



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 30 NOVEMBER 2018

NOTE BY THE SECRETARIAT<sup>1</sup>

The Committee on Trade and Environment (CTE Regular) met on 30 November 2018, chaired by Ms Irene Young, Permanent Representative of the Hong Kong Special Administrative Region of China to the WTO. The Committee adopted the Airgram, WTO/AIR/CTE/8, issued on 9 November 2018. The latest list of documents of the Committee was circulated on 29 February 2016 in document WT/CTE/INF/5/Rev.12. The Report of the last CTE meeting, held on 28 June 2018 is contained in WT/CTE/M/65.

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<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

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**ACRONYMS**

BRS Conventions	Basel, Rotterdam and Stockholm Conventions
CoP	Conference of the Parties
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CTE	Committee on Trade and Environment
EDB	WTO Environmental Database
EGA	Environmental Goods Agreement
EPR	Extended Producer Responsibility
FAO	Food and Agriculture Organization of the United Nations
FFSR	Fossil Fuel Subsidy Reform
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IUU fishing	Illegal, unreported and unregulated fishing
MC	Ministerial Conference
NDF	Scientific-based non-detriment finding
OECD	Organisation for Economic Co-operation and Development
PSMA	Port State Measures Agreement
RTA	Regional Trade Agreement
SC	Standing Committee
SDG	Sustainable Development Goal
SOFIA	State of World Fisheries and Aquaculture report
TPR	Trade Policy Review
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WCO	World Customs Organization

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## 1 PARAGRAPH 32 OF THE DOHA MINISTERIAL DECLARATION

### 1.1 Paragraph 32(i)

*"The effect of environmental measures on market access, especially in relation to developing countries, in particular the least developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development."*

#### 1.1.1 Fossil Fuel Subsidy Reform (FFSR)

1.1. The representative of New Zealand provided an update on Fossil Fuel Subsidy Reform (FFSR), on behalf of the signatories of the Joint Statement on FFSR at the eleventh WTO Ministerial Conference (MC11). In the statement, signatories confirmed their intention to seek the rationalisation and phase out of inefficient fossil fuel subsidies that encouraged wasteful consumption, while recognising that reform should take into account the specific needs and conditions of developing countries and to minimize the possible adverse impacts on their development in a way that protected poor and affected communities. The group recognized the importance of the WTO as a forum to advance discussions to achieve ambitious and effective disciplines, including through enhanced transparency and reporting to enable the evaluation of the trade and resource effects of fossil fuel subsidies programmes. As had been noted at the June meeting of the CTE, signatory Members had continued to raise awareness of the impacts of fossil fuel subsidies and the opportunities that reform presented, including through a range of informational events with partner agencies and organizations in Geneva and beyond. A centre piece of this had been the High-Level Discussion at the WTO Public Forum on 2 October 2018.

1.2. In addition to awareness raising, a methodology to measure and collect national data on fossil fuels subsidies in the context of Sustainable Development Goal (SDG) 12(c) had now been approved by the Inter-Agency Expert Group on SDGs, composed of member States and regional and international agencies as observers. This group was tasked to develop and implement the global indicator framework for the goals and targets of the 2030 Agenda. Data was pivotal to provide a foundation for further work in this area, including at the WTO. The intention was to organize a seminar on this topic in 2019, which would be open to interested delegates.

1.3. Beyond work in Geneva, a wider group of Friends of FFSR were staging several events at the 24<sup>th</sup> climate change Conference of Parties (CoP) in Katowice, Poland. Friends of FFSR were successfully embedding the idea that FFSR was an important policy choice for delivering a low-emissions future. There would be side events and a high-level media conference to highlight the work of the Friends and to launch the Friends Network.

1.4. Research had identified that fossil fuel subsidies were valued at more than US\$425 billion per year. This estimate equated to an estimated 20% of the value of internationally traded fuels each year, and the "World Energy Outlook 2017" showed the direct link between increasing petrol prices and increasing fossil fuel subsidies – which only highlighted the relevance and importance of working towards reform. Subsidies affected production and consumption decisions of fuels directly but also transport costs and the relative competitiveness of products for which fuel/energy was a significant input cost – all of which impacted trade in those products. Further research was being undertaken on the effects of different types of fossil fuel subsidies. The Friends of FFSR would continue to share insights from this research with WTO Members through the CTE and encouraged other Members to discuss and share their experiences in reforming fossil fuel subsidies. They also welcomed Members' views on how action could be taken at the WTO to implement leaders' commitments under SDG 12(c) to reform fossil fuel subsidies.

1.5. The representative of Switzerland noted that Switzerland strongly supported the work on FFSR with a view to advancing mutually beneficial outcomes in the fields of trade, environment and development. The Friends of FFSR had organized a session at the WTO Public Forum called "The role of FFSR towards achieving Agenda 2030's sustainable objectives and its impact on trade". The purpose of the session had been to demonstrate how FFSR could create a triple-win situation for economic development, trade and the environment. There had been high-level participation on the panel with Kimmo Tiilikainen, Finnish Minister of the Environment, Energy and Housing; Steven Stone, UN Environment; Ron Steenblik, Organization for Economic Cooperation and

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Development (OECD); H. E. Alvaro Cedeño Molinari, Costa Rica Ambassador to the WTO; and Valérie Ducrot, World Energy Council, as an industry representative.

1.6. During the discussions, experts had presented research that demonstrated the contributions of fossil fuel subsidies to increased carbon emissions as well as the reduction of incentives to efficiency gains. Furthermore, the need for a standardized, global database of fossil fuel subsidies had been demonstrated. In this regard, WTO notifications on fossil fuel subsidies were almost entirely absent. Nevertheless, a methodology for an indicator for SDG 12 had been presented. FFSR could be politically costly and some sectors could be worse off. Nevertheless, experience showed that the overall result of such reforms was positive.

1.7. Regarding trade effects of fossil fuel subsidies, the discussion showed that trade distortions happened due to artificially low prices for fossil fuels. This affected trade and investment in solar, wind, hydro-electric and other clean energy sectors negatively. Furthermore, trade could play a major role for reforming fossil fuel subsidies through different means, such as the Agreement on Subsidies and Countervailing Measures (ASCM), transparency mechanisms, Trade Policy Reviews, and by expanding existing trade rules with a view to disciplining fossil fuel subsidies. The WTO had a special role to play. Awareness raising was essential. Further steps such as outreach were needed. A more detailed summary of the event had been distributed to all Members in advance of the CTE.<sup>2</sup>

1.8. The representative of the Kingdom of Saudi Arabia reiterated that this issue was dealt with under the G20, where a voluntary phasing out of inefficient fossil fuel subsidies that encouraged wasteful consumption was a country-specific choice, with two clear qualifiers: voluntary and in accordance with countries' national circumstances, priorities and needs. Saudi Arabia did not agree to link this and similar issues to the WTO and these issues needed to stay under their respective entities. In addition, Saudi Arabia warned that WTO responsibilities should not be clouded with work that was voluntary in nature such as G20 activities or activities discussed under international bodies with legal binding nature.

1.9. The representative of Norway supported ongoing efforts to bring the issue of fossil fuels subsidies into the work of the WTO.

1.10. The representative of Ecuador stated her delegation's position that the CTE was not the appropriate forum to address the issue of FFSR. The CTE should take into consideration its mandate, which aimed to identify the relationship between trade measures and environmental measures in order to promote sustainable development. In this respect, it was important to consider that the only mention made to sustainable development and subsidies was found in SDG 14.6, which read: "by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries". The relevant negotiations were taking place in the WTO Negotiating Group on Rules. In that sense, Ecuador noted that fulfilling the Doha Ministerial Declaration on Trade and Environment should promote the mutual supportiveness between obligations derived from WTO Agreements and obligations in Multilateral Environmental Agreements (MEAs), as well as complementarity and coherence between both legal bodies.

1.11. The representative of Costa Rica, as a signatory of the Joint Statement at MC11, underscored his delegation's firm conviction that the WTO could play a positive role in addressing FFSR. FFSR was at the core of achieving Agenda 2030 and the Paris Agreement. Costa Rica did not share the view of certain Members that bringing this issue into the WTO would undermine efforts in other fora. On the contrary, trade was an important enabler that could complement these efforts and foster a triple win scenario for economic and social development and the environment. As noted by the Costa Rican Ambassador to the WTO at the Public Forum, our generation had the potential and leadership to reduce CO<sub>2</sub> emissions generated by fossil fuels subsidies.

1.12. The representative of Chinese Taipei supported these discussions at the WTO, including in the High-Level Event. The CTE and the WTO had an important role to play in defining the next steps of the discussion.

