



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 26-27 NOVEMBER 2019

NOTE BY THE SECRETARIAT¹

The Committee on Trade and Environment (CTE Regular) met on 26-27 November 2019, chaired by Mr Jean-Marie Paugam (France). The Committee adopted the Airgram, WT/AIR/CTE/10, issued on 23 October 2019. 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 15 May 2019 is contained in WT/CTE/M/67.

Contents

1 ENVIRONMENTAL MEASURES AND MARKET ACCESS (PARAGRAPH 32 (I) OF THE DOHA MINISTERIAL DECLARATION)4
1.1 Fossil fuel subsidy reform4
1.2 Trade in jute5
1.3 Other6
2 MEAS AND THE WTO (ITEM 1 OF THE CTE WORK PROGRAMME): MEAS DEALING WITH CHEMICALS AND WASTES (THE BASEL, ROTTERDAM AND STOCKHOLM (BRS) CONVENTIONS)7
2.1 BRS Conventions' update7
2.2 Members' experience sharing on circular economy and plastics8
2.2.1 China's briefing on the Workshop on "Plastic Pollution"8
2.2.2 Norway's national policy on circular economy, waste and marine pollution9
2.2.3 Switzerland's presentation on the Swiss-Colombian Cooperation in the area of e-waste Recycling 10
2.2.4 The European Union's takeaways of the first Circular Economy Action Plan (2015-2019). 11
2.2.5 China's practice on circular economy 13
2.2.6 United States' submission on "Circular Economy and the WTO" 14
2.2.7 Costa Rica's briefing on the Workshop on "Circular Economy and Trade Advancing Economic Development and Combating Climate Change" 14
2.2.8 Canada's briefing on the Workshop on "Circular Economy and the Business Perspective" organized by the group of Friends of Advancing Sustainable Trade (FAST) 15
2.3 Members' discussion 16
2.4 Presentations by international organizations 17
2.4.1 World Customs Organization (WCO) 17

¹ 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.

2.4.2	Organization for Economic Cooperation and Development (OECD)	17
2.4.3	International Organization for Standardization (ISO).....	18
2.4.4	United Nations Industrial Development Organization (UNIDO).....	19
2.4.5	Presentation by the United Nations Environment Program (UNEP)	20
2.4.6	Presentation by the International Trade Centre (ITC)	21
2.5	Presentation by the WTO Secretariat.....	23
3	MEAS AND THE WTO (ITEM 1 OF THE CTE WORK PROGRAMME): CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA (CITES).....	24
3.1	CITES' update	24
3.2	Members' experience sharing	26
4	TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES (ITEM 4 OF THE CTE WORK PROGRAMME)	28
4.1	WTO Environmental Database	28
5	SERVICES AND THE ENVIRONMENT (ITEM 9 OF THE CTE WORK PROGRAMME)	30
6	OTHER BUSINESS	31
6.1	Natural disasters.....	31
6.2	Other briefings by observer organizations.....	31
6.3	Other matters.....	32
	ANNEX 1: ITEMS OF THE CTE WORK PROGRAMME	33
	ANNEX 2: PARTS OF THE DOHA MINISTERIAL DECLARATION THAT RELATE TO THE WORK OF THE CTE REGULAR	34

ACRONYMS

ACCTS	Agreement on Climate Change, Trade and Sustainability
ASCM	Agreement on Subsidies and Countervailing Measures
BRS Conventions	Basel, Rotterdam and Stockholm Conventions
CETA	Comprehensive Economic and Trade Agreement
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CoP	Conference of the Parties
CTE	Committee on Trade and Environment
DFQF	Duty-free and quota-free
EDB	WTO Environmental Database
EGA	Environmental Goods Agreement
EPR	Extended Producer Responsibility
FAO	Food and Agriculture Organization of the United Nations
FAST group	Friends of Advancing Sustainable Trade
FFSR	Fossil Fuel Subsidy Reform
FTA	Free Trade Agreement
GEF	Global Environment Facility
GHG	Greenhouse Gas
ISO	International Organization for Standardization
LDC	Least develop country
MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
MSMEs	Micro, small and medium enterprises
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PET	Polyethylene terephthalate
RTA	Regional Trade Agreement
SDG	Sustainable Development Goal
SMEs	Small and Medium Sized Enterprises
TBT	Technical Barriers to Trade
TPR	Trade Policy Review
UNCTAD	United Nations Conference on Trade and Development
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
WCO	World Customs Organization

1 ENVIRONMENTAL MEASURES AND MARKET ACCESS (PARAGRAPH 32 (I) OF THE DOHA MINISTERIAL DECLARATION)

"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 Fossil fuel subsidy reform

1.1. The representative of New Zealand provided an update on recent developments on fossil fuel subsidy reform (FFSR).² As explained at previous meetings of the CTE, a group of 12 developing and developed Members from many regions launched a Joint Statement on FFSR at the eleventh WTO Ministerial Conference (MC11). In the statement, signatories confirmed their intention to seek the rationalization and phase-out of inefficient fossil fuel subsidies that encouraged wasteful consumption, while recognising that reform needed to 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. Signatories also 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.

