Draft Resolution: The BIG Deal (2020)

World Trade Organization

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Agenda Item A

Topic: Combating Climate Change Through Environmental Subsidies

Signatories: Albania, Argentina, Bahrain, Barbados, Belgium, Benin, Bulgaria, Canada, Chad, Croatia, Cyprus, Denmark, Djibouti, Dominican Republic, Fiji, Finland, Germany, Guatemala, Hong Kong, India, Israel, Latvia, Lichtenstein, Macau, Morocco, North Macedonia, Norway, Paraguay, Poland, Republic of the Congo, Rwanda, Slovakia, Sweden, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Kingdom, United States, Uruguay, Vanuatu

The World Trade Organization,

Acknowledging that environmental threats pose a direct barrier to increasing the health and prosperity among the members of the WTO, and among the world economy more broadly,

Further Acknowledging the need for the creation of internationally acceptable, pragmatic and realistic environmental policies,

Recognizing the strong relation between trade and environment, recognizing the importance of the role of the World Trade Organization following the Doha Agreement P.31 (II)

Further recognizing the notion of capital irreversibility and that many nations currently have energy infrastructure in place, it would be detrimental to their economies should this be immediately reversed,

Further Acknowledging that only around 4.07% of global M&A activities occurred in Africa and the Middle East as a result of institutional and regulatory barriers to capital inflows to developing economies,

Bearing in mind the power disparity generated by legal fees and expenses related to arbitration measures that disproportionately affects developing and poorer countries in favor of the more developed ones, *Emphasizing* the importance of national sovereignty in terms of developing domestic fiscal and monetary policies for trade measures, further emphasizing that developed and less developed countries face different challenges in adopting environmentally friendly policies,

Further Recognizing the market-based implications of the Romer-Weil-Mankiw adaptation of the Solow-Swan economic development model, in that capital does not naturally flow in the free market from developed to developing countries,

LEGAL FRAMEWORK & CLASSIFICATION

1. <u>Recommends</u> Member States the application of **Parameters on Assessing Country's Readiness (PANDORA)** to assess sustainability level, readiness in implementing renewable energy, and future projection of renewables potentials, using a set of environmental, economic, and social metrics that will be used as a guideline for other solutions that require adjustments to each countries' conditions and needs, as follows:
    a. Quantitative measures which is measured by the Sustainability Regression Analysis using variables, both historical and projected figures, which have been proven as significant such as but not limited to: (i) Air quality index, (i) population growth, (iii) greenhouse gas emission level, (iv) area, (v) water quality, (vi) wastewater treatment, (vii) green area, (viii) nitrogen use efficiency, (ix) biodiversity index, and (ix) unobserved factors,
    b. The parameters will also take into consideration as parameters different sectors and industries within a country that have different conditions and impacts to the environment,
    c. These parameters shall always be developed and evaluated once a year through a summit in which each countries' performance will be discussed and following a set of recommendations,
    d. This shall be done by a collaboration with other international organizations and academics such as but not limited to World Economic Forum and IPCC,
    e. Taking into consideration the economic situation of each Nation, a classification based in the economical status a name will be given to identify the classification they belong;
2. <u>Further calls</u> for the creation of a Council on **Reduction of Carbon Emissions through Trade (RECET)**, as a formalized component of the WTO to advocate for the promotion of environmentally conscious trade and the empowerment of domestic regulation on polluters and bad environmental actors:
    a. The current standing subcommittee on Trade & Environment will be relocated as a component of this new council,
    b. A committee, for the Administration of the Global Emissions Marketplace which will consists of representatives from each of the tier one and tier two signatories and facilitate the consultation process before a vote,
    c. A committee for Administration of the WTO's new Inter-exchange Partnership Program the the facilitation of partnerships between less developed and existing capital markets,
    d. A committee to research and report on the potential Adverse Effects of Environmental Regulation on less developed countries and countries that have heavily invested in non-renewable energy,

    e. A committee on Green Innovation, Research Cooperation, and Technology to share and promote the most cutting-edge methods for climate change mitigation;