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<sup>2</sup> The summary of the event is available in document [JOB/TE/53](#).

1.13. The representative of the Bolivarian Republic of Venezuela reiterated her delegation's position that the WTO was not the place to discuss this type of initiative, as the appropriate forum to deal with this issue was the United Nations Framework Convention on Climate Change (UNFCCC). In this regard, her delegation was concerned about possible duplication of work.

1.14. The representative of Hong Kong, China noted that New Zealand and Switzerland's updates were helpful in facilitating Members' understanding of the issue and advancing discussions, including on the appropriate forum for taking forward the issue. Hong Kong, China welcomed the continuation of Members' dialogue, with a view to forging a consensus.

### **1.1.2 Ocean Economy**

#### **1.1.2.1 Presentation by Norway**

1.15. The representative of Norway briefed the CTE on the session on "Blue Economy and Green Trade" hosted by Norway on 2 October at the WTO Public Forum. The focus had been on how blue economy strategies could improve the health and productivity of ocean ecosystems and reverse the current cycle of decline in certain areas and sectors. In the session, it had been highlighted that the world's oceans faced over-exploitation, pollution, declining biodiversity and climate change. Sustainable use, better governance and appreciation of the economic value of the ocean was essential. In this regard, it was of paramount importance to harvest from the ocean resources without reducing their value.

1.16. The High-Level Panel for a Sustainable Ocean Economy was a central part of the Norwegian Ocean Strategy. The Panel, led by the Norwegian Prime Minister, met in New York in September 2018 for the inaugural meeting and the newly established Expert group met in November in Bergen, Norway. With input from experts, the private sector and civil society, the High-Level Panel would launch several initiatives. Norway would host the "Our Ocean" conference in Oslo, in October 2019, and the focus would be on the importance of science-based knowledge as the basis of actions and policies to ensure sustainable future economic growth.

1.17. Norway welcomed the results from the sustainable blue economy conference in Nairobi held in November 2018. The conference had raised important issues such as ports, shipping, maritime security, illegal, unreported and unregulated (IUU) fishing, as well as the need for integrating sustainable blue economy in national development plans. Multilateral solutions for the blue economy and the international ocean dialogue were needed, and the conference in Nairobi had been a strong driving force to get Africa involved in the blue economy and the international ocean dialogue. In Nairobi, the Norwegian Minister of International Development had signed an agreement with the World Bank to combat marine litter and microplastics. The Norwegian support to the PROBLUE fund would help developing countries conserve and sustainably use the oceans, seas and marine resources. Plastic waste in the oceans was a pressing global concern. There was a need to develop a global response. At the fourth UN Environment Assembly in March 2019, Norway would deliver a strong message on how to enhance international cooperation and increase commitments to combat marine litter. Norway hoped other Members would join in this important effort.

1.18. The representative of Canada explained that Canada was deeply committed to ocean sustainability. Oceans were a theme in Canada's G7 presidency this year, and through the Charlevoix Blueprint for Healthy Oceans, Seas, and Resilient Coastal Communities and the Oceans Plastics Charter, Canada had pledged to work internationally to strengthen global ocean observation efforts, build stronger coasts and coastal communities, combat global IUU fishing and tackle marine litter. Canada was also taking action at home to improve the health of the world's oceans, including through its national Oceans Protection Plan. In November 2018, Canada together with Kenya and Japan, and participants from over 150 countries, had successfully concluded the first ever global conference on the sustainable blue economy in Nairobi. Canada was grateful for Norway's contribution to this conference. During the conference, Canada's Minister of Fisheries and Oceans had announced Canada's contributions of: up to CAD 9.5 million to advance activities of the Decade of Ocean Science; and up to CAD 1 million to the World Economic Forum's Friends of Ocean Action Group and for the Government of Canada's support to the United Nations Special Envoy for the Ocean.

1.19. The representative of the European Union noted that the ocean was seen as a driver of the economy with great potential for innovation and growth. Ocean industries would only be able to

grow if the oceans were managed sustainably. Tackling global problems like overfishing, pollution, marine litter, ocean acidification and global warming, which brought about rapid changes in Arctic sea areas, or the loss of biological diversity would require even closer international cooperation. Norway was a key partner for the European Union in many ocean-related areas at the global and regional levels. The European Union looked forward to developing such partnership and encouraged other Members to take similar initiatives.

1.20. The representative of New Zealand was of the view that the CTE was an important way for stakeholders to inform Members' discussions on these issues. New Zealand was an ocean nation and believed oceans were a global good which underpinned sustainable development and that it was incumbent on everyone to protect them. Oceans were critical resources for small island developing states and coastal states. The blue economy was particularly crucial to partners in the Pacific and New Zealand was working to empower them to realise the full potential of their marine resources, including by facilitating and developing trade links. The Pacific was a potential world leader on emerging oceans issues like acidification, which were both environmental and economic in nature. New Zealand would be investing significant development assistance in the Pacific over the coming years to help increase the blue economic returns, with a particular focus on sustainable fishing.

1.21. New Zealand believed that environmental protection and sustainable development were mutually compatible. New Zealand was an ocean-dependent economy, with significant fisheries, aquaculture and sea tourism industries throughout its exclusive economic zone, amongst the largest in the world. Oceans were key to New Zealand's culture and heritage and no place was further than 120km from the ocean. New Zealand had pioneered a rights-based fisheries management system grounded in science. Recreational and indigenous fishers' rights were provided for, and stakeholders were involved in decision-making.

1.22. New Zealand was active in securing marine protected areas. His delegation was pleased to see strong progress towards the Convention on Biological Diversity's target of 10% global coverage of coastal and marine areas. New Zealand supported the international rules-based system for oceans governance and management. Maintaining the integrity of this system protected and empowered small states who had significant stakes in the ocean. For these reasons, New Zealand was engaged at the Food and Agriculture Organization of the United Nations (FAO), Regional Fisheries Management Organisations (RFMOs), and at the WTO. Finally, New Zealand supported UN leadership on multilateral oceans issues, and encouraged action on emerging global oceans issues, including marine renewable energy, food security, ocean acidification and marine plastics.

1.23. The representative of Chile explained that Chile had recently adopted its National Ocean Policy, and highlighted two of its objectives. The first was the conservation of the ocean and its biodiversity. This objective was being implemented through an intersectoral approach, which fed into social development, economic growth and the sustainable management of marine resources for the benefit of today's society without endangering the development of future generations. The second objective was the sustainable economic development of ocean resources. This objective sought to ensure compatibility among the different permitted uses in order to turn the ocean into one of the pillars of Chile's economic activity, in line with the principle of sustainability.

1.24. The representative of Chinese Taipei noted the significant importance of oceans both from an environmental and economic point of view. Collective efforts were vital to preserve the sustainability of ocean ecosystem for future generations. Chinese Taipei had a strong interest in learning about the trade aspects of this issue and welcomed discussions in the CTE.

#### **1.1.2.2 Presentation by the Food and Agriculture Organization of the United States (FAO) on the 2018 State of World Fisheries and Aquaculture (SOFIA) report**

1.25. The representative of the Food and Agriculture Organization of the United States (FAO) presented the 2018 State of World Fisheries and Aquaculture (SOFIA) report<sup>3</sup>. SOFIA was a flagship publication of the FAO which had been published on a biennial basis since 1994. It served as a global reference document on fisheries and aquaculture. SOFIA 2018 was framed in the context of the SDGs. SDG 14, among others, was particularly relevant with clear connections to the fisheries and aquaculture sectors. The focus of fisheries governance had been broadened to include not only resource conservation, biodiversity and the environment, but also to recognize the economic and

<sup>3</sup> The presentation is available in document [RD/CTE/142](#).

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social role of the sector, supporting and contributing to interconnected global agendas such as livelihoods, food security, nutrition and trade.

1.26. Combatting IUU fishing, including subsidies which affected fisheries sustainability and restoring fish stocks to sustainable levels, was one of the major calls for action under SDG14. Tackling IUU fishing was given prominence at the FAO. Achievements at the international level included: the entry into force in June 2016 of FAO's Port State Measures Agreement (PSMA); the adoption in June 2017 of voluntary guidelines to promote catch documentation schemes for better traceability of fish and fish products; and the launch in April 2017 of the Global Record for fishing, refrigerated transport and supply vessels. At the national level, the Code of Conduct for Responsible Fisheries and its principles of responsible fisheries management had had wide uptake in national policies. However, IUU fishing was undermining national, regional and global efforts to manage fisheries sustainably. It was not enough for states to detect IUU fishing; fisheries laws and regulations needed to be strengthened to take effective action against perpetrators.