1.2. Since December 2017, signatories had organized information-sharing events to raise awareness of the scale and impacts of fossil fuel subsidies, advances in methodology such as for national reporting on Sustainable Development Goal (SDG) 12(c) and the opportunities that reform presented. The most recent example of this was at the Public Forum on 10 October 2019. The FFSR session included panellists from the Organisation for Economic Co-operation and Development (OECD), the International Chamber of Commerce (ICC) and the United Nations Environment Programme (UNEP) to discuss reform from the economic and business perspectives, while also placing the issue in the context of global concerns on climate change and the implementation of the SDGs.³ As noted in this session, as leaders oversaw their domestic implementation of SDG 12(c), it was suggested that there could be a common interest in a collective approach to FFSR at the WTO - to provide a supportive international context for domestic efforts, in a coordinated and coherent way. Therefore, as explained by New Zealand Ambassador Walker at the Public Forum, New Zealand and other Members were working to renew the MC11 statement at MC12 to attract broader support for the statement, with greater regional representation.

1.3. The representative of Norway noted his delegation's support for the work towards a ministerial declaration on FFSR at MC12. Given the urgency of the climate change challenge, it was hoped that many Members would join this ministerial declaration.

1.4. The representative of Switzerland noted that Switzerland actively supported the work on FFSR in the WTO and the continuation of the discussion in the CTE. Switzerland also invited other delegations to join the ministerial declaration in 2020.

1.5. The representative of Costa Rica noted that Costa Rica was one of the signatories of the Joint Statement at MC11 and confirmed that his delegation would also join the renewed declaration at MC12. Costa Rica believed that the WTO could play a positive role in advancing discussions on FFSR to ensure ambitious disciplines on this topic. Costa Rica also encouraged other delegations to join the ministerial declaration in MC12.

1.6. The representative of the Kingdom of Saudi Arabia reiterated that this issue was dealt with under the G20, whereby a voluntary phasing out of inefficient fossil fuel subsidies that encouraged wasteful consumption was done with two clear qualifiers: voluntary and in accordance with countries' national circumstances, priorities and needs. Her delegation did not agree to link this issue to the WTO and to discuss it in the WTO.

² See document JOB/TE/60.

³ A summary, and video recording, is available on the WTO Public Forum website.

1.7. The representative of Chinese Taipei welcomed global efforts in raising awareness and noted that addressing the challenges of fossil subsidies had recently gained momentum. Chinese Taipei was of the view that effectively addressing the issue could deliver trade, economic, social and environmental benefits. Sustainable development was a fundamental principle of the WTO. Chinese Taipei welcomed that this agenda be further advanced in the CTE and looked forward to the continuous dialogue and experience sharing among Members with a view to exploring potential avenues for reform in the future.

1.2 Trade in jute

1.8. The representative of Bangladesh⁴ briefed delegations on the advantages of jute as a sustainable alternative to plastics and its role in the overall circular economy. Jute could be used as an alternative to timber, synthetics and plastic and could be seen in a whole range of products for domestic, commercial and industrial use. Jute trade was currently centred around the Indian subcontinent. Bangladesh was the largest exporter of raw jute, while India (closely followed by Bangladesh) was the largest producer as well as the largest consumer of jute products in the world. Exports from Bangladesh were mainly to India. Main importers of jute included India, Pakistan and Nigeria. Regarding woven fabrics of jute, India and the United States were the biggest importers and India the biggest exporter. The International Jute Study Group, headquartered in Dhaka, was functioning as the international commodity board for jute, kenaf and related fibres. The European Union was an active member of the Group.

1.9. Jute was completely biodegradable and recyclable, and fabrics made of jute fibres were carbon neutral and naturally decomposable. Jute grew fast, reaching maturation in as little as 4-6 months. Moreover, plants were grown using no pesticides. As it grew in tropical areas, it depended on a natural irrigation system.

1.10. According to a 2019 report by the United Nations Conference on Trade and Development (UNCTAD), entitled "Advancing SDG-14", the use of plastics had increased 20 times in the past half-century and was expected to double again in the next 20 years. For instance, in the European Union, the main applications of plastics included packaging, building and construction, automotive industry, electronics and agriculture. The representative highlighted that jute was an effective alternative to plastic bags and synthetic products. For instance, geotextiles made from jute, were used for soil erosion control, seed protection, weed control, and many other agricultural and landscaping uses. Jute was also used now in the automotive industry. Recently, a biodegradable food-grade bag made of jute had been invented and should soon be commercialized.

1.11. Turning to trade concerns, jute faced problems of access because competing synthetic fibres might not face the full costs of production, partly because of subsidies to energy. On the other hand, the price of jute substitutes did not internalize environmental and other externalities. There had been progress in facilitating duty-free and quota-free (DFQF) market access for least developed countries' (LDCs) products. Yet, environment-friendly products (e.g. jute products) of export interest to LDCs, including graduating LDCs like Bangladesh, were still subject to high tariffs in certain markets. Jute exports were also affected by non-tariff barriers (e.g. certification-related difficulties).