3. Calls upon the creation of the **WTO Identification of Development (ID)**, based on the indicators of development of the World Bank (WB) and the International Monetary Fund (IMF), in order to create a fair WTO classification of Member States as developed, developing and least- developed countries to have appropriate responsibilities within the committee, as follows:
    a. Member States will be considered developed countries, having to forego special and differential treatment from WTO agreements, if included in the high-income classification by the World Bank,
    b. Working alongside the UN Committee for Development Policy (CDP) to identify the least-developed countries:
        i. Complying with the CDP mechanism of inclusion in and graduation from the category made every three years,
        ii. Based on the CDP three main pillars of Gross National Income (GNI) per capita, Human Assets Index (HAI) and Economic Vulnerability Index (EVI),
    c. Member States that do not comply with the above-mentioned parameters and previous classifications will be classified as developing countries;
4. Further Urges the creation of a Clean Energy Operation (CEO) Committee within RECET for the creation of the **Clean Investment Analysis (CIA)** Program, based on the International model of the Jobs and Economic Development Impacts (I-JEDI) from USAID and the U.S National Renewable Energy Laboratory (NREL), in order to evaluate the different results regarding national economic growth that the investment on the different clean energies are projected to represent to the country, as follows:
    a. Adapting the models to cover all the existing types of clean energies, including all the types explained in the Boston Agreement,
    b. Dividing the investments in the equipment, construction and operation and maintenance,
    c. Obtaining from the investments in the renewable energies aforementioned the jobs, earnings, output and value-added in the GDP generated in the country,
    d. Updating the models in the Biennial Meetings of the CEO Committee in order to give realistic results to the countries;
5. Encourages the member nations to work on sustainable development of electrical power in undersupplied rural areas by encouraging the support of renewable rural electrification efforts, and private initiatives, with particular focus on:
    a. Programs to expand the reach, and subsidize the sale, of rooftop and small-scale solar electric generation in rural communities, with particular focus on replacing dangerous and polluting kerosene power and heating systems,
    b. Programs to expand the access to solar-thermal heating systems in rural communities, the establishment of local, independent microgrids modeled off of community electricity backup systems often found in universities and medical complexes, primarily through the installation of local electrical transmission infrastructure;
6. Urges the Committee on Subsidies to apply the Article XX of the General Agreement on Tariffs and Trade (GATT) to the **Agreement on Subsidies and Countervailing Measures (SCM)**, in order to have the possibility to implement subsidies to boost the renewable energy industry as an international environmental policy, as follows:

a. Using the Article XX (b) and (g) to conform environmental interests with economic interests, having the case of renewable energies,
b. Implementing subsidies, specified to be "prohibited" under the SCM in favor of the development and growth of the renewable energy industry fostering clean environments,
c. Having these exceptions to renewable energies deeply defined under the Boston Agreement,
d. Following the Doha Agreement paragraph 31 part (III):
    i. Modifying the Trade Policy Review Mechanism as "The Trade Policy Review Mechanism will adopt a board to review annually the accomplishment of environmental subsidies agreed on the Boston Agreement",
    ii. Accepting the following statement for the Technical Barriers to Trade "Member States recognize the emergency of climate change and will accept the differentiation of environmental good to be traded differently than other goods";

7. Urges the creation of the **Boston Agreement** to be enforced by the Clean Energy Operation (CEO) Committee, in order to establish a mechanism to guide and boost the renewable energy industry through the promotion of financial support and trade-related instruments and being divided by market access, domestic support, and WTO support, as follows:
    a. Recommends the signatories to adopt individual targets regarding market access, establishing tariffs reductions on the pre-existing tariffs for Member States to be accomplished by 2030, with the following commitments:
        i. Developed countries: a tariff reduction of 30 percent by 2030,
        ii. Developing countries: a tariff reduction of 20 percent by 2030,
        iii. Least-developed countries: no commitment to tariff reductions but according not to increase the already existing tariffs,
    b. Regarding market access, establishing an international and a national measure, to be an international measure for tariff reductions for Member States to be accomplished by 2030 depending on your status of development,
    c. Regarding domestic support, classifying the different types of subsidies to be implemented regarding its trade-distorting level and the international rules to apply them, diving the financial support in:
        i. A green box, establishing the subsidies that do not distort trade,
        ii. An amber box, establishing the subsidies that distort trade by affecting prices or production quantities, and that are subject to reduction commitments,
        iii. A special treatment to be given to developing and least- developed countries to encourage the development of sustainable energies,
    d. Regarding WTO support, working alongside the Global Environment Facility (GEF) establishing an annual percentage of the Aid for Trade Trust Fund to be given as grants to the companies leading the international market of renewable energies in order to expand to new developing countries as a mechanism to remove the trade barriers in this countries, by:
        i. Requesting at least 50 percent of the people employed in the new development project to be comprised of citizens of the new country,
        ii. Removing the technical barriers by importing the special needed equipment for the production and fostering local markets of raw material;

