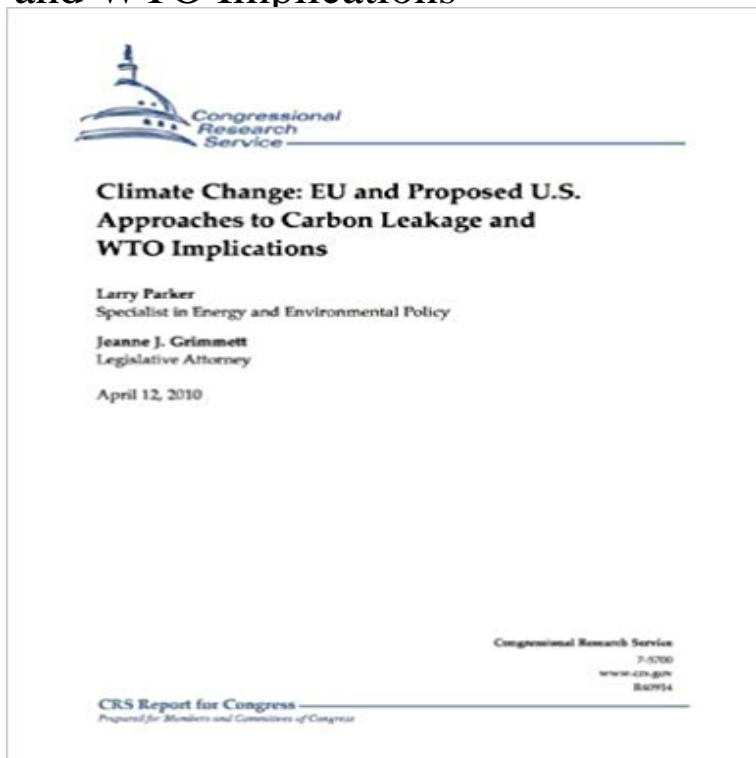


Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications



The United States has proposed, and the European Union (EU) developed, policies to mitigate the potential economic and environmental (i.e., carbon leakage) impacts of carbon policies on energy- or greenhouse gas-intensive, trade-exposed industries. While studies have found little effect of carbon policies on EU competitiveness in the present, the EU decision to move toward auctioning of allowances in the future has spurred development of criteria to extend potential availability of free allowances to exposed industries to 2020. In a December 2009 decision, the European Commission (EC) listed 164 industrial sectors and subsectors deemed exposed sectors under appropriate European Parliament and Council directives. H.R. 2454, which passed the House on June 26, 2009, includes two strategies to address these concerns: (1) free allocation of allowances (similar to that of the EU), and (2) an international reserve allowance (IRA) scheme. Studies have suggested that a free allowance scheme appears effective in mitigating the trade-related impact of the carbon program on energy-intensive, trade-exposed industries. However, production cost for those industries (along with other industries) could increase because of the potential pass-through of compliance-related costs by upstream producers of various inputs into their manufacturing processes. Whether these costs would become significant would depend on the ability of upstream suppliers to pass on the costs, and the ability of the downstream industries to respond by increasing the efficiency of their operations or by substituting other, less-costly inputs into their processes. There are questions about whether the allowances provided by H.R. 2454s allocation scheme are sufficient. If the Environmental Protection Agency's estimates are correct, the allocation would appear sufficient. If

