

## PROJECT

Climate

Trade

Ecologic Legal

# Trade Related Measures and Climate Change Policies



[1]

This project analysed the key legal, economic and environmental issues related to using specific trade-related measures as a means of supporting the EU's climate change objectives and policies. Three trade measures are examined: 1) carbon equalisation mechanisms; 2) export credits and investment guarantees; and 3) conditions on access to the EU carbon market. The primary focus of analysis is on the first measure: carbon equalisation measures.

Successfully tackling the problem of climate change will require significant reductions in greenhouse gas (GHG) emissions on a global scale. The EU has adopted the climate goal of limiting global temperature increases to no more than 2 degree Celsius. As a means of moving toward this objective, the European Commission proposed in January 2008 an ambitious energy and climate change proposal (the so-called "climate package") aimed at reducing the EU's GHG emissions by up to 30% below 1990 levels by 2020, with a unilateral EU commitment to a 20% emissions reduction in the absence of a post-2012 international climate agreement.

In this context concerns have been voiced that so-called "carbon leakage" could occur when EU firms relocate their operations outside the European Union due to the higher cost of carbon emissions within the EU. To the extent these firms relocate outside the EU, the related employment opportunities are lost to other regions and greenhouse gas emission might even rise. Both industry

and environmental stakeholders in the EU agree that carbon leakage is an unwanted side effect of a unilateral climate policy.

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