Climate Change and Trade Governance: Implications for the Travel and Tourism Sector in SIDs and the Caribbean

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Maygens Bay, Dominica: Before and After Hurricane Maria 2017

72% of all SIDS are classified as either “extremely vulnerable” or “highly vulnerable” to climate change impact (AOSIS/UNF 2008.)

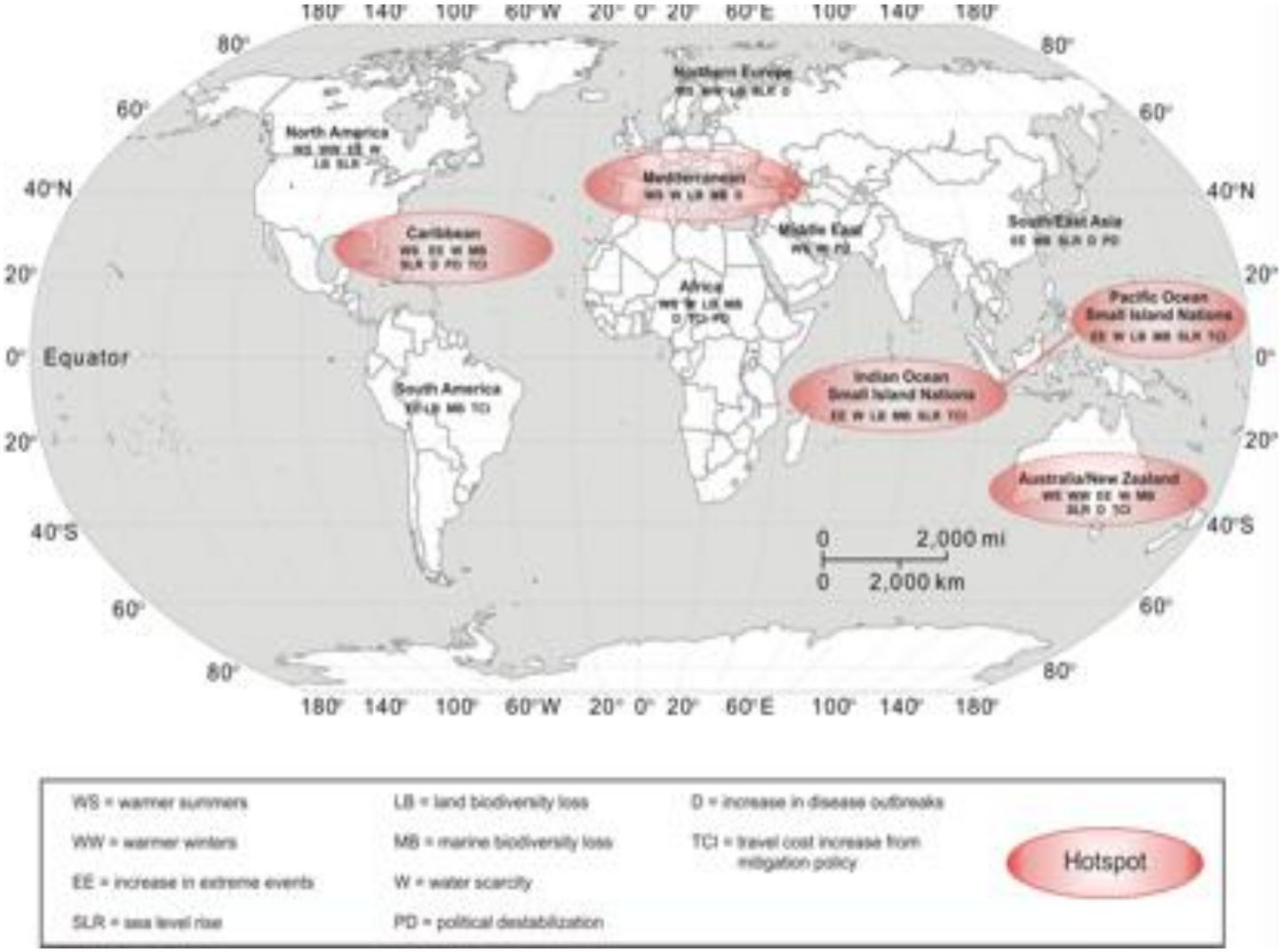
Tourism and Transport Services Impact on SIDS Exports

