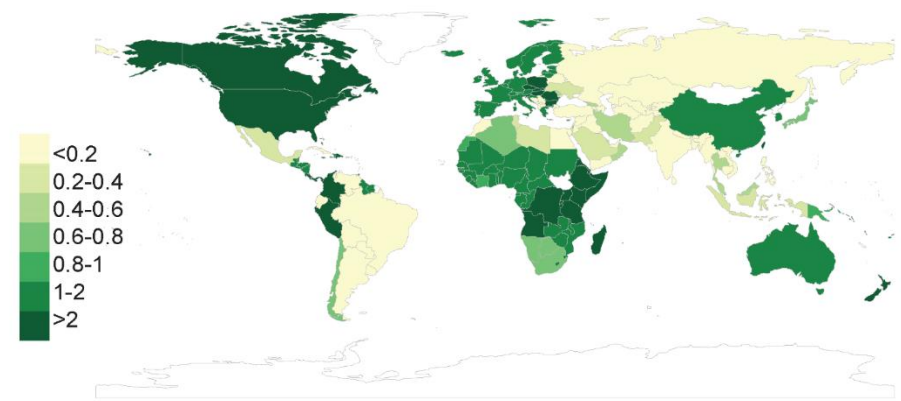
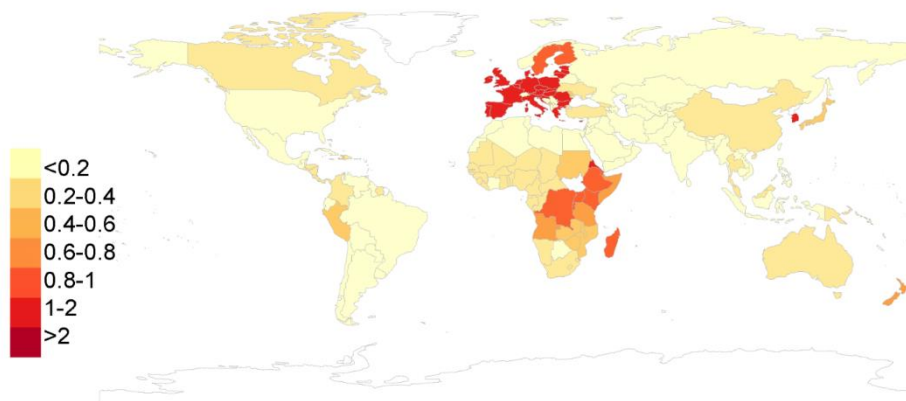
- Exception for the conservation of resources
- Cooperation on environmental matters
- Should not lower environmental protection
- Technical assistance
- Enforcement of environmental measures
- Public awareness on the environment
- Trade in environmental goods
- Exception to protection against expropriation
- Air pollution
- ...