1.27. Turning to the SOFIA report, he said that in 2016 total fish production and human consumption had reached an all-time high of 171 and 151 million tonnes, respectively. Global capture fisheries amounted to 90.9 million tonnes, with marine capture fisheries recording a small decrease in 2016. Global aquaculture production amounted to 80 million tonnes of food fish and over 30 million tonnes of aquatic plants. Aquaculture had continued to grow faster than other major food sectors, with a 5.8% annual growth rate between 2001 and 2016. About 88% of total fish production was for direct human consumption. Per capita global fish consumption had increased from 9kg in 1961 to an estimated 20.3 kg per person in 2016. Fish provided over 20% of the global protein needs for 4 million people worldwide. He added that the fisheries sector was crucial in meeting the FAO's goal of a world without hunger and malnutrition. However, the status of fish stocks exhibited worrying trends. Overfished stocks had increased from 10% in 1974 to 33.1% in 2015. In contrast, stocks fished within biologically sustainable levels had decreased from 90 to 66.9% over the same period. The global picture masked disparate patterns between countries and signs of recovery with improved fisheries management in the developed world.

1.28. In 2016, about 35% of global fish production had been traded, with an export value of USD 143 billion. Developing countries had increased their share in the volume of fish trade from 37% in 1976 to 59% in 2016. In value terms, developing countries accounted for 54% of fish exports. For these countries, net trade revenue from fish exceeded revenues from all meats, tobacco, rice and sugar combined. China was the largest producer and exporter of fish and fish products, followed by Norway and Viet Nam. The European Union, followed by the United States and Japan, was the major importer of fish and fish products. Fisheries offered opportunities to generate employment and bolster livelihoods in developing countries. In 2016, about 60 million people had been primarily engaged in capture fisheries and aquaculture. With the secondary sector included, over 50% of persons employed were women. Fishing was estimated to provide a living to 12% of the world population with 300 million people directly employed. Asia accounted for 85% of the global population engaged in fisheries and aquaculture, followed by Africa with almost 10% and Latin America and the Caribbean with 4%.

1.29. For the projections for 2030, world fish production, consumption and trade were expected to increase, but with a growth rate that would slow over time. World aquaculture production would also grow more slowly than in the past. Prices would remain high and increase in nominal terms while a decline in real terms. Food fish supply would increase in all regions but with population growth the per capita fish consumption was expected to decline in Africa, raising food security concerns.

1.30. The representative of Ecuador said that FAO's report presented a complete and objective analysis of the present state of global fisheries and aquaculture. Ecuador agreed with the report that Agenda 2030 and its goals provided a single, transformational and all-encompassing approach towards a sustainable and resilient agenda in favour of humankind. SDGs, which were the theme of the report, provided a framework to manage and protect marine and coastal ecosystems. In particular, SDG 14 on conservation and sustainable use of oceans, seas and marine resources sought to stop IUU fishing by 2020. Ecuador, committed to this goal, had unanimously approved in its National Assembly in November 2018 the PSMA. The Agreement would allow to protect the rights of fishermen, to defend fair trade as well as provide a greater control of fisheries resources for future generations. The Agreement established a national objective that would benefit more than 87.000 artisanal fishermen and their families, communities and its businesses, small, medium and large exporters of fish products and, by extension, the protection of nature and its biodiversity.



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Ecuador considered the protection of the environment essential for its development as reflected in its national policy to protect nature rights, Article 71 of its Constitution, as well as the promotion of environmental sustainability in its 2017-2021 national development plan.

1.31. The representative of Canada said his delegation attached great importance to the sustainable and responsible exploitation of marine resources. FAO's presentation outlined the importance of achieving an outcome on the negotiations regarding disciplines on harmful fisheries.

1.32. The representative of Mexico highlighted that the SOFIA report indicated that productive activities continued to put pressure on marine resources. For that reason, fishing activities should be oriented towards sustainability. Mexico considered that the WTO could make an important contribution through the fisheries subsidies negotiation.

1.33. The representative of the European Union noted the importance of the trade perspective in this debate as the report highlighted that fish and fish products were the most traded goods in the world. The report also provided very valuable inputs to the fisheries negotiations and the European Union was strongly committed to the conclusion of these negotiations.

1.34. The representative of the United States was of the view that the WTO could and should make a contribution to improving the status of fisheries through an agreement on ambitious disciplines on fisheries subsidies.

1.35. The representative of New Zealand noted the importance of the fisheries negotiations.

### **1.1.3 Presentation by China on pollution control measures from an SDGs' perspective**

1.36. The representative of China provided an overview of China's experience with pollution control measures from the perspective of the SDGs. In 2016, China had issued a national action plan for the implementation of Agenda2030. The plan stepped up environmental protection efforts focused on pollution prevention and control. Promoting comprehensive prevention and control of air, water and soil pollution would lead to improved environmental quality and would contribute to the achievement of the SDGs.

1.37. The representative also introduced the framework for the protection of the ecological environment in China. With the rapid economic development during the last 30 years, environmental protection was considered an important component for sustainable development in China. China's approach had evolved from simple industrial pollution control to a comprehensive and integrated approach. The Ministry of Ecology and Environment (MEE) was the highest administrative authority within the State Council for ecological and environmental protection. Each level of government (provincial, city and county) had their own environmental departments for the eco-environmental supervision. MEE provided technical guidance to the lower environmental protection departments. The Departments of Climate Change was integrated into the MEE, making it easy to integrate its management with other conventional air pollutants. Moreover, the environmental management of water, which had been under the responsibility of other departments such as water resources department and agricultural department, was also delegated to the MEE.

1.38. At the macro level, the environmental protection strategy was set as a national policy. The government also tried to mainstream environment protection policy into the decision-making process through advocating for a green economy, recycling and clean production. Integrated approaches had been initiated such as for river basin management and regional management. The government was also engaged in international environmental cooperation.

1.39. The focus of environmental management had also evolved over time, from covering only industrial pollution control to covering all pollution sources, ecological conservation, environmental quality management, risk management and health impact management. China also applied command and control policy instruments for environmental protection, including laws and management systems. Several market-based instruments had also been instituted for environmental protection. Examples included: pollution levies; environmental taxes; price subsidies for electricity produced from desulfurization, de-nitrogenization, dust removal and ultra-low emission facilities; and green financing such as loan and credit, environmental insurance and green security. The earliest market-based instrument had been in the form of a pollution levy, which could be traced

back to 1982. It had played an important role in environmental management as it had provided the revenue for pollution control and an incentive for industries to reduce their pollution. Moreover, China had also promulgated an environmental protection tax law, which replaced the pollution levy regulation and had been in force since 2018.

1.40. China promoted voluntary instruments such as environmental labelling, clean production and voluntary agreements. The government used a social approach, for instance, public participation and information disclosure. It also promoted green development through environmental model city planning and ecological province/city/county/town planning. China attached great importance to environmental planning. Every five years, there would be a new plan, covering economic, social and environmental aspects. Currently, China was in its 13<sup>th</sup> five-year plan. The plan focused on reducing emissions of major pollutants, enhancing ecosystem stability and ecological security, and modernizing the national environmental governance system.

1.41. The government considered that environmental pressure was reaching its limits in terms of environmental carrying capacity. The year 2020 had been set as an overall target to improve eco-environmental quality, reduce main pollutants substantially, control environmental risk and to ensure that the environmental protection level matched the overall moderate prosperous society. By mid-century, the target was to develop further the ecological civilization and realize the modernization of environmental governance and capacity.

1.42. The government promoted green development patterns and a green lifestyle. It made efforts for blue air, clean water, pure soil, accelerated ecological conservation and restoration, and a reformed eco-environmental governance system. Pollution control actions comprised the battle for a blue sky, control of air pollution from diesel cargo freight and the protection of water sources. China had made structural reforms through strict enforcement of environmental laws and regulations, use of market based instruments, and by articulating clear responsibilities between different levels of government as well as in the corporate and public spheres.

1.43. China had made progress in environmental protection since the late 1970s, when it adopted reforms. However, the government recognized that there was a lot to be done to achieve the SDGs. Environmental protection was an integral part of sustainable development policy in China, and improving environmental protection could eventually contribute to sustainable development in China. Current actions for pollution control would contribute to environmental improvement, livelihoods and the realization of SDGs.

#### **1.1.4 Other issues**

1.44. The representative of the Kingdom of Saudi Arabia informed the CTE that her delegation was interested in having discussions in the Committee on the spill-over impacts of reported environmental policies on Members' economies and trade. Her delegation was considering sharing its experience on this issue in the future.

