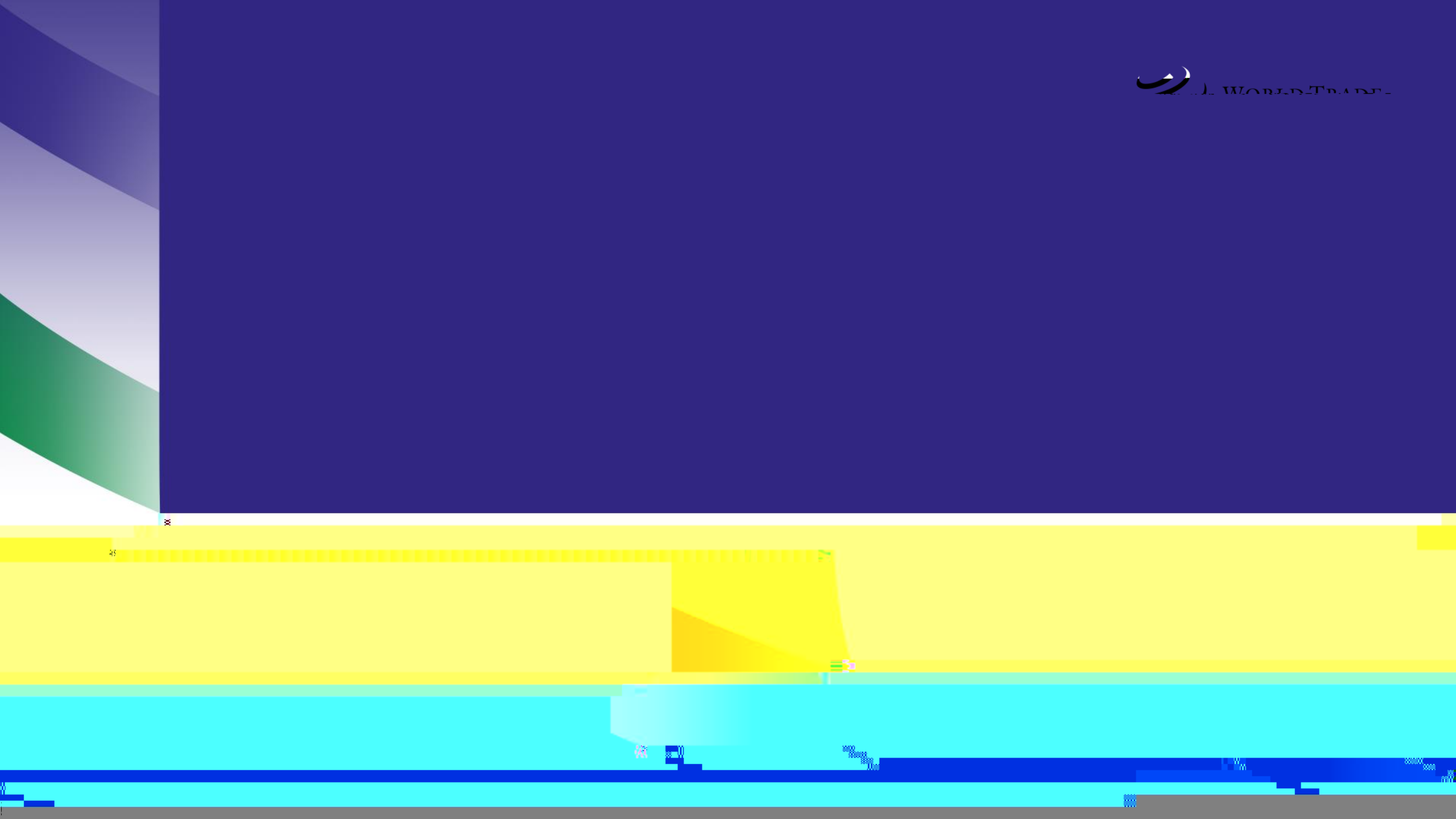


TRADE AND CLIMATE CHANGE MODELLING WORKSHOP

Overview of research topics, insights, challenges, and
takeaways of workshop with inputs from WTO, IMF, OECD, WB
and UNCTAD

22-23 February 2022



1.

Takeaways from the workshop: insights

3. Well-designed border carbon adjustment policies can tackle carbon leakage and loss of competitiveness
4. Mitigation policies can have large impact on trade patterns

Mitigation policies will shift the composition of trade and GVCs towards greener goods where developed economies have a comparative advantage. BCAs could lead to new opportunities for countries that are relatively carbon efficient in key tasks along the GVCs, in sectors like electronics and motor vehicles.

1. Climate change will feature prominently in the research agendas of the participatory institutions.
2. There is scope for cooperation between the research teams of different institutions
 - To exploit synergies
 - To enable harmonized messaging
3. There are many challenges and open research questions in modelling of trade and climate change nexus

Impact of net zero on trade flows

Impact of different policies (pricing versus regulation) on trade flows

Comparison of pricing and command-

1. Some presentations made references to already published work:
 1. Parry, Ian. "Proposal for an international carbon price floor among large emitters." IMF Climate Notes 2021.001 (2021).
 2. Cosbey, Aaron, et al. "Developing guidance for implementing border carbon adjustments: lessons, cautions, and research needs from the literature." Review of Environmental Economics and Policy (2020).
 3. Böhringer, Christoph, et al. "Potential impacts and challenges of border carbon adjustments." Nature Climate Change (2022): 1-8.
 4. Veronen, Nade, Ian Parry, and Simon Black. "Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies." (2021).
 5. United Nations Conference on Trade and Development (2021) A European Union Carbon Border Adjustment Mechanism: Implications for developing countries, UNCTAD, Geneva.
 6. Chepeliev, Maksym, et al. "Pandemic, Climate Mitigation, and Reshoring."