How are climate-related issues incorporated into trade agreements?

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Bonn, 8.11.2017
Introduction

- 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 diverse...
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

<table>
<thead>
<tr>
<th>Category of provision</th>
<th>First PTA to include it</th>
<th>Year</th>
<th>Excerpt</th>
<th>Number of PTAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of renewable energy</td>
<td>Lomé II</td>
<td>1979</td>
<td>“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”</td>
<td>70</td>
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<tr>
<td>Promotion of energy efficiency</td>
<td>Lomé II</td>
<td>1979</td>
<td>“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”</td>
<td>68</td>
</tr>
<tr>
<td>Cooperation on climate governance</td>
<td>UE and Poland /Hungary</td>
<td>1991</td>
<td>“Cooperation shall centre on […] global climate change”</td>
<td>38</td>
</tr>
<tr>
<td>Reduction of GHG emissions</td>
<td>Lomé IV</td>
<td>1989</td>
<td>“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)”</td>
<td>31</td>
</tr>
<tr>
<td>Adaptation to climate change</td>
<td>China and Costa Rica</td>
<td>2010</td>
<td>“The Parties shall cooperate to […] promote effective risk management in the agribusiness chains aiming to incorporate measures for adaptation […] of climate change […]”</td>
<td>14</td>
</tr>
<tr>
<td>Ratification or implementation of Kyoto</td>
<td>EU and Montenegro</td>
<td>2007</td>
<td>“Special attention shall be paid to the ratification and the implementation of the Kyoto Protocol.”</td>
<td>13</td>
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<tr>
<td>Ratification or implementation of UNFCCC</td>
<td>Common Market for Eastern and Southern Africa</td>
<td>1993</td>
<td>“The Member States […] agree to: […] accede to the UNCED Agreements relating to the Conventions on climatic change and biodiversity”</td>
<td>7</td>
</tr>
<tr>
<td>Harmonization of climate regulation</td>
<td>EU and Ukraine</td>
<td>2014</td>
<td>“Ukraine undertakes to gradually approximate its legislation to […] Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community […]”</td>
<td>2</td>
</tr>
</tbody>
</table>

Jean-Frédéric Morin and Sikina Jinnah, “The Emergence of Climate Change Norms in the International Trade Complex”
Examples for climate-related provisions

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

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

TRENDanalytics.info
Who are the drivers?

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.
Conclusion

- 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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