

Trade and climate change

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The Committee on International Trade adopted the own-initiative report drawn up by Alain **LIPIETZ** (Green/ALE, FR) on trade and climate change. The report welcomes the broad scientific and political consensus on the seriousness of climate change and urges the conclusion of an ambitious, worldwide post-Kyoto agreement, in line with the scenario of IPCC Working group III, on the need to limit temperature increases to 2°C.

From consensus to action: the committee considers that a post-2012 framework should allow different countries to participate, according to their national circumstances, through a short-term, multi-stage approach and that, in the medium-term, emissions should be allocated on a per capita basis, first to developed countries, but eventually to all countries. It calls on the Council and the Commission working towards building a consensus on a **post-2012 framework** through broadening engagement, to include key parties currently outside of the Kyoto Protocol, notably the US and Australia, and to collaborate with individual states and businesses in the absence of a commitment made by governments.

MEPs consider that the current economic model, which entails constant maximisation of consumption, production and trade, is unsustainable as this results in ever-increasing demand for resources and transport and a growing quantity of waste and emissions. They call on the EU to implement trade and investment policies that create economic incentives to meet climate change policy objectives. They stress that the EU may need to use these rules to create economic disincentives for climate-unfriendly activity; however this must not be used as an excuse for protectionist policies against developing countries.

The report underlines that, whilst trade can make a significant contribution to economic development and human prosperity at the same time the transport sector (principally road transport), which enables trade in goods and raw materials to take place, is responsible for one third of global greenhouse gas emissions. It considers that measures to drive a modal shift to more environmentally-friendly transport modes (such as rail and water-borne transport) and to reduce greenhouse gas emissions from freight transport are imperative. Overall, MEPs consider that the EU, as a global trade partner, is well placed to contribute to a worldwide shift in production and transport patterns. They consider that a front-running Europe would be in a more competitive situation when stricter regulations are adopted worldwide.

Towards multilateralism against climate change: the report stresses the need for strong cooperation between the United Nations Environment Programme (UNEP), the Climate Change Convention and the WTO, and asks the Commission to develop an initiative to support this aim. The Commission is also asked to take initiatives at the international level, and particularly within the WTO, to ensure that trade policy as a whole, and in relation to trade volume trends, takes account of its potential impact on climate change.

It urges the EU, with a view to achieving the Lisbon objectives, to develop and promote 'climate-friendly industry' at a global level particularly as trade is an important tool for the transfer of technology to developing countries. It emphasises the need to reduce barriers to "green trade" by, for example, removing tariffs on "green goods" at the WTO level, reshaping the rules on intellectual property rights (IPR), facilitating the market entry of green technology by allowing climate concerns to guide export credit guarantees, as well as by removing perverse incentives and distortions of the market, such as fossil fuel subsidies.

The report also suggests amending the WTO subsidies agreement in order to reintroduce a clause providing for the non-action ability of certain environmental subsidies.

The report calls for the establishment of an International Environmental Organisation which would assume responsibility for compliance with international treaties and agreements on environmental protection and combating climate change, and which would, inter alia, work and cooperate with the WTO on issues concerning the impact of trade on the environment.

MEPs stress the need for more intensive technological cooperation with developing and emerging countries, particularly China, Brazil and India, in order to enable them to mainstream environmental protection in their policies.

In this context, the Commission is invited to systematically include environmental protection clauses, with special reference to reducing carbon dioxide emissions, in its trade agreements with third countries. The Council and the Commission are called upon to ensure that the negotiations on the new generation of Free Trade Agreements (FTA) with partners in Asia and Latin America include commitments to the social and environmental aspects of trade and sustainable development.

The EU can do more to avoid CO₂ leakage: the report repeats the need for a 30% reduction in EU greenhouse gas emissions by 2020, independent of third countries' commitments. It calls on the Commission and the Council to propose measures for the provision of information on the energy consumed, and greenhouse gases emitted, during the manufacture and transport of products placed on sale within the EU.

MEPs insist on

- the introduction of WTO compatible common standards and labelling schemes regarding the GHG implications of different products, including at the production and transport stages;
- the drawing up an adequate procedure to assess and label these ecological footprints and to develop software in order to enable businesses to calculate the quantity of GHG emitted from every production process;
- consideration to be given to all means of transport and in particular those whose emissions have increased significantly in recent years, namely shipping;
- proposing measures to promote and choose the least polluting modes of transport, particularly by drawing up provisions relating to the various market instruments;
- the introduction of climate labelling standards in order to inform consumers of the ecological footprint of products;
- assessing the climate impact of EU imports of soya and palm oil, taking into account their effects on tropical deforestation, and to take measures to incorporate the climate cost in prices;
- the development, in the longer term, of a scheme based on sound life-cycle data which includes finished goods, such as cars and electronic equipment, in this adjustment where necessary;
- the adoption of incentives for the production, through granting State or Community aid, and use, through reductions in value added tax, of products which help to reduce CO₂ emissions.

Lastly, the report urges that **aid granted to the transport sector** be calculated taking into account the environmental impact of the different modes of transport, and that consideration be given to using market-compatible trade instruments (such as labelling and standards) which promote climate protection. The Commission is invited to examine WTO-compatible mechanisms and climate-friendly trade policies in order to address the issue of third countries which are not bound by the Kyoto Protocol and to work towards making more explicit provision for such possibilities in future versions of the Protocol.