

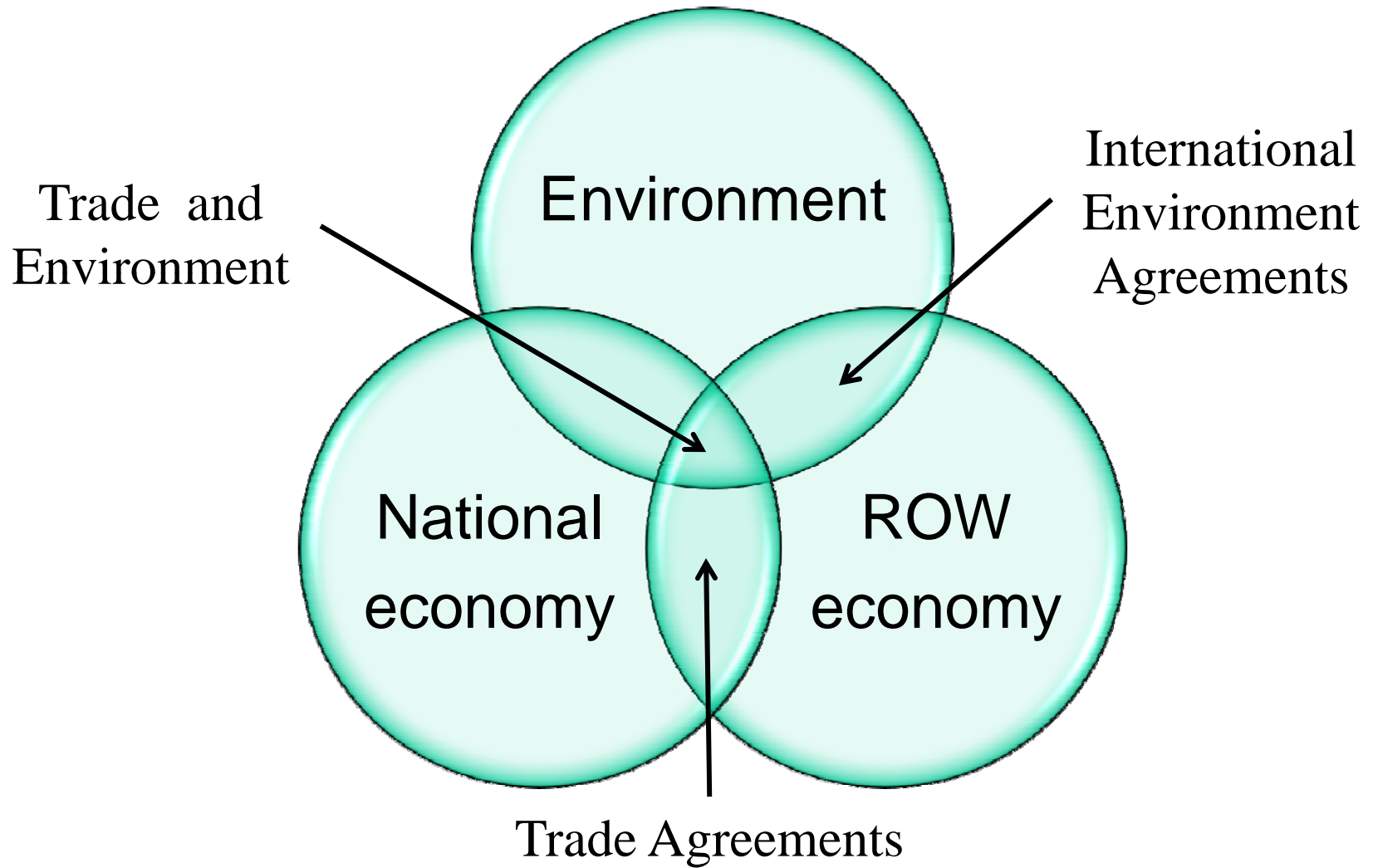
The background of the slide is a horizontal banner. On the left, a high-speed train is blurred, suggesting motion. On the right, a large cargo ship is docked at a port, with several colorful shipping containers (red, blue, yellow) visible. The banner has a light blue and white gradient.

