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### Wrong Direction on Climate, Trade and Development

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## CONGRESS BLOG

THE HILL'S FORUM FOR LAWMAKERS AND POLICY PROFESSIONALS

June 22, 2015, 11:00 am

# Wrong direction on climate, trade and development

By Lisa Sachs and Lise Johnson

In pushing for Trade Promotion Authority, the Obama administration argues that the agreements it is negotiating (including TPP and TTIP) are true 21<sup>st</sup> century agreements that correct the failings of past agreements and will promote trade and investment that can both re-launch America as the key economic player and promote broad-based sustainable development at home and abroad.

While that may be the ambition, an amendment House Republicans surreptitiously tacked on to Trade Promotion Authority via language in the separate [Customs Bill](#) will do just the opposite. In order to rally supporters from within the party, Rep. Paul Ryan (R-Wis.) and Republican colleagues used this strategy to amend Trade Promotion Authority (TPA) to include a provision broadly directing negotiators to “ensure that trade agreements do not ... obligate the United States with respect to global warming or climate change.”

This provision, if passed, threatens the U.S.'s ability to commit to meaningful obligations in the crucial December 2015 negotiations on a future climate agreement and will undermine the U.S.'s ability to take the lead in a low-carbon global economy.

The climate negotiations this coming December aim in large part to ensure that economic activities (such as cross-border flows of capital, goods, services, and technologies) advance, rather than hinder, the transition to a low-carbon economy and ensure necessary investment in adaptation strategies. Given the role that global economic activity plays as both a driver of and potential solution to the effects of climate change, the draft negotiating text on the climate agreement includes a range of provisions and commitments relating to such areas as trade, investment, intellectual property, and subsidies.

These, of course, are also all issues at the core of agreements such as the twelve-country TPP and the TTIP agreement with the EU.

So where is the line between a “trade agreement” subject to the TPA, and a climate change agreement whose implementation requires action on all of these trade-related issues? The answer is that it is not clear; and indeed, given the need for policy coherence to tackle these issues, there should be no strict separation.

This means that the House Trade Promotion Authority Bill as amended by the Customs Bill risks not only tying the government's hands in addressing climate-related issues in its “trade

agreements,” but also doing so in connection with negotiation of a climate treaty whose commitments and implementation are undeniably trade-related.

Even considering its more narrow implications on trade agreements, without considering the issues related to the broader climate negotiations, it is a woeful policy directive. Not only does it prevent policy coherence, but it also pushes right off the table the opportunity that truly modern trade agreements can provide in order to leverage the power of the private sector to address the huge challenges of climate change mitigation and adaptation.

Other recent trade agreements, including those of the EU, Singapore, and Japan, have included climate-change-related provisions such as those aimed at phasing out harmful and wasteful fossil fuel subsidies, and directed at promoting opportunities for cross-border trade and investment in renewable energies and clean technologies. In contrast, the US, bound by a short-sighted amendment to the TPA, would miss the chance to leverage its new treaties to achieve similar aims. While our incumbent fossil fuel players would gain, new innovative firms would continue to suffer to the long term detriment of our economy, our society, and the environment.

The climate change amendment has absolutely no place in a 21<sup>st</sup> century trade agreement.

*Sachs is the director of the Columbia Center on Sustainable Investment. Johnson is a legal researcher and the head of Investment Law and Policy at the center.*