

SA's Position on the Trade-Aspects of Climate Change

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Trade and Climate Linkages

- Climate change physically affects trade
- Trade affects climate change:
 - Directly: international transport contributes to GHG
 - Indirectly: trade-induced growth affects production and consumption.
- Climate change policies affect trade.
- Trade policies as mechanisms to address climate change.

Context for UNFCCC Negotiations

- Still unclear where to address trade and climate change – UNFCCC or WTO?
- Trade is not formally part of UNFCCC agenda.
- But UNFCCC and KP focus on the economic and social consequences of **response measures**.
- **Response measures** are actions in aid of mitigating climate change or adapting to climate change.
- Trade-related examples:
 - Border carbon adjustments
 - Subsidies
 - NTBs
 - Regulation of bunker fuels (aviation and maritime).



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Why important for South Africa?

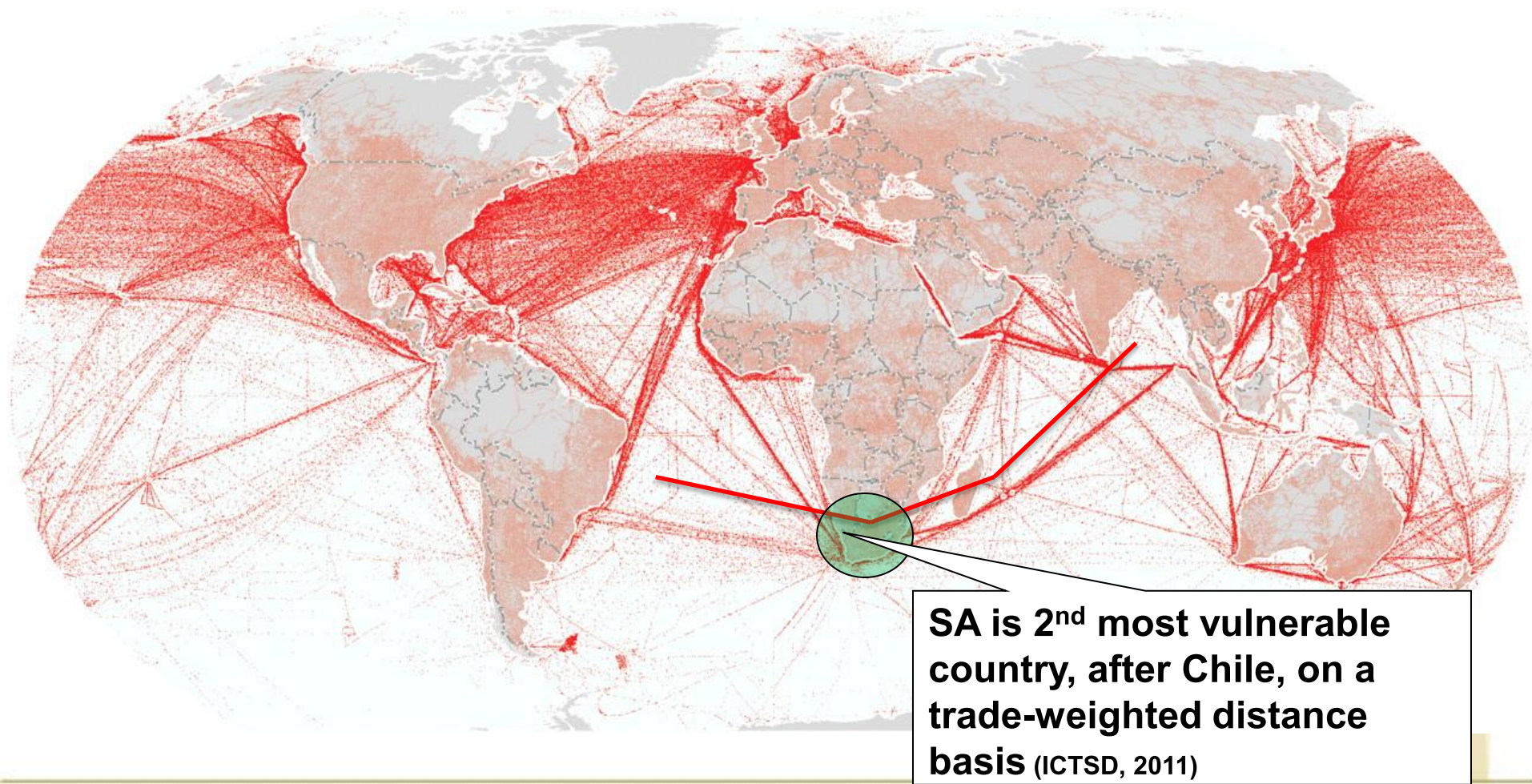
- Middle-income developing country confronting the triple challenges of **unemployment, poverty and inequality**
- SA has high ratio of trade to GDP at 60%
- SA economy is heavily carbon-intensive underpinned by various factors (e.g. abundance of coal, mineral resource wealth, industrial policy legacy).
- 40% of GHG emissions due to export of carbon-intensive goods
- Millions of SA workers employed in energy-intensive industries; plus mining sector is major contributor to SA foreign exchange earnings.
- Prospect that SA exports may confront “green protectionism” in major markets.



