

# Emerging Issues: Climate Change and Trade

- By 2030, developing country share in world GDP could reach 60 percent in purchasing power parity terms and their share in world trade almost 50 percent.
- The growth of carbon emissions in the next decades will come primarily from developing countries.
  - Between 2020 and 2030, it is projected that developing country emissions of carbon from energy use will exceed that of developed countries.
- Access to clean energy technologies is critical for developing countries to ensure low-carbon growth paths.

# Technology transfer critical to climate change objectives

- The stabilization of GHG concentrations to as low as 450 pm CO<sub>2</sub>-eq can be achieved by deployment of currently available technologies and those which are expected to be commercialized in the coming decades (IPCC 2007)
- Current mechanisms (CDM etc.) not adequate in terms of scale and speed
- Reduction of tariff and nontariff barriers for low-carbon goods and services could accelerate the diffusion of key clean energy technologies (Stern 2006)

# Applied tariff barriers to clean energy technologies

Country	Wind technology	Solar technology	Energy efficient lighting
China	8	10	8
India	15	15	15
South Africa	0	12	17
Mexico	15	13	15
Brazil	14	18	18
Indonesia	10	15	5
Thailand	10	10	20
Malaysia	5	18	30
Egypt	6	32	18
Argentina	14	18	18
OECD	3	3	4

# Estimated Benefits of Liberalizing Select Clean Energy Technologies

	% increase in trade volumes	
	Removal of tariffs	Removal of tariffs and NTBs
Clean coal	3.6	4.6
Wind	12.6	22.6
Solar	6.4	13.5
Energy efficient lighting	15.4	63.6
Total	7.2	13.5

# Trade in climate-friendly environmental goods is already strong and is growing..

Year	Trade in Climate Friendly Technologies WTO Members (in US\$ billions)			
	High-Income		Low-and Middle-Income	
	Imports	Exports	Imports	Exports
2002	24.865	26.629	14.651	9.229
2003	27.605	29.678	17.649	10.952
2004	35.514	40.212	23.847	14.785
2005	42.023	46.088	27.319	18.606
<b>Compound Growth</b>	<b>17.3</b>	<b>18.3</b>	<b>21.6</b>	<b>25.4</b>

# Climate Change under EGS negotiations in WTO

- Issues of definition
  - Single use vs. dual use
  - Relative environmental friendliness
  - Dealing with constantly evolving technologies
- List versus Project Approach
- Implications for domestic industries
- Dealing with non-tariff barriers (local content, investment, IPR issues)

# Way forward

- Clarifying product coverage, HS code, and product descriptions
- Dealing with evolving technology issues and non-tariff barriers
- Providing technical and financial assistance
- Making tangible progress soon in several venues