1.12. On the way forward, the representative called for promoting jute along with its products and by-products as environment-friendly commodities. The United Nations (UN) Second Committee Resolution on Natural Plant Fibres and Sustainable Development (21 November 2019) called upon governments to mainstream the promotion of natural plant fibres into their policies. There should also be stringent policy measures against single-use plastics (e.g. plastic/polythene shopping bags) and measures for the promotion of jute polybags and other jute-made substitutes. He raised the issues of special support, market access and incentives for small and medium-sized enterprises (SMEs) in jute products; research and development (R&D) support for jute-product diversification; and investment in industrial use of jute in sectors like motor vehicles and construction. Jute coalitions of European buyers (e.g. Eurojute) could help enhance consumer awareness, stakeholder dialogues and greater involvement of the media.

1.13. The export base of LDCs, and graduating LDCs like Bangladesh, was extremely narrow. Hence, WTO should facilitate market access for products from these Members. DFQF for jute products could

⁴ See document RD/CTE/157/Rev.1

be discussed. There should be scope for addressing non-tariff barriers and for capacity building/aid for trade support for jute products.

1.14. The representative of New Zealand considered jute to be an environmental good. Alongside other textile-based fibres, jute's natural fibre composition differentiated it from alternative synthetic materials. The argument for its consideration in the Environmental Goods Agreement (EGA) was that it was more biodegradable and came from sustainable sources. As indicated by Bangladesh, these fibres could be used for packaging and woven fabric and were particularly useful alternatives to shopping bags. This was particularly relevant in places where single-use plastic bags had been banned, such as New Zealand. Jute could be a useful inclusion in the environmental goods component of the Agreement on Climate Change, Trade and Sustainability (ACCTS) initiative.

1.15. The representative of the European Union noted the importance of Bangladesh's initiative and encouraged and supported Bangladesh in its efforts to achieve its sustainable development and Agenda 2030 objectives, including environmental and labour aspects.

1.16. The representative of the Philippines thanked Bangladesh for bringing this topic to the attention of the CTE. Jute was one of the natural plant fibres that could contribute to sustainable development. The Philippines produced natural fibres such as Abaca fibre, coconut fibre and plant fibre. As a sponsor of the UN resolution mentioned by Bangladesh, the Philippines encouraged other Members to support it. Scaling up the effort to promote sustainable production and use of natural plant fibres would contribute to the development of the Philippines.

1.3 Other

1.17. The representative of New Zealand announced, on behalf of the ACCTS participants, that on 25 September 2019, in the margins of the UN General Assembly Leaders' Week in New York, New Zealand, together with Norway, Iceland, Costa Rica and Fiji, announced the launch of the ACCTS initiative. Achieving the Paris Agreement's goals and addressing the urgent challenge that all nations faced in relation to addressing climate change, economic stability and sustainable development required a global economic transformation. This transformation was expected to improve economies and lift incomes, as well as improve the environment. However, there was a critical and urgent need for countries to act now to achieve these goals.

1.18. There were a host of known actions in the trade policy area that could contribute meaningfully to combatting climate change and other serious environmental challenges. The ACCTS initiative was intended to demonstrate in practical terms how trade rules and architecture could be used to support climate and broader sustainable development objectives while generating momentum towards an eventual multilateral outcome. The outcome should ensure mutual supportiveness between trade and environmental policies and recognize the particular challenge faced by Small Island Developing Countries and their vulnerability to the impacts of climate change.

1.19. The ACCTS would include trade rules that helped achieve the goals of the Paris Agreement and facilitate increased trade that contributed to sustainable development. The ACCTS would be fully consistent with WTO rules and other international agreements. It would include measures such as the removal of tariffs on environmental goods and the establishment of new commitments for environmental services; the establishment of disciplines to eliminate harmful fossil fuel subsidies; and the development of guidelines to inform and promote the development and implementation of voluntary eco-labelling programmes and mechanisms.

1.20. This treaty-level instrument would be open to other countries to accede to in the future if they were able to meet its obligations. Ultimately, the aim was that this initiative, achieved initially amongst a subset of WTO Members, then opened to all who could meet the established standard, would be a pathfinder to multilateralism. Negotiations amongst the initial cohort of participants were expected to begin in March 2020 and would be concluded as swiftly as possible. New Zealand and the co-participants remained committed to keeping the CTE informed of progress and were willing to engage further with any Member interested in potential membership.

1.21. The representative of Norway said that given the urgent need for action, governments needed to step up efforts towards low emissions, climate resilience and sustainable economies. Trade had a crucial role to play in this transformation. The representative underlined Norway's full support to the

multilateral trading system and invited other Members to join ACCTS. The ACCTS should open a pathway for multilateralization.

1.22. The representative of the European Union noted that the European Union had been a long-standing promoter of mutual supportiveness between trade and sustainable development and climate objectives. The president of the new commission in her political guidelines had made climate action one of her top priorities. She wanted to strengthen Europe's role as a global leader and standard setter for a strong, open and fair-trade agenda.

