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Why Effective International Climate Cooperation Needs to Start with Trade Issues

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C. Putting a Price on Emissions . What About Economic Competitiveness?

- “ Competition would be made more fair if each country imposed their emission price on imported as well as domestic products, and refunded it on exported products
- “ Next step in global cooperation on climate change should be to clarify these rules



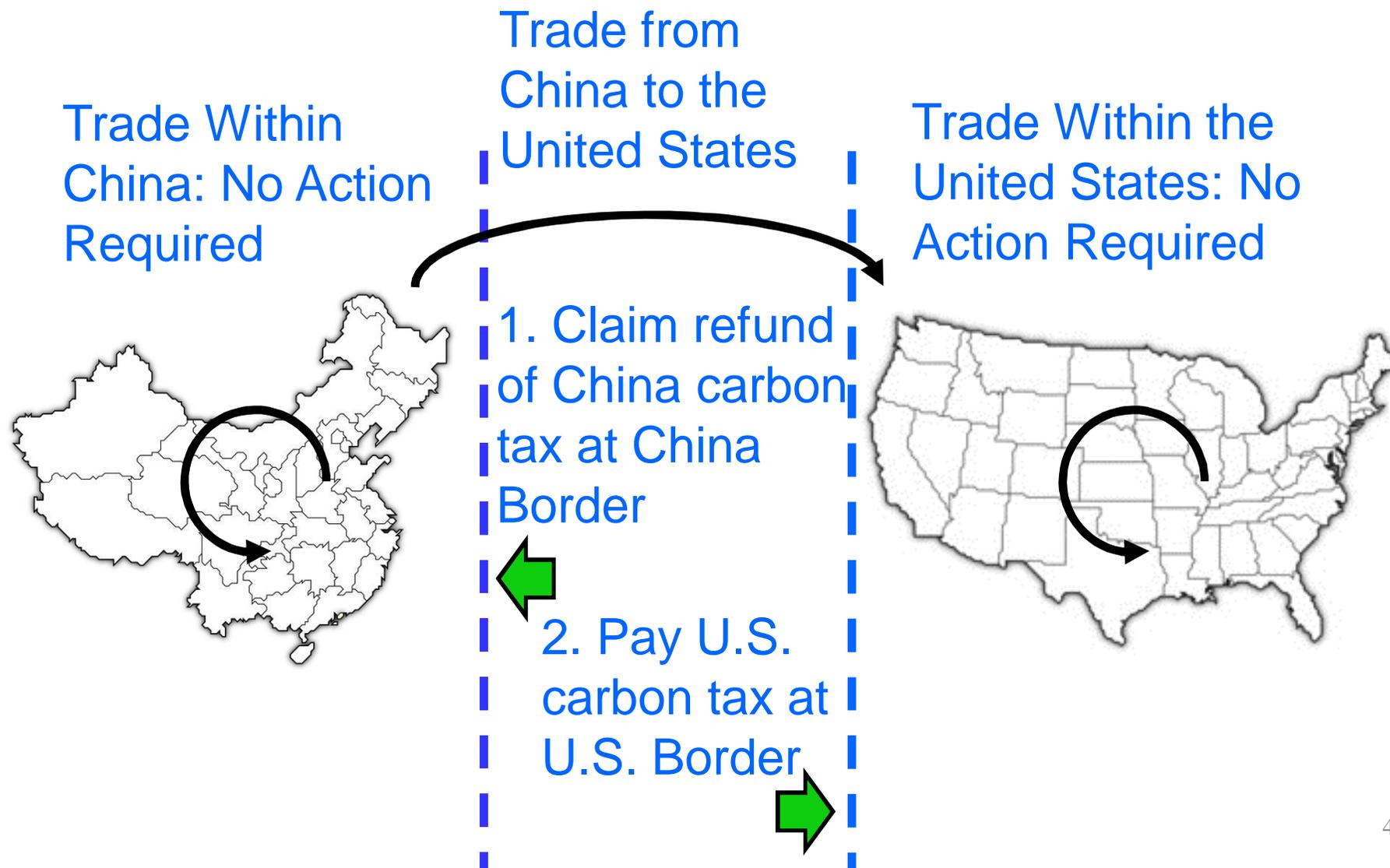
So What Is the Problem?

1. Developing countries fear that border carbon adjustments could be used to shift the burden of emission reduction from the wealthier countries to them
2. There is a general concern that border carbon adjustments could be used as a cover for protectionism

But these concerns can be addressed!



How It Might Work: Trade from China to the United States



Measuring Emission Content of Imports and Exports

- “ Ideally, use actual embedded emission content of product, but
 1. Difficult to administer
 2. Adverse impact of developing countries
- “ Better alternative is to assume emission content is the same as similar domestic products
 1. Easy administration
 2. Developing countries not put at a disadvantage.



Why Developing Countries Should Support This Proposal

- “ Enables emission reductions by wealthier countries
- “ Focus on consumption shifts more of the responsibility for emissions to the wealthier countries.
- “ Eventually, helps to enable emission reductions by developing countries, too



Questions/Discussion

