



Trade and Climate Change in Context: A Survey of the Linkages

Climate Change, Trade and Standardisation – in a
development perspective
November 23-25, Stockholm

Aaron Cosbey

iisd International Institute for Sustainable Development
Institut international du développement durable

Better living for all—sustainably



Trade and climate change linkages

- **Climate change can affect trade:**
 - Ports, highways, sea routes, other infrastructure
 - Changed patterns of comparative advantage (agriculture primary concern)
- **Trade can affect climate:**
 - Transportation emissions
 - Scale effect via income increases
- **Trade policy can impact on climate change objectives**
 - This is the subject of our discussions today



Context: Why are we here?

- IPCC: need 50 – 80% reduction in emissions by 2050, globally, to avoid 2 degree temp. rise
- Impacts of unchecked climate change sufficient to more than wipe out trade gains
- IEA (2009): reference case sees 40% increase in energy-related CO₂ emissions over 2005 by 2030
- IEA (2007): Alternative Policy Scenario see 27% increase over 2005 by 2030
- So: it is appropriate for trade policymakers to think about their potential contributions



Climate is not the only global crisis

Richest 5% of world receive almost half of world's income

Over 1.3 billion people with no electricity

Access to running water for poorest fifth stands at 20%

24,000 children die daily from preventable or treatable diseases in developing countries

Trade policy and climate change

- **Positive opportunities we seek to exploit:**
 - Liberalizing trade in low-carbon goods
 - IPR law as spur to innovation, dissemination (?)
 - Fossil fuel subsidy removal/reduction
 - Investment in clean tech
- **Negative opportunities we seek to avoid:**
 - Subsidy law conflicts
 - Border measures for climate change (?)

Standards and climate change

- Foundation for GHG management (emissions reporting; comparability of effort)
- Change consumption, production:
 - product standards (for energy efficiency)
 - PPM-based standards (biofuels; food miles; traditional fuels; electricity)
- Facilitate trade in low-carbon goods

Concluding thoughts

- Propounded and used properly, and with support for producers, they achieve their positive potential.
- Made and used improperly, they become unfair trade barriers, and can work against development *and* climate objectives.



Further reading:

www.iisd.org/trade/crosscutting

Aaron Cosbey
acosbey@iisd.ca

<http://www.iisd.org>

iisd International Institute for Sustainable Development
Institut international du développement durable