

Trade-and-Climate Change Interactions: Opportunities for China-US Cooperation

Workshop on
Bilateral Cooperation between China and the United States:
Facilitating Progress on Climate-Change Policy
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[Views and interpretations are mine as independent scholar]

Outline of Comments

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- The Message
- Overview: ‘Pluralistic’ Trade and Climate ‘Regime Complexes’
- Cases of special interest:
 - Multilateral: Agreements and Disputes at the WTO
 - Plurilateral: Environmental Goods Agreement
 - Regional: Arctic Black Carbon (ABC) Agreement
- Paths into the Future: ‘Adaptive Pluralism Paradigm’ of International Institutional Architecture

Scope and Terminology

'Trade policies': include services and goods, direct investment and technology transfer

'Climate change policies': include renewable energy

'ICTSD': International Centre for Trade and Sustainable Development in Geneva (and Beijing)

'E15 Initiative': 15+3 groups of 'experts' working on reforms of the trade system, esp. WTO; sponsored by ICTSD and World Economic Forum (WEF)

SETI: Sustainable Energy Trade Initiative (ICTSD project)

The Message

There are many opportunities for China-US cooperation on trade-and-climate Issues

Opportunities vary among ...

- Diverse institutional venues
- Economic sectors, industries, products
- Types of emissions

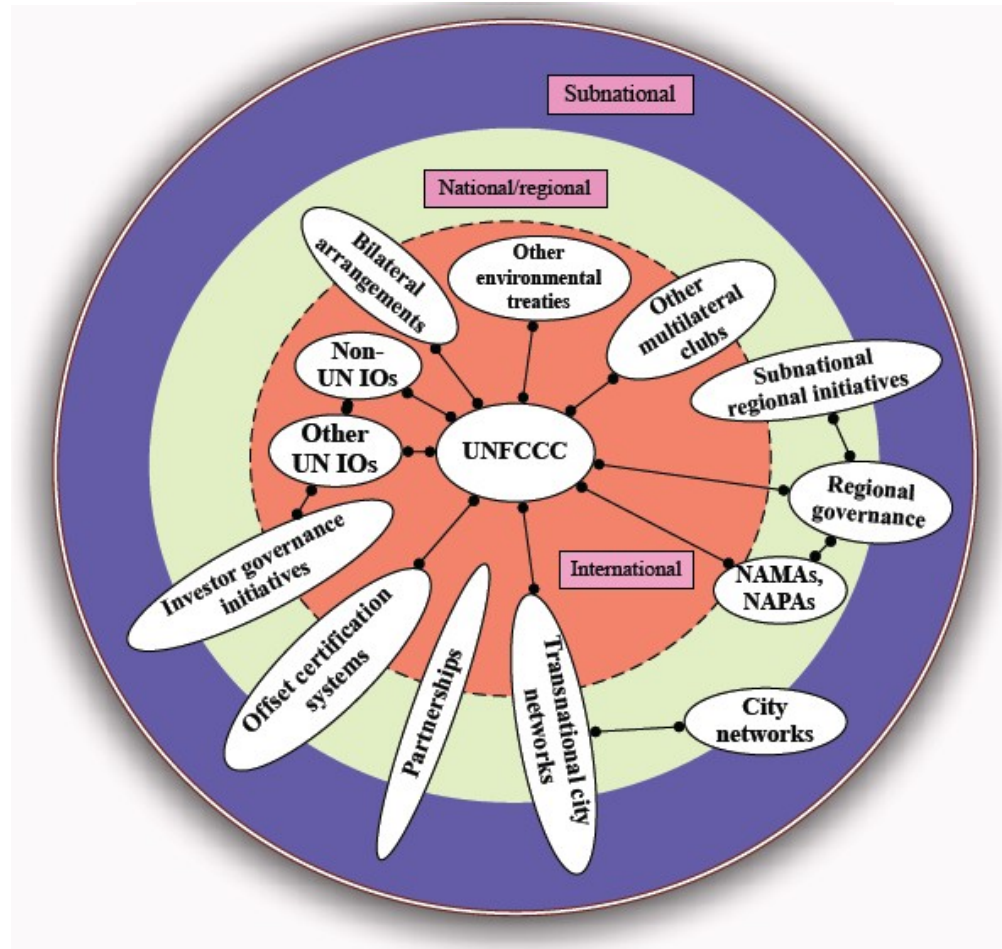
Key challenges ...

