

**Final Workshop**  
**Tackling Leakage in a World of Unequal Carbon Prices**  
 A Climate Strategies Project

**Agenda**  
**19th & 20th February 2009**  
 Venue: Neue Mälzerei, Friedensstrasse 91, 10249 Berlin

<b>9.00 h Arrival</b>	<i>Day 1</i>
<b>9.15 – 9.45</b>	Introduction to the Workshop, Key Project Results - <b>Susanne Dröge</b> (SWP)
<b>9.45 – 11.15</b> <i>Session I</i>	<b>The EU ETS Directive: Sectors at Risk and Benchmarking</b> <b>Chair: Michael Grubb</b> <ul style="list-style-type: none"> <li>▪ Identification of sectors at risk - <b>Ingmar Jürgens</b> (DG Enterprise, European Commission)</li> <li>▪ <i>Comment:</i> <b>Stefan P. Schleicher</b> (WIFO, University of Graz)</li> <li>▪ Setting benchmarks for free allowance allocation – <b>Felix Matthes</b> (Oeko Institute)</li> </ul>
<b>11.15 – 11.30</b>	<i>Coffee Break</i>
<b>11.30 – 13.00</b> <i>Session II</i>	<b>Energy-Intensive Sectors and Carbon Leakage</b> <b>Chair: Stefan P. Schleicher</b> <ul style="list-style-type: none"> <li>▪ Carbon pricing effects on cost structures and trade flows of energy intensive industries – <b>Verena Graichen</b> (Oeko Institute), <b>Lennart Mohr</b> (Oeko Institute)</li> <li>▪ Addressing leakage from the EU ETS: results from the CASE II model - <b>Philippe Quirion</b> (CIRED)</li> <li>▪ <i>Comment:</i> <b>Jean-Pierre Ponsard</b> (Ecole Polytechnique)</li> </ul>
<b>13.00 – 14.00</b>	<i>Lunch Break</i>
<b>14.00 – 15.00</b> <i>Session III</i>	<b>The Eastern European Perspective on Carbon Leakage</b> <b>Chair: Karsten Neuhoff</b> <ul style="list-style-type: none"> <li>▪ The Polish Power Sector - <b>Wojciech Suwala</b> (MEERI, Cracow)</li> <li>▪ Polish Industry and Carbon Leakage - <b>Małgorzata Burchard-Dziubińska</b> (University of Lodz)</li> </ul>
<b>15.15 – 15.30</b>	<i>Coffee Break</i>
<b>15.30 – 17.00</b> <i>Session IV</i>	<b>The Trade Dimensions</b> <b>Chair: Tom Brewer</b> <ul style="list-style-type: none"> <li>▪ Introduction: Trade Policy Tools and their Implications for Trade and Climate - <b>Susanne Dröge</b> (SWP)</li> <li>▪ Export and Import Adjustments: Legal Issues – <b>Roland Ismer</b> (University of Erlangen-Nürnberg)</li> <li>▪ Export and Import Adjustments: Implementation Challenges - <b>Philippe Quirion</b> (CIRED)</li> </ul>
<b>17.00 – 17.30</b>	Wrap-Up Day 1
<b>19.30</b>	Dinner

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*8.45 h Coffee Day 2*

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**9.00 – 10.15**

*Session V*

**Export Taxes on Energy-Intensive Goods**

**Chair: Bernice Lee**

- China-EU Trade and the Role of Export Taxes - **Tancrède Voituriez, Xin Wang** (IDDRI)
  - *Comment: Rengang Huang*, Mission of China to the WTO
  - Carbon-Added Regulatory Structures – **Michael Grubb** (Climate Strategies)
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**10.15 – 10.30**

*Coffee Break*

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**10.30 – 11.45-**

*Session VI*

**Import Adjustments**

**Chair: Susanne Dröge**

- US Climate Policy – Emissions Trading and Border Adjustment for Imports - **Harro v. Asselt** (IVM), **Thomas Brewer** (Georgetown University)
  - Japanese Industry Perspectives – **Steffen Schlömer** (SWP)
  - *Comment: Political Dimension of Different ETS Trade Adjustments* – **Jake Werksman** (World Resources Institute)
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**11.45 – 13.00**

*Session VII*

**Carbon Pricing and the International Climate Agenda**

**Chair: Jake Werksman**

- Finding Multilateral Approaches to Limit Border Adjustments - **Karsten Neuhoff** (University of Cambridge)
  - Linking of ETS and Leakage Concerns – **Andreas Tuerk** (Joanneum, Graz)
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**13.00 – 13.15**

Final Discussion

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*Lunch and End of Workshop*

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**Background:**

The carbon leakage debate has been at the heart of the policy process around the EU Emissions Trading Directive in 2008. Unilateral carbon pricing could make trade-exposed, energy-intensive industries replace domestic production by imports or to relocate production. If emissions are shifted abroad, EU carbon reductions will not contribute to global emission reductions. Thus, carbon leakage undermines the effectiveness of the EU climate strategy. The project looks at both the potential for leakage from specific energy-intensive sectors, and the remedies against carbon leakage. While the EU ETS Directive foresees free allocation of emission rights for “sectors at risk”, the project pays special attention to adjusting carbon costs at the border. This touches upon a number of issues around trade and climate policies in the legal, practical and political dimension. The project is not limited to the EU, but includes the approaches for future carbon pricing in the US and Japan. Accordingly, the measures to address carbon leakage are investigated with a view to a multilateral understanding of the actual scope of the challenges and the potential impact of addressing leakage for the international climate agenda.