Green growth and trade: the knowledge gap

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OECD Trade and Agriculture

Green Growth Knowledge Platform, 12-13 January 2012

Green growth and trade



Different types of knowledge

Statistics and data — e.g., better data on env goods & services needed

Policy information — more comprehensive and up-to-date info on regulations, taxes and subsidies needed, incl at *subnational* level.

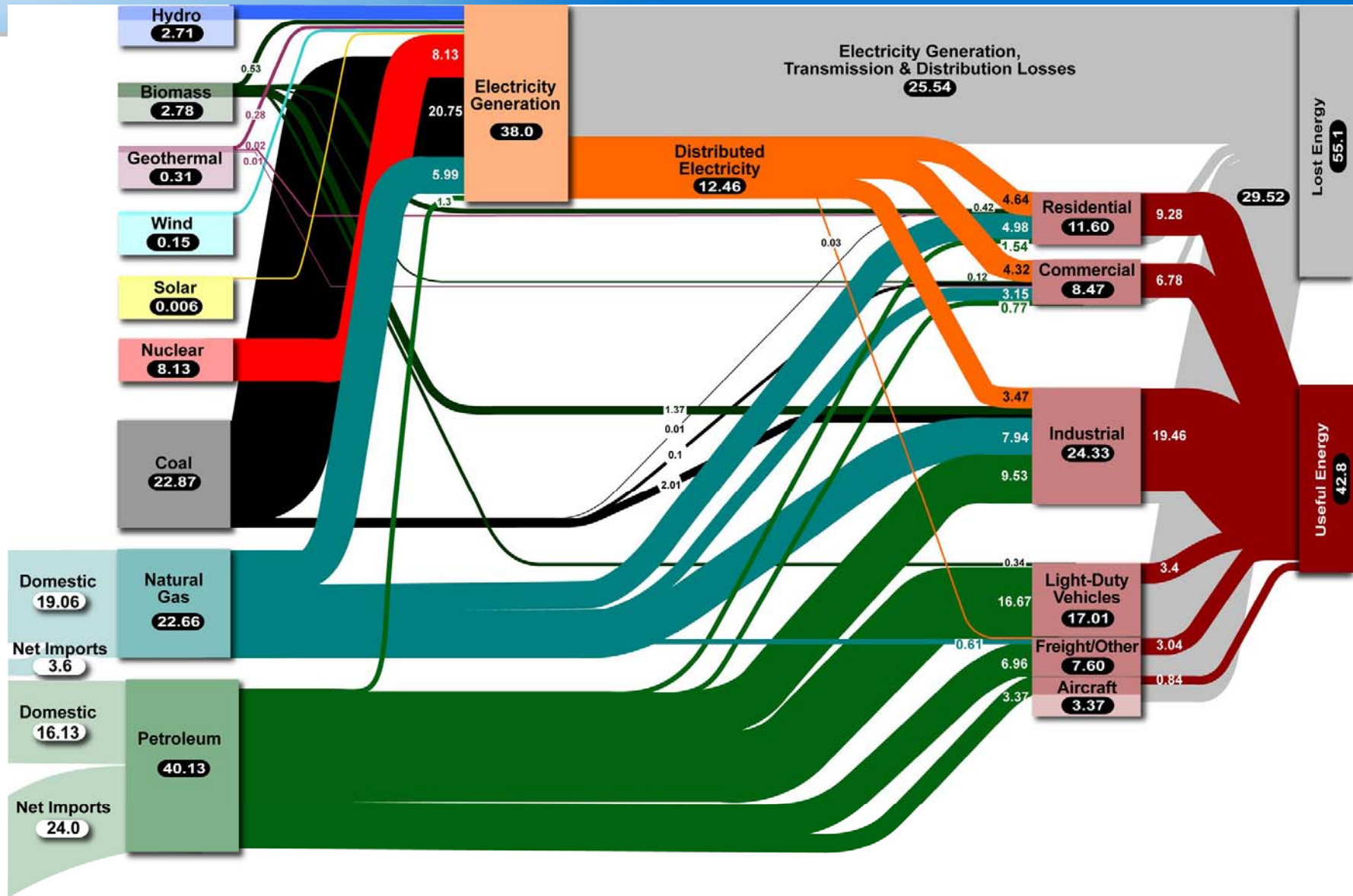
Analytic tools and economic analysis— would greater sophistication and detail change the results?