- Tourism receipts in SIDS are estimated at 8.2% of exports.
- The regional breakdown is listed below:
  - 23.5% in the Caribbean
  - 16.1% in the Pacific
  - 4.3% in the AIMS countries
  - 42% in the Other SIDS

- Transport receipts in SIDS are estimated at 1.2% of exports.
- The regional breakdown is listed below:
  - 1.3% in the Caribbean
  - 3.1% in the Pacific
  - 1.0% in AIMS countries
  - 4.4% in the Other SIDS

Geographic Distribution of Major Climate Change Impacts

Source: UNWTO/ UNEP/WMO



Climate Change Impact:
Predictions & Implications

- Predictions:
  - Temperature rises
  - Rainfall changes
  - Sea level rises
  - Coral bleaching
  - Increased storm intensity & frequency

- Implications:
  - Beach erosion, coastal flooding, submergence
  - Reef damage & erosion
  - Salinisation of aquifers
  - Water management challenges for agriculture (more floods and droughts)
  - Ingress of new tropical diseases
  - Declining agricultural and fisheries production
  - Increased dependence on food imports
  - Increased energy cost

Cost of Inaction in the Caribbean by 2100
Source: EDF (2008)

The report compares two possibilities:

- an optimistic rapid stabilization case
- a pessimistic business-as-usual/case

Focuses on three categories of effects:

- Hurricane damages
- Loss of tourism revenue, and
- Infrastructure damage due to sea-level rise.

Countries	Est. Economic Impact (share GDP Loss)
Caribbean LAC	22 137
Puerto Rico	6
Dominica, Haiti, St. Kitts & Nevis, Grenada, Turks & Caicos	75

“Since the main thrust of climate change policies is to increase the price of carbon, trade costs are impacted, with implications for the global pattern of production and consumption and thus for trade patterns”.

“The development of effective climate change policies and their harmonious accommodation in trade rules pose major, perhaps unprecedented, challenges to international governance”.

Pascal Lamy, WTO Secretary General, WTO News, June 26, 2009.

Climate Change and Trade Nexus

Aviation as a Trade Sector and Vector of Climate Change

- Aviation transport accounts for 0.27 % of global trade by volume, it contributes 14 % of its value.
- Aviation accounts for 11.2 % of global emissions.

Marine as a Trade Sector and Vector of Climate Change

- Marine cargo accounts for approximately 90 per cent of the volume of global trade and approximately 70 %.
- Marine transport accounts for 2.7% of GHG emissions.

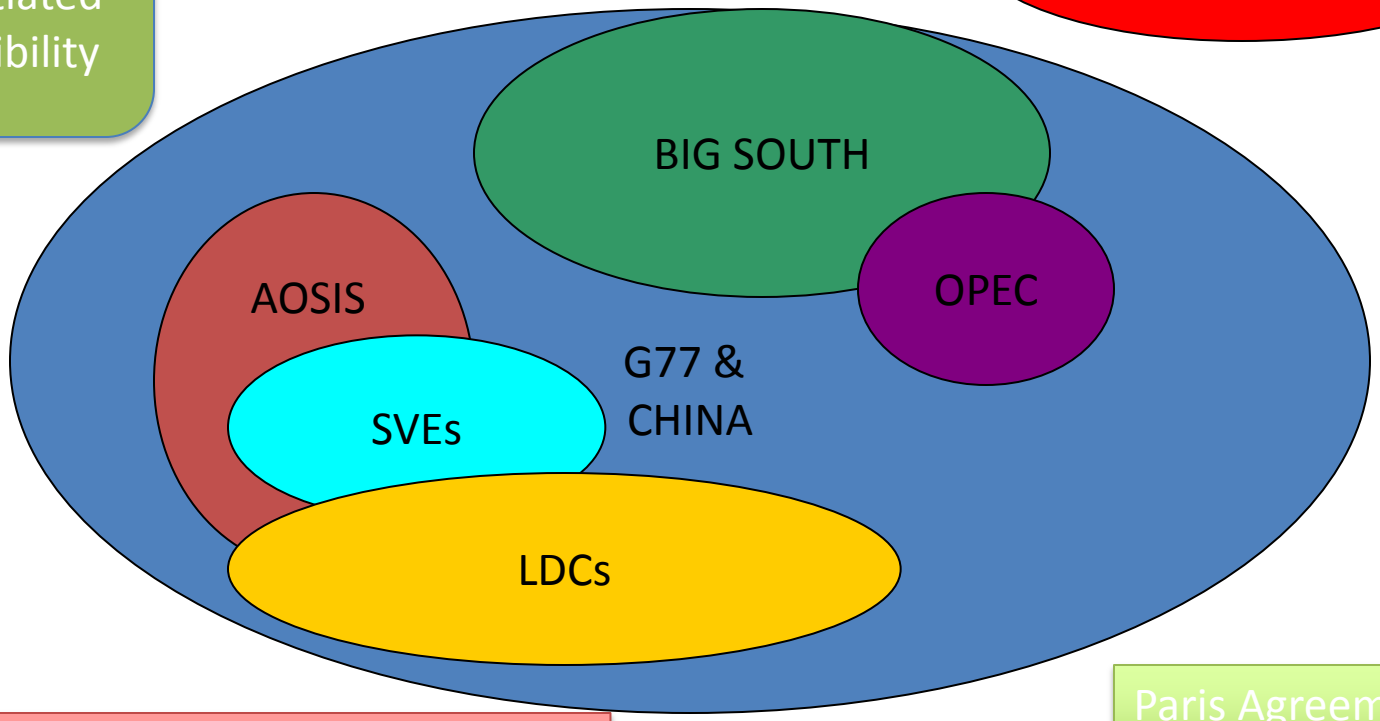
Int'l aviation and shipping are excluded from the Kyoto Protocol because of the difficulties in allocating emissions to specific countries.

