

31 – Covid-19 and Implications on Climate Change Linking

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In November 2019 the coronavirus (COVID-19) pandemic broke out, causing human suffering, fatalities and giving rise to an unprecedented wave of economic shutdowns that engulfed many countries around the globe. The health crisis thus swiftly turned both into an economic and financial crisis that was catching the world in an ill prepared state. Growth in the global GDP and global trade have both been on the decline since 2017, underlining the mounting trade tensions between major economies.

Given the economic difficulties companies face, the mounting public debt levels and the many years of expansionary monetary policy, it is expected that the current crisis will take long time to be resolved. There is the risk that the profound domestic economic and social problems overpower the urgency of the climate change crisis regularly emphasised by the IPPC and give rise to more unilateral and protectionist measures. This could endanger the increased climate change ambitions that several nation states and regions have been taking and could undermine the prospects of international climate change cooperation, in particular relating to linking of emissions trading systems. This paper therefore reviews the implications of Covid-19 for collaborative approaches to climate policies and analyses how susceptible ETS linking is to protectionism. The paper pays particular attention to the recent EU developments.

Biographical note

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