

*MATTERS RELATING TO
ARTICLE 2.3 AND 3.14
OF THE KYOTO
PROTOCOL:
SINGAPORE'S
PERSPECTIVES*

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Trade and Climate Change – Singapore's Perspectives

UNFCCC, KP & WTO

Obligations

- The UNFCCC, the KP and the WTO provides flexibility to its Parties to adopt domestic actions. These include:

- ***Examples of such actions may include:***
 - Carbon Price Mechanisms- Carbon Tax, Cap & Trade
 - Minimum Energy Performance Standards
 - “green subsidies” for the development of renewable energy
 - Sustainable Development Policies and Measures - e.g. *in Building, Forestry, Agriculture and Transport sectors*

UNFCCC, KP & WTO

Obligations

- The UNFCCC, the KP and the WTO provides flexibility to its Parties to adopt domestic actions. These include:
- ... but Parties must abide by UNFCCC, KP (for Annex I) and WTO rules

UNFCCC, KP & WTO

Obligations

| UNFCCC | Kyoto Protocol | WTO |
|--|---|--|
| Non-discriminatory | Progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all GHG emitting sectors that run counter to the objective of the Convention... | Tariff bindings (GATT Art II) |
| | | Elimination of Quantitative Restrictions (GATT Art XI) Transparency |
| | | Non-discrimination (MFN – GATT Art I, NT – GATT Art III) |
| Not used as a disguised restriction to international trade | Minimize adverse effects on international trade | Rules on Subsidies (ASCM) |
| | | Rules on Technical Regulations and Standards (ATBT) |
| | | Rules on Trade in Services (GATS) |
| | | Rules on trade-related IPR (TRIPS) |

WTO: “*Equality of Competitive Conditions*”

- WTO law requires Members to “provide equality of competitive conditions for imports in relation to domestic products”
- This will be facilitated if Members ensure that their domestic measures are:
 - ▣ Non-discriminatory – *de-jure* and *de-facto*
 - ▣ Not protection in disguise
 - ▣ Not unnecessarily trade restrictive
 - ▣ Performance-based modelled on applicable international standards
 - ▣ (*Design & implementation of the measure*) should be transparent
 - ▣ Notified, taking on board the comments of other WTO Members

Singapore's Perspectives on Trade I

- Singapore categorically rejects the use of any form of trade restriction
- The UNFCCC does not allow the use of trade restrictions to achieve its objectives
- No Party should adopt trade restrictions. This a lose-lose
- Trade openness and open markets is the appropriate response to complement UNFCCC efforts. This is a win-win
- Removal of market distortions facilitates a more efficient use of natural resources and complement UNFCCC efforts

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- *The removal of subsidies for fossil fuels could reduce GHG emissions by more than 10% in 2050*

Singapore's Perspective on Trade II

- Future agreement on climate change must be situated in the context of a supportive and open international economic system. Acknowledged in Para 90, Decision 1/CP.16
- An open international economic system important for North-South and South-South trade opportunities and economic development
- Parties should ensure that any outcome at the UNFCCC does not undermine the delicate balance of WTO rights and obligations. As a general principle, discussions in the UNFCCC should respect the competencies of other multilateral bodies.
- The WTO is the only competent body for multilateral rule-making in the domain of international trade

Hidden Slides

Trade restrictions – lose lose

Trade openness & open markets – win win

Trade restrictions: *lose-lose*

- Trade restrictions:
 - ▣ create market distortions
 - ▣ have adverse effects on trade
 - ▣ are inconsistent with Convention Art 3.5 and the WTO Agreements
 - ▣ are adversarial
 - ▣ invite retaliatory actions
 - ▣ distract and create an unfavourable climate for international cooperation at the UNFCCC

*In sum, they neither assist economic development
nor the attainment of climate objectives*



Trade Openness & Open Markets: *win-win*

- There will be trade and development gains
- According to the WB, the removal of trade barriers for four basic clean energy technologies (i.e. wind, solar, clean coal and efficient lighting) by major emitters will result in trade gains of up to 7%. The removal of tariffs and NTMs will boost trade by 13%

