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WTO Rules against Provision in Ontario Energy Policy

[Jeremy Brown](#) December 13, 2012

The World Trade Organization (WTO) recently ruled against Canada in a dispute around the local content requirement of a provincial renewable energy program.

Ontario adopted a feed-in tariff requiring utilities to buy energy from renewable projects that used local goods and services for up to 60 percent of inputs. Japan and later the European Union filed complaints with the WTO.

The WTO found that, because the Ontario tariff favored domestic providers, Canada violated the General Agreement on Tariffs and Trade and the Agreement on Trade-Related Investment Measures. (For a comparison of the Ontario policy to those in other jurisdictions, see this August 2011 [report](#) from the International Centre for Trade and Sustainable Development.)

The WTO decision – which Canadian labor and environmental interests are clamoring to appeal – sets a potentially significant precedent in an industry that is often the subject of industrial policy.

In the last decade, local content requirements have helped to [reshape](#) the turbine manufacturing industry. Spain, Germany, Canada, Brazil and China have made particularly aggressive use of the requirements. The Peterson Institute has [identified](#) the requirements as a barrier to global integration of the wind sector.

Ironically, China – which itself once had a 70 percent local content requirement – has said it plans to file a WTO complaint against the EU for much the same reason that the EU filed its complaint against Canada.

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