### **1.2 Other items of the CTE work programme (Items 1, 2, 3(a), 4, 5, 7, 9, and 10)**

#### **1.2.1 Item 1**

*"The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements (MEAs)."*

##### **1.2.1.1 MEAs dealing with chemicals and wastes (the Basel, Rotterdam and Stockholm (BRS) Conventions)**

###### **1.2.1.1.1 Presentation by the European Union (EU) on the EU plastics strategy**

1.45. The representative from the European Union (EU) presented the EU's Plastics Strategy<sup>4</sup> in the circular economy and the proposed EU Directive on single-use plastics. The Strategy was developed in the broader context of the EU Action Plan for Circular Economy adopted in 2015. There were a

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<sup>4</sup> The presentation is available in document [RD/CTE/144](#).

number of other closely related measures under the Action Plan that had been developed in the context of SDGs, particularly SDG 12, but transversely also under a number of other SDGs. The Plastics Strategy had been adopted in January 2018 and contained a list of 39 EU actions as well as measures recommended to EU member States and industries. Moreover, the Plastics Strategy had been adopted together with the New Waste Package and consisted of four pillars, namely: (i) improving the economics and quality of plastics recycling; (ii) curbing plastic waste and littering; (iii) driving investments and innovation towards circular solutions; and (iv) harnessing global action.

1.46. The first pillar had several policy objectives, including stimulating design for circularity, promoting better separation of waste collection and boosting recycling content. By 2030, the aim was that all plastic packaging would be reusable or recyclable, that more than 50% of plastic wastes would be recycled, and that the sorting recycling capacity would grow four times compared with 2015. Measures of the first pillar included: eco-design requirements to support recyclability of plastics, evaluation in the context of construction products and end-of-life vehicles, revision of the essential requirements in the Packaging and Packaging Waste Directive, work on food-contact materials, development of quality standards for sorted and recycled plastics, along with incentives for recycled plastics through eco-labelling and green public procurement, extended producer responsibility (EPR) and deposit schemes, and industry pledges and voluntary commitments.

1.47. The second pillar comprised setting up a clear regulatory framework for the use of biodegradable and compostable plastics, a report on oxo-degradable plastics, the adoption of a proposal for a new Directive on Port Reception Facilities, and the assessment of additional measures to curb micro-plastic pollution. There were two main streams of work under this pillar, one focused on intentionally added micro-plastic products regulated under the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation, and the other focused on unintentional release, particularly from tires, textiles, paints and plastic pellets.

1.48. The third pillar on investment and innovation consisted of, among others: guidance on eco-modulation of EPR fees; a Strategic Research Innovation Agenda for Plastics; the EU Research and Innovation Programme Horizon 2020, which would invest an additional EUR 100 million in plastics innovation; and support for the development of alternative feedstock for plastics production.

1.49. The fourth pillar strategy focused on international action and included a number of initiatives both at the multilateral and bilateral levels. The European Union supported multilateral initiatives on plastics in fora such as the United Nations, the G7 and the G20. At the bilateral level, the European Union was in cooperating closely with several countries in Africa and Asia. An important element of this pillar was the work on development and funding.

1.50. The Strategy also covered the development of quality standards for sorted plastics waste and recycled plastics in cooperation with the European Standardisation Committee. It supported the development of international industry standards on sorted plastic waste and recycled plastics.

1.51. The proposed Directive on single-use plastics and fishing gear focused on the ten most common plastic objects found on European beaches. It contained measures for each plastic item taking into account consumer behaviour and needs and opportunities for business. The single-use plastic items represented 50% of marine litter, which posed a significant challenge both in terms of health concerns and the degradation of marine eco-systems. It had a clear impact on fisheries and aquaculture, ports and shipping, and tourism and coastal communities. The two most important objectives of the proposal were: (i) to reduce the negative economic and environmental impacts arising from littering of single-use plastic items and abandoned fishing gear; and (ii) to reduce littering while creating economic opportunities and protecting the environment. By focusing on the top 10 single-use plastics items and on fishing gear, 70% of all marine litter would be covered.

1.52. The proposal was not against plastics but it sought to tackle unsustainable plastics use. The objective was to facilitate the prevention, re-use, collection and recovery of single-use items that were wholly or partially made of plastics. The definition of plastic mirrored the definition contained in the REACH regulation (with the exception of natural polymers that had not been chemically modified). The proposal for a Directive on the reduction of the impact of certain plastic products on the environment included several workstreams. One was focused on items with available sustainable alternatives and considered market bans to promote the less harmful alternatives. The other workstream focused on items with no clear alternatives and involved prevention measures such as

design requirements, consumption reduction, consumer information and better waste management including separate collection, EPR, and clean-up. The proposal also included prevention measures such as labelling requirements (for balloons and products inappropriately disposed of through the sewers, for instance, sanitary towels and wet wipes) and awareness raising.

1.53. The evaluation of the directive would take place after six years and the EU Commission would report on the feasibility to review the list of single-use plastics and lift market restrictions where alternatives were possible with biodegradable plastic that fully addressed the concerns of biodegradability in the marine environment. Impact assessment showed that in the longer-term reusable products would be cheaper. The European Commission, the European Parliament, and the EU Council were discussing the proposal. The discussions were expected to be finalized soon and the Directive would be adopted early in 2019.

1.54. The representative of Norway highlighted that the management of plastics pollution was at the centre of Norway's ocean strategy presented earlier.

1.55. The representative of Australia indicated that policies aimed at addressing plastic pollution and the unsustainable production, use and disposal of plastics were of great interest to Australia, including as an input to its own policy deliberations in this area. Australia was active internationally on marine pollution and micro-plastics, given the transboundary nature of these pollutants. Australia looked forward to working with WTO Members and international organizations to progress relevant work already on the way.

1.56. The representative of the United States noted the variety of approaches evolving across the membership to address plastics pollution. Multiprong strategies were much more effective in spurring innovation than overly prescriptive and restrictive policy approaches.

1.57. The representative of Switzerland said that the EU plastics strategy was a concrete example of how to achieve a green and blue economy simultaneously. The representative inquired about waste trade as well as the extent to which consumer behaviour and the reduction of plastics production played a role in the strategy.

1.58. The representative of the European Union explained that consumer behavior was a focus area of the plastics strategy and the EU circular economy action plan. On plastics more specifically, the focus was on the access of consumers to the right information. Waste trade was very important in EU policy. In relation to plastics, this was approached using standards. More broadly, there were several workstreams on waste trade at the EU level, for instance on the need for a better definition of secondary raw materials.

#### **1.2.1.1.2 Presentations by other Members**

1.59. The representative of Peru noted that the first International Forum on Circular Economy had been held in September 2018, in Lima, Peru. The Forum was co-organized by the Ministries of Production and of the Environment of Peru with the support of the European Union and the United Nations Industrial Development Organization (UNIDO). The Forum aimed to bring together representatives of the public and private sectors to discuss circular economy public policies focusing on plastic waste management and water and solid waste management. Peru was firmly committed to the circular economy as a strategy to achieve sustainable development, minimize resource use in productive processes and generate new value to wastes. A proposal to regulate the use and production of disposable plastics was being debated in Congress. The proposed bill sought mainly to reduce gradually the use and production of plastic bags, ice cream containers and styrofoam containers. Concomitantly to the legislative track, the Ministry of Environment of Peru continuously led environmental education campaigns, which were necessary to raise awareness about the impact of plastic wastes, especially on oceans, and the need to reduce them.

1.60. The representative of Canada noted as part of its G7 presidency, Canada had proposed the Ocean Plastics Charter. To date, 11 governments and 20 organizations inside and outside of the G7 had endorsed the Charter. The document outlined actions around five pillars, including ambitious targets on recyclability and reuse, collection and value recovery from all plastics, and investments in research, innovation and new technologies. In November, Canada had published its domestic strategy to implement the Charter. The Canada-wide Strategy on Zero Plastic Waste applied the

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principles of circular economy to plastics management and proposed outcomes along the entire plastics value chain.

1.61. The federal and sub-national governments in Canada were working together, in consultation with stakeholders and the public, to develop an action plan to outline specific measures and priority actions to achieve zero plastic waste. The action plan was expected to be finalized by mid-2019. Canada also looked forward to hosting the 2020 World Circular Economy Forum, which would offer an opportunity to support international and national dialogue on how to move toward the broader circular economy.

1.62. The representative of Chile indicated that the contamination caused by plastic waste was a matter of special concern for Chile. Evidence of this was the adoption in August 2018 of Law 21.100, which prohibited the delivery of plastic bags in shops throughout the national territory. The purpose of this law was to reduce the generation of plastic waste that seriously damaged the environment, especially oceans. It was important to note that the law established a period of adaptation of six months for large businesses to stop delivering plastic bags. In the case of small shops and free fairs, the period of adaptation was two years. During these periods, businesses could deliver a maximum of two plastic bags to each customer for each purchase made. The inspection of this procedure was carried out by the municipalities and non-compliance would be subject to fines.

