

The World Energy Council

The World Energy Council provides the principal impartial forum to facilitate dialogue among Energy Leaders on the critical issues affecting the global energy agenda. Formed in 1923, with headquarters in London, WEC is the UN accredited global energy body representing more than 3000 organizations in over 90 countries from governments, private and state corporations, academia, NGOs and energy related stakeholders. WEC covers the entire energy spectrum promoting the sustainable supply and use of energy for the greatest benefit of all. Assessing the impact of new technologies and innovation on the energy sector, WEC informs global, regional and national energy strategies and policies. WEC does this by hosting high level events, publishing authoritative studies and working through its extensive member network to facilitate the Energy Leaders' dialogue.

WEC's Knowledge Network on Rules of Trade

The WEC Knowledge Network on Rules of Trade examines rules of trade dealing with energy and energy investments and makes recommendations to international agencies, ensuring that energy industry considerations are put forth.

Energy related resources and skills are unevenly distributed across the world and are not often at the places where they are most urgently needed. Security of energy demand and supply, investment and protection of the environment are global challenges and therefore go beyond national boundaries. This underlines the role of trade in environmental goods and services and makes the global frameworks and rules that govern the trading system an essential building block of the global public good. Protectionist measures that lose sight of the global picture and the need for a coordinated and collaborative approach delay the necessary international policy convergence. The resulting highly uncertain investment framework makes infrastructure investments unnecessarily risky thus delaying or preventing the deployment of important technologies for the environment.



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CONSEIL MONDIAL DE L'ÉNERGIE

For sustainable energy.

World Energy Council Principles on Rules of Trade and Investment



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World Energy Council - Principles on Rules of Trade and Investment

Principles on Improving Access for Energy-related Environmental Goods and Services (“EGS”)

Agreed government measures for improving market access for EGS should be based on the following principles:

1. The international objective of securing reduction of GHG emissions will be aided through elimination of government imposed barriers to trade in Environmental Goods and Services.
2. GHG reduction through greater market access in energy-related environmental goods is impeded by unnecessarily high duties and therefore tariff rates on these goods should be substantially reduced and, where possible, eliminated entirely.
3. Reducing both tariffs and non-tariff market access barriers will lower the cost of new energy efficient technologies, thereby spurring their utilization and ultimately assisting in the realization of broader environmental goals for the world community at large.
4. Given the stalemate in the Doha Round, interested parties – governments and international organizations – should maintain the momentum on EGS outside the WTO framework. This effort should begin through informal talks among interested governments aimed at furthering the discussions and/or consensus on EGS achieved in the Doha Round.
5. This effort should begin as soon as possible. The starting point should be to agree on the list of energy products compiled by WEC in six areas: (1) power distribution and plants; (2) carbon capture and storage; (3) renewable energy forms; (4) nuclear power; (5) natural gas uses; and (6) flare gas reduction.
6. Energy and energy-related services are a growing and critical element in energy trade. The next step, therefore, should be to move on to the related areas of energy services and to reach an agreed energy services classification list.
7. The ultimate objective should be to reach consensus on the widest possible improvement of market access for both energy goods and services, through tariff reductions and/or elimination and other means, under either a multilateral or a plurilateral framework.
8. Such an agreement will narrow the cost differential between the more expensive, cleaner technologies and the more polluting, traditional sources of energy. It will help create economies of scale, further reducing sector-wide costs. It will lead to increased investment flows into high technology manufacturing and research in lower cost economies. It will assist developing countries in enhancing access to energy and move the global community one step further on a wider path to free trade in energy products and services.

Principles on Energy Sector Environmental Innovation: Technology Diffusion, Intellectual Property Rights (IPR), and Sound Environmental Policy for Climate Change

Addressing climate change requires reducing carbon emissions and transforming the way energy is produced and used. Robust enabling environments will be required, including appropriate technology mechanisms and a global trade and investment regime that enables and leverages investment, innovation, and technology uptake.

