Considerations in addressing competitiveness and leakage

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Timothy J. Richards
Director, International Energy Policy
General Electric Company
Chinese and Indian participation essential

Leakage and Competitiveness challenges if key countries outside system

U.S. and EU legislatures likely to require measures to encourage action in developing economies
Positive incentives

- Clean Technology Fund
- Eliminate trade barriers on environmental goods and services
- Preferential access to CDM
- Cooperation via Asia Pacific Partnership and MEM
Border measures: some principles...

• WTO consistency essential

• Incentivize private sector to address climate change

• Minimize uncontrollable risk

• Long enough transition period to allow investments in technology

• Create internal dynamic for change in key countries
...and some ideas

- US company standards for suppliers create an opportunity
- Reward companies that take action
- Draw on existing models