

PRESS RELEASE

PRESS/559
26 June 2009
(09-3115)

Trade and environment

WTO and UNEP launch a report explaining for the first time the connections between trade and climate change

The world cannot continue with “business as usual” and there is a profound need for a successful conclusion to the current negotiations on both climate change and trade opening.

The WTO/UNEP report on “Trade and Climate Change” published today examines the intersections between trade and climate change from four perspectives: the science of climate change; economics; multilateral efforts to tackle climate change; and national climate change policies and their effect on trade.

The WTO and UNEP are partners in the pursuit of sustainable development and this report is the outcome of collaborative research between the WTO and UNEP.

“With a challenge of this magnitude, multilateral cooperation is crucial and a successful conclusion to the ongoing climate change negotiations is the first step to achieving sustainable development for future generations,” said WTO Director General Pascal Lamy and UNEP’s Executive Director Achim Steiner.

Both Steiner and Lamy urge the international community to seal an equitable and decisive deal at the crucial UN climate convention meeting in Copenhagen, Denmark, in

December 2009. They also urge nations to conclude the Doha trade round which includes opening trade in environmental goods and services, a complementary track towards reducing greenhouse gas emissions to scientifically-defensible levels.

The scientific evidence is now clear that the Earth’s climate system is warming as a result of greenhouse gas emissions which are still increasing worldwide, and will continue to increase over the coming decades unless there are significant changes to current laws, policies and actions. Although freer trade could lead to increased CO₂ emissions as a result of raising economic activity, it can also help alleviate climate change, for instance by increasing the diffusion of adaptation and mitigation technologies.

The global economy is expected to be affected by climate change. Sectors such as agriculture, forestry, fisheries, tourism and transport infrastructure which are critical for developing countries are more specifically affected. These impacts will often have implications for trade.

Opening up trade and combating climate change can be mutually supportive towards realizing a low carbon economy, the new report says. Contrary to some claims, trade and trade opening can have a positive impact on emissions of greenhouse gases in a variety of ways including accelerating the transfer of clean technology and the opportunity for developing economies to adapt those technologies to local circumstances. Rising incomes, linked with trade opening can also change social dynamics and aspirations with wealthier societies having the opportunity to demand higher environmental standards including ones on greenhouse gas emissions. In addition there is evidence that more open trade together with actions to combat climate change can catalyze global innovation including new products and processes that can stimulate new clean tech businesses.

National policies, from traditional regulatory instruments to economic incentives and financial measures, have been used in a number of countries to reduce greenhouse gas emissions and to increase energy efficiency. The report highlights the effects that this complex web of measures might have on international trade and the multilateral trading system. In recent years, there

has been a proliferation of technical requirements (voluntary standards and labelling) related to climate-friendly goods and energy efficiency. Likewise, financial support programmes for the use of renewable energies have also increased recently.

The report also reviews extensively two particular types of pricing mechanisms that have been used to reduce greenhouse gas emissions: taxes and emissions trading systems. Incidentally, the report reflects the debate that is taking place on policies aimed at preventing carbon leakage and protecting competitiveness, including on border measures.

Overall, the report highlights that there is scope under WTO rules for addressing climate change at the national level. However, the relevance of WTO rules to climate change mitigation policies, as well as the implications for trade and the environmental effectiveness of these measures, will very much depend on how these policies are designed and the specific conditions for implementing them.

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