2 MEAS AND THE WTO (ITEM 1 OF THE CTE WORK PROGRAMME): MEAS DEALING WITH CHEMICALS AND WASTES (THE BASEL, ROTTERDAM AND STOCKHOLM (BRS) CONVENTIONS)

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

2.1 BRS Conventions' update

2.1. The representative of the Basel, Rotterdam and Stockholm (BRS) Conventions (UNEP)⁵ provided an update on the Conference of Parties (CoP) meetings of the BRS Conventions held back-to-back in April-May 2019. Approximately 1,400 delegates from 180 countries attended. At the meetings, 29 decisions were adopted under the Basel Convention, 17 under the Rotterdam Convention and 27 under the Stockholm Convention. Amongst the most significant updates, the annexes to the Basel Convention were amended to add new entries effective 2021 related to plastic waste. The general provisions of the Convention would apply to plastic waste for minimization, prevention and environmentally sound management of such waste. In addition, the CoP decided to establish a working group - the Basel Convention partnership on plastic waste - with terms of reference adopted in November 2019. This group would facilitate collaboration with other international organizations, including the WTO and the World Customs Organization (WCO) on plastic waste minimisation and prevention. Further work on plastic waste was underway, for instance, work with the WCO to develop codes under the Harmonised System specific to different kinds of plastic waste.

2.2. Other updates included the adoption of technical guidelines on Persistent Organic Pollutants waste and revised guidelines on electrical and electronic waste. Under the Rotterdam Convention, two new chemicals were listed and would be subject to Prior Informed Consent procedures; and procedures and mechanisms on compliance were adopted, after 15 years of negotiations. Under the Stockholm Convention, the decision on compliance was deferred to the next CoP meeting. The following new chemicals were listed: Dicofol and Perfluorooctanoic acid (PFOA) and PFOA-related compounds with specific exemptions. Other updates concerned already listed chemicals.

2.3. Other joint issues under the BRS Conventions were expected to be reviewed biennially such as enhanced cooperation and coordination with other international organizations including the WTO; science to action plan; synergies in combatting illegal traffic of hazardous chemicals and waste; and new programs of work and budget including for technical assistance programs. The next meeting of the CoPs would take place in Nairobi, Kenya, in May 2021. Other developments were the entry into force of the Ban Amendment (adopted in 1995) on 5 December 2019 and the UN Environment Assembly (UNEA) scheduled for 2021.

2.4. The representative of the European Union welcomed the decisions on plastic waste under the Basel Convention and the decision on the compliance mechanism under the Rotterdam Convention. It was hoped that the decision for a compliance mechanism under the Stockholm Convention would not be deferred further. These decisions would reinforce the implementation of the Conventions.

⁵ See document RD/CTE/161.

2.2 Members' experience sharing on circular economy and plastics

2.2.1 China's briefing on the Workshop on "Plastic Pollution"

2.5. The Ambassador of China briefed Members on the workshop on plastic pollution co-organized by China, Sri Lanka and Morocco during the CTE Environment Week on 25 November 2019. Over 150 participants representing WTO Members, relevant international organizations, the private sector and think-tanks had shared experiences on addressing plastic pollution and brainstormed on the role for the WTO in this process. The WTO Director-General, in his opening remarks, highlighted the growing interest among Members in the cross-border implications of plastic pollution and the role of international cooperation. He also covered work of the WTO, including discussion on policies and notifications of measures affecting trade in plastics. He emphasized that whether and how to address plastic pollution at the WTO would be ultimately determined by Members. The Director-General was committed to supporting all environment-related efforts that Members decided to pursue.

2.6. During the panel discussions, representatives of China Plastics Reuse and Recycling Association, the World Bank, the BRS Conventions, the World Economic Forum, Nestlé Nespresso, the Graduate Institute, UNEP and the WCO shared experiences on work undertaken to combat plastic pollution and explained why addressing plastics pollution was a priority, how international organizations and industry were responding, and what kind of policies or actions were expected from the WTO. This was followed by interventions from Sri Lanka, Morocco, Canada and the European Union who mainly focused on matters taken at the government level and proposed government action from a trade perspective. All speakers noted the globalized nature of plastic production and pollution which underscored the need for more international cooperation and coherence, including in the area of trade. Many also observed that the growing interest in tackling plastic pollution transcended developing and developed Members' boundaries and that progress had been made at national, regional and global levels.

2.7. The Ambassador noted that all speakers recognized the important role of the WTO in addressing plastic pollution and proposed various solutions, including but not limited to enhancing transparency, strengthening coherence, lowering barriers to sustainable plastics trade, supporting developing Members' efforts to overcome challenges and enhancing cooperation with relevant stakeholders. As a possible follow up it was suggested that the WTO Secretariat prepare a study on the global plastics economy, plastic pollution and the multilateral trading system to provide Members with inputs on how the WTO could contribute. Interested Members could continue discussion in different configurations, including the platform provided by the CTE to chart the way forward. The workshop was a first step and Members were in the driver's seat at the WTO. He urged Members to be good drivers with a right sense of direction and sound skills to reach the destination safely and efficiently.