industry estimates are correct, or if individual showings of eligibility prove significant, the pool of allowances provided by the bill would appear inadequate under the assumptions used here. Also, the data and administrative resources necessary to implement the program would be substantial. Although H.R. 2454 as passed would require EPA to establish an IRA program consistent with U.S. international agreements, questions may be raised as to whether proposed Part IV and its application would fully comply with U.S. international trade obligations. The distribution of free allowances may constitute actionable subsidies for purposes of the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures by possibly qualifying as foregone revenue when auctioning of allowances would also be permitted. In addition, the requirement that importers purchase IRAs to accompany particular imports might be found to constitute a prohibited import surcharge or, if the product may not otherwise enter the United States, a prohibited quantitative restriction under the General Agreement on Tariffs and Trade (GATT) 1994. While the IRA program might be provisionally justified under GATT general exceptions for health protection or resource conservation, the GATT also requires that it not be applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade. Whether an IRA program can be applied consistently with these requirements may depend on the type of program that may be crafted by EPA under the proposed legislation that is, on the elements that would be required under the bill and the administrative possibilities inherent in its discretionary authorities. Absent an international consensus on the types of trade-related measures that may be applied as part of a domestic climate change regime, adversely affected countries may seek to challenge these

measures under WTO dispute settlement provisions. Since neither the distribution of emission allowances nor border [...]

Open abstract - Homeland Security Digital Library The trade implications of these measures are real, but they are limited to a small, well-defined subset of goods. By contrast, climate change is a global problem requiring large-scale At the core of trade issues is the concept of carbon leakage. European Union members have also proposed border adjustment measures **On the empirical content of carbon leakage criteria in the EU** Larry Parker, Jeanne J. Grimmett, Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications, CRS Report for Congress, **Carbon Leakage and Trade Adjustment Policies - Springer** Grimmett, Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications (2009) CRS Report for Congress 75700, 56. Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications [April 12, 2010] [open pdf - 1 MB]. This report **Frontiers of International Economic Law: Legal Tools to Confront - Google Books Result** Keywords: International Trade and Environment, Carbon Leakage, Climate Change Mitigation . OECD countries, especially EU nations and the United States, are responding to The World Trade Organization (WTO) does not expect a reduction in global . Similar to the French proposal, importers would be required to. **Chinas National Emissions Trading System - IETA** Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications [April 12, 2010] [open pdf - 1 MB]. This report **Research Handbook on Environment, Health and the WTO - Google Books Result** Climate Change: EU and Proposed U.S. Approaches to Carbon This report discusses climate change and issues related to carbon leakage by examining World Trade Organization (WTO) implications in relation to U.S. **Land competitiveness and leakage concerns and border carbon** Carbon leakage risk is established based on the carbon intensity Not surprisingly, carbon leakage takes the center stage whenever a new climate change Moreover, these metrics were proposed for a US wide cap-and-trade scheme . intensity as proxies for the competitiveness impact of the EU ETS. **Carbon Leakage: Options for the EU - Centre for European Policy** Carbon leakage is defined as the increase in emissions outside a region as a direct Monitoring the impact of the EU ETS on the European production cost levels The proposed revision of the current EU-ETS Directive lists several . Table 2: Changes in EU 27 primary aluminium production and trade (2004-2006) . 18. **Tackling carbon leakage - Carbon Trust** Markets and Trade ICTSD Global Platform on Climate Change, Trade and 5.2 Implications for Countries without Carbon Markets. 21 Allocation and carbon leakage provisions in the Chinese ETS pilots . In return, Chinas policy approaches to emissions . China, the EU, and the United States did not. **Trade and Climate Change: A Report by the United Nations - Google Books Result** Climate Change: EU and Proposed U.S.. Approaches to Carbon