Reality test — more dialogue needed with trade-law experts, experts on political economy

Message and advice — Need to reflect better uncertainty; otherwise may bias towards inflexibility. Need to question received wisdom.

Monitoring — essential for the feedback loop

Energy systems are complex; economies more so



How are markets being distorted?

Import tariffs

Public-procurement preferences

Subsidies

**LOCAL
CONTENT
OBLIGATIONS**



**IN-KIND
SUPPORT**

Salvador Dali, *The Persistence of Memory* (1931)

Government
assumption of risk

Technical barriers to trade

Status of international information on subsidies

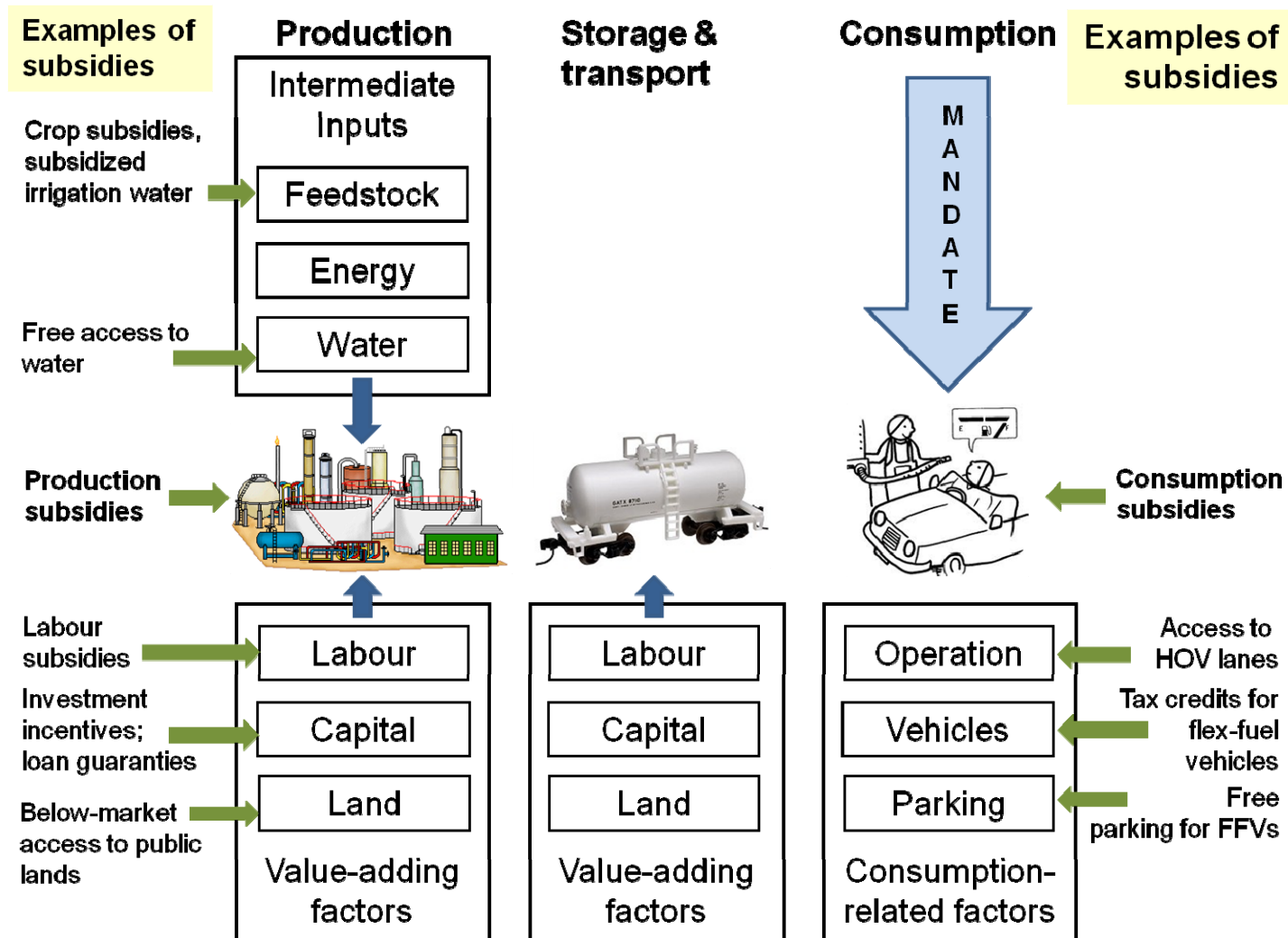
Sector	Country coverage	Coverage or level of detail	Sources
Agriculture	Most of the world	Detailed for developed and some emerging economies	OECD, WTO
Biofuels	Major producers	GSI studies detailed but not updated; IEA data updated but not detailed	GSI, IEA
Water (esp. irrigation)	Indicative	Partial; methods not standardised	Ad hoc studies
Fisheries	OECD countries	Detailed, but aggregate	
Fossil fuels	Most of the world	Detailed for OECD; gross estimates for main non-OECD subsidisers	OECD, IEA
Non-fossil energy	Major subsidizers	Details available, but not yet systematically added	IEA, OECD