- Political economy assumptions about appropriate market and government roles in trade and climate policies
- Non-discrimination principles in trade *versus* common-but-differentiated responsibilities in climate change

Overview: Climate Change ‘Pluralistic Regime Complex’

Source: IPCC, AR5, III, Chapter 13, Fig. 13.1

...and...imagine a similar figure for trade regime complex



Multilateral: Agreements and Disputes at the WTO

Of approx. 60 agreements, especially relevant ones:

GATT – goods

GATS – services (complex: sector specific; 4 modes of supply)

TRIPs – intellectual property

ITA – information technology (being expanded)

GPA - government procurement ('plurilateral'; 43 incl. EU 28)

TRIMs – Trade Related Investment Measures, esp. local content requirements (SETI: wind and solar)

Subsidies and Countervailing Duties

Anti-dumping

Dispute Settlement

Disputes at the WTO

Total number of WTO disputes (1 Jan. 1995 – 1 June 2015) = 496

Of which agriculture = 77;

1 'Climate' Case: Japan>Canada FIT, DS 412

	CLAIMANT	RESPONDENT
United States	108	124
European Union	95	82
China (since 11 December 2001)	13	33

China-US Disputes:

US complaints against China – of which...

Wind subsidies, DS 419

Rare earths (used in wind turbines), DS 431

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China complaints against US - of which...

Wind towers, etc, Subsidies, US CVD, DS437

Solar, US Anti-Dumping, DS471

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Implications

Realism: WTO disputes are almost inevitable – US style legalistic process, created at behest of US

Cooperation opportunities:

Settle without going to WTO [disclaimer – not a lawyer and not offering legal advice!]

Many opportunities within Dispute Settlement Process in Consultation and Implementation phases

Other WTO processes: Trade Policy Reviews

But there is a fundamental difference in trade and climate assumptions about relationship of governments and markets – especially about **subsidies**

Plurilateral: Environmental Goods Agreement

17 countries including China and US

Now processing list of proposed 2000 products in 650 tariff lines (cf. 34 subheadings in APEC list)

Climate-relevant: wind and solar; heat pumps

Will probably be 'multi-lateralized' into WTO

Cooperation opportunities:

Agree on goods product list

Support next step: Environmental *Services* Agreement including non-tariff barriers (would make EU happy too)

Regional: Arctic Black Carbon (ABC) Agreement

[personal proposal disclaimer]

Problem: BC is potent greenhouse *particulate matter emission*

Arctic special issues

Solution: **Cooperation opportunities in Arctic Council and IMO**

Establish club-like partnership with incentives for participation and compliance

Issue access licenses for ships, ship owners/operators - based on equipment and operations to reduce black carbon - with periodic inspections and real-time, satellite-based monitoring

Provide benefits for members: access to Arctic shipping lanes and financial support for technology transfers

Impose penalties for non-compliance: fine, impoundment of vessel, revocation of license

Paths into the Future: Paradigms of the International Institutional Architecture

Old paradigm: 'multilateralism'

Trade: efficient way to spread liberalization

Climate change: address global commons problem

New paradigm: 'adaptive pluralism'

In both trade and climate change

Examples of Adaptive Pluralism:

ITO [1944-48] > GATT(1947-) > WTO(1994-) > WTO+...

Environmental Goods Agreement

FCCC -> IMO and ICAO

Arctic Black Carbon (ABC) Agreement

So: Top-down and bottom-up and 'side-ways' (i.e. 'clubs,'
'coalitions,' 'public private partnerships')

Interactions of the Pluralistic Climate Change and Trade Institutional Architectures: Cooperation Opportunities

(preliminary partial matrix of analytic and diplomatic agendas)

TRADE REGIME COMPLEX (with examples)	CLIMATE CHANGE REGIME COMPLEX (with examples)						
	Multi-lateral: FCCC	Pluri-lateral: Methane	Mega-Regional: C&T Links	Regional: Arctic BC	Bilateral: [many]	Public Private Partnerships	Non-state: IETA
Multilateral: WTO							
Plurilateral: EGA							
Mega-regional: TPP							
Regional APEC							
Bilateral [many]							
PPP:							
Non-state: ICC							

Web Sites for Further Information

www.ictsd.org

including *Bridges* weekly and daily,
BioRes monthly

(many articles in Chinese as well as English)

www.E15initiative.org

www.seti-alliance.org

www.TradeAndClimate.net