International Trade, Environment and Multilateral Institutions (IE526)

Course Description:
This course focuses exclusively on the relationship between international trade and environment, and the multilateral governing institutions of this interface. It begins by examining the underlying theories and empirics in the trade-environment literature, the use of environmental policy instruments for global environmental problems, trade-environment governance rules under the World Trade Organization; and finally the current emphasis on trade in virtual carbon, climate-friendly goods and technology.

The different modules will include traditional trade theory with environmental dimensions; the use of first best environmental policy instruments and second best trade instruments in such models; the competitiveness impact of environmental regulation on goods trade and factor movement; linked-negotiation models/games of trade and environment; carbon-embodied in trade and trade in clean technology goods.

Evaluation: Midterm (40% of grade), Class performance (10%) and End-term examination (50% of grade)

The three broad modules and basic readings for each are outlined below:

I. Introduction

II. Theory and Empirics of International Trade-Environment Interface

II.1 Environmental Policy and Comparative Advantage in International Trade
II.2 Natural Resource Management and International Trade


II.3 Empirics on Environmental Stringency and International Trade


II.4 International Trade in Waste


III. Multilateral Trade, Environmental Regime and Negotiations

III.1 Linking Trade and Environment Negotiations – WTO and the MEAs

III.2 Climate Change, Carbon Trade and Clean Energy Technology


Recommended books