

Voluntary climate mitigation measures

Are they effective, efficient and fair?

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Economic instruments for CC mitigation

- Carbon pricing
- Subsidies
- Border tax adjustments
- Voluntary measures (« embedded carbon »)

What are embedded carbon approaches?

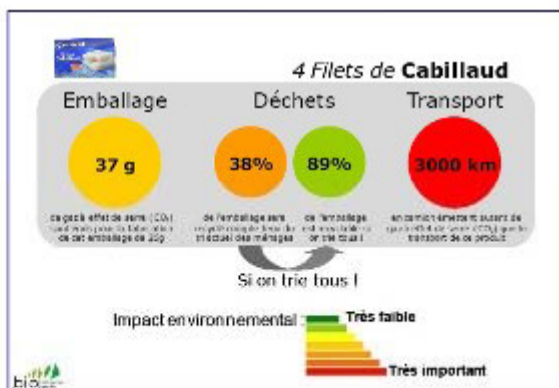
- Measure carbon emissions of a products from cradle to grave (labels)
- Convey information on the distance a product travels to market (food miles)

Different carbon labels

Hotspots



Un nouvel étiquetage des produits de grande consommation !



Quantities



Carbon neutral



Food miles labels

Local is good



Travel/importing is bad



Why are they being developed?

- Retailers under pressure to cut carbon and show action
- Farmers and NGOs
- Government support programmes (Japan, UK, France)

« *a carbon label will put the power in the hands of consumers to choose how they want to be green...it will empower us all the make informed choices and in turn drive a market for low carbon products* »

Tom Delay, Carbon Trust, UK

Limitations

1. Measurement issues

2. Consumer comprehension

3. Misleading information

4. Trade distorting



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Measurement issues

- System boundaries
- Primary (original) vs secondary data
- Lack of standard methodology
- High cost
- Reference: see Brenton et al World Bank 2008

Consumer comprehension

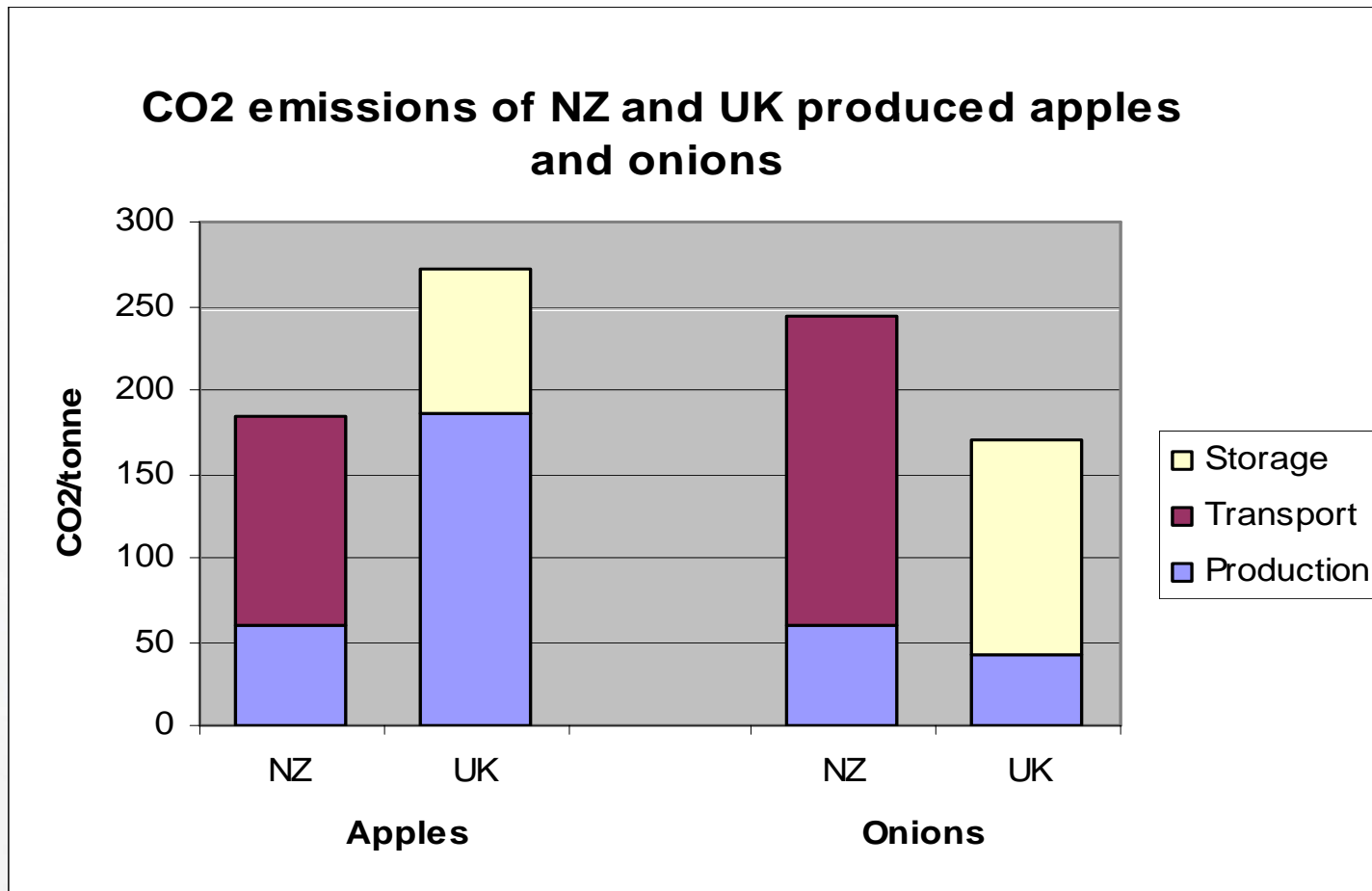
- Are there too many labels? How can they compare?
- Will consumers understand the label? (take it or leave it)



Voluntary nature

- Opportunity to free ride
- Undermined by complementary activities (perverse effect)

Misleading information (e.g. food miles)



Trade impacts

- New set of market requirements
- Increased vulnerability

Does the tool match the objective?

- 80% GHG emissions reduction in 30 years
- Effective?
- Efficient?
- Fair?

Way forward

- A carbon price that automatically allows consumers to make purchases in which environmental costs are factored in
- Cap and trade (does it work for Ag?)
- Carbon tax

Thank you

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Resources

Brenton, P. et al (2008). Carbon Labelling and Low Income Country Exports: A Look at the Issues', Working Paper 4, PREM Climate Series, World Bank

Edwards Jones et al (2008). Vulnerability of exporting nations to the development of a carbon label in the UK, Environmental Science and Policy, Elsevier

Oresund Food Network (2008). Climate change and the food industry, Climate labelling for food products: potential and limitations, Copenhagen, Denmark (www.oresund-environment.org)



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Government perspective

- EU proposals on biofuels
- UK developing standard
- France encouraging retailers to develop initiatives
- Japan piloting new label