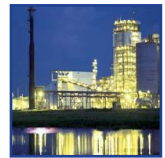


Considerations in addressing competitiveness and leakage

The Brookings Institution
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Landscape

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**