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Carrots and Sticks: UNILATERAL TRADE MEASURES IN POST-2012 SCENARIOS?





OUTLINE

I. The Context

II. Post 2012 Scenarios with different degrees of cooperation

III. Why worry? – Leakage as a problem

IV. Possible trade measures as unilateral solutions

V. Conclusions



I. The Context

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II. Post 2012 Scenarios with different degrees of cooperation

- Full cooperation – policy based commitment:
Global Emissions Trading
- Some Cooperation I – policy based commitment:
Global Sectoral Agreements
- Some Cooperation II – target based commitment:
Global and global sectoral agreements
- Some Cooperation III: Partial Agreement
- No Agreement



III. Why worry? – Leakage as a problem

- Definition
- Channels: Energy, production, relocation
- Different from competitiveness



IV. Possible trade measures as unilateral solutions

- Free allocation of allowances and the appropriate design of the reach of trading systems
- Different forms of border adjustments
 - Border tax adjustments
 - Obligation to surrender allowances

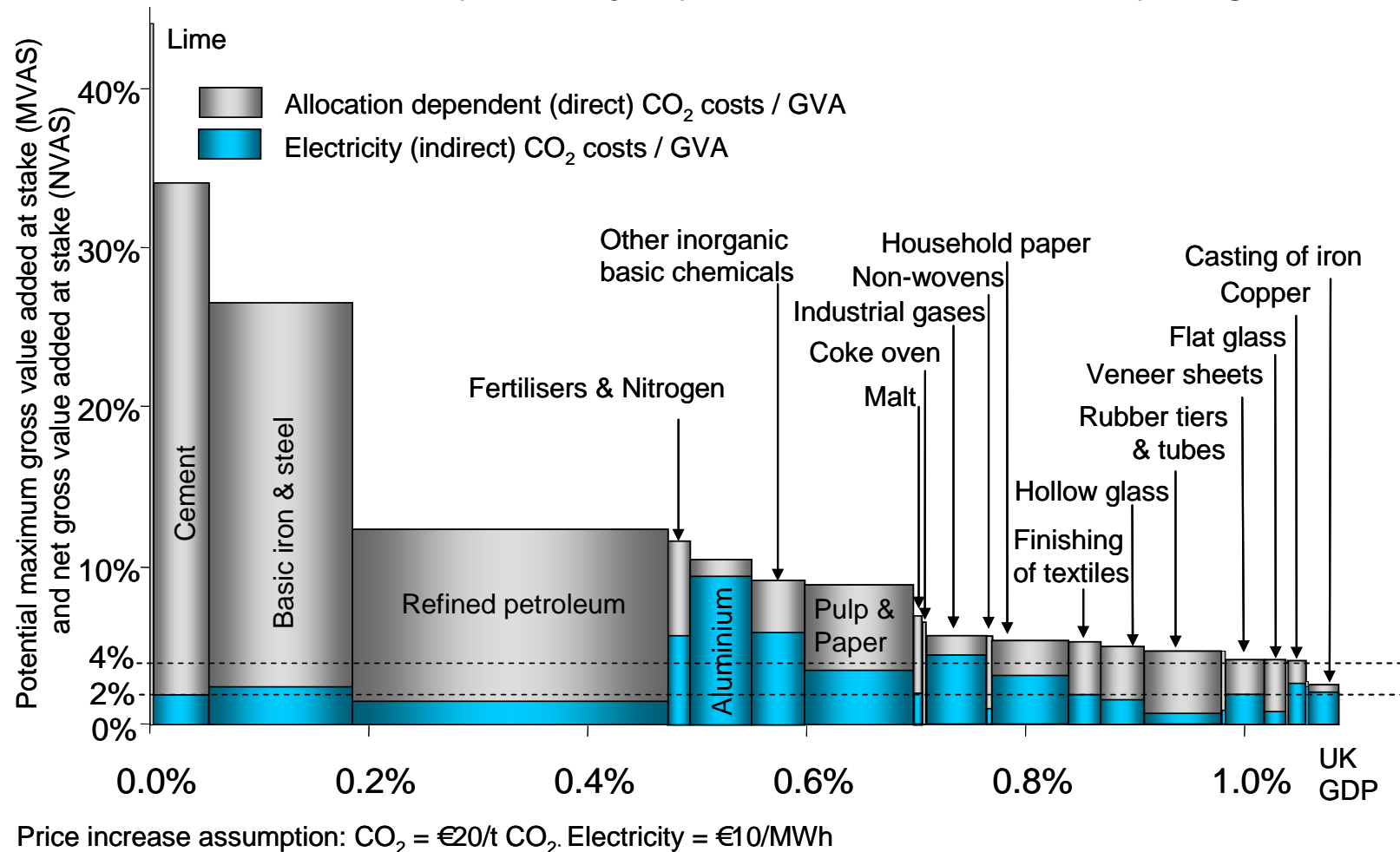


IV. Possible trade measures as unilateral solutions

- Legality Challenge
- Information Challenge
- Practicality Challenge

Competitiveness impacts in a world of unequal action are not macroeconomic, but sectoral for a few specific cases

CO2 cost screen: Sectors potentially exposed under unilateral CO2 pricing





V. Conclusions