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Naturskyddsföreningen
Swedish Society for Nature Conservation

Trade Policy and Climate Change

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Trade Policy and Climate Change

Background

Rich countries are behind most of the change in climate and the poorest countries will be the hardest hit.

This will make an already unequal world even more unequal.

1.4 billion people or a quarter of the world's population lived in extreme poverty in 2005 according to revised data from the World Bank.

This is before the impacts of the recent global food, fuel and financial crises have been felt.

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Climate change will undermine efforts to fight poverty and reach the Millennium Development Goals.

UNDP identifies five key transmission mechanisms to this effect:

- impacts on agricultural production and food security
- increased water stress and water insecurity
 - rising sea levels and exposure to climate disasters
 - impacts on human health through spreading of disease
- transformed ecosystems and loss of biodiversity

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Consequently, fighting climate change is a challenge closely related to sustainable development.

Climate policies alone will not solve the climate problem.

The choice of development path is as important as specific measures to *mitigate* greenhouse gas emissions and *adapt* to its impacts

The key element of any climate adapting strategy is to develop more diversified and less vulnerable economies.

Development policies have always been struggling with these issues, but the need to adapt to climate change makes them all the more acute.

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What policy choices are there for developing countries confronted with climate change?

Decisions in areas such as fiscal policy, insurance practices, electricity markets and forest management, seemingly unrelated to climate policies, may have profound effects on mitigation and adaptation choices.

Choice of trade policy will also have impact on all these areas

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The Global Europe strategy was adopted in 2006 and basically aims to promote European competitiveness.

This strategy is part of the so-called Lisbon process

Focus on economic growth and job creation in Europe

“...rejection of protectionism at home must be accompanied by activism in creating open markets and fair conditions for trade abroad”

The strategy aims to open markets for EU industry and deal with tariff and non-tariff barriers, with regional trade negotiations as important instruments.

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EU trade policies affect the climate policy of developing countries at two levels

First, it influence the ability of countries to grow in a sustainable manner and develop response capacity.

The quality of growth matters. Trade reform should allow poorer countries to

- diversify their economies to allow for broad-based growth

- reduce dependence on a few economic activities or goods

- preserve natural resources

- spread the wealth to all groups of the population.

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Second, poor countries commit to constraining their policy space as regards certain instruments and specific sectors in negotiations with the EU

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EU is negotiating with:

ACP (Africa, Caribbean, Pacific, 78 former colonies)

Latin America (Central America, Andean Community, MERCOSUR)

ASEAN

India, South Korea

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The main elements of the strategy are:

- Tariffs and non-tariff barriers
- Access to resources
- Intellectual property
- Services
- Investment
- Public procurement

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Global Europe and removal of tariff and non-tariff barriers

May preserve or even worsen dependence on primary and labour-intensive production

ACP (Africa, Caribbean, Pacific) countries will probably meet a surge in imports from the EU

Could limit the possibilities for policies aimed at economic diversification and agricultural protection

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Global Europe and investment

Global Europe aims at strengthening the presence of EU companies in third countries through permanent establishment

The impact on the future use and promotion of renewable energy, climate-friendly technologies and sustainable organic farming need to be monitored carefully.

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Global Europe and export taxes

European industries are highly dependent on imports of natural resources and raw material from third countries

EU imports half of its energy needs and three fourths of its iron, copper, lead and bauxite.

Export taxes pose a threat to EU competitiveness by restricting access to natural resources.

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Global Europe and export taxes

The use of export restrictions is one of the trade policy tools available to developing countries under WTO rules to reach national economic and development objectives, such as economic diversification and environmental protection.

EU strategy is based on a static view of the world that mainly aims to preserve current industrial structures and a global division of labour originating from colonial times

Environmental consequences may also be considerable if natural resources are over-exploited and agriculture focuses on mono-culture of export crops.

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Global Europe and IPR

Global Europe states that

“[t]he EU should seek to strengthen IPR provisions in future bilateral agreements....”

If EU demands mandatory IP provisions from partners, the provisions on technology transfer are generally not binding

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Conclusions

EU is pushing for broad WTO 'plus' agreements and deep commitments in all ongoing FTA negotiations

Exceptions and transition periods vary, but there is no systematic regard to the development levels of the negotiating counterparts.

Global Europe constrains the policy space of the negotiating partners to pursue policies aimed at protecting their economies and promote economic diversification and which could have an impact on adaptation and mitigation related to climate change.

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Challenges:

[Link to PCD \(Policy Coherence for Development\)](#)

[Link to Kyoto protocoll](#)

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Civil society organisations in EU:

ETN (European Trade Network)

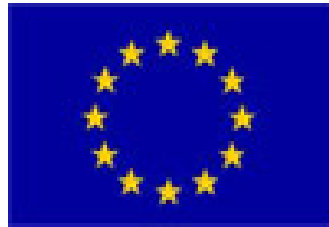
S2B (Seattle to Brussel)

EPA (Economic Partnership Agreement) network

Association Agreement Network (Latin America)

ASEAN?

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SSNC



AIPAD



IBON/APRN



REDES



Swedish Society for Nature Conservation

Report
Global Europe and
Sustainable Development

– Implications for Climate Change and Agriculture

Jens Andersson

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Some recommendations:

- Stop WTO plus.
- Trade agreements has to fulfil the requirements on compliance and development perspective of EU Policy Coherence for Development
- Increase transparency
- Development and environmental policy targets should have a more decisive influence on positions in trade negotiations with developing countries

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Thank you!