Summary:
The trade system and climate action: ways forward under the Paris Agreement

Working Paper
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The international trading system – including the World Trade Organization (WTO) as well as regional trade agreements such as the Transatlantic Trade and Investment Partnership (TTIP) and the EU-Canada Comprehensive Economic and Trade Agreement (CETA) – has often been criticised from an environmental policy perspective. In particular, trade rules are perceived by some as a barrier to stronger climate ambition. Yet, trade rules can also be looked at as something that could potentially help to achieve transformative change in climate policy. The full paper can be accessed at: http://climatestrategies.org/wp-content/uploads/2016/10/Trade-and-climate-ways-forward-1.pdf

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Climate Strategies convenes networks of leading climate policy researchers to produce innovative, cross-cutting and policy relevant analysis aimed at opening new perspectives.
We identify steps into the direction of a trade regime supportive of climate change:

- First, we suggest an authoritative interpretation of Article XX of the General Agreement on Tariffs and Trade as a way forward to clarify the scope of exceptions to trade obligations. Such a step offers an important political signal that the WTO is being regarded and positioned as an institution that supports the climate policies of its members. At the very least, an authoritative interpretation could have members confirm what is already commonly accepted in case law, offering a pro-climate signal.

- Second, the dispute settlement mechanism under the WTO could be made more climate-friendly by including climate expertise in the bodies in a more balanced way.

- Third, the negotiations of regional trade agreements are a promising way forward for introducing and testing new rules on climate and trade. In particular, mega-regional trade deals (such as TTIP) have the potential to diffuse climate protection rules more widely as long as the negotiating parties have a common interest in avoiding a race to the bottom in setting climate protection standards.

- Fourth, plurilateral trade deals could support climate policy further by facilitating the trade in climate-friendly goods and services. This is a more WTO-specific option to bring forward common rules for trade and climate policy among WTO members who wish to do so. The United States, China, the EU, Japan and others are currently negotiating an Environmental Goods Agreement which aims to remove barriers to trade in goods that are needed for environmental and climate protection. Also, a broader trade and climate agreement, covering a set of key issues (e.g. services and non-tariff barriers), could further strengthen the promotion of climate objectives.

- Fifth, the bodies of the WTO and the UNFCCC could help strengthen transparency. To achieve this, an extended institutional setting at the WTO, e.g. through a Committee on Trade, Environment and Climate Change, would be one option. Another option would be to increase the coordination of existing bodies at the WTO e.g. the Committee on Trade and Environment and the Trade Policy Review Mechanism. And at the UNFCCC, e.g. the Subsidiary Body on Scientific and Technological Advice and the forum on the impact of the implementation of response measures, with the aim of regular and detailed exchange of information on NDC implementation.

**Abbreviations:**