Matrix of fossil fuel support measures

		Statutory or Formal Incidence (to whom and what a transfer is first given)					
		Direct consumption		Output returns	Enterprise income	Cost of intermediate inputs	Costs of Production Factors ¹
		Unit cost of consumption	Household or enterprise income				
Transfer Mechanism (how a transfer is created)	Direct transfer of funds	Unit subsidy	Government-subsidized life-line electricity rate	Output bounty or deficiency payment	Operating grant	Input-price subsidy	Capital grant linked to acquisition of land or capital
	Tax revenue foregone	VAT or excise-tax concession on fuel	Tax deduction related to energy purchases that exceed given share of income	Production tax credit	Reduced rate of income tax	Reduction in excise tax on inputs	Investment tax credit; property tax reduction or exemption
	Other government revenue foregone	Under-pricing of access to a natural resource harvested by final consumer		Reduced resource rent tax		Under-pricing of a good, government service or access to a natural resource	Under-pricing of access to government land; reduced royalty payment
	Transfer of risk to government	Price-triggered subsidy	Means-tested cold-weather grant	Government buffer stock	Third-party liability limit for producers	Provision of security (eg military protection for supply lines)	Credit guarantee linked acquisition of land or capital
	Induced transfers	Regulated price; cross subsidy	Mandated life-line electricity rate	Import tariff or export subsidy	Monopoly concession	Export restriction	Wage control; credit control (sector specific)