1. While the sheer volume of investment to address climate change challenges appears staggering, the cost of stabilization may be reduced dramatically by improving technology. Thus, promoting energy sector climate-related technology development and dissemination on global basis is critical.
2. A significant portion of the necessary energy sector investment, in terms of both financial support and technical expertise, will originate from the private sector. Government policies must therefore foster and encourage the private sector's continued engagement.
3. Technology diffuses as a natural consequence of market expansion. Product sales and the training of local manufacturing, installation and service teams provide a necessary foundation for further sharing of technology and follow-on innovation.
4. Patents and other forms of IPR support both energy sector investment and give companies and investors the confidence to trade in and share with their business partners relevant knowledge and know-how. IPR, moreover, provides firms a means to recoup their investments in new technology development and to confidently take part in and encourage global supply and value chains.
5. The publication of patent applications provides a window into new solutions and a catalyst to generate technology transactions while meaningful trade secret protection encourages parties to broaden the disclosure of relevant know-how.
6. IPR is not a barrier to technology diffusion in the energy sector, especially with respect to climate-related technology. Much of the basic technology is already off-patent and patent ownership of the most recent advances is widely distributed. While patents serve to help innovators recoup their investments, they generally do not contribute significantly to the costs of deploying clean technology solutions.
7. Calls to erode IPR protection will not aid in technology diffusion. They will be counterproductive instead. Addressing climate change often requires producing more complex offerings, which generally necessitates access to a combination of patented innovation and know-how. Compulsory transfer policies will also discourage follow-on innovation and the development of local capacity, participation in global supply chains and the creation and development of high value energy sector engineering and other innovation-related jobs. IPR, moreover, is key to encouraging firms to develop new tailor-made solutions that are currently non-existent in a region.
8. While robust IPR is a critical enabler of innovation, and the development and diffusion of technology around the world, the protection of these rights alone is insufficient. Building the right foundations, by ensure adequate financing, infrastructure, and absorptive capacity, are equally, if not more critical, especially for Least Developed Countries. Without these key enablers, technology diffusion generally, and sustainable private sector engagement and development specifically, are unlikely to occur.
9. IP is already sufficiently well regulated at the international level; there is no need to add new, potentially conflicting mandates into UNFCCC negotiations or elsewhere and doing so may be counterproductive.

Principles on Border Measures and Carbon Leakage

When governments are contemplating new or revised border measures to deal with “carbon leakage” and other aspects of cross border greenhouse gas (GHG) emissions for energy, energy products and energy-intensive products, they should act according to the following principles:

1. Border measures to reduce “carbon leakage” and deal with other aspects of cross border GHG emissions should be mainly addressed through international GHG reduction agreements.
2. Border measures should not be applied against imports from parties to an international GHG reduction agreement where that agreement provides for equitable contributions toward global GHG reductions and where those parties are meeting their obligations under that agreement.
3. Any border measures addressing “carbon leakage” must comply with the open market objectives and legal obligations in the GATT and the WTO Agreement. All “like” forms of energy, energy products and energy-intensive products, whether imported or domestic, must be accorded equivalent treatment and equal competitive opportunities in accordance with the requirements of the GATT and the WTO Agreement.
4. Governments should not circumvent these GATT and WTO Agreement obligations through improper or unwarranted recourse to the exceptions in GATT Article XX. Recourse to these exceptions should only be invoked in the precise circumstances set out in Article XX, such as where necessary to protect human, animal or plant life or health and where they relate to the conservation of exhaustible natural resources.
5. If after taking into account all of the above factors, border measures are applied to energy, energy products and energy intensive products imported from jurisdictions that are not signatories to or are not meeting obligations under international agreements that provide for equitable contributions toward global GHG reductions, those measures should be applied in such a manner as to encourage and obtain participation in such international agreements.
6. The authorities of the importing jurisdiction should have the discretion to exempt individual countries, sectors or facilities from the application of border measures based on the national economic and/or environmental interest of the importing jurisdiction. To this end the authorities of the importing jurisdiction should consider exempting from border measures any country that has national policies that make an equitable contribution to reducing emissions and are meeting their internal targets.
7. Border measures should apply only to imports from specific facilities that represent high emissions “carbon leakage”. Facilities with low levels of carbon emissions -- for instance, those applying internationally-accepted best practices -- do not create carbon leakage and should not be subject to border measures. Authorities should be permitted to take such action without being considered in violation of the GATT or the other parts of WTO Agreement.
8. Application of border measures to entire countries and/or entire industrial sectors should be avoided where those measures would unjustifiably penalize good actors who seek to reduce their GHG emissions in advance of a national legal requirement to do so.
9. When border measures are justified in accordance with the foregoing principles, importing jurisdictions should apply such measures only after a reasonable transitional period, such as fifteen years, to allow exporting jurisdictions to adopt their own climate change measures or for individual energy-producing facilities to invest in lower GHG emission technologies. This transitional “grace-period” would not be available, however, in the case of energy, energy products and energy-intensive products imported from an exporting jurisdiction that fails to meet internationally-accepted best practices or binding international treaty obligations.