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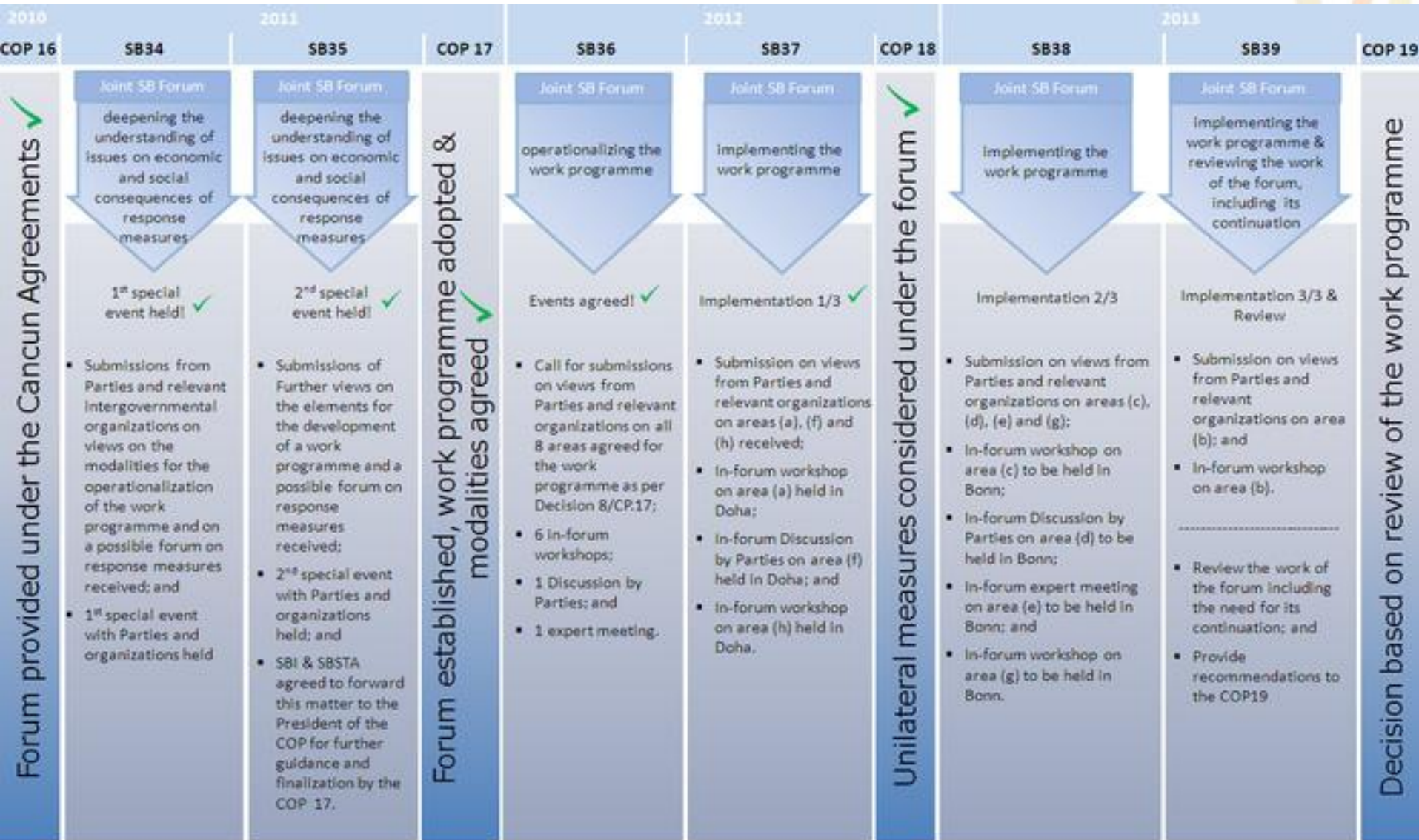
Geography (i.e. trade-weighted distance)



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Forum on Response Measures



SA Approach and Position

- SA plays an active role in the response measures negotiations.
- Supported the establishment of a Forum on Response Measures, to promote dialogue and cooperation, especially on measures that **adversely** impact on developing countries (SA).
- Three country presentations to support the Forum's work programme.
- COP19 in Poland must decide on the future of the Forum.
- SA position is to retain focus and cooperation on response measures, but need private sector's experience and input.



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