2.8. The representative of Morocco thanked the other co-organizers, panellists and participants at the workshop. The importance of addressing plastic pollution had been made evident in the various interventions. He said that the workshop helped to bring into greater focus possible value added that the WTO could provide to national and international efforts to tackle plastic pollution. Morocco had made efforts through regulations, laws and measures to encourage the gradual elimination of plastic pollution. The main lessons learned from national experience was that this was a long-term effort that required appropriate technologies and the involvement of society at large. Demand for plastic was rising in Africa. The WTO should therefore be active in the sharing of best practices.

2.9. The representative of Canada thanked the workshop organizers for leadership on plastic pollution. The workshop was informative on a critical environmental issue. In the Canada – China joint statement on marine litter and plastics, Canada agreed that tackling plastic pollution was a pressing global issue that was mobilizing international action. In order to succeed global cooperation was critical. Canada looked forward to continuing the discussion on the role the WTO could play.

2.10. The representative of the European Union said that the workshop made clear that all countries struggled with plastic pollution which was one of the big environmental challenges of our time. All were determined to tackle plastic pollution. The European Union supported multilateral avenues and, as follow up, could support a study on what further could be done on this topic.

2.11. The representative of Chad, on behalf of the LDC Group, said that LDCs hoped that initiatives such as the workshop could be extended. LDCs had also benefitted from technical assistance on

trade and environment organized by the WTO Secretariat. These workshops provided useful information on the circular economy and the linkages between trade and the environment. Sustainable development and protection of the environment were fundamental objectives enshrined in the WTO Marrakesh Agreement. This was complementary to the objectives of avoiding discriminatory restrictions to trade. Trade was a means to an end. It was important to ensure that trade contributed to environmental protection while helping to improve living standards. Food security, trade in natural resources and waste management posed new global challenges. Even though the Paris Agreement had established a framework for action on climate change, it was important for trade to play a role in implementing this Agreement. It was essential to take account of different levels of development and the specific needs of vulnerable countries such as LDCs. In addition, developing and developed countries should facilitate technology transfer to LDCs and more broadly support adaptation to a carbon-free economy. Upsetting the ecological balance could lead to soil degradation and desertification with implications for food security and for poor, vulnerable populations. Environmental sustainability was therefore vital for present and future generations. Trade policies could benefit the environment and environmental policies could also benefit trade. It was important to consider what actions could be taken within the WTO framework to ensure that trade could be environmentally friendly and promote sustainable development. All stakeholders were invited to support LDCs in their bid to address environmental challenges and unleash their sustainable development potential. To date, the world had mainly operated in a linear way, with countries using a finite stock of raw materials and energy to manufacture goods and services. Toxic and other waste was generated in this process. There was growing demand for goods with the world population set to increase to 9 billion by 2030. The circular economy was a better response to these challenges. LDCs were not waste generators but received waste from other parts of the world. LDCs therefore needed support to deal with waste and other environmental challenges.

2.12. The representative of Sri Lanka said that her country was pleased to be a co-sponsor of the workshop on plastic pollution. International trade policy should support national efforts to reduce plastic production and consumption while encouraging alternatives. Policies already in place included import restrictions on single-use plastics; development of new standards and labelling for plastic products; extended producer responsibility (EPR) schemes such as deposit refunds, product recovery and recycling targets; and taxes or fees on plastic consumption. Also, efforts to reduce plastic use in global value chains and policies to promote circular economy were in place. Sri Lanka's first attempt to control plastic use began in 1994 when a Gazette was issued by the Environment Ministry to ban polythene, but this was not implemented. Further attempts were made in 2006 and 2017 to ban the production and use of polythene sheets and packaging. The burning of plastic and other similar combustible material in open spaces was banned. Progress had been made in tackling plastic pollution at different levels. The WTO could also be a part of this exercise. Technology transfer and trade-related capacity building were important to reduce plastic pollution in developing countries.

2.2.2 Norway's national policy on circular economy, waste and marine pollution

2.13. The representative of Norway provided an outline of its national policy on circular economy, waste and marine pollution. She stressed that there was a need for an active circular economy policy. A circular economy could contribute to waste minimization and more sustainable production and use of materials such as plastics. Such a policy could also support green competitiveness of business and industry. Trade in waste was, in many cases, necessary because of the need to make use of adequate disposal facilities in other countries. Sustainable import and export of waste for environmentally sound recycling could ensure more efficient and professional utilization of resources. The Norwegian Government's strategy on Green Competitiveness in 2017 identified the circular economy as a key strategic element for enhancing green competitiveness.