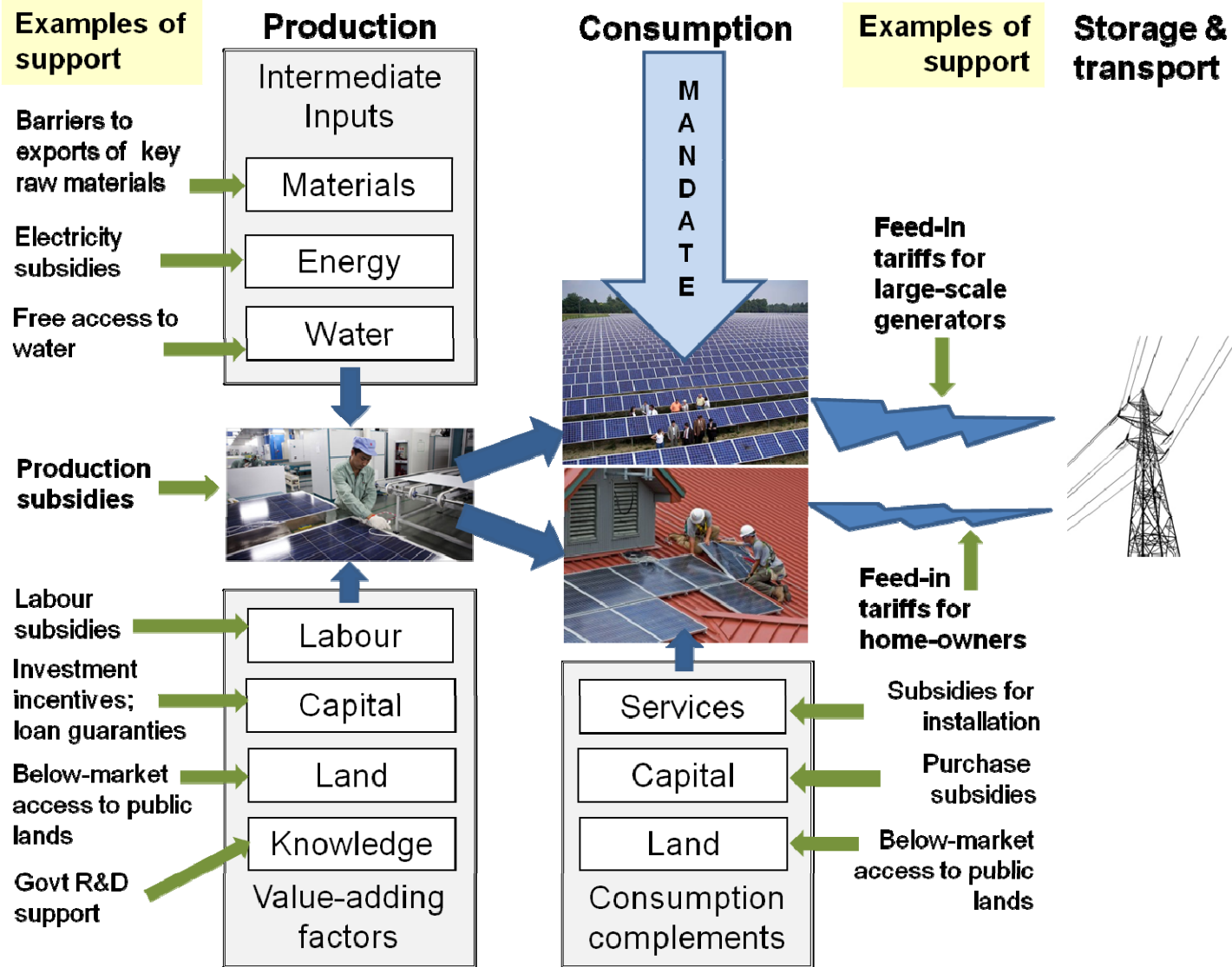
1. Labour, land, capital, knowledge.

