

Part 1) Estimated time: Three hours

Climate change has been high on the political agenda since the adoption of the UN Framework Convention on Climate Change in 1992. Global and multilateral efforts to reduce emission of «greenhouse gases» have since been relatively unsuccessful in achieving the objectives agreed in international treaties and policy decisions. Nevertheless, some countries have succeeded in reducing emissions, such as the regional economic integration organization of Unionia. This organization has adopted policies and measures that are legally binding on its 25 member countries, and succeeded in reducing their collective greenhouse gas emissions by 25 % as compared to their emissions in 1990.

Another main contributor to greenhouse gas emissions, Majoria, has been opposed to taking measures to reduce emissions. It has argued that as long as there exists other countries that fail to take sufficient measures, it does not want to take action that might be detrimental to its economic development. Moreover, there is a widespread opinion in the Majorian population that greenhouse gas emissions are not any significant contributor to climate change. Therefore, there has been limited political will within Majoria to take measures to limit emissions.

Unionia and its members have become increasingly impatient with the reluctance of Majoria to reduce its emissions. A widely shared opinion is that Unionia's industries are subject to unfair competition from companies in Majoria since the latter benefit from access to cheap energy in production processes. There are many proposals for dealing with this problem for sectors that depend on access to significant amounts of energy (energy intensive industries).

One proposal for dealing with this problem has been to introduce taxes on import of certain groups of energy intensive products that are imported from countries that have a low level of renewable energy in their energy production. In addition, it has been proposed to provide tax exemptions to Unionian exporters of such products to the same countries. The taxes and the tax exemptions would be calculated based on the differences in costs of energy within Unionia and the respective foreign countries. The purpose would be to eliminate the competitive advantages of other countries that fail to reduce their greenhouse gas emissions.

Unionia wants to get independent advice on whether such measures would be compatible with its obligations under the WTO Agreement. You work as consultant at the Advisory Centre on WTO Law and are asked to write a brief memo where you present the main issues that should be addressed and indicate the main arguments why such measures might be lawful or unlawful under the GATT and the Agreement on Subsidies and Countervailing Measures.

2 Part 2

Part 2) Estimated time: One hour

The Doha Round of multilateral trade negotiations has not been concluded despite being the longest negotiation round since GATT entered into force. Could you provide your assessment of why the WTO has been unable to conclude the negotiations so far. You should focus on reasons that are associated with WTO's role in resolving trade disputes.

Fill in your answer here

Maximum marks: 0