



The Brookings Institution
1775 Massachusetts Avenue NW
Washington, DC
June 9, 2008

8:15 – 8:45 am

Breakfast

8:45 – 9:00 am

Introductory Remarks

Lael Brainard, Vice President and Director, Brookings Global Economy and Development

9:00 – 10:30 am

Panel 1

How Significant is the Carbon Content of Trade? Can We Measure It?

The rationale for border adjustment proposals is concern that carbon-intensive production will “leak” to countries without climate change policies in effect -- undermining the intent of the policy and unnecessarily harming the competitiveness of domestic industry. Before debating the merits of alternative policy proposals, it is critical to know the extent to which carbon-intensive production is likely to “leak,” where trade in carbon is most significant, and the feasibility of measures to adjust for border leakages.

- How large would possible “leakages” be in the absence of compensating policy changes?
- What industries contribute most to the carbon content of trade?
- For what bilateral trade relationships are those flows most important (e.g. US-China? US-EU?)
- What are the major implementation challenges for border adjustment measures?

**“THE ECONOMIC AND ENVIRONMENTAL EFFECTS OF
BORDER ADJUSTMENTS FOR CARBON TAXES”**

Warwick McKibbin, Senior Fellow, Brookings Institution
Peter Wilcoxon, Senior Fellow, Brookings Institution

Moderator

Lael Brainard, Vice President and Director, Brookings Global Economy and Development

Commentators

Nils Axel Braathen, Principal Administrator, OECD Environment Directorate
Tom Tao Hu, State Environmental Protection Administration, People's Republic of China.
Arik Levinson, Associate Professor of Economics, Georgetown University
Meg McDonald, President, Alcoa Foundation

10:30 – 10:45 am

Break

10:45 am – 12:15 pm

Panel 2

Governance, Climate Change and Trade

As national governments work towards the design and implementation of an overarching international climate policy framework, the trading system offers important lessons as well as one possible model for the eventual creation of an international governance mechanism for climate and the environment.

- Are there elements of the WTO model that are particularly salient in the design of an international climate framework?
- To what extent would the proposed creation of a Global Environmental Organization or an E-8 help to resolve possible conflicts between climate and trade policies?

“LESSONS FOR GOVERNING GLOBAL CLIMATE FROM WORLD TRADE”

William Antholis, Managing Director, Brookings Institution

“MULTILATERAL INSTITUTIONS AND THE CLIMATE COMMONS”

Ford Runge, Professor of Applied Economics and Law, University of Minnesota

Moderator

Stuart Eizenstat, Partner, International Trade Practice Group, Covington and Burling LLP

Commentators

Scott Barrett, Professor of International Political Economy,
Johns Hopkins School of Advanced International Studies

Colin Bradford, Senior Fellow, Brookings Institution

Elizabeth Dowdeswell, President and CEO, Nuclear Waste Management Organization

Dan Drezner, Professor of International Politics, Tufts University

Nigel Purvis, Nonresident Scholar, Brookings Institution, and President, Climate Advisers

12:30 – 2:00 pm

Lunch

Investment Framework, Technology Transfer and Climate Change

The global trading system has the potential to lower the costs of achieving emissions reductions by facilitating investment and technology flows, as evidenced in recent negotiations over tariff reductions for environmentally preferable products.

- What kinds of investment and technology flows are most likely to play a major role in emissions reductions?
- What current trade and investment provisions inhibit the financial and technological flows that will be critical to increasing efficiency and reducing emissions worldwide?

“TECHNOLOGY TRANSFER AND CLIMATE CHANGE: INTERNATIONAL FLOWS, BARRIERS, AND FRAMEWORKS”

Thomas Brewer, Georgetown University and Center for European Policy Studies

Moderator

Paul Blustein, Journalist in Residence, Brookings Institution

Commentators

Brian Flannery, Safety, Health, and Environment Department, Exxon Mobil Corporation

Kelly Sims Gallagher, Director, Energy Technology Innovation Policy,
Belfer Center, Harvard Kennedy School

Muthukumara Mani, Senior Environmental Economist, World Bank

Jacob Werksman, Director, Institutions and Governance Program, World Resources
Institute

Proposals to Address Competitiveness Concerns

Attempts to deal with pollution havens and the competitiveness effects of widely varying national climate policies have focused on two broad proposals: border adjustment taxes and requirements that importers buy emissions allowances. Which policies are more likely to be deemed compliant with existing WTO rules and where are clashes inevitable? From an efficiency perspective, what form of adjustment is best?

- Are there other possible options that should be explored?
- How would each of these policy proposals interact with cap-and-trade and carbon tax regimes?
- How does each of the policy proposals stack up in terms of efficiency? Risks to the trading system? Building international support?
- What types of climate policies and “offsetting” policies are more likely to be deemed compliant with existing WTO rules?
- Are border measures most relevant in a phase-in period, or as a long-term feature of the trading system?

**“OPTIONS FOR ADDRESSING THE LEAKAGE/COMPETITIVENESS ISSUE
IN CLIMATE CHANGE POLICY PROPOSALS”**

Jeff Frankel, Harpel Professor of Capital Formation and Growth, Harvard Kennedy School

**“INTERNATIONAL TRADE LAW AND THE ECONOMICS OF CLIMATE POLICY:
EVALUATING THE LEGALITY AND EFFECTIVENESS OF PROPOSALS TO ADDRESS
COMPETITIVENESS AND LEAKAGE CONCERNS”**

Jason Bordoff, Policy Director, the Hamilton Project at the Brookings Institution

Moderator

Bruce Stokes, International Economics Columnist, National Journal

Commentators

Joe Aldy, Fellow, Resources for the Future

Steve Charnovitz, Associate Professor of Law, George Washington University

Tim Richards, Director, International Energy Policy, General Electric

Andrew Shoyer, Chair, International Trade and Dispute Resolution, Sidley Austin LLP