Government incentives in the biofuels value chain



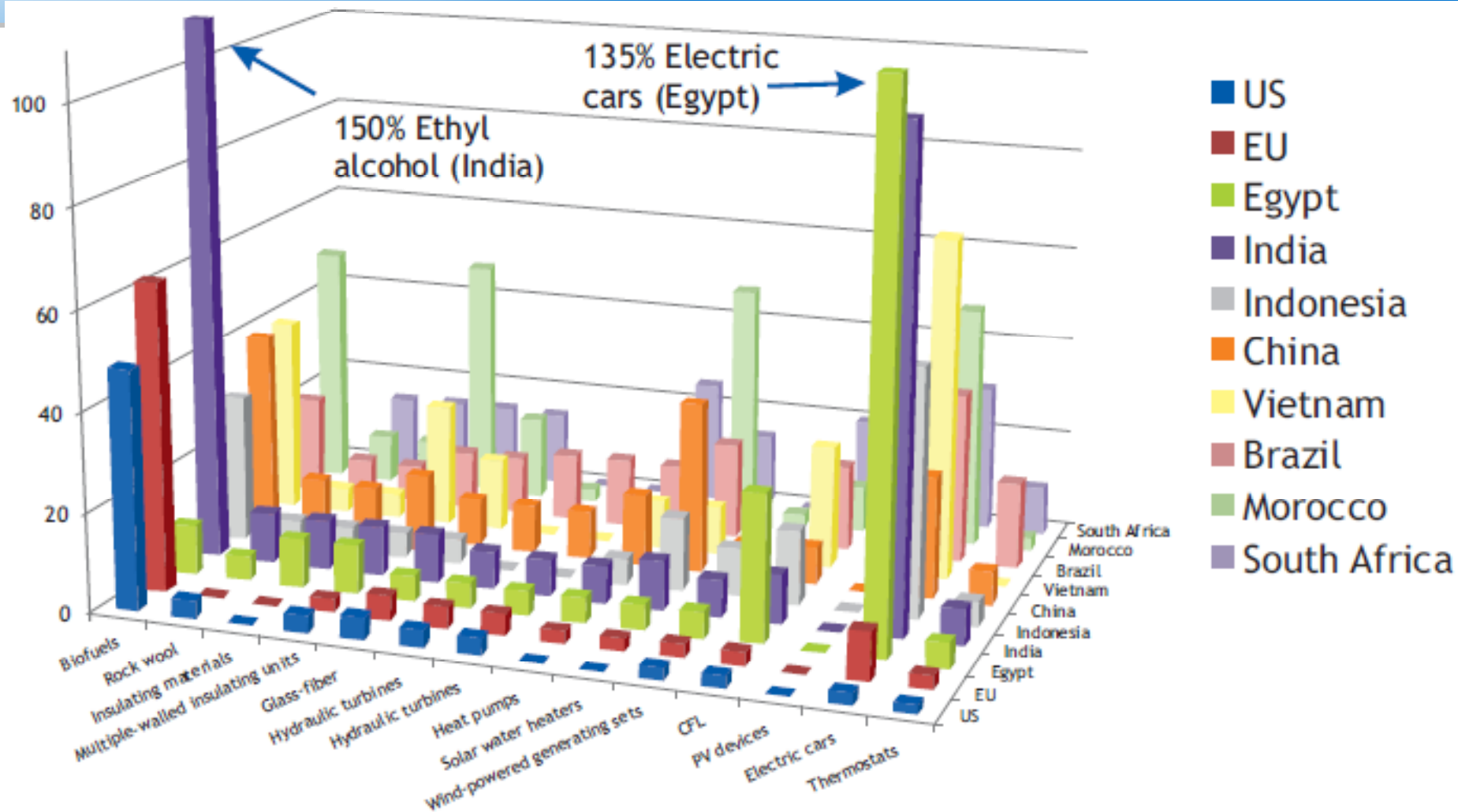
Source: OECD.

Government incentives in the electricity-generation value chain



Source: OECD.

Applied import tariffs on selected EGs



Source: ICTSD Analysis based on Vossenaar, R.(2010). *Climate-related Single-use Environmental Goods*, ICTSD Issue Paper No. 13, International Centre for Trade and Sustainable Development, Geneva, Switzerland.

A lot of work cut out for us! (e.g., Copeland, 2011)

- “Theoretical work ... suggests that significant public commitment to subsidizing R&D would be needed to move the economy to a greener growth path. An important question is how the presence of international trade affects the design of incentives.
- “While there has been much work on the pollution-haven hypothesis ..., very little of this work uses data from developing countries. ... There is also very little work that exploits environmental policy differentials across countries”
- “... since we have very little experience with serious policies aimed at reducing carbon emissions, most current estimates of carbon leakage rely on simulation models. Estimates vary significantly across models.”