8. Calls upon the Clean Energy Operation (CEO) Committee for the creation of the **Guidance for the Renewable Energy Administration Task (GREAT**), based on the UNEP Handbook for Drafting Laws on Energy Efficiency and Renewable Energy Resources and as a mechanism to put into force the Boston Agreement (BA), in order to have a mechanism to guide member states in their financial support to renewable energies, as follows:
    a. Recommending the implementation of Feed- In Tariffs, working alongside the FIT Program, do not need to comply with reduction commitments and its percentage to the Aggregate Measure of Support (AMS) can be increased,
    b. Recommending the implementation of Rebates and Grants:
        i. If targeting price reduction, should be subject to reduction commitments,
        ii. Including those in the form of stock purchase,
    c. Tax Credits, to be implemented as follows:
        i. For clean energy producers: subject to reduction commitments, specified in the Boston Agreement,
        ii. For clean energy consumers: not commitments,
    d. Renewable Portfolio Standards (RPSs) and Quota System:
        i. RPSs Policies should be stable, increase gradually over time and not experiment sudden or uncertain shifts,
        ii. Policies shall be of sufficient duration for long- term contracting and financing,
        iii. Programs should apply to all entities: investor owned, electric cooperatives, and municipal,
        iv. Policies should be mandatory and impose penalties on those that fail to meet the requirements,
        v. The eligibility of renewable energy technologies and equipments should be well limited,
    e. The financial policies will be classified in two main pillars:
        i. Creation of supply: those financial policies that incentivize the national production in clean energies, such as rebates and grants for production companies and for research and development, production and investment tax credits, and renewable portfolio standards,
        ii. Attraction of demand: those financial policies that incentivize the consumers to invest in clean energy equipments, such as feed-in tariffs and tax credits for clean energy consumers,
    f. Calling upon the combination of policies to have better financial schemes for renewable energies, following these recommendations:
        i. Member States shall evaluate how the interaction of policies might create synergies or unintended consequences,
        ii. If the country is new in the clean energy market, it should guarantee the creation of supply first, through the proper policies, before implementing policies to attract the demand, especifically in developing and least- developed countries;
9. <u>Urges</u> the creation of the **Clean Energy Operation (CEO)** Committee in order to oversee the implementation of the Boston Agreement and to monitor the WTO members compliance with their commitments, as follows:
    a. Being formed by all the members of the WTO,

    b. Organizing Annual Meetings in order to discuss the following topics:
        i. The world's growth of the clean energy industry and trade,
        ii. The updates needed for the Boston Agreement, regarding the tariff reduction, types of domestic support and its reduction commitments and the WTO Support, and monitoring the effects of the BA in developing and least- development countries,
        iii. The updates needed for the Clean Investment Analysis (CIA) Models in regards on the appropriate formulas,
    c. Giving members the opportunity to share information on the implementation of the Boston Agreement, and the possibility to ask to other member states about their renewable energy policies;

10. <u>Proposes</u> the enforcement and creation of International Law by the WTO directly into middle and less developed countries to avoid environmental and economic damages caused by Transnational corporations TNC´s which have their main headquarters in developed countries:
    a. Suggest the creation of greater and new law enforcement oriented towards low income countries to provide inclusion of stronger laws and avoid climate change damages caused by TNC´s,
    b. Interdependence is essential for international trade, however it should be strongly regulated by multinational entities like WTO,
    c. Inclusion of developing countries into a shrinking sustainable global economy;
11. <u>Creates</u> the **Inter-Exchange Partnership Program (IEPP)** between developed exchanges and developing countries in order to create a sustainable, regulated, and transparent markets for domestic equities trading to return capital from direct investment to the citizens of that country, notably with emphasis on:
    a. Zero-fee brokerage programs,
    b. Development of regulatory bodies with the federal governments of those countries,
    c. Fractional trading expansion to reduce barriers to direct investment for the average citizen,
    d. Expansion of accessibility through direct guidance on internet and fiber network investment across rural and urbanizing areas;
12. <u>Endorses</u> that the core principles of the WTO should be amended to reflect the advancement of climate research and that the sovereign right of member nations to improve the health of their environment and of their population,
    a. The core principles should reflect that domestic protection against or regulation of pollution does not by nature represent protectionism,
    b. Further, the consequences and externalities of non-renewable energy should be calculated as a part of trade agreements, and that free trade should not be a mechanism for one country to export their pollution to another;
13. <u>Further calls</u> for a representative of the environmental civil society to be present on inter-member trade disputes that are designated by the RECET to be associated with environmental issues:
    a. Civil society groups involved will include but not be limited to UNEP, CERES, Food and Water Watch, the Carbon Trust, the Nature Conservancy, Greenpeace, the Green Climate Fund, and The Environmental Defense Fund,
    b. By nature of their inclusion the default adoption of panel resolutions will include the influence and advocacy of green civil society groups,

   c. Further suggests that the respective WTO delegations of disputing parties include environmental experts from their sovereign nations, particularly when the topic of dispute involves investor-state dispute settlement,
   d. Further calls for increased transparency on inter-state disputes related to climate change through the generation of environmental impact reports assessing the final resolution of the panel, but not including any of the private consultation:
      i. These reports will be prepared under the supervision of RECET and by unbiased third parties,
      ii. Particularly calls on the UNEP as a key partner for the preparation of these reports,
   e. Further recommends that panel decisions include in their consideration a systems engineering decision making process to find a mutually supportive balance between international trade and environmental regulation;
14. <u>Further Calls</u> the members to voluntarily commit to arbitrating investor-state dispute settlements (ISDS) in bilateral and multilateral trade agreements through the more inclusive lens of the WTO:
   a. The RECET will be responsible for developing a plan for a WTO administered fair trade court that manages ISDS issues only,
   b. Members will be able to opt in to using this fair trade court for future bilateral and multilateral agreements, with the goal of reducing unfair indirect expropriation as a result of the abuse of nationalization responses clauses,
   c. This agreement will include WTO provided legal aid for countries involved in a ISDS claim, this will be of particular benefit to less developed countries who are the common targets for indirect expropriation,
   d. Training for legal aid will be administered as a new component of the existing WTO training program and similarly prioritize empowering less developed countries to be involved in the process,
   e. Further, even if member nations do not want to opt to utilize this fair trade court, they may access the resources of RECET for the resolution of private ISDS agreements,
   f. This court may also be utilized as an appeal body for privately arbitrated ISDS agreements, further objectionable results of this court may be re-abritrated following a ⅔ vote of the appellate body;

