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**GLAWCAL
COMMENT #197**

**WTO disputes involving subsidies in the
renewable energy sector in light of the
global response to climate change**

Based on

**Paolo D. Farah and Elena Cima “WTO
and Renewable Energy: Lessons from
the Case Law”**



gLAWcal
Global Law Initiatives for Sustainable Development

A gLAWcal comment on Paolo D. Farah and Elena Cima “WTO and Renewable Energy: Lessons from the Case Law” in Antonio Segura Serrano (Ed.) “The Reform of International Economic Governance”.

arising from the inherent lack of coherence and coordination among different WTO Agreements and the insufficiency of current interpretive tools. Especially non-inclusion of ‘energy’ or ‘renewable energy’ in any WTO agreement makes difficult to weigh the positive externalities of renewable energy use against the negative ones created by fossil fuels when evaluating national policies. The authors conclude that adoption of a more flexible interpretation of WTO Agreements can significantly contribute to the effective implementation of the Paris Agreement and facilitate transition to a low-carbon economy.

Climate change presents one of the biggest threat to human societies and the planet. In order to effectively strengthen the global response to climate change, 195 countries agreed a long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial. Now, governments are expected to turn these commitments into action. Keeping the increase in global average temperature to well below 2°C can only be achieved with the massive deployment of renewable forms of energy such as wind, solar and hydro, combined with energy efficiency. However, various analyses (IEA, IRENA) indicate that global investments in energy efficiency and renewable energy are not consistent with the goal set by the Paris Agreement. Governments are equipped with various legal tools designed to attract private investments, such as taxes on carbon emissions, measures aimed at transferring an economic advantage to firms and companies investing in renewables in form of grants, loans, tax incentives or pricing support (e.g. feed-in tariffs). Effectiveness of renewable energy subsidies is emphasised also by the Intergovernmental Panel on Climate Change. Compliance of subsidies with international law is addressed by the authors in Chapter 13. They provide an overview of WTO disputes involving subsidies in the renewable energy sector and analyse particularly important decisions in the Canada – Renewable Energy and Canada – Feed-in Tariff Program disputes. These disputes highlight tensions

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OUR MISSION

To collaborate with Government, Civil society and business community to balance the excess of globalization with Non Trade Concerns.

OUR GOALS

To influence policymakers, to raise awareness over Non Trade Concerns, to encourage stakeholder participation, and to disseminate gLAWcal’s publication results.



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