1.63. The representative of Chinese Taipei shared information on Chinese Taipei's efforts in promoting a circular economy. Since the industrial revolution, the economy had developed a "take-make-consume and dispose" pattern of growth — a linear model based on the assumption that resources were abundant, available, easy to source and cheap to dispose of. However, that was not the reality. The reality was that resources were not abundant and Chinese Taipei depended on imports of many resources. It was therefore essential to move towards a more circular economy by maximizing resource efficiency.

1.64. Since 2016, circular economy had been part of Chinese Taipei's economic policy. Circular economy and green energy were two key sustainability elements. Chinese Taipei, which boasted the third highest recycling rate in the world, aimed to transform itself into a circular economy hub in Asia. The circular economy was reshaping the future by turning waste into renewable resources. The top priority was to tap the potential of this area, including by lifting water reuse rates for related sectors, reducing air pollution and environmental waste, and spurring exports of high-quality and innovative green products. This would not only generate economic benefits such as business and job opportunities, but would also encourage the development of innovative business models.

1.65. This successful approach had made a difference in several industries such as textiles, food processing and plastics. For example, a company made tissues from recycled paper, without bleach, and with renewable energy. Another example was popsicles that contributed to reduce food waste. A company was buying over-ripe fruits from farmers, who usually threw them out, and was turning them into popsicles. In conclusion, higher and sustained improvements in resource use were within reach and could bring major economic benefits.

#### **1.2.1.1.3 Presentation by the Basel, Rotterdam and Stockholm (BRS) Conventions (UNEP) on recent activities and the preparation for the 2019 Conferences of Parties**

1.66. The representative of the Basel, Rotterdam and Stockholm (BRS) Conventions Secretariat briefed the CTE on the forthcoming CoPs, scheduled to take place from 29 April to 10 May 2019 in Geneva. The CoPs would start with a joint session that would consider cross-cutting issues, such as technical assistance, international cooperation and compliance. Then, under the Stockholm Convention on Persistent Organic Pollutants (POPs) the main issue for discussion would be the listing of new chemicals: perfluorooctanoic acid (PFOA) with some proposed exemptions, and dicofol. The CoP would also review the progress in the elimination of polychlorinated biphenyls (PCB).

1.67. Under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the CoP would discuss the progress made in the environmentally sound management of wastes, as well as the issue of marine litter and microplastics. There was also a proposal to amend several annexes to the Basel Convention: Annex 2 (in order for the Convention to also cover plastics), Annex 8 (which classified the hazardousness of wastes, in particular how to address the hazardousness components of wastes); and Annex 9 (in order to require that plastic

waste trade for recycling would be managed in an environmentally sound manner). Another proposal related to the creation of a new partnership on plastic litter.

1.68. Under the Rotterdam Convention on the Prior Informed Consent Procedure (PIC) for Certain Hazardous Chemicals and Pesticides in International Trade, the CoP would discuss the listing of new chemicals: five pesticides (acetochlor, phorate, carbosulfan, fenthion and paraquat), as well as two industrial chemicals (hexabromocyclododecane, a flame retardant, and chrysotile asbestos). The CoP would also discuss ways to clarify the objectives and the PIC procedure, along with compliance mechanisms for both Rotterdam and Stockholm conventions.

1.69. The representative of the European Union said that her delegation hoped that a decision on a compliance mechanism for the Rotterdam and Stockholm Conventions would not be deferred again.

#### **1.2.1.1.4 Presentation by the Organization for Economic Cooperation and Development (OECD) on its concept paper on trade and the circular economy**

1.70. The representative from the Organization for Economic Cooperation and Development (OECD) gave a presentation on the OECD's work on trade and the transition to a circular economy<sup>5</sup>. In the context of the Re-Circle Project, the macro-economic consequences of a transition to a circular economy had been examined and the OECD had published the "Global Material Resources Outlook to 2060". Global materials use would more than double by 2060. The environmental consequences of such materials extraction and use included consequences for climate change, land use and local pollution. Primary materials were much more polluting than secondary materials, and over half of GHG emissions could be attributed to materials management activities. There was a need for tailored policies to transform the use of materials in the economy.

1.71. There was growing momentum towards a more resource efficient and circular economy, as reflected by emerging national level initiatives on materials management frameworks, including: circular economy roadmaps in China, Finland, France, and the Netherlands; Japan's Fundamental Law for a Sound Material-Cycle Society; and the Sustainable Materials Management Action Plan in the United States. There had also been continued progress at the regional and international levels, for instance, the G7 Alliance on Resource Efficiency, the SDGs, and the EU Circular Economy Action Plan (2016). The expected benefits of a transition to a circular economy were five-fold, namely: reduced extraction of virgin natural resources, lessened exposure to (geo-political) supply risk, reduced environmental pressures, new economic and employment opportunities, and synergies with climate objectives.

1.72. There had been several discussions on trade and circular economy recently, including two sessions at the 2018 WTO Public Forum (one on "The Low-Carbon Circular Economy – Identifying Sustainable Trade Options" organized by Costa Rica and Finland and the other by the Institute of European Environment Policy on "How can trade contribute to make the world economy more circular") and a dedicated session on circular global value chains at the World Circular Economy Forum held in Yokohama, Japan, in October 2018. At the World Circular Economy Forum, the OECD had released a concept paper on "International Trade and the Transition to a Resource Efficient and Circular Economy", which set forth the potential interaction between international trade and the circular economy as a first step towards further research on this topic.

1.73. Several examples of the interaction between trade and circular economy were alluded to. First, some data at the national level showed a trend towards decoupling between GDP and material consumption in OECD countries, i.e. even though GDP was growing, material consumption was stable. However, when also considering material consumption embedded in trade, decoupling appeared more mitigated. The second example related to trade in waste and scrap, which had increased in recent years. For the period 2003-2016, global trade in waste had grown by 48% in weight, and 183% in value.

1.74. In a linear economy, materials were produced, consumed and disposed of without treating them. The circular economy transition entailed closing and narrowing loops, including through: the recycling of secondary raw materials; refurbishment and manufacturing; reuse of second-hand goods; and repair. Even though such efforts often took place within national boundaries, trade came

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<sup>5</sup> The presentation is available in document [RD/CTE/140](#).

into play in various ways, as there was trade in second hand goods, goods for refurbishment and remanufacturing, waste for recovery and in secondary raw materials. Four aspects of the interface between trade and circular economy deserved further consideration: how the circular economy transition could affect trade patterns; how to achieve policy coherence between circular economy policies and trade policies; how to better understand the nature of trade in waste, secondary raw materials and second-hand goods; and the role of international cooperation.

1.75. The circular economy transition could alter trade flows. It could potentially decrease import demand for primary and secondary materials and decrease exports of waste and scrap. However, the transition also presented trade opportunities, for instance for services and government procurement. The challenge was to analyse how resource-dependent developing countries might need to shift their economies in terms of infrastructure and labour force. Because many circular economy policies were innovative, they were difficult to foresee and incorporate in modelling work.

1.76. Concerning policy coherence, trade could provide opportunities via comparative advantage. Therefore, it was important to avoid trade barriers such as import or export restrictions. Nevertheless, the benefits should not be at the expense of environmental consequences. Potential challenges included the fragmentation of circular economy regulations and standards such as standards for repairability, recyclability and eco-design, among others. There was a potential need for international standards and mutual recognition. Potential trade-offs had to be considered, for example, the lock-in of importing economies to inefficient secondary products.

1.77. Regarding the recycling of waste and secondary raw-materials, trade could help boost the global recycling of wastes by shipping waste to countries with comparative advantage in sorting and processing. However, there were also potential challenges in this area. Among them was the definition and classification of waste and secondary raw materials, the multitude of regulations in transboundary movements of waste, and the importation of waste into countries with inefficient waste management capacity. On reuse and remanufacturing, trade could provide opportunities. However, there were some challenges, including "leakage" from EPR schemes, the possible role of second-hand good imports in hindering the transition towards energy efficient and low-carbon economies, issues regarding the recovery of end-of-life products across borders for refurbishment and remanufacturing, as these were often legally classified as waste; and the paucity of trade data on second-hand goods and goods for refurbishment and remanufacturing.

1.78. International co-operation was needed to: exploit synergies to achieve material circularity at the global level; improve understanding and identify priority materials for recovery; avoid environmentally harmful activities; seek possible harmonization of quality standards of materials; and to remove unnecessary regulatory barriers. There were some ongoing cooperation efforts, for example, the North Sea Resource Roundabout and the EU Circular Economy missions. These activities could be encouraged through multilateral frameworks and trade agreements.

