

Dialogue on Clean Energy and the Multilateral Trading System: Challenges and Policy Options

5-6 June 2013

La Barcarolle, 8, Route de Promenthoux, 1197 Prangins

Wednesday 5 June

9.00-9.30 **Opening session**

Welcoming remarks by the organizers

Introduction of group members

The E15 initiative- Process and Purpose

9.30-12.30 **Session I: The WTO and clean energy- setting the scene**

In response to challenges of access to energy, energy security and climate change imperatives, clean energy has recently emerged to a central stage. A key priority for the world community is to reform the supply and use of energy- there is a need to phase out the use of fossil fuels, to reduce energy intensity and to shift to a cleaner energy mix. As countries strive to accomplish this shift, often in combination with other policy goals such as generating domestic jobs and revenue, they put in place a range of policies and measures, some of which have trade implications. Recently, there has been a surge in subsidies and related local content requirements, but also in green public procurement and standards. Consequently, tensions arise, and there is an increasing recourse to the WTO and its dispute settlement mechanism. This raises the question whether the existing rules are the most adequate to arbitrate and adjudicate.

The objective of this session is to ensure members of the group share a common understanding of the issues at stake, the challenges ahead and current governance gaps. This will also allow the group to start identifying issues for deepened action by the group and to organise the work for the afternoon session.

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The session will include one scene-setting presentation by the theme leader Ricardo Meléndez-Ortiz, ICTSD, and the author of the background paper, Mahesh Sugathan, ICTSD, of a maximum of 30 minutes, after which the group will engage in interactive discussion in a plenary setting.

12.30-14.00 **Lunch**

14.00-17.30 **Session II: In-depth focus on critical thematic streams**

This session is designed to examine the issues identified as needing an immediate, medium or longer-range response in the multilateral system. Work will be organized in issue-cluster cells in an iterative methodology, with some participants acting as resource persons and others in the role of rapporteurs. In this way, three successive iterations will deal with (i) market access in the area of renewable energy (ii) rules (iii) transitory measures. Out of these in-depth discussions, reports will be produced and presented for discussion on day two.

The objective of the exercise is to clearly articulate within each of the issue-clusters the challenges facing current WTO-rules and practice and propose for discussion options for how to address these.

- i) Market access: In order to scale up the production of renewable energy technologies, it is necessary for the WTO to address barriers to market access, both for goods and services. In order to do that, a number of questions would need to be addressed such as how to approach the issue of “dual use” or how to enable a better classification of clean energy goods and services. It would also be relevant to look at how progress in the area of market access could be facilitated through alternative processes than the one now reigning in the WTO, looking for instance at the APEC model or at plurilateral approaches such as the ITA.*
- ii) Rules: The increasing use of subsidies and local content-requirements, as well as green public procurement and to some extent even standards, respond to a wish to scale up renewable energy, but may favour domestic producers and test the boundaries of existing trade rules. Could these rules be further improved so as to better respond to the issues at stake? Is there for example a need for an enhanced notification process in the area of subsidies and standards, and for a review of the definition of a subsidy and a window for exemptions of certain clean energy subsidies; can rules on public procurement be improved so as to facilitate for governments to use green procurement? And how can the WTO further discipline the use of unnecessary and costly certification requirements?*
- iii) Transitory measures: Reform of the WTO in the area of clean energy is a medium-term project. Yet, the challenges of climate change and energy access are immediate and severe. At the same time, the DSB is already facing a series of disputes in the area of clean energy. Therefore, there is a need for identifying actions that can be undertaken in the short term. For example, could the WTO consider interim, stop-gap measures such as*

moratoria, peace clauses or codes of conduct in the area of energy, focussing for example on the use of LCRs or trade remedies?

19.30

Working dinner

The organizers are pleased to invite all group members to a working dinner. A number of Ambassadors to the WTO will attend the dinner. This will be an opportunity for the group to discuss and assess ideas that have emerged during the day with leading trade negotiators, and for the delegates to share their perspectives of which are the most pressing challenges ahead and the hurdles to overcome in order for the WTO to effectively address these.

Hosts: Ricardo Meléndez Ortiz, ICTSD; Matthes Buhbe, FES Geneva and Bernice Lee, Chatham House

Thursday 6 June

09.00-11.00

Session III: Reporting back to plenary

The three rapporteurs from day one will report to the plenary about the key observations and points raised during the issue-specific in-depth discussions. The full group will react to these reports. In this session, the group will also agree on which specific areas would merit more in-depth scrutiny in analytical pieces, as well as on which expert would take on the task of preparing those.

11.00-12.30

Session IV: Conclusion and next steps

This session will serve to recall and assess the outcomes of the first meeting of the E15 on Clean Energy and the Multilateral Trading System. It will also discuss and devise the next steps, in the run-up to the upcoming ministerial meeting of the WTO in Bali in December. This will include exploring proposals for ensuring on the one hand that the expert group process actively informs domestic and international policy-making and, on the other hand, that the process is sensitive to and adequately reflects political developments in the MTS.