2.14. The Norwegian Government had also adopted a dedicated plastic waste strategy that had challenged business, industry and non-governmental organizations (NGOs) to identify voluntary actions to reduce the use of single-use plastic products and promote innovative alternative solutions. The Government was considering a regulation that would make sorting of plastic and food waste in households, business and industry compulsory. More information on the plastic waste strategy was available on the internet. Almost 80% of Norway's waste was either recycled or used to produce energy. In addition, the Government sought to further improve waste generation in target areas. Norway's national waste treatment capacity for household and industrial waste was generally adequate. However, some fractions, such as plastic waste collected from households, were exported to European countries due to limited domestic capacity. The European Union waste directives had set ambitious recycling targets of 50% of household and similar waste from business and industry

to be recycled by 2020, and 65% by 2035. These directives were to be implemented in Norway. New and strengthened measures were needed to reach these targets. The EU directive on single-use plastics and fishing gear was also relevant. Norway intended to implement the directive as soon as possible. The Norwegian Government's ambition was to develop a national strategy on circular economy that would go beyond the current waste and circular economy policies and would introduce circular economy aspects more broadly across sectors. This national strategy was still in its early stages, but was expected to cover consumption digitalization, the bio-economy and biomass, public procurement, and eco-design including circular plastic production and use.

2.15. On marine pollution, plastic waste, and especially plastic litter in the oceans, represented one of the fastest growing environmental challenges of the day. Large volumes of plastic waste were sent from developed to developing countries and economies in transition, where there was often a lack of adequate treatment facilities. Plastic waste also had low economic value because it was often not well-sorted, dirty or mixed with other types of plastic that could not be recycled together. This presented a huge challenge. Earlier this year, following a proposal by Norway, supported by Switzerland, the European Union, Japan and Uruguay, the Parties to the Basel Convention agreed to amend the Convention to include the transboundary movement of plastic waste. The BRS Secretariat had already briefed the CTE on these developments. Norway welcomed this new development, as it would make global trade in plastic waste more regulated, transparent and managed in a safer and more environmentally sound manner. There were still gaps in the global governance structure that needed to be addressed to reduce plastic pollution in the oceans. In 2017, at UNEA-3, the world agreed to the long-term elimination of all plastic waste into the environment. All Members should respond to this call in a coherent and integrated manner. In this regard, the Nordic Ministers of Environment, in April 2019, had issued a political declaration calling for a new global agreement to combat marine plastic litter and microplastics. Norway believed that such an agreement would be in place by 2023 and sought to partner with like-minded countries to move this agenda forward. In October 2019, Norway hosted the "Our Ocean" Conference. The conference was successful, with a dedicated session on marine pollution. Norway also pledged money to the new global partnership on plastic litter established under the Basel Convention. Given the limits to what national governments could accomplish on their own, it was important for WTO Members to support efforts to increase transparency and legality in the international trade of plastic waste. Knowledge of sources, pathways and impacts of plastic waste and marine litter was growing. However, this issue was complex and required many different solutions. One part of the solution could be to raise awareness in the CTE.

2.16. The representative of Chad said that the circular economy implied a transformation of production and consumption of resources. It was positive to repair and reuse products. He asked Norway to provide an example of circular economy and waste management that benefited LDCs. He asked whether Norway could support vulnerable countries in their transition to a circular economy.

2.17. The representative of the European Union said that the European Union supported a multilateral agreement to tackle plastics.

2.18. The representative of Norway said that her delegation would like to cooperate to get the best solution for each country, while recognizing existing resource constraints.

2.2.3 Switzerland's presentation on the Swiss-Colombian Cooperation in the area of e-waste Recycling

2.19. The representative of Switzerland⁶ presented on Swiss-Colombian cooperation in e-waste recycling. This was a partnership between the Swiss Federal Institute for Science and Technology, the World Resources Forum and was sponsored by the Swiss State Secretariat for Economic Affairs (SECO). E-waste was the fastest-growing waste stream in the world. He said that there were opportunities for urban mining and recovery of high value plastics and metals, such as gold, from e-waste. There were also challenges arising from the informality in e-waste management and the threats of environmental pollution and health hazards.

2.20. Swiss collaboration in e-waste recycling had started in 2002 in India, China and South Africa before it was extended to Colombia and Peru in 2008. In Colombia, there was a high degree of informality, with limited formal recycling companies, professional knowledge and experience in recycling e-waste. In 2008, there was also no policy or legislation, especially on extended producer

⁶ See document RD/CTE/158.

responsibility. Other challenges faced were lack of inter-ministerial coordination and successful business models in Colombia. However, there were big opportunities for trade and environment. For example, gold when extracted from a primary mine yielded about 5 grams per ton, while if properly treated and collected, the gold content from mobile phones in secondary (urban) mines yielded 300 to 350 grams per ton. Companies had linked-up with recyclers in Colombia. Trade flows were important as e-waste could be imported for sorting and exported for refining. In addition to the Swiss knowledge partnerships in e-waste recycling, SECO was also supporting a Sustainable Recycling Industries program across several countries.

2.21. In terms of results, Colombia had enacted extended producer responsibility legislation in 2013 and developed a national policy on e-waste in 2016. Colombia had committed industrial associations and numerous individual and collective producer responsibility organizations. In addition, there were 10 to 15 formal e-waste companies exporting valuable fractions of e-waste. Pilot audits of e-recycling companies had been done based on European standards and Colombia had now developed its own national standard on e-waste recycling. Over the last 10 years, a number of professionals had been trained under this initiative and there was emerging Swiss-Colombian industrial technology cooperation. Further information, including guidelines was available at: sustainable-recycling.org.