1.79. The representative of Japan noted that Japan attached great importance to the circular economy and had hosted the World Circular Economy Forum in 2018. Japan looked forward to discussing this topic and how best to make a successful transition to the circular economy.

1.80. The representative of China indicated that China attached great importance to the topic of circular economy. He asked for clarification on GDP growth rates and materials extraction rates in OECD and non-OECD countries.

1.81. The representative of New Zealand explained that New Zealand was undertaking domestic policy work to support the transition to a circular economy. An important component of this transition was the government's goal of achieving a significant reduction of waste to landfill by 2020. New Zealand was looking at ways to incorporate the circular economy concept into its trade agreements. New Zealand welcomed further engagement on this topic in the CTE.

1.82. The representative of the European Union supported OECD work on circular economy. The work of the European Union in this area entailed cooperation with OECD countries and non-OECD countries. For example, a workshop on trade and environment had taken place in Chile in 2018 and had provided an opportunity to discuss the circular economy and other issues with other Latin American countries.

1.83. The representative of Norway said that given resource constraints, a discussion on circular economy was timely.

1.84. The representative of Chile welcomed the discussions on the relationship between the circular economy and trade at the WTO and other forums. In the case of Chile, Law No. 20,920, which had entered into force in 2016, established a Framework for Waste Management, Extended Producer Responsibility and Recycling Promotion. The purpose of the law was "to reduce the generation of waste and encourage its reuse, recycling and other types of recovery through the establishment of extended producer responsibility and other waste management instruments, in order to protect the health of people and the environment."

1.85. The representative of the OECD noted that, when accounting for materials embedded in trade, domestic consumption of materials was more than it appeared if the materials embedded in trade were not taken into consideration.

#### 1.2.2 Item 4

*"The provisions of the multilateral trading system with respect to the transparency of trade measures used for environmental purposes and environmental measures and requirements which have significant trade effects."*

1.86. The representatives of the WTO Secretariat presented the Environmental Database (EDB)<sup>6</sup> for 2017 circulated on 19 November 2018 in document [WT/CTE/EDB/17](#). The Secretariat also presented the new web-based application for the EDB, developed following requests by Members to improve the user-friendliness of the tool. The website address was <https://edb.wto.org><sup>7</sup> and it could be accessed through different platforms, including smartphones and tablets. The mandate for the Secretariat to develop the EDB dated almost 20 years and the database had since been developed in different formats, from word to excel and now web-based, taking into consideration comments and suggestions from Members throughout the years.

1.87. Two EDB updates (2016 and 2017) had been circulated in 2018 and the database now had data available from 2009-2017. The update exercise continued to be resource intensive, with 3'786 notifications and 17 trade policy reviews (TPRs) analysed for 2017 alone. In 2017, out of the 3'786 notifications submitted by Members, 602 notifications (or 15.9%) were environment-related. Eighty-one Members had submitted environment-related notifications in 2017. Within these 602 notifications, 1'492 environment-related measures were identified. There were also 1'191 environment-related entries from the 17 TPRs published in 2017. Albeit with year-on-year fluctuations, the overall trend was an increase in environmental measures and entries identified, both in absolute and relative terms.

1.88. The Technical Barriers to Trade Agreement continued to account for the highest number of environment-related notifications – around two thirds – followed by the ASCM, the Sanitary and Phytosanitary Measures Agreement and the Agreement on Agriculture. One single notification contained several environment-related measures under some agreements. For instance, over 500 environment-related measures were identified in the around 60 environment-related notifications under the ASCM included in the EDB for 2017.

1.89. In the 17 TPRs, environment-related entries included information under trade policy frameworks, trade policies and practices by measures or trade policies and practices by sectors. The different types of measures identified in these entries included regulatory measures, bans, prohibitions, support schemes and price or market-based measures. The database could be used to filter and search through the information in different ways and that had been the objective of the effort to improve the database and move it to a web-based interface. Next, the Secretariat provided a brief demonstration of the new web-based application for the EDB.

<sup>6</sup> The presentation is available in document [RD/CTE/138](#).

<sup>7</sup> The EDB is also available on the WTO website: [www.wto.org/edb](http://www.wto.org/edb).



1.90. The representative of Japan welcomed the new EDB which had excellent searchability, appreciated the hard work and supported the initiative. The database was valuable for future work, not only in the CTE but also in a broader context.

1.91. The representative of Guatemala welcomed the new EDB as her delegation had felt the need for such improvements to be able to appropriately review and use the database considering the length of information received after every update. She recognized and thanked the efforts and considered that the result facilitated considerably the work of their experts in capital, in particular since not all notifications were presented as environment-related ones. She also asked whether the Secretariat was planning to provide technical assistance to Members on the best use of the database.

1.92. The representative of the European Union welcomed the hard work involved in developing the EDB, including the annual updates. It was a unique, comprehensive and useful source of information for policy makers and researchers. The new web-based interface would greatly improve the utility of the database. She recognized that updating the EDB was extremely resource intensive, but encouraged the Secretariat to continue its efforts as it was a valuable tool for Members.

1.93. The representative of Switzerland thanked the Secretariat for the valuable and hard work on updating the EDB. Switzerland believed the new interface increased the user-friendliness of the database, allowing other users to have better access to the data which was a very good basis for further analytical work in trade and environment. He believed it would be opportune to inform the CTE on the extent to which the database was used in other work.

1.94. The representative of Chile considered the EDB as an important tool to provide information on environmental measures being adopted by Members. The EDB provided a complete picture of the notifications related to the environment, helped Members to follow notifications across several years and allowed the identification of all environment-related notifications in a single database. He recognized the amount of work involved in updating the database and encouraged the Secretariat to continue its efforts.

1.95. The representative of Mexico thanked the Secretariat for the effort in updating the EDB and for the new web-based tool, which her delegation believed to be very useful. She encouraged the Secretariat to continue updating the database which provided valuable information on all aspects of environment-related measures adopted by WTO Members.

1.96. The representative of the OECD believed the EDB to contain very useful and rich information. He enquired about the criteria used to determine which measures were environment-related.

1.97. The representatives of the WTO Secretariat replied to the question by the OECD that the annex to the EDB report contained a list of keywords<sup>8</sup> used in a preliminary text-based filter to determine whether measures were environment-related. The process was complemented by in-depth analysis of the results, including to determine false-positives and false-negatives. On the analytical work and use of the database, the Secretariat mentioned that the EDB was extensively used internally, including in technical assistance and research analysis, but also encouraged Members, researchers and other institutions, including the OECD, to make increased use of the database. He mentioned that the new free-text search option could provide interesting results in current areas of interest such as oceans, fisheries and fossil fuels. As the interface became more user-friendly and the data available was now up-to-date, the use of the database would also increase. With regards to training, the Secretariat mentioned the possibility of requesting a traditional technical assistance activity focused on the new web-based interface, or to hold a dedicated informal meeting in the WTO to demonstrate in more details the tool and its functionalities.

## **2 OTHER BUSINESS**

### **2.1 Update on the Environmental Goods Agreement (EGA) Negotiations**

2.1. The representative of Australia, as Chair of the Environmental Goods Agreement (EGA) negotiations, provided an update on the EGA negotiations. Australia welcomed this opportunity to

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<sup>8</sup> See also the following documents containing information on search words: [WT/CTE/W/46](#), [WT/CTE/W/78](#) and [WT/CTE/W/102](#).

reiterate the considerable environmental and commercial benefits such an agreement could provide. Almost two years had elapsed since the last meeting of EGA officials and ministers, which had ended without concluding an agreement. Although EGA participants had considered the core priorities and sensitivities identified during that meeting, progress towards an outcome remained elusive.

2.2. In the interim, the importance of the EGA and its trade and environment objectives had continued to grow. An EGA could enhance global commitments to trade and the environment. It would provide significant commercial benefits, boost trade and provide cheaper access to environmentally beneficial technologies. A successful outcome would eliminate tariffs on a very extensive range of goods and this would have numerous direct and positive impacts on key environmental issues facing WTO Members, including in relation to more sustainable generation and use of energy; minimisation of waste and promotion of recycling; and for the conservation of the environment. Concluding the EGA would demonstrate the contribution the multilateral trading system could make to addressing environmental challenges. An EGA had great potential to help facilitate further liberalisation of trade in environmental goods and services. In this vein, the innovative and liberalising approach that underpinned the EGA negotiations provided a positive example that could help Members in thinking about the WTO's wider work and trade negotiating function. Membership to the EGA had always been open to all WTO Members who shared the ambition and vision of global free trade in environmental goods.