Climate Change Governance & Trade Policy Conflict

Binding commitments for all big GG emitters

Common but differentiated responsibility

OECD- Annex I countries



SIDS Accelerated Modalities of Action [S.A.M.O.A.]

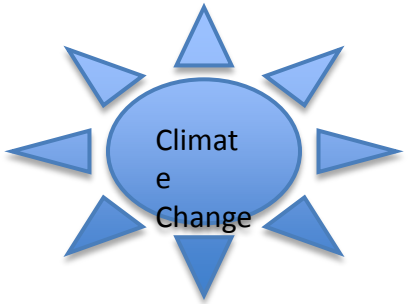
Paris Agreement on Climate Change (2016)

Global Trade Governance and the Climate Change Agenda

Funding Agencies
-GEF
- Kyoto CDM

Intergovernmental
-UNFCCC, IPCC, UNEP, WTO, UNWTO
-Djerba declaration 2003

National
-Mitigation measures
-Adaptation measures



Non-Governmental
- WWF, OXFAM, Green Peace

Country Groupings
- Annex I: US, EU
- AOSIS, G77 & China

Corporate
-ICAO – airline industry
-Cruise Ship industry

Climate Change and the SDGs (#13)

- **Strengthen resilience and adaptive capacity** to climate-related hazards and natural disasters;
- **Integrate climate change measures into national policies**, strategies and planning;
- **Improve education, awareness-raising** and human and institutional capacity;
- Implement the commitment undertaken by developed-country parties to the UNFCCC to a goal of **mobilizing jointly $100 billion annually by 2020.**
- Promote mechanisms for **raising capacity for effective climate change-related planning** and management in LDCs and SIDs

