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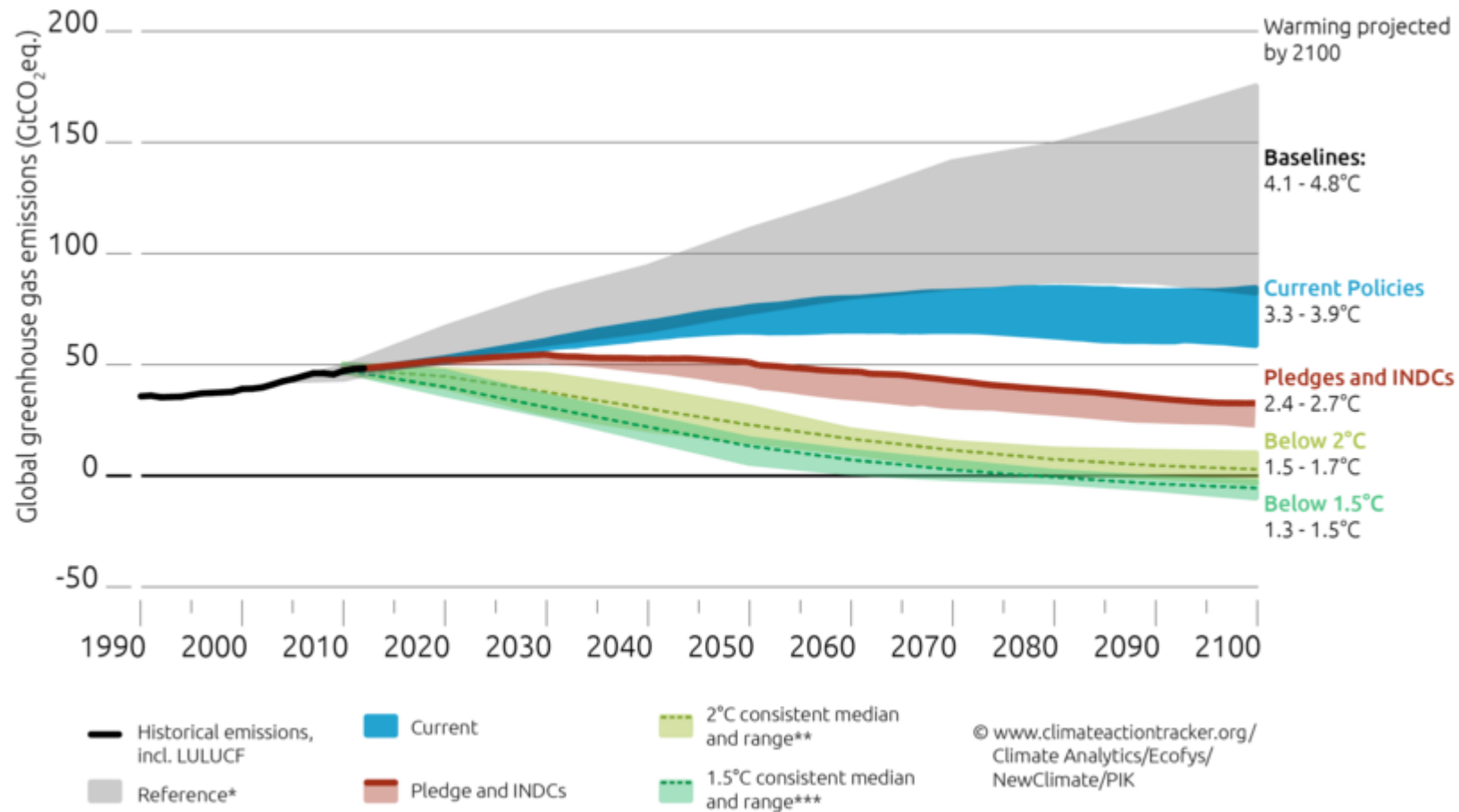
International Centre for Trade  
and Sustainable Development

# SCLAING UP CLIMATE ACTION THROUGH CONSUMPTION-SIDE CLIMATE POLICIES

UNECE Seminar: The Innovation Adoption Gap - Strategies and Policy Options for Accelerating the Adoption and Diffusion of Innovations, Team of Specialists on Innovation and Competitiveness Policies, Eighth Session

