

UCL

Université
catholique
de Louvain

Faculté de droit et de criminologie

Institut pour la recherche interdisciplinaire en sciences juridiques

Centre de recherche interdisciplinaire "Droit, entreprise et société" - Jean Renaud

CRIDES

HISTORICAL OVERVIEW OF (environmental) BTAs

GCET Conference

Aarhus University – September 2014

Alice PIRLOT

FNRS Research Fellow

Supervision by Prof. E. Traversa

UCL – Louvain-la-Neuve

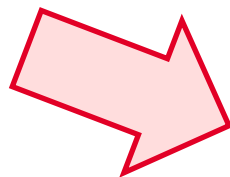
alice.pirlot@uclouvain.be

- Border carbon adjustments
- Carbon-added tax
- Border adjustments on energy taxes
- Etc

➤ **Environmental BTAs**

THE QUESTION

- Environmental BTAs
- Border carbon adjustments
- Carbon-added tax
- Etc



**RESPECT OF THE BASIC FEATURES OF
THE TRADITIONAL
CONCEPT OF
BTAs?**

HYPOTHESIS

To add an environmental dimension to the tax
concept of ...



- OECD 1968 REPORT
- GATT 1970 REPORT

THREE COMPONENTS:

(1) BTAs' definition

(2) BTAs' rationale

(3) BTAs' legal framework

BTAs' definition

OECD/GATT REPORTS

"While border tax adjustments may be defined in various ways, it is most convenient for dealing with the problems which they present to regard them as ...

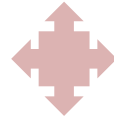
any fiscal measures which put into effect, in whole or in part, the destination principle (i.e. which enable exported products to be relieved of some or all of the tax charged in the exporting country in respect of similar domestic products sold to consumers on the home market and which enable imported products sold to consumers to be charged with some or all of the tax charged in the importing country in respect of similar domestic products)"

IMPORTS

Tax on imported
products (*BTAs*
on imports)

(e.g. x% excise
tax)

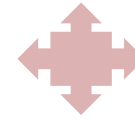
// taxes on
similar domestic
products



DOMESTIC PRODUCTS

Tax on domestic
products

(e.g. x% excise
tax)



EXPORTS

Exemption of
exported
products or
refund of
domestic taxes
on similar
domestic
products (*BTAs*
on exports)

(e.g. refund of
x% excise tax)

BTAs' definition

ENV. « BTAs » PROPOSALS

- “The BTAs would be based on the carbon emissions associated with the production of each imported product, and they would be intended to match the cost increase that would have occurred had the exporting country adopted a climate policy similar to that of the importing country” (McKibbin & Wilcoxon 2009)
- “Such BTAs are designed to level the playing field between domestic entities and foreign competitors by assuring that all producers serving the market are paying the same amount under the pertinent government policy” (Belleville 2013)

IMPORTS

Tax on imported products

in order to neutralize the difference between the environmental cost born by domestic products &

the environmental cost born by products in the country of import

DOMESTIC PRODUCTS

Env. tax on domestic products
(= "environmental cost")

EXPORTS

Exemption measure/refund

in order to neutralize the difference between the environmental cost born by domestic products &

the environmental cost born by products in the country of export

BTAs' definition

OECD/GATT REPORTS

Emphasis on domestic tax system

(some) ENV. « BTAs » proposals

Emphasis on environmental costs
born by products in country of
import/export



ENVIRONMENTALLY
TRADE-RELATED
MEASURES
..... ?

BTAs' rationale

OECD/GATT REPORTS

- Guarantee of the neutrality of national tax systems (?)
 - Neutralising the effect of domestic taxes on trade exchanges
 - Main (economic) assumption: indirect taxes are shifted forward into prices
- BTAs' rationale challenged

ENV. « BTAs » PROPOSALS

- Three main objectives:
 - (1) avoiding loss of competitiveness;
 - (2) reducing risks of 'pollution haven';
 - (3) leverage
- Three objectives related to third countries systems



ENVIRONMENTALLY
TRADE-RELATED
MEASURES

..... ?

BTAs' legal framework

OECD/GATT REPORTS

- GATT Art. I
- BTAs on imports: GATT Art. II & III
- BTAs on exports: GATT Art. VI & XVI (+ the ASCM)

ENV. « BTAs » PROPOSALS



BTAs' legal framework

OECD/GATT REPORTS

- GATT Art. I
- BTAs on imports: GATT Art. II & III
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ENV. « BTAs » PROPOSALS

- GATT Art. I
- BTAs on imports: GATT Art. II & III
- BTAs on exports: GATT Art. VI & XVI (+ the ASCM)

+ GATT Art. XXIV

ENVIRONMENTALLY
TRADE-RELATED
MEASURES

..... ?

Conclusion

**Environmental trade-related measures
which do not mirror the distinguishing features of BTAs
should not be named after BTAs**

**Thank you for your
attention**

alice.pirlot@uclouvain.be

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