ENCOURAGING INNOVATION & AWARENESS

15. <u>Endorses</u> the governments to fund **Green Innovation Technologies (GITs)** and startups working towards green development technologies and ensure:
   a. Sustainable growth of these firms over the long term,
   b. Entrepreneur mentorship program to support the start-up during the initial stages of growth,
   c. Setting up of a GIT-Incubation Center to facilitate the above;
16. <u>Urges</u> the implementation of the **International Research and Development,** in order to create an International Renewable Energy Research Agency (IRERA) to advance the research and

development of renewable energy and other technologies that will assist in solving the climate crisis, as follows:

   a. IRERA will have the following format:
      i. Similar in format to the International Atomic Energy Agency (IAEA), the IRERA shall employ a multitude of facilities in multiple states to advance the research and development of green technology,
      ii. All research will adhere to current accepted scientific standards and be free and available to all member states,

17. <u>Recommends</u> the **Climate Change Awareness Plans (C-CAP)** program under United Nations Alliance of Climate Change with the tasks and mandates as follows:
   a. Working with the W.M.O and I.P.C.C to provide comprehensive reports, tailored for heads of states of nations to help them make informed decisions when formulating Climate Change Mitigation and adaptation policies,
   b. Establish a global campaign that would aim to propagate the severity of climate change and its consequences, with the cooperation of the United Nations' Department of Public Information,
   c. Recommends national ambassadors to be appointed by member states to promote climate change mitigation awareness;
      i. IRERA shall be open to private partnerships as it determines given the IRERA remains in principle control of any arrangement and it is consistent with international law and ethical standards,
   d. The IRERA shall be free to cooperate with other agencies as it sees fit given it does not violate international law or ethical norms;
18. <u>Encourages</u> provision of funding to green and renewable research initiatives and innovation such as investing in environmentally sustainable markets aiming to create cutting-edge green and renewable technologies with long-term market competitiveness:
   a. Providing directed support towards the development and expansion of crucial grid-based electrical storage battery technology, including funding for both the establishment of physics-based storage methods as well as new chemical storage batteries,
   b. Bring to the existing green investing forums the following issues:
      i. Supporting green startups and innovation programs (training for developing countries startup/local businesses),
      ii. Sustainable development in the long-term,
   c. Utilizing tax rebates for green technology to promote diversification in the energy industry, the transition from reliance on fossil fuels to alternative green energy resources, including solar, biomass, wind, and geothermal energies,
   d. Connecting microfinance with environmental sustainability:
      i. Incentivising financial institutions for loans for green technology via tax rebates with lower interest rates,
      ii. Encouraging other non-governmental organizations such as Sustainable Harvest International to introduce training programs and technical support for small microenterprises,
      iii. Make sure that microfinance is sensitive to the microfinance loans;

19. Recommends that countries commit to increasing their existing budget allocations to **Renewable Energy Development and Research (REDR)**:
    a. Encourages research into a formula which takes into account key indicators for economic development including but not limited to GNP per capita, infant mortality rates, percent of the population below the poverty line, GINI index levels, foreign exchange rates' influence on currency valuation fluctuations, certain countries' propensity to devalue their currencies, and countries' barriers to free trade in place,
    b. Ensures that any budget allocation formula or research conclusions directly take into account budget capabilities and differences between developed and developing countries, as well as agency to enact and enforce policies within international organizations,
    c. Encourages tax breaks for companies investing in REDR,
    d. Requests that countries which invest in and develop green energy technology agree to give open access to its use and development five years after implementation,
    e. Calls for the incentivization of private sector investments in the green energy industry through government supplementation of corporate investments in said industry,
    f. Suggests developed nations making the aforementioned budget allocations to devote the results of research funded by REDR to the world economy in order to increase the speed of progress toward cheaper, more accessible renewable energy, with the stipulation that technological advances which are the result of projects funded by REDR are encouraged to be made open source as soon as advancements are made, with the longest suggested period of retention being 10 years;
20. Further Endorses the utilization of more innovative construction techniques and eco-friendly materials in order to cut down on water and soil contamination as well as increase the sustainability of future construction in ways such as:
    a. Suggesting the use of recycled and more permeable construction materials in the construction of new road and highway systems in order to help return rainfall into native watersheds without contaminants,
    b. Recommending the investment of governments into the distribution of water filters in order to reduce overall waste production,
    c. Appreciates the use of environmentally conscious building construction through:
        i. The use of highly sustainable materials such as recycled steel and glass,
        ii. Focusing on using increasing the use of low- to zero-VOC (Volatile Organic Compounds) materials such as paints,
    d. Encourages the use of concrete alternatives in construction and maintenance of public and private infrastructure, such as:
        i. Collecting and upcycling previously used wash water in order to reduce the overall water consumption in construction and concrete creation,
        ii. "Green Concrete," a concrete equivalent that specifically strives to utilize recycled construction materials and other industry byproducts in order to reduce total waste and minimize their carbon footprint,
        iii. A carbon-absorbing concrete alternative such as the one currently being developed by Novacem, where it would actually work to reverse their carbon output rather than merely mitigate it;

