



TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD)

DRAFT PROPOSAL FOR A TRADE AND ENVIRONMENTAL SUSTAINABILITY TOOL

The following communication, dated 30 June 2023, is being circulated at the request of the TESSD Co-convenors (Canada and Costa Rica).

1 INTRODUCTION

1.1. The Trade and Environmental Sustainability Structured Discussions (TESSD), since their establishment, have highlighted the importance of providing clear and targeted approaches to determining how trade can be part of the solution to climate change and other environmental challenges.

1.2. In line with the 2021 Ministerial Statement (WT/MIN(21)/6/Rev.2) and the Work Programme (INF/TE/SSD/W/17/Rev.1) presented in February 2022, TESSD has had numerous substantive discussions on trade and environmental sustainability around four thematic areas in the following informal working groups: (i) Trade-related Climate Measures; (ii) Environmental Goods and Services; (iii) Circular Economy – Circularity; and (iv) Subsidies. The four working groups have active participation of stakeholders that contribute to better informed and evidence-based discussions among Members.

- i. Trade-related Climate Measures: Members have taken a sectorial approach in their exchanges on the different forms of carbon measurement standards and measures intended to reduce carbon emissions. Members have also shared experiences on the trade considerations involved in the development and design of policies.
- ii. Environmental Goods and Services: Members have pursued sector-specific discussions under the objective of climate change adaptation and mitigation. Current discussions on renewable energy have focused on identifying relevant environmental goods and services, barriers to their dissemination, challenges facing developing countries as well as opportunities and approaches to promote trade in these goods and services.
- iii. Circular Economy – Circularity: Members have focused on discussing trade issues along the entire lifecycle of goods from a sectorial perspective, and are pursuing a mapping exercise to build a broader understanding of the aspects of trade and trade policy that are relevant to each part of the lifecycle.
- iv. Subsidies: Members have been discussing the potential positive and negative environmental effects subsidies as well as their trade impacts with a focus on agricultural subsidies and subsidies related to the transition to a low-carbon economy. The sharing of national experiences and practices, including on subsidy design and transparency, continues to add value to the discussions.

1.3. Over the past two years, experience sharing and discussions in the four working groups have generated a wealth of information, and work has become more focused at the sector level and progressed towards concrete outputs. There exists both a necessity and an opportunity for TESSD

to capitalize on this work and create a tool that fosters transparency, knowledge dissemination and enhanced understanding, as well as collaboration at the intersection of trade and environmental sustainability, between Members and supported by stakeholder contributions.

2 PROPOSAL FOR A TRADE AND ENVIRONMENTAL SUSTAINABILITY TOOL

2.1. This proposal for a Trade and Environmental Sustainability tool is intended to provide the WTO Membership with a living transparency and cooperation tool to reflect the progress Members are making in their trade and environmental policies and good practices towards achieving climate objectives. It will also promote transparency on the substantive contributions of stakeholders. The Tool will enable policymakers to have a better understanding of where Members stand in the four thematic areas and use this platform for better informed trade and investment policy decisions, and to determine potential areas for partnerships and cooperation, among others. The Tool will be designed as a living instrument that encourages the evolution of the current topics under discussion, and organically includes new features or areas of interest of Members.

2.2. The Trade and Environmental Sustainability Tool would be structured around three dimensions: (i) by Member; (ii) by thematic area (e.g. in line with the four TESSD working groups); and (iii) by sector. The Tool would therefore provide dedicated spaces for Members, the four thematic areas, and for selected priority sectors.

2.3. In terms of content, the following elements would be included: (i) information on policies and initiatives by Members; (ii) experiences and good practices; (iii) analytical work by stakeholders; and (iv) relevant statistical and policy indicators.

2.4. The information contained in the Tool would be based on publicly available information, including notifications and trade policy reviews from the WTO Environmental Database, voluntary information provided by Members, discussions and outputs generated by the TESSD working groups, information from other relevant WTO fora, and analytical work and studies by stakeholders.

2.5. It is suggested that the Trade and Environmental Sustainability Tool would be part of the WTO website, situated under the TESSD section. The WTO Secretariat would be requested to support the development, update, and maintenance of this Tool. Financial support would be required to develop and run the Tool. The Co-convenors will address this requirement in a second stage of the process (see section 4).

2.6. The recommendation to develop a Trade and Environmental Sustainability Tool could be a tangible deliverable by TESSD for the 13th WTO Ministerial Conference (MC13), with the objective that the Tool will eventually become a public good for the use of all WTO Members.

3 OBJECTIVES AND VALUE ADDED

3.1. The Trade and Environmental Sustainability Tool would serve the following objectives:

- i. Provide the TESSD Co-sponsors, and WTO Members more broadly, with a transparency tool that will be populated on a voluntary basis with information provided by Members and stakeholders, to reflect the current situation and progress of Members related to their trade and environmental sustainability policies, based on the four thematic working areas of TESSD.
- ii. Improve the knowledge and understanding of the linkages between trade and the environment through an interactive and dynamic instrument, to enable better informed decisions by policymakers.
- iii. Optimize the input and participation of stakeholders by including updated studies and publications related to the thematic areas, and allow Members to cross-check on how these inputs relate to their own trade and environment policies.
- iv. Provide cooperation among Members through the visualization and sharing of good practices.

4 NEXT STEPS AND TIMELINE

4.1. Stage 1:

- i. Develop this proposal into a concept note for the Tool, which would provide further detail on content, functionalities and layout.
- ii. TESSD Co-sponsors and stakeholders have the opportunity to provide feedback and inputs.
- iii. TESSD Co-convenors to hold informal meetings and consultations with Members during the 2nd semester of 2023 to increase understanding and obtain feedback on the concept for the Tool.
- iv. As a TESSD deliverable for MC13, make a recommendation to pursue the development of such tool.

4.2. Stage 2:

- i. Co-convenors to identify resources required and seek financial support for the development and update of the Trade and Environmental Sustainability Tool.
- ii. Begin development stage of the Tool with the aim of having the final product by MC14.

Table 1. Expected timeline of work

JUL 2023	AUG 2023	SEP 2023	OCT 2023	NOV 2023	DEC 2023	JAN 2024	FEB 2024
Stage 1							Start Stage 2
Presentation of the Tool proposal in 1st Plenary Meeting of 2023.	Summer break. Allow capitals to review and provide feedback.	Co-convenors to hold informal consultations, meetings and outreach to share concept of the Tool.			2nd Plenary meeting of 2023 to review progress and details of TESSD outcomes for MC13.	Final preparatory steps towards MC13.	MC13: Presentation of the Tool and begin its development.