*Sonja Hawkins, Global Platform on Climate Change, Trade and Sustainable Energy  
International Centre for Trade and Sustainable Development (ICTSD)*

# Closing the emissions gap requires more rapid decarbonisation



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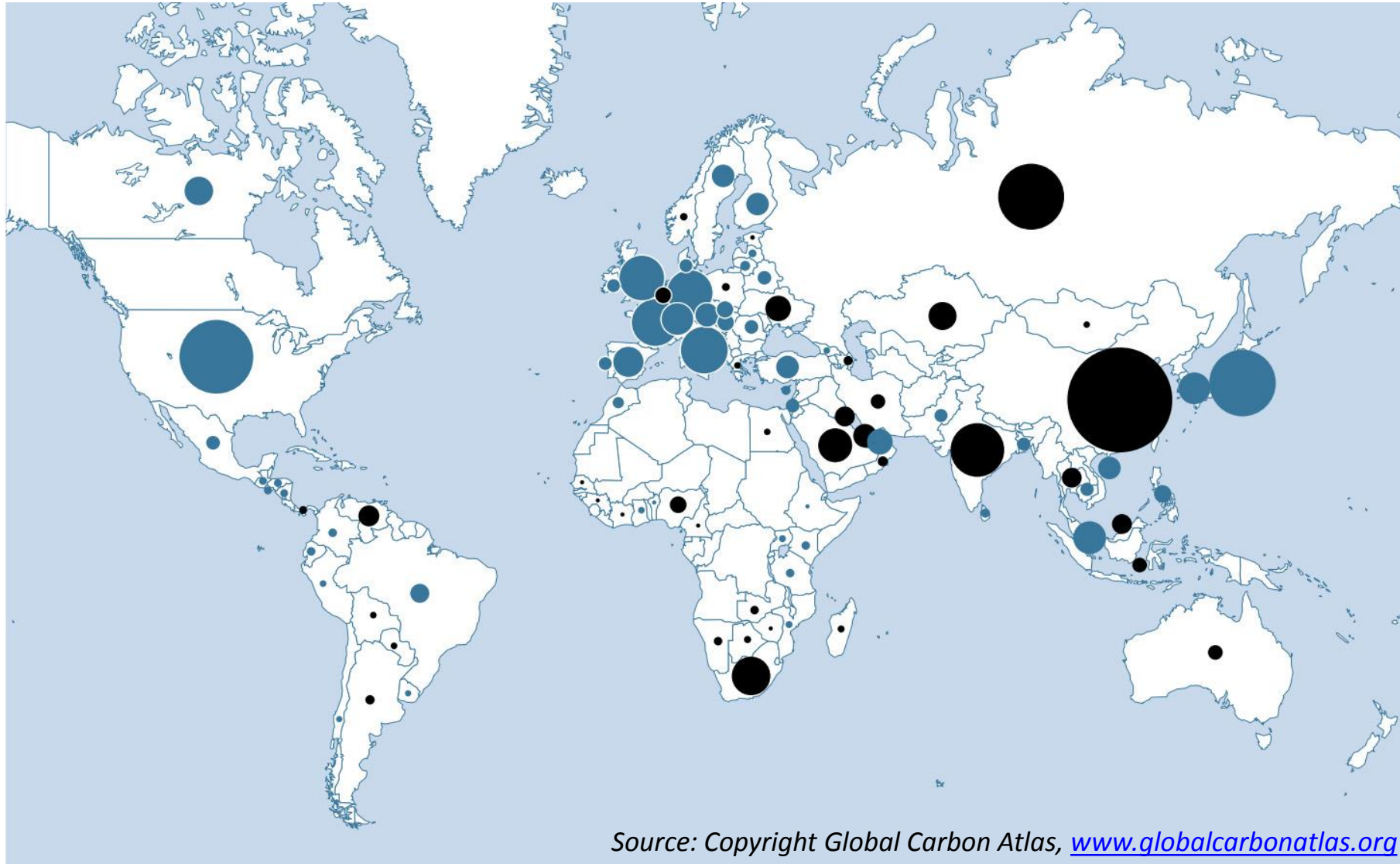
# Innovation will be key to tackling climate change