2.22. The representative of Colombia thanked the Swiss Government for its development cooperation in Colombia. Switzerland was engaged in Colombia through SECO; the Swiss Agency for Development and Cooperation and the Federal Department of Foreign Affairs. The global goal for the country's 2017-2020 strategy was to contribute to sustainable peace and economic development and this included support for sustainable and inclusive economic development. Switzerland supported the circular economy in Colombia and the national policy on e-waste recycling of 2016. Additionally, in 2019, with the support of Switzerland, the Colombian Ministry of Commerce, Industry and Tourism had launched a program for eco-industrial parks which was a circular economy initiative. The aim of this program was to improve productivity and the environmental, economic and social performance of four of Colombia's industrial parks. The program was also aligned with the national circular economy strategy launched, in June 2019, by the President of Colombia. The eco-industrial park program aimed to serve two goals of the national strategy, namely: to promote competitiveness and sustainable trade; and to encourage sustainable urban development and action against climate change. The focus was on optimization of industrial processes and to encourage this pilot eco-industrial parks initiative to promote formulation and implementation of environmental and industrial policies at the national level in Colombia.

2.23. The representative of Chad, on behalf of LDCs, said that LDCs often received waste products without the capacity to transform or extract value from these products. This had human health and environmental consequences. The circular economy was a way to reduce these risks. He asked if Switzerland had plans to broaden its cooperation to LDCs and how LDCs could also access the tools developed by Switzerland to the benefit of trade and consumers.

2.24. The representative of Switzerland stated that while Switzerland cooperated with certain countries, it was unable to be active in all countries. Switzerland would continue to define priorities for support in the future.

2.2.4 The European Union's takeaways of the first Circular Economy Action Plan (2015-2019)

2.25. The representative of the European Union⁷ said that the European Union had to work with other countries and international organizations to make the circular economy a reality. The circular economy offered opportunities for companies from both developed and developing countries. It was urgent to make the transition to a circular economy a reality, especially in countries at risk of being locked into poverty due to environmental degradation. Her delegation was encouraged by the many initiatives at local and regional levels, not least in Africa. The circular economy was a way to maintain the value of products, materials and resources in the economy for as long as possible, minimize waste generation and boost the economy's competitiveness through new business opportunities and the promotion of innovative goods and services while benefitting from social and environmental gains. The circular economy made a vital contribution to many SDGs.

⁷ See document RD/CTE/164.

2.26. The EU Circular Economy Action Plan sought to build a loop across sustainable production, sustainable consumption, waste management, the transformation of waste into a resource and the injection of secondary raw materials into production. Five priority sectors had been identified: plastics, food waste, critical raw materials, construction and demolition, and biomass. The Action Plan comprised 54 actions, which were completed between 2015 and 2019. A framework had been established to monitor the transition to a circular economy. Employment in circular economy-related activities in the European Union had grown by 6% between 2012 and 2016, totaling around 4 million workers. In terms of repair, reuse and recycling, the European Union totaled EUR 147 billion in value added and EUR 17.5 billion in investment. Recycling and the use of recycled materials had been growing. But the transition had just begun, as reflected by the 12% share of recycled materials in the total demand for raw materials.

2.27. The 54 actions completed under the EU Circular Economy Action Plan spanned the following areas: circular design and production processes, empowering consumers, turning waste into resources and closing loops of recovered materials. Regarding circular design and production processes, the European Union had rules on the placing on the market of energy-related products. Traditionally, the rules had focused on the energy efficiency of products. This had changed in 2016 with the introduction of a new eco-design work programme comprising the durability, repairability, upgradability and recyclability and recycled content of energy-related products. Based on the work programme, the European Union had adopted new rules, including for washing machines and refrigerators. The new rules required the availability of spare parts and information to ensure that the products could be repaired. Non-compliant products could not be placed in the EU market. Several policies were in place to promote sustainable products. Most of these policies were voluntary. Examples included the EU eco-label and guidance on public procurement. The European Union had developed an eco-management scheme that rewarded green organizations and sought to avoid greenwashing. However, sustainable products remained the exception rather than the norm. The European Union had looked at ways to empower consumers to make better choices, including through product environmental footprint methods which allowed consumers to compare the environmental footprints of different products. Work on footprint methods was underway with the textile industry. On the consumer side, an additional focus had been to improve the rights of consumers, notably their legal guarantees when products broke down. Regarding the goal of turning waste into resources, an important reform had been the adoption of a new waste framework directive with ambitious targets (to recycle 55% of municipal waste by 2025 and 65% by 2030 and not to landfill more than 10% of waste). The per capita generation of municipal waste in the European Union totaled 500 kilograms. Finally, on closing loops or recovered materials, new EU regulations (the Fertilizing Products Regulation) facilitated the conversion of biowaste into fertilizing materials, reducing the need for phosphate rock. EU stakeholders had provided input into the EU Circular Economy Action Plan. An internet platform – the European Circular Economy Stakeholder Platform – had been set up to provide references, best practices, and national and regional circular economy roadmaps to interested authorities and companies.

