

A Small Window for a Big Ambition: The WTO Rules and the Strategies to Address Climate Change

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what potential carbon mitigation measures may be permitted by the WTO Rules?

Are the current WTO rules sufficient to support carbon mitigation policies?

The Emerging Domestic Strategies

- Carbon Tax and Border Adjustment: might be permissible under the WTO rules (Art. XX of GATT); the challenge to determine the tax rate
- Disclosure of Carbon Footprints /
Carbon Label: initiated by the states and private organizations. How fair the label might be?

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- Climate-friendly Subsidies: for renewable energies; public transportations;
 - Climate-friendly government procurement
 - to mandate the use of green or renewable energy
 - energy efficiency (new product standards)

Potential international /multinational strategies

Emission Trading

- more transparent and objective criteria on the distribution of carbon allowance (unfair subsidies?)
- barriers to new entrants
- barriers among different emission trading markets



Restriction on imports from countries take no mitigation measures on climate change

Reduction of tariffs on environmental goods, services and technologies,

Cap and reduce subsidies for oil, coal, gas...

conclusions

Both international (multilateral) and domestic (unilateral) trade measures will play roles in mitigating climate change.

International/Multilateral is first-best.

Some policies actually address competition rather than environment.



More principles are needed to make trade and environment mutually supportive.

The climate change negotiation might be an opportunity to establish some rules to clarify the relationship between MEAs and the WTO.





Thank You!