- Shifts in production and consumption patterns
- Low-carbon transformation

Policies need to target consumption side too, not only production

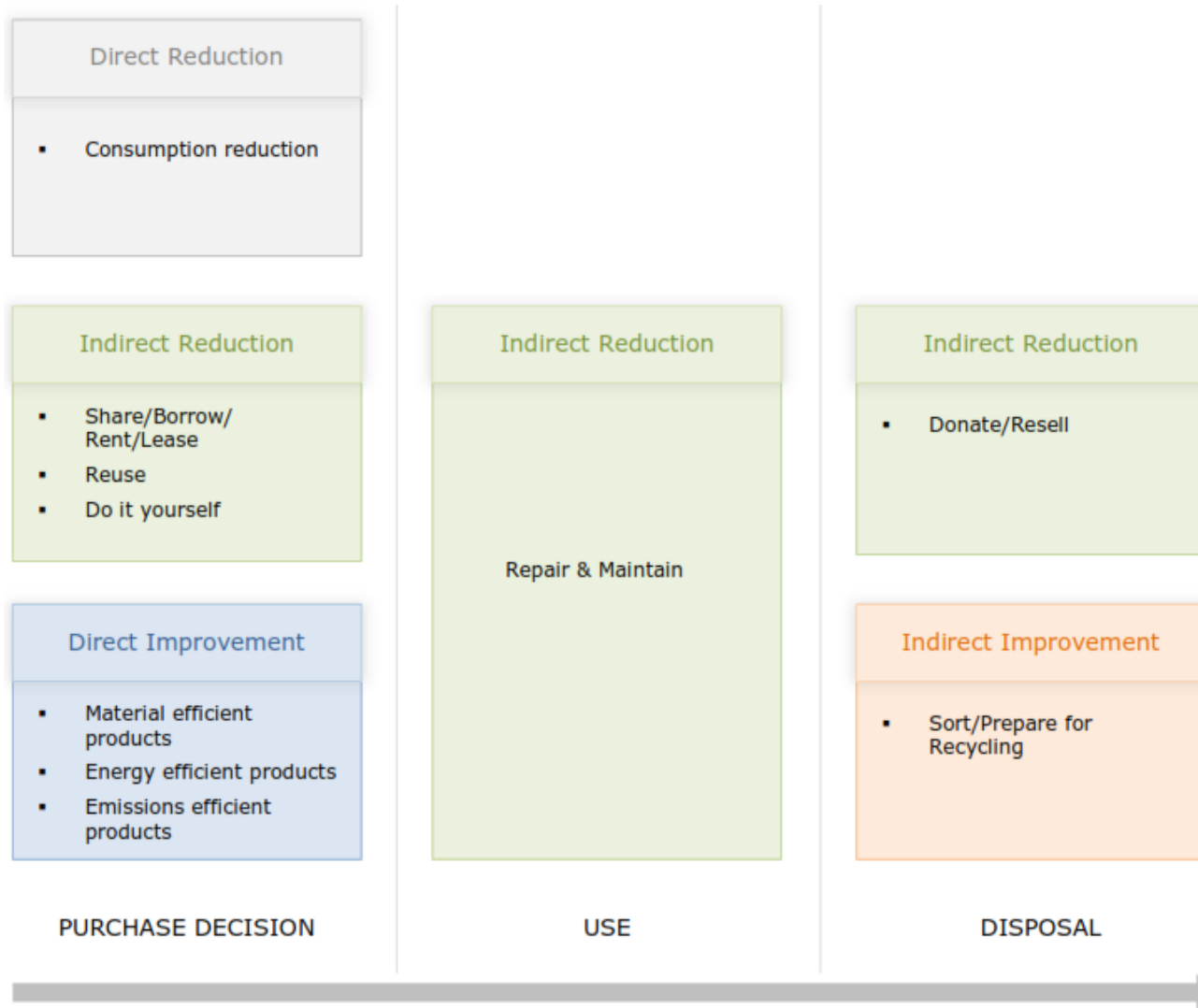


# 1/4 of emissions embedded in international trade



- Net exporters of carbon emissions
- Net importers of carbon emissions

# Low-carbon behavioural improvement options



Source: Carbon-Cap, D 6.1

# Consumption-based policy instruments

Class	Mandatory	Voluntary
Informational	<ul style="list-style-type: none"> <li>• Product labels</li> <li>• Approved technology lists</li> </ul>	<ul style="list-style-type: none"> <li>• Information campaigns</li> <li>• Ranking &amp; award campaigns</li> <li>• Product location at sale</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>• Regulatory standards</li> <li>• Government procurement</li> <li>• Recycling requirements/ Waste targets</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain procurement requirements</li> <li>• Sector trade body standards</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Carbon-intensive materials charge</li> <li>• Carbon embodied charge</li> <li>• Deposits/refunds on purchased goods</li> <li>• Minimum price limits</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidies</li> <li>• Product tax incentives</li> <li>• Preferential finance terms</li> <li>• EGS trade agreement</li> </ul>
Enabling	<ul style="list-style-type: none"> <li>• Mandatory metering</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure improvements</li> <li>• Enabling recycling</li> <li>• Enabling product sharing</li> </ul>

# Effectiveness: Potential impact on emissions & viability

1 <sup>st</sup> rank	2 <sup>nd</sup> rank	3 <sup>rd</sup> rank
