



Trade as a driver of the implementation of the 2030 Agenda?

Aaron Cosbey

Senior Associate, IISD

DIE/CS Side Event

UNFCCC COP-23, Nov. 8, 2017



Trade and the SDGs

- **Goal 17:** trade as a means of implementation.
- Related to goals on poverty (**1**), hunger (**2**), health (**3**) decent work (**8**), others.
- Why? Relative to autarky, trade boosts efficiency, incomes.



Is that it?

- Trade's role as a MOI involves pursuing the status quo – no trade-offs.
- Arguably trade-offs are necessary to achieve important enough goals.
- If climate change is one of those, there are options.



**Five ways in which trade policy
could help mitigate climate
change and achieve the SDGs.**

Liberalization of trade in environmental goods and services



- The payoff: faster dissemination of critically needed technologies
- WTO mandate since 2001 (Doha Round, goods only)
- APEC list: 54 goods, 5% or less tariffs as of 2015
- WTO plurilateral: 18 countries, talks started 2014



Reform of investment law

- Modern trade agreements contain investment chapters.
- They allow investor-state arbitration; able to argue for compensation of lost profits due to environmental regulations, e.g.:
 - Against Germany's nuclear phase-out;
 - Against Quebec's fracking ban;
 - Against Italy's offshore drilling ban.
- Need to scuttle legitimate expectations of compensation – via declaration and/or carve out from ISDS protection.

Fix trade remedy cases against climate friendly goods

- Explosion of cases alleging subsidy or dumping of solar panels, wind turbines
- Trade remedies: annual reduction in green goods trade of \$14B/yr (4% of total).
- Governments should pledge to process such cases only in the WTO, not national law, and to reform WTO law broadly.

Harmonize product efficiency standards



- Standards on consumer and industrial goods like boilers and washers
- EC-commissioned study: harmonizing at highest level globally shaves 11% of energy consumption by 2030
- States could harmonize specific standards within trade agreements: facilitates trade

Eliminate fossil fuel subsidies

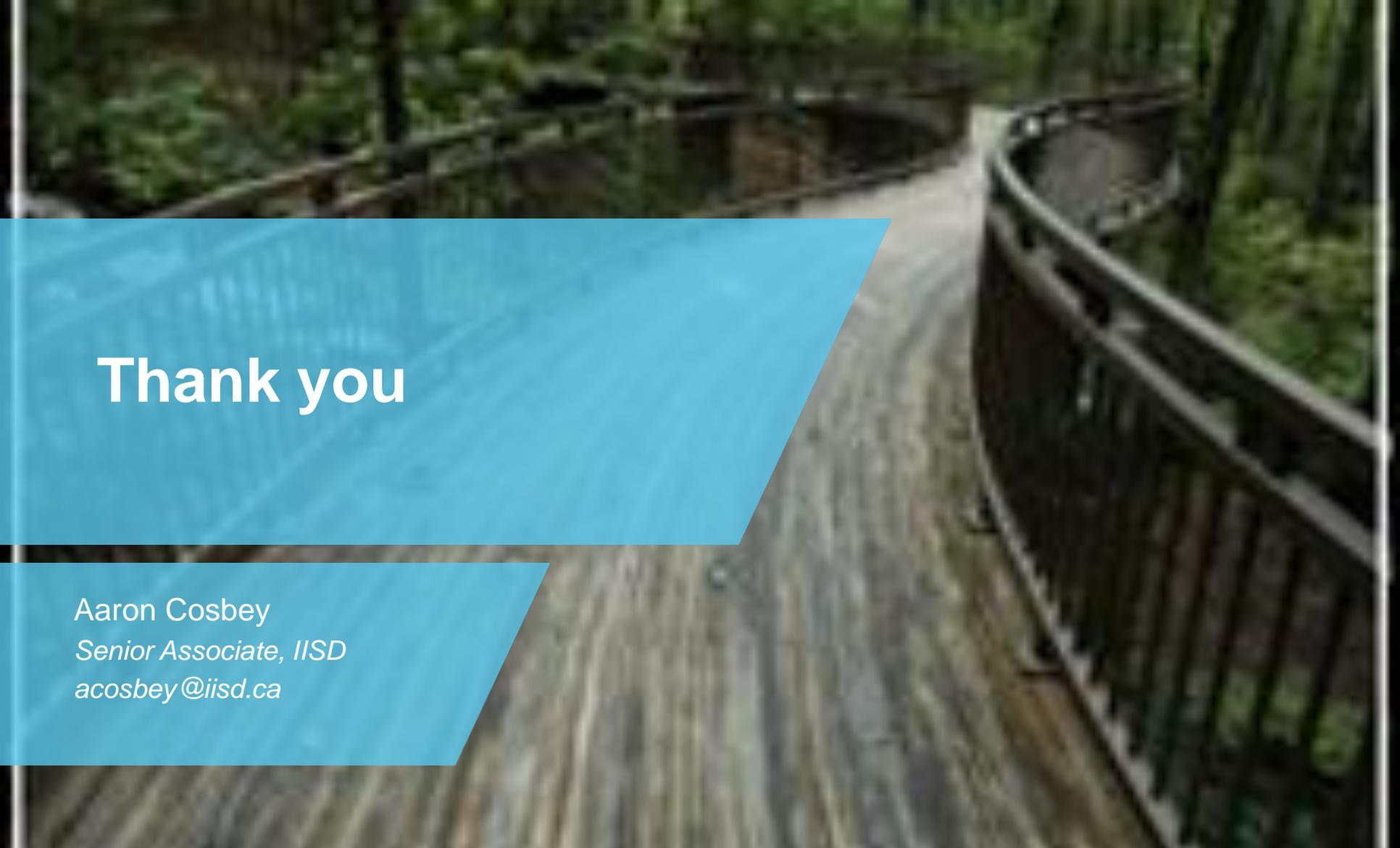


-
- Trade agreements already discipline distorting subsidies
 - Fossil fuel subsidies estimated at over \$500 billion/year
 - Conservative estimates: full phase out drops GHG emissions by 6 – 8%



Trade and the SDGs

- Many viable ways in which trade policy could contribute proactively to the SDGs.
- In some cases that contribution is essential to preserving the traditional gains from trade in the long run.
- In other cases, it's a matter of political priorities.



Thank you

Aaron Cosbey
Senior Associate, IISD
acosbey@iisd.ca



Trade and Environment

- Allows for more damaging depletion of natural resources, ... BUT
- Increased incomes = increased environmental damage, ... BUT
- Race to the bottom in environmental standards, ... BUT
- Increased transport emissions, ... BUT