# Prevalence of climate-related provisions



## Average number of climate-related provisions

## Average number of biodiversity-related provisions



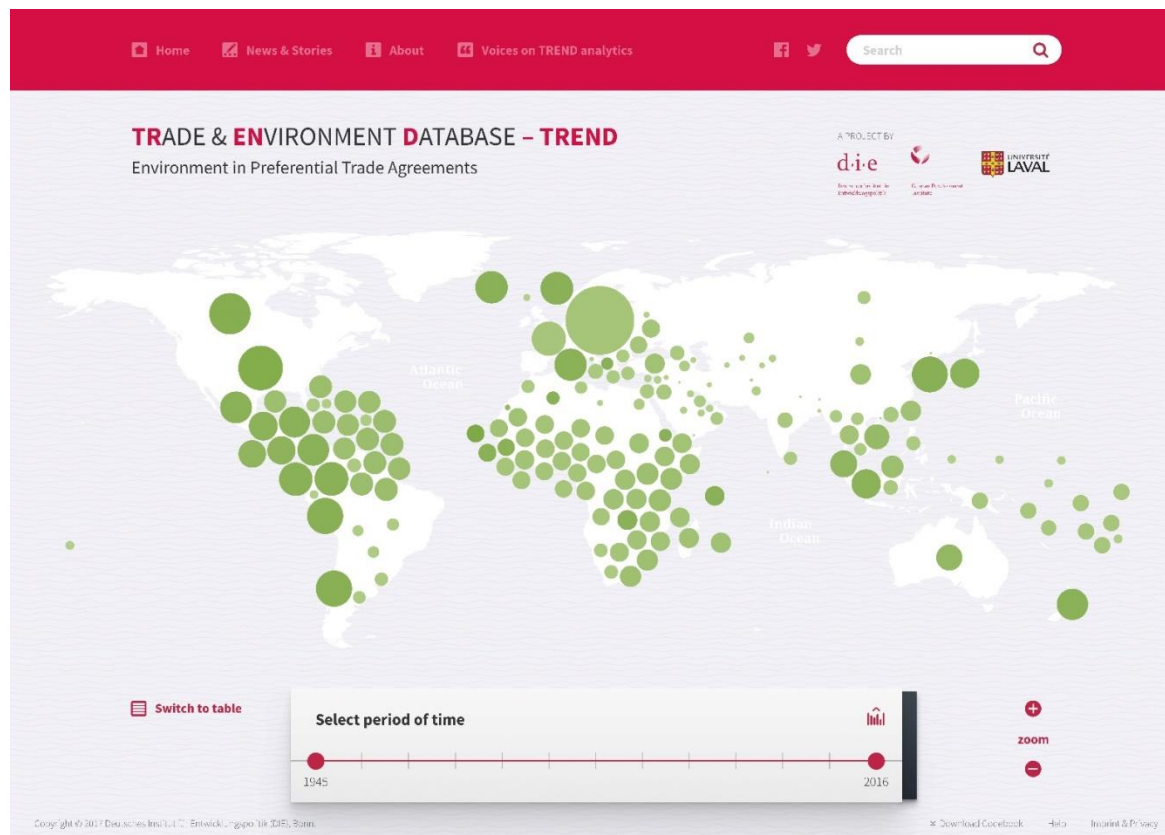
*Jean-Frédéric Morin and Sikina Jinnah, "The Emergence of Climate Change Norms in the International Trade Complex"*



# Who are the drivers?



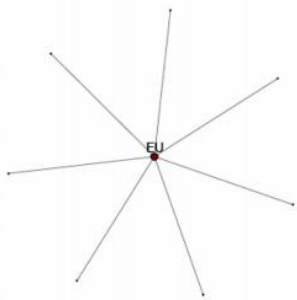
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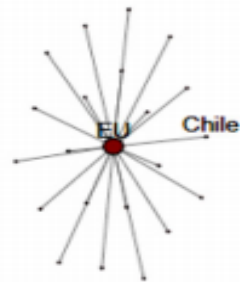
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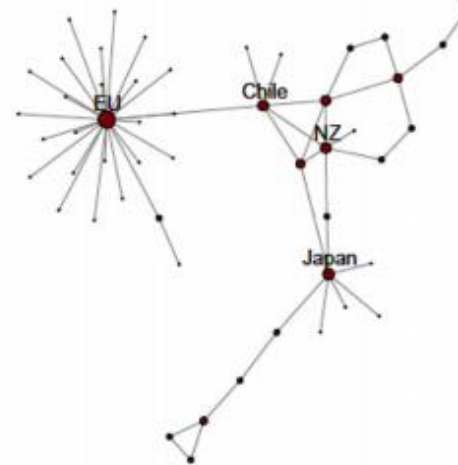
1995



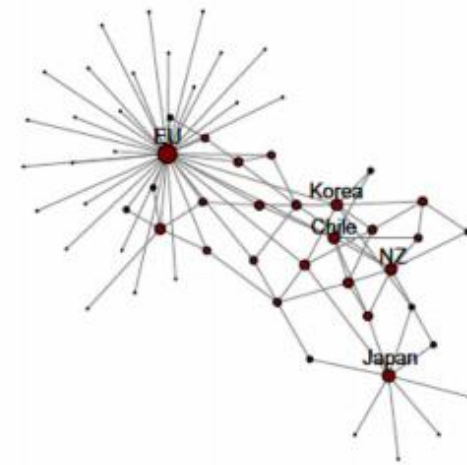
2005



2010



2015



Jean-Frédéric Morin, Nicolas Michaud and Corentin Bialais, 2016, “Trade Negotiations and Climate Governance: The EU as a pioneer, but not (yet) a leader”, *IDDRI Issue Brief*, no 10/16, 4 p.



- PTAs have great potential to foster climate-friendly trade, cooperation, participation, coherence, etc.
- Compared to other environmental dimensions, this potential is currently underutilised
- Broad range of climate-related provisions – important exceptions: carbon taxes, carbon credits and emission trading
- With the exception of the EU the big emitters are shying away from incorporating climate-related provisions in their PTAs
- Is there a case for increased lobbying by climate action stakeholders?

# Thank you!

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