

International Trade and the Fight Against Climate Change

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In the fight against climate change international trade can be either part of the problem or part of the solution. Both policy areas are closely intertwined. Just consider the millions of tons of goods ranging from T-shirts to raw materials that are transported across the globe, creating 23% of global CO₂ emissions.

Obviously, it would be preferable if international trade became part of the solution. But in order to achieve this, several preconditions would have to be met: First, climate protection ought to have priority in international trade negotiations and key actors such as the WTO would have to ensure that its rules do not undermine but instead promote global efforts to combat, reduce and adapt to climate change. Second, one has to understand that the reduction of trade barriers as such will not be sufficient for climate protection; it has to go hand in hand with good environmental governance. The liberalisation of trade, particularly in natural raw materials, must not jeopardise sustainable resource management and objectives relating to climate protection. Third, the trading of sustainable, climate-friendly and ethically sound products should be encouraged. This applies to the means of transportation as well. CO₂ emissions caused by international trade can be substantially reduced if the means of transportation are chosen based on efficiency, and by incorporating transportation costs into the prices of products (internalisation of external costs).

The EU, as the largest trading bloc in the world, is very well placed and can set worldwide standards, for example by: supporting the development and more widespread use of certification and labelling schemes that take account of social and ecological criteria; removing trading obstacles for 'green' technologies; and by promoting trade in environmental goods and services. A significant step that has already been taken by the EU is the inclusion of air transportation emissions into its Emission Trading Scheme (ETS). In order to further cement its credibility on the international stage, however, the EU also needs to include emissions from shipping into the ETS as shipping accounts for 90% of all transportation used in international trade.

The absence of an international agreement on climate protection – and thus of a level playing field – also has serious implications for debates on the international competitiveness of industries. Here, the international trade regime threatens to again become part of the problem. With the climate summit in Cancun fast approaching, the EU has to find a way of devising an overall strategy for the taxation of energy and greenhouse gas emissions jointly with developing, emerging and other industrialised countries.

The Doha Round of the WTO has been stalling for years now. Differences, for example over tariff barriers, continue to thwart any progress. It is not acceptable for international climate negotiations to fall prey to the same impediments of mistrust and lack of support and understanding between countries that have prevented the successful completion of the Doha Round. The world's climate cannot wait. We need to find a solution based on the principle of solidarity between industrialised and developing countries, a solution that links the liberalisation of trade with the use of sustainable

products and technologies and, more generally, is congruent with the aim to safeguard the environment.

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