

E15 Engagement on the WTO and MC11

Disciplining Fossil Fuel Subsidies: A Contribution of the Trade System to Climate Mitigation and SDGs

Date: 12 June 2017

Venue: Maison de la Paix, Petale 5, Chemin Eugene-Rigot 2, Geneva

Energy use is the biggest cause of climate change, accounting for two thirds of the world's greenhouse gas emissions.¹ An energy transition is therefore necessary and pressing. Importantly, it will enable emission abatement while also spurring economic growth and development through improved energy security and access through renewable and sometimes off-grid sources of energy, not least in poor countries.

In spite of this, policies to stimulate such a transition are lagging. In fact, not only are measures like carbon pricing making slow progress, but in addition all major economies continue to subsidise both the exploration and the use of fossil fuels, thereby undermining the prospects of a speedy energy transition. Even in poor countries, fossil fuel subsidies (FFS) are being used, often with the intention to support the poor populations, however mostly missing the target.

The global trade system should be put to action to address this issue. There are tools available in the trade system which are currently not being fully utilised to this end — notification of fossil fuel subsidies to the WTO under the Agreement on Subsidies and Countervailing Measures is inadequate, the dispute settlement system has not yet provided any guidance, and any attempts to hold discussions about climate change in the WTO Committee on Trade and Environment (CTE) struggle to get off the ground. In addition to making use of these tools, the magnitude of the climate threat may be a reason to step up efforts and to sharpen trade rules.

In order to make progress towards this end, it is necessary to build a solid technical and legal understanding about the trade-related options to addressing FFS, and to engage trade policymakers in an open and constructive dialogue.

It is against this background that ICTSD is convening an informal roundtable dialogue as part of the E15 Initiative, jointly implemented with the World Economic Forum. Discussions will be informed by brief expert presentations, elaborating on some of the options with respect to fossil fuel subsidies which emanated out of the expert-driven phase of the E15-project in 2016.

¹ van der Hoeven, Maria. "Energy and Climate Change—World Energy Outlook Special Report." *International Energy Agency* (2015).

Agenda

8:30 – 9:00 **Coffee and registration**

9:00 – 9:15 **Welcome Remarks by the Organizer**

Ricardo Meléndez-Ortiz, Chief Executive, ICTSD

9:15 – 10:15 **Session I: Understanding fossil fuel subsidies - where, what, why?**

Lead discussants:

Baoping Shang, Economist, Fiscal Affairs Department, IMF

Peter Wooders, Group Director, Energy, IISD

Thomas Cottier, WTI

10:15 – 10:45 **Coffee/tea**

10:45 – 12:15 **Session II: Trade policy options for disciplining the use of fossil fuel subsidies**

Lead discussants:

Gary Horlick, Attorney at Law; theme leader E15 expert group on subsidies

Henok Asmelash, Research Fellow, Max Planck Institute

Anna Marhold, Assistant Professor, Tilburg Law School

12:15 – 12:30 **Session III: The way forward**

Ingrid Jegou, Director, Climate, Energy and Natural Resources, ICTSD