EMISSIONS & TECHNOLOGY MARKET

21. Calls for the development of a multilateral and market-based solution to combat climate change by promoting the international exchange of verifiable emissions commodities through a system of WTO fostered negotiation and sale, or the **Global Emission Marketplace (GEM),** with the assistance of the creation of the **Council on Reduction of Carbon Emissions through Trade (RECET)**:
    a. This program will be administered by the Council on RECET and seek to improve the health of the environment by following two key pillars: climate mitigation and green development,
    b. By nature, this agreement will be completely voluntary and will be administered as a multilateral trade agreement associated with the principles of open, free, and fair trade advocated for by the WTO,
    c. The legal obligations of the members of the GEM will include:
        i. A voluntary commitment to the trade of verifiable emissions credits or a commitment to offset their contributions to global climate change through the acquisition of emissions offset credits through green investment and development,
        ii. Participation in global exchange, moderated by the WTO, which will allow signatories to mitigate or reduce their contributions to the climate crisis through fair trade,
        iii. Willingness to adopt a marketplace-wide benchmark for climate reduction or the willingness to participate in a WTO moderate appeal process, as described below, for an individualized development and climate abatement plan,
        iv. Admission into a free-trade agreement for green technology and investment between all tier one and tier two signatories,
        v. Participation in climate disaster relief, mitigation, and prevention as coordinated by the signatories of the agreement and in conjunction with other international relief efforts,
    d. The minimum level for inclusion on the GEM will be set at 25,000 tonnes of verifiable emissions, and fitting with the goal of promoting fair trade-in balance with sovereignty, the domestic arbitration of which business and other pollution sources are listed on this marketplace will be decided by the individual signatories:
        i. This minimum cap can be altered by a ⅔ vote of the various fully ratified signatories to raise or lower the benchmark,
        ii. An appeal on the basis of anti-competitive behaviors or the intentional inaccurate arbitration of pollution sources can be submitted to the Council on RECET and if no resolution can be identified through standard consultation, a ⅔ vote of the signatories will prevail,
    e. The process for exchanging and selling verifiable emission credits will be managed through the Council on RECET, which will be tasked with collaborating with signatories to develop a secure electronic exchange system to ensure that credits can be quickly and safely exchanged:

i. This will include information from the trade registries of existing emissions trading markets through a process called Market Allocation for Emissions Trading (**MAET**),
ii. This database will include calculations for individualized Market Stability Reserves (MSR) to establish price horizons for allowances, and recommends that member nations establish systems for allow the sale or purchase of carbon allowance stock to achieve domestic market equilibrium,
iii. This database, and the domestic reserves where member nations opt-in, should be verified by internal neutral audits from environmental NGOS and UN organizations such as the UNFCCC, UNEP, and OECD,

f. Further recommends the creation of an Advisory Committee inside the MAET Organisation available for all member countries and participants of the scheme and will have the mission of:
i. Providing consultation services about the implementation and functioning of the organization to all interested parties,
ii. Elaborating the guidelines and framework of the schemes introduced by MAET, besides providing a handbook of the schemes,
iii. Elaborating an impact evaluation of the scheme and publishing the results in a yearly report that will be presented in the annual Summit,
iv. It will work in cooperation with the Greenhouse Gas Protocol to receive aid in the process of making equivalencies between different ETS allowances and GEM allowances,

g. Membership of the Global Emissions Marketplace will be three-tiered with the following requirements for each of the tiers:
i. Tier one, a full signatory, which has fully adopted and committed to participation in the marketplace, and as listed its emissions as required by the Council on RECET,
ii. Tier two, a growth tier, which will include less-developed countries as arbitrated by the Council on RECET and approved by the first tier:
1. These countries will not list their emissions on the marketplace but will offer green investment and development opportunities in exchange for additional verifiable emissions credits,
2. These countries will participate in the marketplace with the goal of eventually meeting a level of development, while bypassing the adoption of non-renewable energy sources, that allows them to fully-participate the agreement,
iii. Tier three, an advisory tier, which will include nations of all development levels who are unwilling to commit to the agreements of the marketplace but will use the prices set on the exchange for their own domestic markets,

h. Promotes the initial allocation of emission allowances through a Great Grandfathering Program (GGP) for the initial year of the GEM program to ensure that the process stays stable following the general guidelines:
i. The base level of emissions for the Global Emissions Marketplace will be set at the average levels of the last three years of emissions with a gradually and

compounding 1% constriction on the availability of credits until the benchmarks established in the Paris Climate Agreement are met,

ii. Changes to the level of constriction can be updated by a ⅔ majority vote of full signatories,

iii. The cap can be exceeded by the purchase of emissions offset credits, through green investment and development in less developed countries,

iv. GEM will work towards motivating countries who are not part of an ETS system to move towards cap and trade systems:

1. The first phase is related to linking similar emissions trade systems,
2. The second phase is starting with this grandfathering model mainly for small enterprises that will work for a limited amount of time in order to incentive small enterprises to join the GEM system,

i. Membership of the Global Emissions Marketplace will be assigned as follows:

i. A one year open period of enrollment will start immediately after adoption and all full members of the WTO will eligible for entry under the assumption that they are willing to adopt the full requirements of the marketplace,

ii. Following the first year, countries that wish to pursue an individualized development and climate abatement plan or that would like to join the marketplace at the second or third tier can apply and will be approved by a ⅔ majority of full signatories,

iii. The individualized development and climate abatement plan will be created using the consultation process in the Council on RECET and be subject to a similar ⅔ majority vote for the entry,

iv. Individualized plans and tier two membership will be reevaluated by the Council on RECET every 5 years and, failing a consultation solution will be referred to the tier one signatories for a ⅔ majority vote,

v. Withdrawl from the marketplace will have no penalties, and expulsion will follow consultation to return to compliance, and a ⅔ majority vote of tier-one signatories,

vi. Tier one and tier two members will agree to participate in a biannual update and report of compliance to promote the good work of the marketplace, this report will be prepared by the Council on RECET and publicized using voluntary funding from tier-one signatories.

PROMOTED POLICIES & IMPLEMENTATION GUIDELINES

22. Recommends **RED (Renewable Energy Distribution)** which is a collaboration between developing and developed countries in terms of technology sharing and funding

a. The scheme shall aim to prevent the concentration of renewable energy production in few countries and ensure its even distribution across member states;

b. The scheme shall help enable member states for funding reach renewable energy targets and support the action in alleviating climate change;

c. The scheme shall heavily incorporate the use of transfer of technology between member states with more development in renewable energy and those with less development, as well as the transfer of technology between relevant private entities and non-government organizations (NGOs);

   d. A team of scientists, consultants and other professionals with expertise on energy shall be formed to conduct preliminary research to identify unique renewable energy potentials in each member state and design infrastructure projects, with the following phase
   e. The scheme shall conduct cooperation with the national and local-level governments of each member state in initiating the construction of renewable energy infrastructure;
   f. The scheme shall develop renewable energy infrastructures under public-private partnership (PPP) arrangements, in which an auction system will be used to select prospective private developers interested in the project, with approval from the concerned member states;
   g. The scheme shall develop renewable energy infrastructures with the accommodation from the Global Environmental Facility (GEF);
   h. The scheme shall establish regional tax and subsidy incentives for developers of low-cost renewable energy technology;
   i. The scheme shall involve the transfer of technology between member states, also including relevant private entities and non-governmental organizations;

23. <u>Encourages</u> member nations to invest locally in **anaerobic digestion plants and biogas plants**, in collaboration with IRENA, which will be conducive to producing clean energy and decreasing the dependence on fossil fuels, such that:
    a. Plants collect methane emitted from organic and sewage waste,
    b. Plants are connected with local recycling centers so that the recyclable materials can be distinguished from the rest of the waste,
    c. All spent fuel, meaning organic matter that has been fully digested, be sold as fertilizer in agricultural markets to lower operating costs of the system,
    d. Countries may farm and sell microorganisms for anaerobic digestions domestically only, international trade of microorganisms for anaerobic digestion shall be deemed illegal for health risks,
    e. Plants are integrated with local sewage waste management systems;
24. <u>Recommends</u> the implementation of the **Renewable Energy by People (REP)** as a mechanism to encourag**e** Member Nations to adopt the Renewable Energy by People (REP) plan which involves expansion of government infrastructure modernization programs and subsidies targeted at expanding and preserving the market competitiveness of renewable energy sources by establishing support for urban rooftop solar and geothermal initiatives, including:
    a. Local subsidization of homeowners who install solar panels on their rooftops, including but not limited to:
       i. partial to full tax rebates to consumers to match each monetary unit of electricity generated,
       ii. expansion of loan programs which mortgage solar panels to consumers from the government, in which consumers take ownership via the sale of panel-generated electricity over the course of 5 years, 10 years, 15 years, and other long-term initiatives,
    b. Significantly modernizing electricity grids such that they are capable of absorbing surges of decentralized, rooftop solar electricity production during peak hours, by providing

infrastructure funding to specifically modernize-electrical transformers and transformer waystations, transmission wires and infrastructure, and baseload generation facilities;