2.3. The representative of Norway underlined that Norway was fully committed to the EGA and stood ready to engage.

2.4. The representative of Canada remained committed to resuming negotiations towards an ambitious, future-oriented EGA that covered a broad range of environmental goods, when conditions were appropriate. Canada encouraged renewed engagement from EGA participants, as a successful EGA would support WTO Members' green growth objectives and help achieve Members' commitments to SDGs.

2.5. The representative of Japan highlighted that the importance of the environment objectives of the EGA negotiations had become greater. Japan remained committed to the EGA negotiations.

2.6. The representative of the European Union highlighted the importance of liberalizing trade in environmental products as a concrete trade contribution to environmental protection including climate mitigation. The European Union also remained strongly committed to concluding an ambitious and forward looking EGA and looked forward to relaunching negotiations once circumstances would allow and participants were ready to reengage.

2.7. The representative of New Zealand reaffirmed New Zealand's commitment to reaching an ambitious and timely EGA, and expressed a desire to work closely with others to explore options for renewed engagement when the time was right.

2.8. The representative of Switzerland said that the EGA negotiations would create a triple win situation for the environment, trade and development. Switzerland remained committed to the negotiations when the time was right.

2.9. The representative of Chinese Taipei noted that the EGA had a trade benefit as well as merit in addressing global warming. Chinese Taipei remained strongly committed to concluding the EGA negotiations.

2.10. The representative of Hong Kong, China reiterated her delegation's strong support for this important initiative. An EGA would, in addition to liberalising trade, bring environmental benefits. It would be a significant step towards reducing pollution, preserving natural resources and stimulating the development of technologies that helped meet environmental challenges. Hong Kong, China looked forward to an early resumption of negotiation, and was committed to working closely with other WTO Members for a fruitful outcome.

## **2.2 New Zealand's recent policy developments and the Trade for All Agenda**

2.11. The representative of New Zealand updated the CTE on the launch of the "Trade for All" policy. In August 2018, Prime Minister Jacinda Ardern had launched the public consultation on a progressive

and inclusive Trade for All Agenda. The goal was a trade policy that worked alongside other government policies to support productive, sustainable and inclusive economic development. Sustainable development took into account impacts on the environment. Inclusive development enabled all New Zealanders to succeed on the global stage. The public consultation had been completed in October 2018. An independent Trade for All Advisory Board would consider and develop recommendations. His delegation looked forward to sharing more details on this at a future CTE meeting, particularly New Zealand's thinking on how trade could support sustainable development, including to address global environmental issues.

2.12. The representative of Norway noted that a broader and more inclusive trade agenda was for the benefit of all and should be commended. A comprehensive and transparent dialogue was essential to ensure that the benefit from trade was shared equally.

2.13. The representative of Canada highlighted strong parallels between New Zealand's Trade for All Agenda and Canada's inclusive trade agenda and looked forward to further updates.

2.14. The representative of the European Union noted that the EU trade and investment strategy, entitled "Trade for All", was based on three key principles. First, the strategy aimed to make sure that trade delivered on its promises for new economic opportunities. This meant addressing issues that affected today's economy such as services and digital trade, while providing the means and information necessary to ensure that SMEs, consumers and workers could take full advantage of open markets. Second, negotiations were open to increased public scrutiny by publishing key negotiating texts. The third pillar was on values and covered issues such as safeguarding the European social and regulatory model by using EU trade agreements and preference programmes as levers to promote sustainable development, human rights, fair and ethical trade and the fight against corruption. Anti-corruption rules were included in the EU's trade agreements, along with co-labour standards, the right of workers to organize themselves and the abolition of child labour. The third pillar also covered efforts to ensure responsible supply chain management.

### **2.3 WTO Secretariat and UNEP briefing on the "Leadership Dialogue: Making Trade Work for the Environment, Prosperity and Resilience" held during the 2018 WTO Public Forum**

2.15. The representative of the WTO Secretariat briefed the CTE on several joint activities undertaken in collaboration with UN Environment during the WTO Public Forum. The activities had comprised a high-level leadership dialogue, a publication and a sustainability exhibition. The idea had originated with the Director-General of the WTO and the Executive Director of UN Environment. At a meeting in Davos, Switzerland in January 2018, the two heads had expressed willingness to strengthen cooperation between their institutions and to facilitate a dialogue between stakeholders on ways to ensure that trade and environmental policies would work in tandem. The high-level event, held on the first day of the Public Forum, had brought together a range of leading personalities from the private and public sectors and civil society, along with the heads of UN Environment and the WTO. The dialogue, which was livestreamed on social media, had been very well attended.<sup>9</sup> The discussions had emphasized the need for ever closer and positive links between open, rules-based and inclusive trade on the one hand, and a healthy environment on the other. The role that trade and the WTO could play in supporting the achievement of environmental goals was also considered. Trade could serve as a tool to disseminate and scale up environmentally sound technologies, and to accelerate the transition to a green economy. More green investment was needed in developing countries, not least to improve access to energy and sanitation.

2.16. At the high-level leadership dialogue, the WTO and UN Environment had launched the joint publication "Making Trade Work for the Environment, Prosperity and Resilience".<sup>10,11</sup> The publication identified opportunities to use trade to help tackle mounting environmental challenges while fostering economic and social prosperity. Open, predictable and equitable trade relations among countries could accelerate the worldwide diffusion of environmentally sound technological solutions and facilitate the creation and expansion of markets for sustainable products. Moreover, with the growing impacts of climate change and resource scarcity – felt in varying magnitudes across different

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<sup>9</sup> The webcast is available at: [https://player.4am.ch/wto/20181002-03/fullscreen/player.html?lang=en&media=wto\\_vod\\_20181002\\_101](https://player.4am.ch/wto/20181002-03/fullscreen/player.html?lang=en&media=wto_vod_20181002_101).

<sup>10</sup> The publication is available at: [https://www.wto.org/english/res\\_e/publications\\_e/unereport2018\\_e.htm](https://www.wto.org/english/res_e/publications_e/unereport2018_e.htm).

<sup>11</sup> The presentation is available in document [RD/CTE/139](#).

parts of the world – trade had an important role to play in strengthening environmental resilience. The third joint activity was a sustainability exhibition, which had been organized in cooperation with Climate Show, Solar Impulse Foundation, the World Intellectual Property Organization (WIPO) Green and the Permanent Mission of Japan. It had brought together 12 exhibitors showcasing a wide range of sustainability technologies. The technologies exhibited included a lamp that ran on saltwater and a fully recycled electric race car, along with technologies for waste management and energy storage.

2.17. Holding additional dialogues of this type would be beneficial. It would be important to consider how the WTO and UN Environment could deepen their cooperation, including in those areas where both agencies had already been collaborating such as technical assistance and capacity building.

2.18. The representative of UNEP noted that UN Environment stood ready to work alongside the WTO Secretariat, WTO Members and stakeholders to build on the success of the WTO-UN Environment initiative, explore innovative ways of bringing the trade and environment communities closer together and to build synergies between those communities. From an organizational perspective, the collaboration with the WTO was a high and strategic priority for UN Environment.

2.19. The representative of Japan said that the WTO-UN Environment initiative at the WTO Public Forum, which had comprised the leadership dialogue, several panels hosted by WTO Members and the exhibition, had been very useful. The initiative had helped to raise awareness of the close links between trade and the environment and to build momentum for environment-related discussions at the WTO.

2.20. The representative of New Zealand welcomed efforts by the WTO Secretariat and UN Environment to articulate and explain the links between trade, the environment, prosperity and resilience. His delegation encouraged cooperation between the WTO Secretariat and UN Environment towards fostering a dialogue between governments, businesses and civil society on strengthening the economy and the environment globally. His delegation encouraged all WTO Members to get involved.

2.21. The representative of Canada underscored the importance of the WTO-UN Environment initiative. Canada had contributed to the initiative through an event on trade and climate change. His delegation encouraged the WTO-UN Environment collaboration to continue.

2.22. The representative of the European Union noted that the high-level leadership dialogue had been one of the key events at the WTO Public Forum. It had shown how important it was to break down silos and engage the environment and trade communities in policy dialogue. Her delegation encouraged continued cooperation between the WTO and UN Environment and stood ready to engage in these efforts.

## **2.4 Briefings by observer organizations**

### **2.4.1 Briefing by the OECD**

2.23. The representative of the OECD briefed the CTE on recent developments in the work of the Joint Working Party on Trade and Environment<sup>12</sup>. In the biennium 2017-2018, the OECD was working on the following: greening Regional Trade Agreements (RTAs) with a focus on investment and subsidies; trade and resource efficiency/circular economy; and indicators on trade and environmental policies. On RTAs, two papers had been published in 2017: one on the implementation of environmental provisions in RTAs and the other one on their effectiveness, using air quality as a proxy. The work was now focusing on how environmental objectives could be streamlined across chapters of RTAs to ensure policy coherence, particularly on investment (including the right to regulate and green investments) and on subsidies (including the development of guidelines for environmentally supportive subsidies and the phaseout of environmentally harmful subsidies).