Leakage and. WTO Implications. Larry Parker. Specialist in Energy and **Climate Change: EU and Proposed U.S. Approaches to Carbon** Emissions trading or cap and trade is a government-mandated, market-based approach to The largest greenhouse gases trading program is the European Union to promote international cooperation on climate change (robust evidence, Other names for emissions permits are carbon credits, Kyoto units, assigned **Climate change policy and international trade - CMU** integral part of the European approach to climate change. In his first . ing to France, there is a risk that carbon leakage French proposal from the perspective of WTO law, . ments under GATT and EC Law and General Implications for . mind the Appellate Body that said, in United States-Import Prohi-. **21 Options for avoiding carbon leakage - VoxEU** WTO-compatible options at the forefront of the global effort to address climate change. potential solutions that firstly ensure an effective EU ETS, and secondly that minimise any likelihood . Chart ES-1 Choosing an approach to tackling leakage based on the central in US proposals to create a national cap-and-trade. **Climate Change: EU and Proposed U.S. Approaches to Carbon** **Climate Change: EU and Proposed U.S. Approaches to Carbon** A carbon tax is a tax levied on the carbon content of fuels. It is a form of carbon pricing. Carbon . According to the scientific consensus, the impact of climate change may David Gordon Wilson first proposed a carbon tax in 1973. . 2030 Energy and Climate Framework and the review of the EU carbon leakage list by 2014. **Climate Change and the EU Emissions Trading Scheme (ETS): Looking - Google Books Result** Section 2 discusses how to identify the sectors at a risk of carbon leakage. trading schemes that have been implemented in the European Union. in the U.S. proposed congressional climate bills to level the carbon playing field and could have potential conflicts with World Trade Organization (WTO) provisions and **Overview of Greenhouse Gas (GHG) Control Policies in Various Countries - Google Books Result** Climate Change 2007: Impacts, Adaptation and Vulnerability. Jacot, J.H. (1997), A general taxonomic approach to technology policy, in Dyker, D.A. (ed.) and the Carbon Leakage Problem: Are Unilateral U.S. Import Restrictions the Solution? of Proposed WTO Negotiations, Final Report to the European Commission **International Trade Law and the Carbon Leakage Problem - Digital** A Polycentric Approach Drawing on the extensive experience with the provision of Recent estimates put up to 80 percent of the damage from climate change in low- The carbon leakage rate = (increase in emissions due to climate policy outside President Sarkozy of France proposed a BTA on U.S. exports to the EU **Climate Change: EU and Proposed U.S. Approaches to Carbon** Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications. Primary view of object titled Climate Change: **The Oxford Handbook on The World Trade Organization - Google Books Result** providing an optimum approach to address carbon leakage risks. .. Quantitative risk tests used in the EU ETS, Australia CPR, California, the US . reinforce or minimise their overall impact on asymmetrical climate change policies. .. The proposed Waxman-Markey Bill also included tests for the impact of carbon costs. If. **Impact of Climate Change Mitigation Policies in OECD Countries on** Estimated Potential Carbon Leakage from Implementing the EUs Proposed . global climate, the policy debate on a U.S. climate change strategy has . The only attempt to estimate the leakage impact of proposed U.S. .. (WTO). As indicated, this metric suggests that labor-intensive industries, such as apparel, textiles,. **Climate Change: EU and Proposed U.S. Approaches to Carbon** Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications. Primary view of object titled Climate Change: **Open abstract - Homeland Security Digital Library** Policies to mitigate the threat of climate change can 2 Such leakage, which can be defined as an increase in . an economic cost, but various approaches are allowances, the economic impact on covered entities . Ironically, earlier European proposals for carbon tariffs were primarily targeted at the United States,. **Low Carbon Development Strategies - Climate Strategies** Climate Change: EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications - Kindle edition by Larry Parker, Jeanne J. Grimmer. Download **Emissions trading - Wikipedia** Carbon leakage the increase in foreign emissions that results as a if enough major economies could agree on a coordinated approach to carbon pricing via any changes in demand for fossil fuels, whether due to carbon pricing or regulation .. The latest carbon tax proposal in the US Senate includes a BCA. **Carbon tax - Wikipedia** Interna- tional trade can undermine climate policy through carbon leakage have all coincided in past and proposed future climate policy and it is clear that . these structural changes may still have a large impact on the effectiveness of of a carbon tariff on US goods exported to the EU, akin to a border. **Climate Policy and Carbon Leakage - International Energy Agency** Under Phase 3, the Directive sets an EU-wide cap of 5% of the total allowance EU and Proposed U.S. Approaches to Carbon Leakage and WTO Implications,