25. Suggests the creation of the **Clean Growth Agenda (C-GA)** 2030 within the WTO to have clear and measurable objectives for the financial support to clean energies, focused on the International Renewable Energies Agency (IRENA) objectives to double green energies by 2030, and aligned with the Sustainable Development Goals (SDG´s), specifically with Goal 7, as follows:
    a. Goal 1: Aligning environmental policies to national growth, by accomplishing the following targets:
        i. Target 1.1: Promoting a 5 percent reduction on the Emissions Over GDP per capita (EOG),
        ii. Target 1.2: Promoting a 10 percent increase in jobs directly or indirectly related to clean energies,
    b. Goal 2: Assuring the energy- efficiency, by promoting a 25 percent reduction on the $/kW in each clean energy to be developed,
    c. Goal 3: Increasing energy diversification, by:
        i. Target 3.1: Promoting a 10 percent increase on the electricity coming from clean energies,
        ii. Target 3.2: Promoting a 10 percent decrease on the average price for each green energy technology,
    d. Goal 4: Implementing efficient national policies for the financial support to renewable energies, by promoting a 10 percent increase in the Aggregate Measure of Support (AMS) for clean energies,
    e. Goal 5: Incentivizing the fair trade of clean energies, by:
        i. Target 5.1: Promoting a 30 percent of tariff reduction on clean energies,
        ii. Target 5.2: Directing 20 percent of WTO Funds to Aid for Trade tackling ways to remove barriers to trade on clean energies for developing countries;

26. Recommends countries to implement to conduct measures for Shipping Measures Reduction to ensure that modes for trades and shipping will be less harmful to the environment with the details as follows:
    a. Countries shall invest in more sustainable ships that send out as little emissions as possible; to transition to natural gas or other renewable fuel sources (e.g. solar, wind, and water power) for the ships,
    b. This plan is designed to create more environmentally-friendly ships for the purpose of trade. The ship companies will work with the WTO to ensure that trade remains free and goes on as normal, even though the vehicles used for trading have improved:
        i. This plan will encourage the installment of CO_2 filters in current ships in order to reduce the emissions from other ships,
        ii. The international body of climate scientists mentioned in a previous section will conduct research about the best natural power source for the ships to run on,
        iii. The United States and other wealthy countries are willing and able to refit ships to meet these new standards;

27. Encourages countries to implement **Low Carbon Stamp (LCS)** program for corporates which will have the details as follows:

a. The program is done with the objective to incentivize the companies to reduce their GHG emissions, recognize the efforts of industries in member nations on reducing their emissions and on being more eco-friendly, and to encourage the usage of renewable energy resources, decreasing the dependency on fossil fuels,
b. Carbon stamps will be placed on the products of industries in member nations as an award to recognize their efforts in decreasing their carbon emissions, with the following stamps in use:
    i. Gold stamps will be provided to the products of industries which have reduced their carbon emissions by 30 percent or more in one year,
    ii. Silver stamps will be provided to the products of industries which have reduced their carbon emissions by 20 percent or more in one year,
    iii. Bronze stamps will be provided to the products of industries which have reduced their carbon emissions by 10 percent or more in one year,
c. Further recommends investigating the feasibility of labeling carbon emissions on packaging, foods and other goods, similar to the more common labeling requirement for nutritional information, which can act as an effective demand-side policy to realize carbon emission reduction;

28. <u>Encourages</u> the implementation of the **Tariffs on Environment Classification (TEC)** system, which consists of a framework for the differentiation of developed and developing countries regarding mixed tariffs in order to give the financial ability to both countries it implements both, feed-in tariffs of environmental subsidies following the Doha Agreement P31. (II) as follows:
    a. Green goods following the list deployed by the Organization of Economic Cooperation and Development (OECD), implementing a Non-tariff system member states,
    b. Encourages member states to use surplus coming for the saving of non paying tariffs on green products to be invested on environmental subsidies following recommendations from the Carbon Disclosure Project (CDP);
29. <u>Further encourages</u> alternative forms of incentivizing the long-term transition to the use of renewable energy sources including:
    a. Tax breaks for renewable energy producers with the goal of achieving tax rates at a minimum of 10% below that assessed against non-renewable energy producers,
    b. Reducing import tariffs existing on renewable energy companies and the goods of their trade (including but not limited to solar panels, wind turbine components, and hydroelectric turbines),
    c. Feed-in tariffs (FIT) that would subsidize private corporations and private homeowners to invest in renewable forms of energy (e.g. solar, wind, hybrid, etc):
        i. Allowing homeowners and private corporations to apply to be considered for FIT,
        ii. Upon selection of the application, member states are encouraged to implement a training metric, separate for private corporations and homes, to facilitate a transparent and smooth implementation of FIT,
        iii. Subsidies for FIT would be at the discretion of the member state, recognizing that each state has a varied ability to determine their designated rate based on the current economic status,
        iv. Bi-annual check ups on private corporations would be facilitated to ensure that proper training guidelines for FIT are being followed,

v. Notes that the best implementation of this FIT plan will follow the following model:
vi. Priority access to the power grid for renewable energy,
vii. A fixed price for energy producers for every kilowatt-hour produced from renewable energy for an initial implementation period to help enable return on investment for green development,
viii. All different types of renewable energy should be considered for implementation through this tariff system,
ix. This tariff should be adjusted based on market developments,
x. Development of further interconnection of renewable energy to electric grids, creating high voltage direct current transmission line to established grids to service economic centers and private sectors with reliable electricity;