OECD Trade and Agriculture



www.oecd.org/trade



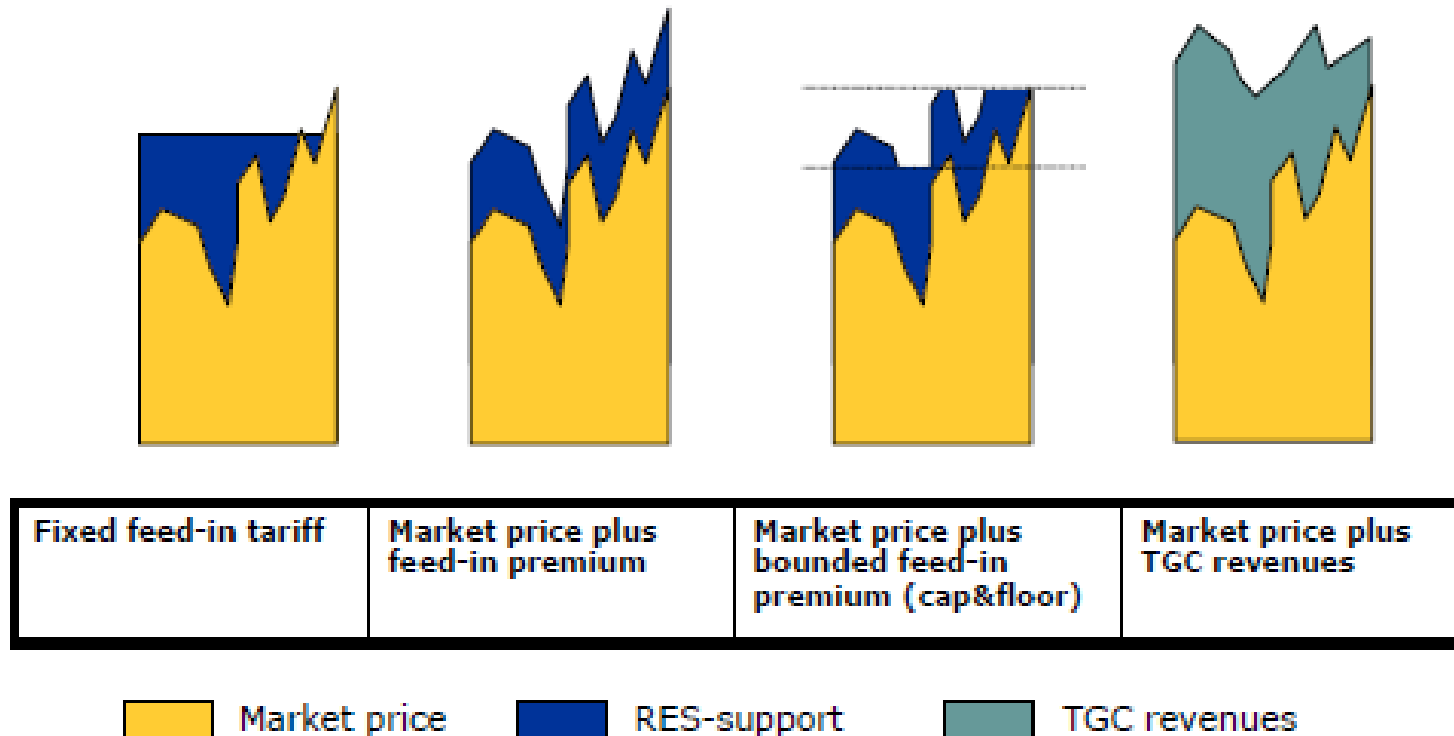
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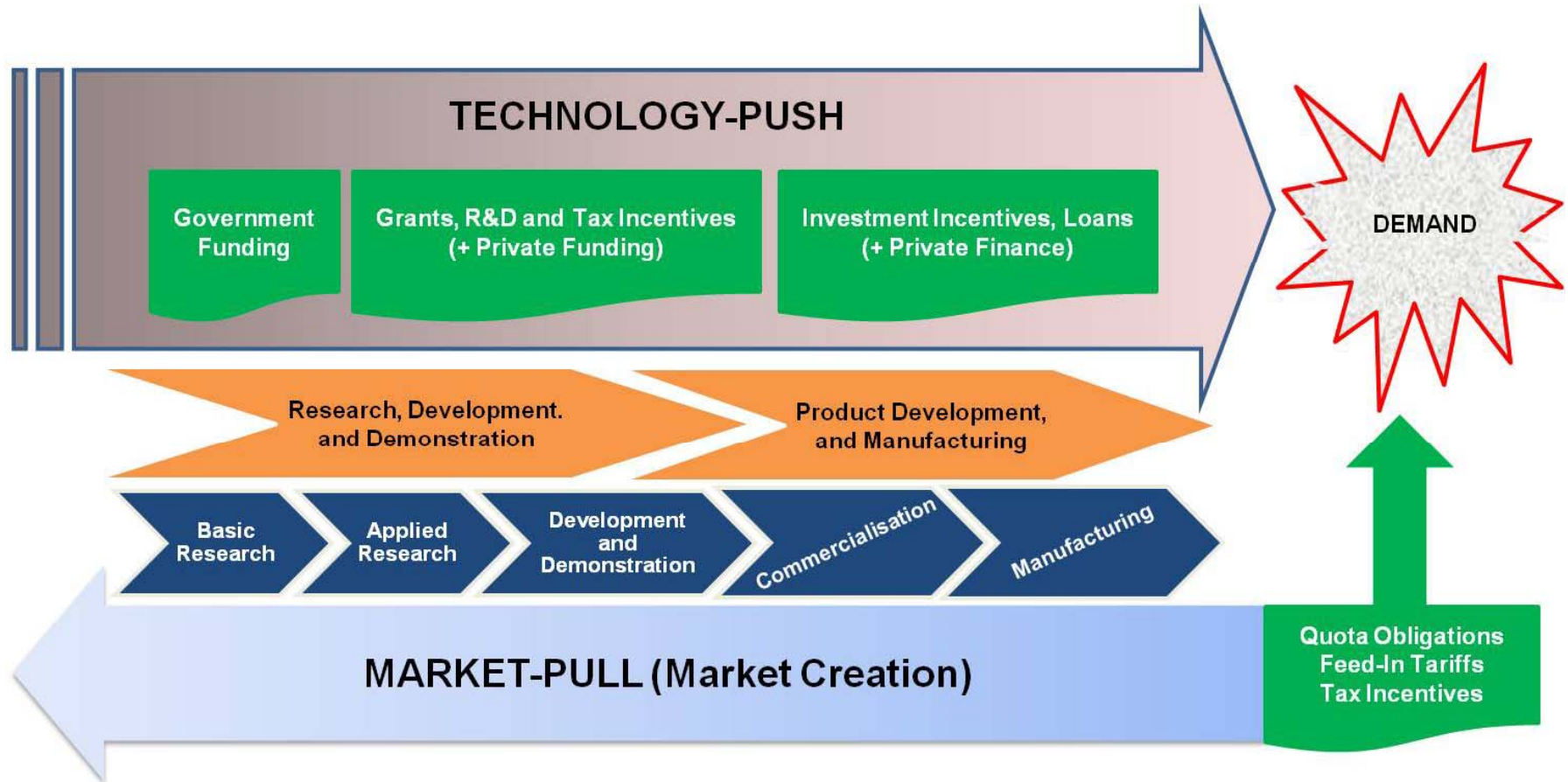
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Producer prices under different support policies for electricity generated from renewable-energy



Source: Ecofys.

Government incentives from a dynamic perspective



Source: OECD.