

**Submission by Singapore to the Ad-hoc Working Group on Long-term
Cooperative Action under the Convention (AWG-LCA) Pursuant to
Paragraph 93 of Dec. 1/CP 16**

Pursuant to the Para 93 of Decision 1/CP 16, Singapore submitted a paper to the UNFCCC on 18 March 2011 (FCCC/SB/2011/MISC.2) containing principles that should guide the work of the forum on response measures. This submission supplements Singapore's earlier paper. In this submission, we have outlined elements that should guide the discussions on trade in the UNFCCC

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Trade, *per se*, is not a mandated negotiating item in the Bali Action Plan. Nevertheless, there have been extensive discussions on this issue over the past two years in the UNFCCC. Several Parties have tabled textual proposals against the use of unilateral trade measures. As a free-trader with its trade amounting to more than three times its GDP, Singapore shares the concerns of Parties on the threat and use of trade restrictions.

Singapore categorically rejects the use of any form of trade restriction. In 2009, Singapore also tabled a specific proposal against trade restrictions.¹ Our proposal is consistent with UNFCCC Article 3.5 and the WTO Agreements. In our proposal, we highlighted that the UNFCCC does not allow the use of trade restrictions to achieve its objectives. The opposite is in fact the case. The UNFCCC requires **all** its Parties to: (a) cooperate to promote a supportive and open international economic system; and (b) ensure that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

In explaining our proposal at the UNFCCC in 2009, we made it clear that the WTO is the only competent body for multilateral rule-making in the domain of international trade. Singapore's position remains unchanged in this regard.

Additionally, we wish to highlight to Parties that any discussion on trade within the UNFCCC context should be guided by the following considerations.

¹ Taking into account the relevant provisions of the Convention and further recognizing the principle enshrined in Article 3, paragraph 5, Parties, in the pursuit of the objective and implementation of the Convention, shall not resort to any measures, in particular unilateral fiscal or non-fiscal measures applied on the border, against goods and services imported from Parties, that constitute a means of arbitrary or unjustified discrimination or a disguised restriction on international trade"

- (i) No Party should seek recourse to trade restrictions. Trade restrictions are not, and will never be, the answer to the climate problem. First, trade restrictions create market distortions; Second, they have adverse effects on trade; Third, they will be inconsistent with UNFCCC Article 3.5 and the WTO Agreements; Fourth, they will be adversarial. They will invite retaliatory actions and distract and create an unfavourable climate for international cooperation at the UNFCCC. In sum, trade restriction is a *lose-lose* proposition. It will neither assist economic development nor the attainment of climate change-related objectives.
- (ii) Trade openness and open markets, including to climate friendly goods and services, is the appropriate response to complement UNFCCC efforts to combat climate change. This message is enshrined in Paragraph 90 of Decision 1/CP 16 and UNFCCC Article 3.5. At the WTO, working with other WTO Members, Singapore has circulated a list of climate friendly goods for trade liberalisation. One category of goods relate to energy efficiency – which is critical for mitigating climate change². At APEC, Singapore tabled a proposal to develop Good Regulatory Practices to address non tariff barriers in the trade in climate friendly goods and services.
- (iii) Parties should consider the removal of market distortions as this can facilitate a more rational and efficient use of natural resources. The removal of market distorting measures can also have a positive impact on global efforts to address the adverse impacts of climate change.
- (iv) Any agreement on climate change must be situated in the context of a supportive and open international economic system. In Cancun, the Conference of Parties acknowledged this through the adoption of Paragraph 90 of Decision 1/CP.16. As recognised in Paragraph 90, a supportive and open international economic system will lead to sustainable economic growth and development in all Parties, particularly developing countries and enable them to better address the climate problem.
- (v) The effort by all Parties to maintain an open international economic system is all the more important in today's globalised world. This will

² It is estimated that energy efficiency improvements have resulted in reductions in energy consumption of more than 50% over the past 30 years. Significant energy efficiency potential remains untapped in various sectors such as buildings, transport and industry.

help to foster both North-South and South-South trade opportunities and economic development.

- (vi)** Parties should ensure that any outcome at the UNFCCC does not undermine the delicate balance of rights and obligations contained in the WTO Agreements. As a general principle, discussions in the UNFCCC should respect the competencies of other multilateral bodies. The WTO remains the only competent multilateral body with the requisite expertise to deal with trade rule-making. The UNFCCC is not competent to review, rewrite nor reinterpret the WTO Agreements.
- (vii)** The UNFCCC provides flexibility to its Parties to adopt domestic actions as part of their efforts to combat climate change. However, experience in area of Anti-dumping and Safeguard Measures in trade tells us that even permitted measures can be abused. Hence, as required by the UNFCCC Article 3.5 and the WTO Agreements, all Parties, both developed and developing, have a responsibility to adhere fully to their UNFCCC and WTO obligations in maintaining a supportive, open and rules-based multilateral trading system.

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