Climate Change Trade Policies

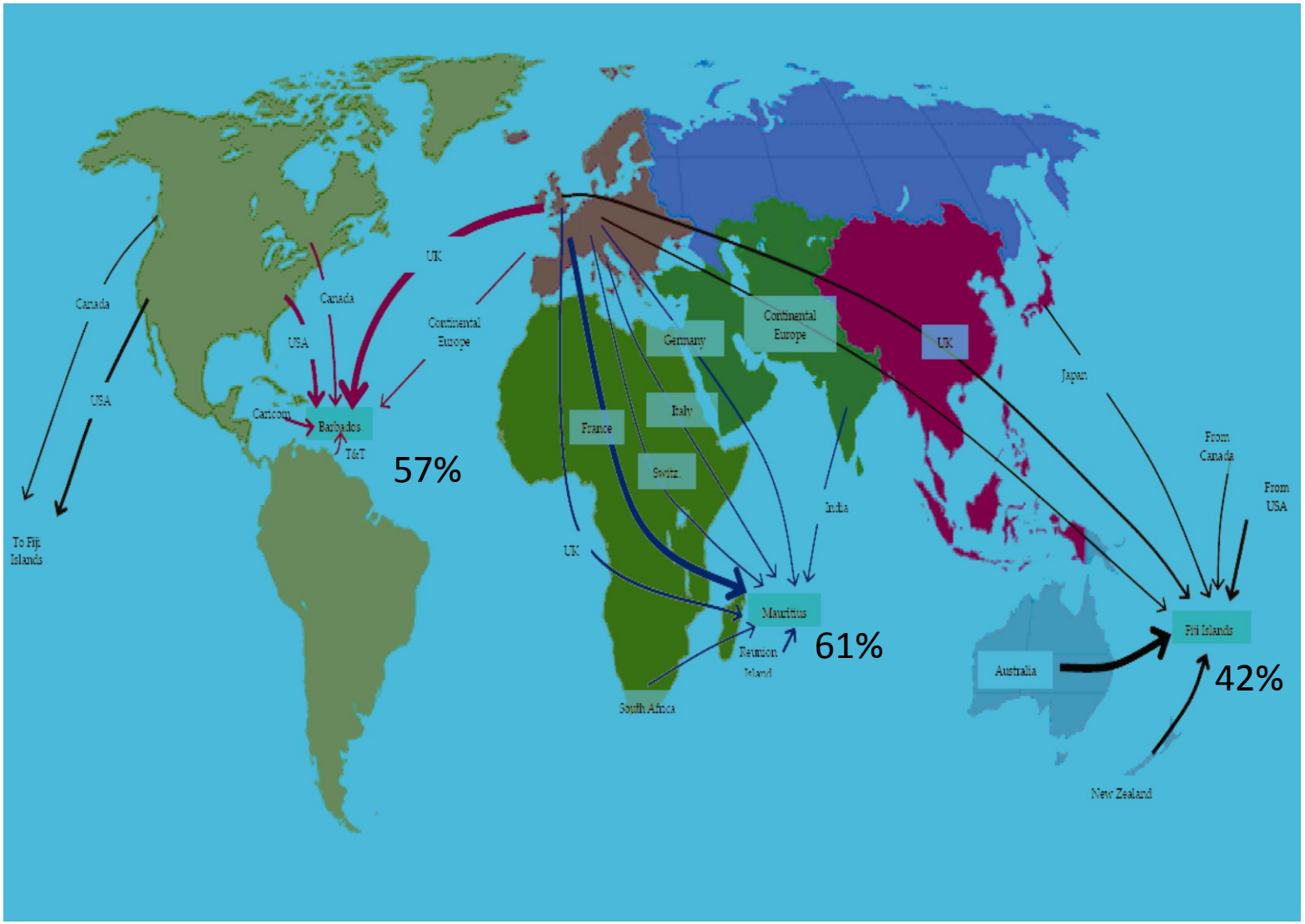
Market Based Instruments

- Border measures (e.g. carbon taxes, levies, aviation taxes)
  - EU Emissions Trading Scheme (ETS) Directive 2008/101
  - UK Airline Passenger Duties
- Production subsidies (e.g. free allowances and exemptions)
- Performance standards (e.g. carbon labeling, efficiency standards)

Trade and Business Measures

- Liberalization of Environmental Goods and Services (e.g. Environmental Good Agreement)
- Technology transfer & IPRs
- Shift in corporate policy
- Shift in consumer preferences

Share of Long-haul flights for Small Island Destinations: Barbados, Mauritius, Fiji



Strategic Opportunities for the Caribbean

- Climate Change a useful platform to promote alternative development and use of renewable energy.
  - Particularly solar energy (increased usage in homes and Hotels)
  - Production and export of renewable energy technologies (e.g. solar energy use and export from Barbados)
- Can encourage use of environmentally technologies – can facilitate proliferation of trade in environmental goods and services

Strategic Opportunities for the Caribbean

- Encourages firms to invest in energy-efficient technologies that would be particularly useful in Developing Countries.
- Increased investment in R&D could make less dependent upon technology transfer developed nations.
- Some Caribbean countries can position themselves as Carbon Neutral tourism zones.
- Encourages development of non-traditional branches of tourism:
  - Shift to low-volume, high-value tourism.
  - Shift to pro-poor, eco-friendly tourism.

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