30. Calls for the reduction barriers to entry currently facing renewable energy producers in developing countries and countries that are heavily reliant on non-renewable energy resources, coupled with the need to balance this reduction of barriers with the protection of developing countries from losing stake in their energy markets:
    a. Calls upon all WTO members to reduce barriers to entry for renewable energy producers including but not limited to the protection of domestic energy monopolies and corporate tax rates for renewable energy producers in excess of those faced by non-renewable energy producers,
    b. Suggests renewable energy producers investing in these developing nations agree to provide the domestic government the option of maintaining a stake in their venture in that nation,
    c. The member nations will voluntarily consult with the WTO to ensure that their energy industry remains independent and balanced without a singular renewable producers overtaking their current market share,
    d. Calls upon signatories to remove tariffs against green energy imports and environmental goods;
31. Suggests that, recognizing the success of Cosan (NYSE:CZZ) in Brazil in terms of returning capital directly to domestic and international investors following the denationalization of the Brazilian biofuel sector, nationalized environmentally-friendly industries, particularly within the energy sectors:
    a. Begin a gradual opening to the private sector and non-state investors to help develop a privately-run infrastructure of the expansion of these programs to a scale at which national operations can be sustainably transitioned away from total governmental control,
    b. Integration of energy and logistical operations to facilitate the development of a sustainable infrastructure for upstream, midstream, and downstream operations at a national level,
    c. Gradual opening of the firm to minority stake investors with the goal of eventually opening a publicly traded equities to return capital directly to investors;
32. Calls upon developed countries with sustainable public markets to incentivize investment banks and other financial institutions to collaborate with developing countries' growing green sectors in order to develop access to established and regulated capital markets through means such as:
    a. Tax breaks for corporations following the model of Bank of America in the United States, notably their $20bn commitment to working with and growing green corporations,

    b. Further incentivization of programs such as Goldman Sachs' Urban Investment Group (UIG), but with an international focus in order to return capital to lower-income and at-risk communities to disrupt the structurally-ingrained and systematically institutionalized recycling of capital among the upper class within developed countries,
    c. Government subsidization of fee structures for investment banks on deals specifically within the AMEA region and developing economies, so that:
        i. Collaboration of developed financial institutions and developing economies does not become a new arm of neocolonial economic imperialism,
        ii. Fee structures are not prohibitive to companies in developing economies as a result of shifting foreign exchange rates, particularly in countries where the value of their currency is directly pegged to the US dollar,
        iii. M&A and IPO activities within these regions can grow in order to develop stronger institutional structures for firms' long-term sustained growth;

33. <u>Requests</u> laws be passed in countries with established private equity and venture capital industries:
    a. Inhibiting private equity shops, venture capital firms, and other large institutional investors from purchasing more than an aggregate of 49% of the stake in international green energy operations,
    b. Suggests a maximum 33% leverage rate, which is lower than the industry standard, for direct investments by hedge funds, private equity firms, venture capital groups, and other institutional investors, protecting less developed countries from overleveraging;
34. <u>Suggests</u> that developed public exchanges such as but not limited to the NYSE, LSE, JPX, SSE, and SEHK develop pilot programs to facilitate access to new capital markets for both IPO and institutional investment purposes, similar to the program currently being piloted by PJT Partners and Nasdaq to increase transparency and ability to directly invest in secondaries funds, but with a particular focus on green energy internationally, with focuses on:
    a. The establishment of funds modeled after ETF and index funds focused on club-style investment in pre-seeded minority stakes of international green energy organizations,
    b. Development of non-majority stake joint venture REITs in order to directly place capital into sustainable development of infrastructure and renewable energy in developing countries, noting:
        i. The tax incentives that REIT structures directly provide to investment in sustainable energy, such as with Hannon-Armstrong Sustainable Capital (NYSE:HASI) in the United States,
        ii. The direct benefits of dividend-based capital returns to investors both domestically and internationally, promoting both further investment and direct returns of capital;
35. <u>Recommends</u> the development of an environmentally sustainable transportation infrastructure within the public and privates sectors on the regional and national levels
    a. Creating long term urban growth plans that would make it easier to develop and maintain extensive public transportation systems in order to combat carbon emissions,
    b. Adding regulation programs to the transportation industry so it can, in the following years, work based on electricity or green energy rather than oil based fuel;
    c. Suggests increased investment and development of biofuel operations, recognizing historical successes of biofuel and particularly bioethanol as an economically feasible gradual replacement for purely oil-based energy sources in automobiles;

36. Further suggests the development of programs in collaboration with technical schools and educationally-focused NGOs in order to provide vocational training programs to aid in integrating individuals, particularly in countries with lower levels of human capital, into new job markets created by the development of a new sector for infrastructural development, such as:
    a. Transitioning current power grids,
    b. Construction and manufacturing positions,
    c. Other transitory positions needed in order to develop deeper integratio into the global green energy markets;
    d. Establish vocational programs particularly target environmentally displaced peoples in order to provide them with new opportunities to reintegrate into growing economies.