2.24. Regarding indicators on trade and environmental policies, the OECD had put together a set of ten indicators: (1) the volume of trade in environmentally related goods; (2) tariffs applied to environmentally related goods; (3) embodied raw materials in trade; (4) the volume of trade in

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<sup>12</sup> The presentation is available in document [RD/CTE/141](#).

waste and scrap; (5) support measures for fossil fuels; (6) enabling policy and regulatory environment for renewable energy; (7) nutrient balances of exported grains; (8) the amount of carbon emissions embodied in trade; (9) carbon emissions embodied in trade under the equal carbon intensity assumption; and (10) scale, composition and technique effects of imported carbon emissions. Next, the OECD would carry out empirical analyses on clean technology diffusion through trade. The two other lines of work, subject to funding, were on carbon leakage and trade in waste.

#### **2.4.2 Briefing by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)**

2.25. The representative of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) briefed<sup>13</sup> delegates on recent developments under the Convention, including the most recent annual meeting of its Standing Committee (SC) and the next meeting of the CoP which would take place in 2019. The Convention regulated trade in around 36'000 species listed in three appendices, with trade in around 97% of such species allowed under certain conditions. Only the commercial trade in the remaining 3% was banned, which included species such as tigers, whales and other more charismatic mammals.

2.26. The CITES SC had met in the first week of October in Russia covering over 70 items in its agenda. The representative focused on three cases which were more relevant for CTE delegates. The first case comprised trade-related compliance measures adopted by the SC. One of the main conditions for trading under CITES was a scientifically-based non-detriment finding (NDF), a scientific view from an independent authority that the proposed trade would not put at risk the survival of the species in the wild. Trade could occur as long as a prior NDF demonstrated that any impact was sustainable. Some Parties faced considerable challenges in implementing NDFs, in particular for listed species of timber for which assessing the sustainable level of harvest and trade was particularly complex or when species were listed for the first time and no prior controls existed.

2.27. This was the case of Nigeria with regard to trade in specimens of Rosewood *Pterocarpus erinaceus*, a species that had been listed during the last CoP in 2016 and for which trade required a NDF from 2017. Nigeria faced an additional challenge with regards to its federal government composition in which the federal level was responsible for issuing trade license but its sustainability had to be assessed at the state level. During the 2017 meeting of the SC, the CITES Secretariat was requested to report on exports of Rosewood from Nigeria and the need for a NDF. By August 2018, Nigeria had exported 181'000 cubic meters of Rosewood timber without a prior NDF. In its October 2018 meeting, the SC had decided to recommend all parties to suspend commercial trade in this species from Nigeria until a satisfactory NDF had been prepared. It further encouraged countries of import (Viet Nam and China) to inform the CITES Secretariat of the volumes imported since the listing in Appendix II. This strong decision by the SC had raised questions about the exports which were under way from Nigeria to China and Viet Nam when the decision was adopted.

2.28. The second case involved Lao PDR. The country had faced difficulties in implementing and enforcing the Convention since becoming a Party. Lao PDR had recently made progress as a result of more actions to combat illegal trade and better enforcement. A few remaining outstanding issues were national legislation and capacity to carry out NDFs. Lao PDR recognized the issues and had requested capacity building assistance to implement NDFs. The SC had made a similar recommendation to suspend commercial trade in respect of *dalbergia*, another Rosewood species, until a NDF was in place.

2.29. Finally, the representative shared the case of the Democratic Republic of Congo (DRC), which faced significant challenges to implement the Convention given its size and location. The country faced challenges regarding the management of the African grey parrot species which had been included in CITES Appendix I in 2016 (which meant that no commercial trade could happen). DRC had made a reservation to the listing and continued to trade the species as if it continued to be listed under Appendix II (for which trade was allowed subject to a previous NDF). However, the country was still not able to implement the NDF for the species and the SC had made a recommendation to suspend trade in these specimens. The SC had also decided to maintain a recommendation of suspension of trade with regards to Madagascar which had been in place since 2016.

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<sup>13</sup> The presentation is available in document [RD/CTE/143](#).

2.30. CITES had been making efforts to move to the 21<sup>st</sup> century and allow permits to be issued electronically under the Convention while exploring the use of novel technologies such as digital signatures and blockchain. She also mentioned CITES collaboration with the World Customs Organization (WCO) to put in place better algorithms to ensure that containers at risk were being inspected. CITES was also addressing the consequences of moving species from Appendix II to Appendix I, in particular with regards to stockpiles which had been acquired prior to the up-listing with the intent of exporting and which now were banned from commercial trade. Some Parties considered this an unfair retroactive application of the restriction whereas others considered it to be the application of current rules to current trade. At the request of Parties, the CITES Secretariat had prepared a recommendation on what approach should be adopted. The proposal would be addressed at the following COP in 2019.

2.31. Although the Convention only regulated international trade, domestic markets for frequently illegally traded specimens had an impact on international demand for listed species and interest had been raised in addressing domestic regulations and controls regarding species that could not be traded internationally. Particular subjects of discussion were ivory, rhino horns and pangolin scales.

2.32. The next CoP would take place from 23 May to 3 June 2019 in Colombo, Sri Lanka. Proposals to include new species to the appendices or for new decisions, resolutions or amendments had to be presented up to 150 days before the meeting. One of the proposed animals to be listed in the upcoming CoP would be a species of sea cucumber being traded from Sri Lanka mainly to Asian markets. Developing countries could apply for sponsorship to allow participation in the CoP up to 31<sup>st</sup> December 2018. The final agenda was expected in late January 2019. CTE delegates were encouraged to take the new online course jointly developed by CITES and the WTO Secretariat entitled "CITES and the WTO - Enhancing Cooperation for Sustainable Development". It explained the coexistence of WTO and CITES over the previous 40 years. The course had been made available in the WTO e-campus website.<sup>14</sup>

2.33. The representative of the European Union welcomed the engaging presentation and appreciated the effort by the CITES Secretariat to make a direct connection to the work of the CTE. She also appreciated the reference to the work between CITES and the WCO and to modern tools such as blockchain, and how they could contribute to discussions on these issues.

2.34. The representative of CITES commented that the work on blockchain had just been presented with support of the Technical University of Berlin. It would be brought up at the 2019 CoP to seek the endorsement for further work.

### **3 DATE OF NEXT MEETING**

3.1. The next meeting of the Committee would take in May 2019. The precise date would be communicated to Members in due course.

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<sup>14</sup> <https://ecampus.wto.org/>.

**ANNEX 1: ITEMS OF THE CTE WORK PROGRAMME**

- Item 1: The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements.
- Item 2: The relationship between environmental policies relevant to trade and environmental measures with significant trade effects and the provisions of the multilateral trading system.
- Item 3(a): The relationship between the provisions of the multilateral trading system and charges and taxes for environmental purposes.
- Item 3(b): The relationship between the provisions of the multilateral trading system and requirements for environmental purposes relating to products, including standards and technical regulations, packaging, labelling and recycling.
- Item 4: The provisions of the multilateral trading system with respect to the transparency of trade measures used for environmental purposes and environmental measures and requirements which have significant trade effects.
- Item 5: The relationship between the dispute settlement mechanisms in the multilateral trading system and those found in multilateral environmental agreements.
- Item 6: The effect of environmental measures on market access, especially in relation to developing countries, in particular to the least developed among them, and environmental benefits of removing trade restrictions and distortions.
- Item 7: The issue of exports of domestically prohibited goods.
- Item 8: The relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights.
- Item 9: The work programme envisaged in the Decision on Trade in Services and the Environment.
- Item 10: Input to the relevant bodies in respect of appropriate arrangements for relations with intergovernmental and non-governmental organizations referred to in Article V of the WTO.

**ANNEX 2: PARTS OF THE DOHA MINISTERIAL DECLARATION THAT RELATE  
TO THE WORK OF THE CTE**

32. We instruct the Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:

(i) the effect of environmental measures on market access, especially in relation to developing countries, in particular the least developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;

(ii) the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and

(iii) labelling requirements for environmental purposes.

Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations. The outcome of this work as well as the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least developed countries.

33. We recognize the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least developed among them. We also encourage that expertise and experience be shared with members wishing to perform environmental reviews at the national level. A report shall be prepared on these activities for the Fifth Session.

51. The Committee on Trade and Development and the Committee on Trade and Environment shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected.

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