

The Role of Preferential Trade Agreements for Climate Change Mitigation and Adaptation

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The Challenge

- International trade and globalization is a key factor in climate change. Most of mitigation and adaption policies are internationally implemented by means of trade policy
- WTO law and RTAs will play a key role in defining unilateral measures addressing collective action problems of the global commons

IPCC Report WP III Chapter 14: Findings

“Our assessment is that regional cooperation has, to date, only had a limited (positive) impact on mitigation (medium evidence, high agreement). Nonetheless, regional cooperation could play an enhanced role in promoting mitigation in the future, particularly if it explicitly incorporates mitigation objectives in trade, infrastructure, and energy policies, and promotes direct mitigation action at the regional level.” [14.4.2, 14.5]

Findings continued

“Most literature suggests that climate-specific regional cooperation agreements in areas of policy have not played an important role in addressing mitigation challenges to date (medium confidence). This is largely related to the low level of regional integration and associated willingness to transfer sovereignty to supra-national regional bodies to enforce binding agreements on mitigation. [14.4.2, 14.4.3]

Even in areas with deep regional integration, economic mechanisms to promote mitigation (including the European Union (EU) Emission Trading Scheme (ETS)) have not been as successful as anticipated in achieving intended mitigation objectives (high confidence).”

Chapter 14, Executive Summary

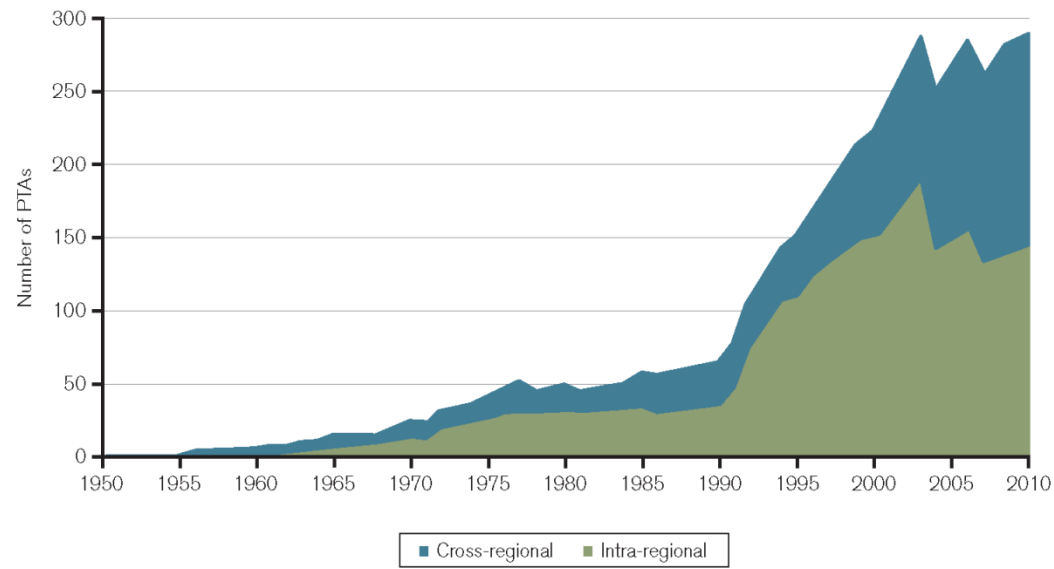
Regional and Preferential Trade Agreements

- Mirroring its limited role in the WTO, Climate Change Mitigation and Adaption has not played a significant role in PTA s and RTAs except the EU.
- The Report emphasizes the potential of regional trade agreements and technology cooperation

Environmental Harmonization

- “Recent evidence suggests that environmental provisions in RTAs do affect CO₂ emissions of member countries (Baghdadi et al., 2013). Member countries of RTAs that include environmental harmonization policies converge in CO₂ emissions per capita, with the gap being 18% lower than in countries without an RTA. On the other hand, member countries of RTAs not containing such an environmental agreement tend to diverge in terms of CO₂ emissions per capita. Moreover, the authors find that membership in an RTA per se does not affect average CO₂ emissions significantly whereas environmental policy harmonization within an RTA has a very small (0.3%), but significant effect on reducing emissions.” [Report WP III Chapter 14.4.2.3]

Figure B.2: Cumulative number of intra- and cross-regional PTAs in force, 1950-2010, notified and non-notified PTAs



Source: WTO Secretariat.

Main Trade Policy Instruments related to Global Warming and Climate Change

Mitigation

- Carbon Tariffs
- BTAs
- Carbon Foot-printing and and labelling
- Fostering International Trade in Renewables:
- Investment Rules
- Transit Rules
- Interconnection of Grids
- Disciplines on Fossil Fuel Subsidies
- Support of Renewable Energy R&D
- Harmonization of Standards

Adaption

- Food Security
- Disciplines on Food Export Restrictions
- GMOs (Rice)
- Disciplines on Agricultural Subsidies
- Facilitation of Labour Migration

Potential of RTAs and PTAs

- PTAs bear the potential to develop new policies and experimentation:
 - Knowledge and Technology Transfer , R&D
 - Integrating ETS and BTAs (e.g. CH-EU)
 - Harmonising Emission and PPM Standards (Regulatory Convergence)
 - Creating Single Energy Markets and Interconnection (Energy Agreements)
 - Coordinate Transport Policies
 - Addressing Migration Issues

Taylor Made Solutions

Regional Trade Agreements with Neighbours	Preferential Trade Agreements (transcontinental)	Mega-Preferential Trade Agreements (TTP, TTIP)
Electricity Network, Grids	CDM	Electricity Network, Grids
ETS , BTAs, Taxation	Investment Rules	Taxation
PPMs, Labels	PPMs Labels	PPM Labels
R&D	Knowledge Transfer	
Regulatory Convergence	GMOs	Regulatory Convergence
Migration	Labour Migration	Migration
Air, Sea, Land Transport	Air and Sea Transport	Air and Sea Transport

Thank you!

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