

PUBLICATION

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Climate
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International Trade Policy in a World of Different Carbon Prices



[1]


More and more instruments require the internalisation of greenhouse gas emissions costs. Yet it is very unlikely that a single global price for carbon will prevail. A frequently voiced concern is that states with stringent climate policies will place domestic industries at a disadvantage relative to competitors in states with less ambitious climate efforts. In this chapter, published in the briefing paper "Competitive distortions and leakage in a world of different carbon prices" for the European Parliament, the Ecologic authors Michael Mehling, Nils Meyer-Ohlendorf und Ralph Czarnecki analyse restrictive trade measures to offset the regulatory burden of climate policies, particularly border adjustments, from a legal point of view.

The authors argue that the complex relationship between climate policy and international trade is characterised by a wide spectrum of interactions that range from synergy to conflict. Although a multilateral solution would be the first best option, unilateral border adjustments to offset the regulatory burden of climate policies are

not excluded in principle by the rules of international trade law. Border adjustments should affect domestic and foreign producers in a non-discriminatory manner, and be justified on environmental, not competitive, grounds. However, legal uncertainties remain and the particular design of the adjustments is important.

The [study](#) [2] [pdf, 1.3 MB, English] is the result of the project "[Legal issues and challenges in Trade and Competitiveness Post 2012](#) [3]" and is available for download at the Website of the European Parliament.

Attachments

-  International Trade Policy in a World of Different Carbon Prices

Main Link

Study: International Trade Policy in a World of Different Carbon Prices [pdf, 885 KB, English]

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