2.28. Among the 54 actions that had been completed, the Plastics Strategy was the first material strategy adopted by the European Union to fight marine litter and the threat it posed to biodiversity and human health. The goal was to achieve 100% of reusable and recyclable packaging on the EU market by 2030. As part of the Plastics Strategy, the Directive on single-use plastics and fishing gear focused on the 10 most common plastic objects found on European beaches. These 10 items, along with fishing gear, represented 70% of the pollution on European beaches. Action under the Directive comprised market restrictions, for example on cotton bud sticks, marking requirements, EPR and awareness-raising measures.

2.29. Action to increase the number of circular goods and services was among the remaining challenges to move towards a circular economy. Most EU measures in this area were voluntary, and circular goods and services were the exception rather than the norm. This meant that consumers did not have at their disposal green goods and services. Action was needed to shift production and to enhance consumer incentives. Implementing existing legislation and developing markets for secondary raw materials were additional challenges. In addition, it was important to exploit the synergies between action to promote a circular economy, on the one hand, and action on other systemic transformations, on the other, not least by using biological resources in a circular way, exploiting the synergies with a climate neutral economy, integrating circular economy into the digital transformation, reinforcing social and territorial cohesion and by attracting private finance. Some sectors would benefit from greater circularity, including information technology, electronics, mobility, construction, furniture, textiles and food and drink.

2.30. Looking ahead, the new European Commission had identified a Green Deal as one of its five priorities for the period 2019-2024. The European Green Deal sought to make Europe the first climate neutral continent, ensure a sustainable and just transition and preserve Europe's environment. The new President of the European Commission, along with the new Commissioner for Environment and Oceans had announced a new circular economy action plan focusing on high-impact sectors such as textiles and construction. At the European Parliament hearings, the new Commissioner had also underscored the need to continue reducing the environmental footprint of production and consumption and to look at measures to achieve more circularity in the EU economy.

2.31. The representative of Chad, speaking on behalf of the LDC Group, said that the European Union was an important partner of LDCs. Trade flows between the European Union and LDCs were increasing. The European Union had put in place the REX system (Registered Exporter System) to facilitate access to the EU market. Regarding circular economy, it would be important to integrate circularity into the LDC industrialization process. Future bilateral and multilateral trade agreements covering circular economy should consider special and differential treatment and the vulnerabilities of LDCs. The circular economy had local, national and global dimensions, which had to be considered together and without detriment to low-scale circular economy systems existing in many LDC villages. The LDC Group would support the European Union's work on circular economy.

2.2.5 China's practice on circular economy

2.32. The representative of China said that China attached importance to working with other WTO Members on the topic of circular economy. Regarding plastic recycling in China, it was important to shift the mindset of people to focus on how to transform waste into a resource and how to achieve an efficient closed-loop system. This meant changing behaviour and building successful business models. In 2019, China had launched pilot projects in several megacities to build up closed-loop systems. The plastic recycling industry in China depended mostly on the informal sector. Municipal waste had increased by 50% over the past 10 years to almost 220 million tons. Due to the absence of an adequate waste sorting system, up to 60% of city waste went to landfill, causing land and ground water pollution. Most of the remainder was incinerated, with only a small fraction being recycled. Because food waste comprised a large share of city waste, it was important to separate food waste (which was oily and contained lots of water) from dry plastic and other solid waste. More than 60% of incinerated waste was composed of plastic. No infrastructure existed in China to operate a closed-loop system for plastic based on EPR.

2.33. As exemplified by plastic bottles, the domestic value chain of plastic recycling in China comprised the informal collection of waste bottles from low-value, mixed waste. The collected bottles were sent to packing stations, sorted and sent to larger sorting and packing stations to eventually reach the textile factories where plastic waste was turned into flakes, which could, in turn, be used as inputs to produce new bottles. The operation of the value chain relied on low-cost labour and did not incorporate environmental costs. As land and labour became more costly, and environmental regulation more stringent, the recycling sector in China was considering ways to improve the efficiency of its value chain and increase profitability by focusing on higher-value recycled goods, given that low oil prices made virgin plastic cheaper than recycled plastic.

2.34. Product design posed an additional challenge for adequate plastic recycling in China. For example, beverage bottles still used PVC labels, which could not easily be separated from polyethylene terephthalate (PET) bottles. The widespread use of mixed materials made sorting more difficult. Overpackaging was another challenge. Since China had banned plastic waste imports, China's plastic recyclers were trying to reach the domestic collection system and were exploring ways to set up regional packing and recycling stations, taking into account population density, environmental regulations, working conditions and the efficiency of transport along the supply chain. By using more recycled plastics, high-level brands had established recycling plants in China. They played an important role in boosting demand for recycled plastic and shifting consumer perceptions.

2.35. Consumers played a critical role in making a closed-loop system for plastic work. Plastic recyclers were encouraging consumers to sort waste and to return to the system the packaging resulting from express online deliveries. Online food delivery was rapidly becoming an important source of plastic waste in China given its reliance on single-use plastic. