

## **Protecting green industrial & climate policies from trade disputes by a Climate Peace Clause**

Alexandra Strickner<sup>1</sup>, Melinda St. Louis<sup>2</sup>, Fabian Flues<sup>3</sup>, Nick Dearden<sup>4</sup>

In August 2022, the United States passed the Inflation Reduction Act (IRA), a sweeping package that includes historic investments to boost manufacturing in the clean energy economy. While the final text of the bill was far from the comprehensive legislation needed to address the urgent climate crisis, it was the result of a difficult compromise negotiated in a narrow but historic window of political opportunity and is a critical step that the US has taken to meet its climate commitments.

In response to the IRA, the European Union has launched its own industrial policy programme, aiming to increase its share in green manufacturing. At the same time, the EU passed the Carbon Border Adjustment Mechanism (CBAM) to protect energy intensive industries from outside competition. Both the CBAM and the IRA have led to calls to challenge them under existing trade rules.

Time is running out to meet our climate commitments. Investments in green jobs and production of green products will be needed to usher in the clean energy transition the world needs. Outdated trade rules should not be used to undermine our governments' efforts to address the climate crisis. Civil society groups have called on the U.S. and EU to commit to a Climate Peace Clause to protect climate policies around the world from trade disputes.

But to tackle the climate crisis in a way that is globally just, more is needed. The world's rich countries also have to commit to support the development of a clean economy in the Global South and make good on promises of climate financing and green technology transfer. The difficult challenge accelerating the green transition in the North without kicking away the ladder will be one of the underlying questions guiding this session.

In the workshop we will present the idea of the Climate Peace Clause and explore opportunities and challenges that emerge from the resurgence of industrial policies and their intersection with trade policies in the context of the climate crisis.

### **Programm**

a) Context: Green industrial policy (is back) (20 min input)

- Q&A 10 min

b) Challenges: What obstacles for a just industrial policy? How do trade rules stand in the way? (20 min)

- Q&A 10 min

c) Solutions: How a climate peace clause could help (20 min)

Final discussion (40 min)

Inputs will be given by: Melinda St. Louis (Public Citizen), Fabian Flues (Powershift e.V.) & Nick Dearden (Global Justice Now)

Facilitation: Alexandra Strickner (Attac Austria)