<ul style="list-style-type: none"><li>• Approved technology lists</li><li>• Supply chain procurement requirements</li><li>• Carbon-intensive materials charge</li><li>• Infrastructure improvements</li><li>• Product location at sale</li></ul>	<ul style="list-style-type: none"><li>• Regulatory standards</li><li>• EGS trade agreement</li><li>• Recycling requirements, waste targets/prices</li></ul>	<ul style="list-style-type: none"><li>• Government procurement</li><li>• Information campaigns</li><li>• Ranking &amp; award campaigns</li><li>• Voluntary trade body standards</li><li>• Minimum price limits</li></ul>

→ Results to serve for guidance, not determinative

→ Often trade-off between impact of the instrument and its viability

# International trade dimensions

## 1. Trade law

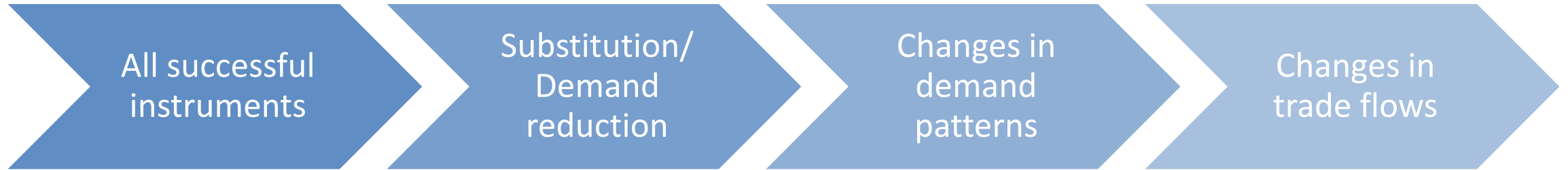
- A lot of space
- Does not trump climate
- Respect key principles

## 2. Spillover effects on trade

- Indirect (trade flows)
- Direct (market access / equal treatment)
- Positive or negative



# Indirect trade impacts



- Waste and recycling instruments
- Infrastructure improvements
- Information campaigns
- Benchmarked carbon-intensive materials charge

# Direct trade impacts



- Regulatory standards
- Carbon labelling
- Voluntary supply chain requirements
- Carbon embodied charge
- Subsidies / Product tax incentives / Preferential finance terms
- Government procurement / Approved technology lists

# Conclusion

## Need demand-side climate policy instruments

- Consumption is a key driver of emissions
- Responsibility for extra-territorial emissions

## Consider potential trade impacts

- Careful design and implementation can limit adverse direct trade impacts
- But do not rule out promising instruments

## Remember

- Not designed to specifically target imports
- Can also create trade opportunities
- Opportunity for cooperation

# Thank You!

Sonja Hawkins, ICTSD

[shawkins@ictsd.ch](mailto:shawkins@ictsd.ch)

[www.ictsd.org](http://www.ictsd.org)

About the Carbon-Cap

[www.carboncap.eu](http://www.carboncap.eu)