News Release

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New Study Outlines How to Reconcile Trade and Climate Change Goals at COP16

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Cancun, Mexico, 8 December 2010 – A new study launched today at the United Nations Climate Change Conference (COP16), From Collision to Vision: Climate Change and World Trade , will form an integral part of today's symposium organized by the International Centre for Trade and Sustainable Development in Cancún, Mexico. In the study, the Working Group on Trade and Climate Change outlines how a clash between trade and climate change can be avoided and suggests how the World Trade organization (WTO) can advance trade while achieving climate change goals.

"Trade issues have played a prominent role in climate change negotiations since Copenhagen. These issues will continue to influence decision-making as parties work through COP16 and beyond, making the Working Group's efforts to constructively meld environment and trade policy objectives a timely contribution to the debate," said Richard Samans, Managing Director at the World Economic Forum.

From Collision to Vision: Climate Change and World Trade underlines the link between climate change and trade. Economically, environmentally and politically, these two significant areas of global concern are inextricably linked. Given this, a way forward must be established that continues to lower barriers to trade while combating climate change. The international rules governing world trade and the measures being constructed to confront climate change are otherwise bound to collide.

The Working Group behind the study, composed of members of the World Economic Forum's Global Agenda Councils, deconstructs this important question, provides an overview of the relevant legal landscape and makes practical suggestions that governments can undertake to pre-empt a conflict between environmental and trade objectives. The study sets forth solutions to help ensure that these two important agendas are mutually reinforcing.

"If we act now, a collision between trade and climate change can be avoided, and the rules and the experience of the WTO can be used affirmatively to help slow global warming while increasing trade and overall global prosperity," said James Bacchus, two-term Chairman of the Appellate Body of the World Trade Organization and Chair of the World Economic Forum's Working Group.

The study underlines that the best solution to avoiding a clash between trade and climate change is to conclude the Doha Round and agree on an effective and comprehensive global climate change treaty. In the absence of either, the Working Group highlights the following suggestions:

- Need for WTO members to negotiate "green space" to allow for enactment of national measures to combat climate change
- Eliminate tariffs on environmental goods and services
- Legalize environmental subsidies that encourage the development of green technologies and prohibit subsidies for fossil fuel
- Members of the WTO should begin immediately to negotiate agreements to resolve the issues likely to arise from the enactment of national measures on climate change rather than leave

those issues to eventual resolution in WTO dispute settlement
- WTO rules should not be viewed solely as constraints on efforts to address climate change; these rules can and should be used affirmatively to help fight climate change

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