



FONDATION  
POUR LA NATURE  
ET L'HOMME

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# Regulating trade for climate

Why it matters

# Why we need you on board on trade & climate issues

- **We shouldn't leave to nationalists and populists messages about globalisation and how to address/regulate it. This topic is key in most EU political debates and ahead of the EP elections**
- Trade is an EU competence
- Trade is the main topic the EU discusses with other international partners in its external relations
- Too few climate NGOs are interested in trade and can monitor their member state's position
- Trade isn't just a barrier to more climate policy, it can also be a great incentive

# **1. Because we need to stop countries from withdrawing from the Paris Agreement**

- Eg. USA and now possibly Brazil out of PA. Russia has never ratified.
- Yet, the EU is using trade repercussion quite often, especially on human rights infringement. In that case the EU suspends trade agreements.
  - Myanmar (coup)
  - Russia (Crimea)

## 2. Because we need regulated trade to push countries to implement the Paris Agreement

- Eg. no trade negotiations done with countries that are withdrawing from the agreement => a carrot and a stick
- Trade policy can be a lever to push the EU's trade partners to adopt more climate policies.
  - Eg. a border carbon tax adjustment
  - Eg. an EU import ban on products that have been produced through processes or with chemicals that are forbidden in Europe (impact on export-oriented economies, especially large food producers).
- Binding climate elements in trade treaties could also improve the implementation of the Paris agreement - to present and revise NDC, to report, and for countries whose emissions are rising or diverging from NDC => political decision.

### 3. Because these new generation trade agreements have a proven record of negative impacts on EU environmental policy

- **Canada threatened France** with potential use of the state investor dispute settlement mechanism of the Energy Charter Treaty when France discussed its fossil fuel extraction ban. Consequence: full ban postponed to 2040, not applied to current extraction licenses.
- **Glyphosate: Canada has put France's future ban on Glyphosate on the agenda of the CETA regulatory cooperation mechanism**
- Food produced with pesticides that are forbidden within the EU can enter the EU market

## 4. Because these agreements are constraining our capacity to reduce emissions

- CETA will increase emissions, according to an impact assessment requested by the CION
- Trade and international competitiveness are always mentioned when bans on pesticides, increases in carbon price or new imports ban (shale gas, palm oil) are being discussed
- Reducing trade tariffs increases EU companies' exposure to international competition.
- **CETA : 1596 pages, only 13 on the environment, none of which are legally binding** – the only pages that are non binding with social policy
  - And it is the EU who asked Canada to accept these non binding chapters, not the reverse ! – NAFTA had binding SD chapters.

## 5. Because there are plenty of new trade treaties being negotiated by the EU

- The EU is negotiating new trade treaties with many parts of the world, including India, Mexico, Mercosur, Australia, NZ, Japan, Indonesia, Malaysia and China
- 30 treaties are under discussion
- The CION has re-launched the discussion with the USA on a new TTIP 2.0. (a new proof that the EU international climate policy and bilateral trade policy are totally uncoordinated)

=> It's a risk, but also an opportunity if all these treaties have binding climate elements in them (eg. staying in the PA, complying with the PA)

# The French position

- Officially ambitious.
- But 11 months later, France's action plan isn't implemented
  - No real climate veto on CETA (stopping any climate measure from being attacked via the investor state dispute settlement mechanisms)
  - No improved transparency on current negotiations
  - EU still negotiating with countries that have decided to leave the PA (US)
  - France not really asking for adding compliance with the PA, the precautionary principle and fully binding sustainable chapters in the agreement



## 5. Policy proposals CAN Europe could support

1. Stop signing climaticide agreements like CETA and include a clause in all agreements that would suspend agreements as soon as a state deviates from their commitments to reduce GHG emissions and/or do not respect their promise of funding towards southern countries.
2. Suspend any agreement, or commercial negotiations with a State that decides to leave the Paris Agreement.
3. Introduce a border tax adjustment on carbon
4. Develop an agricultural exception = recognize that agriculture as culture is not a commodity like others and that it is essential to develop a local, quality agriculture and food system
5. End private arbitration courts advocated by the European Union that allow foreign investors to attack European climate policies.