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Trading Away Our Climate?

How Global Commerce Fuels Our Climate Crisis

Global warming is the greatest challenge of our time.

Fortunately, there are readily available solutions that can boost the economy and provide energy security while creating millions of new jobs and moving the U.S. toward a cleaner, greener future.

Irresponsible trade —and the patterns of production, consumption, and development it encourages—has been a major driver behind global warming. It has encouraged people to consume and produce more than they need without regard for the environment or our natural resources.

Specifically, international trade has contributed to global warming by:

- Enabling businesses to relocate to countries with weak or non-existent environmental and labor standards.
- Generating an onslaught of 'cheap' products that do not reflect the real environmental or social costs of production.
- Increasing the volumes and distances of goods shipped globally via fossil-fuel burning transportation. Over the past 15 years, shipping capacity has grown by 50% and the average American meal is now shipped approximately 1,500 miles from field to dinner plate.
- Decimating our natural resources, particularly through rampant deforestation and illegal logging. Deforestation alone accounts for 1/5 of global warming greenhouse gas emissions.
- Using trade rules and business-biased, closed-door trade tribunals to roll-back policies designed to protect communities and the environment.

Making Change Nation-Wide: Investments in renewable energy stand to create 820,000 new family-supporting jobs before 2020 according to a study by the Blue Green Alliance. In addition, money saved at the gas pump, if wisely reinvested could generate an additional 170,800 jobs.

Seeing Change At Home: Since 1999, wind energy has infused the state of Texas with more than \$1 billion in capital investment, providing farmers, ranchers and local communities with new sources of income. In the small town of McCamey, wind farms now produce enough electricity to power 125,000 homes while removing 880,000 tons of carbon dioxide from the air each year.



Green Energy Jobs - The Economy of the Future

Bad "free" trade deals have resulted in more than one and a half million U.S. jobs lost¹ as companies move their operations to countries that pay their workers less and grant them fewer protections. For example, over 80% of toys in U.S. toy stores are manufactured in China, where the average worker earns 50 cents an hour.

Now, as we embark on the road towards a clean energy economy, it is vital that we support American workers and find ways of ensuring that companies do not simply relocate to countries with fewer climate protections and a lower cost of doing business. Such relocation, called 'carbon leakage' would only result in the continued offshoring of pollution, rather than reduction. It would also mean the loss of good jobs in the U.S.

To avoid this, U.S. climate policy must allow for an 'adjustment' in the price of imported products manufactured in countries with lower climate standards. Price adjustments such as this (sometimes referred to as a 'border adjustment'), would ensure that imported products reflect the same environmental costs as products made in the U.S. This would provide less economic incentive for companies to move offshore and greater incentive for industries to start reducing emissions regardless of where they are located.²

When is 60 watts equal to 14 watts?

Incandescent Light Bulb:
produces 800 lumens of light using 60 watts



=

Compact Fluorescent Light Bulb:
produces 800 lumens using only 14 watts.



When the WTO says it is.

Despite the fact that the compact fluorescent bulb generates the same amount of light with one quarter of the electricity, the WTO considers these products to be the same and says that federal, state, or local governments cannot prefer one over the other.

Could Trade Rules Stand in the Way of Climate Needs?

Unfortunately, today's international trade rules have the potential to thwart these job-saving climate protections. In particular, the World Trade Organization (WTO)—the main institution crafting and enforcing trade policies globally—has systematically ruled against every common-sense environmental policy that has come before its closed-door, business-biased tribunals. In the event that a law is found to violate the WTO, the country must either change the law or face trade sanctions.

For example, attempts to develop less polluting gasoline and more energy efficient cars came under attack in 1995 when Venezuelan oil companies brought a case to the WTO arguing that the U.S. Clean Air Act constituted an unfair barrier to trade. Despite the fact that the law, which required that petroleum be re-formulated to emit less contaminants, was applied equally to U.S. and foreign suppliers, the U.S. lost the case and in 1997, the Environmental Protection Agency (EPA) modified the Clean

Air Act and decreased gasoline cleanliness standards to comply.³

Similarly, measures requiring greater energy efficiency could also run afoul of trade rules on the grounds that distinguishing between products on the basis of their cleanliness is a violation of the WTO (i.e. how much carbon they produce).⁴

Also, any law requiring that state or federal governments contract only with "green" suppliers or utilize only clean energy could be prohibited under the WTO's Agreement of Government Procurement (AGP). Under this agreement, energy is energy, and preferences based upon the cleanliness or dirtiness of the source is prohibited.

It is essential that as we begin to address global warming, we also rethink our current trade rules. Preventing climate change and promoting a healthy economy must go hand in hand.

We Can Do It! Recommendations

The U.S. must take the following steps to act as a leader in the reduction of global warming pollution:

- **New Model for Trade:** All trade agreements signed by the U.S. must include meaningful and binding labor and environmental provisions. A clear commitment by all WTO member countries must be made to ensure that trade rules cannot overturn or stand in the way of climate protection measures. Governments must be granted the freedom to implement climate protections without fear of reprisal, and the WTO's practice of disregarding environmental considerations must come to an end.
- **Support Climate Policies That Keep Jobs in the USA:** New climate protection measures must include safeguards for workers to ensure that as energy costs rise, corporations don't just continue to move offshore, eliminating jobs and relocating pollution.

Footnotes

1. Economic Policy Institute. Available at: <http://www.epi.org/content.cfm?id=1545>
2. Kernaghan, Charlie. Director, National Labor Committee. *Testimony before United States Senate Committee on Commerce, Science & Transportation*. October 25, 2007. Available at: <http://www.nlcnet.org/article.php?id=472>
3. Friends of the Earth, *International Case Study: US Ban on the Use of More Polluting Petrol in City Areas*. Available at: <http://www.foei.org/trade/activistguide/petban.htm>
4. Public Citizen's Global Trade Watch, *Presidential Candidates' Key Proposals on Health Care and Climate Will Require WTO Modifications: Overreach of WTO Highlighted by Potential Conflicts with Candidates' Non-Trade Proposals*, February 2008.



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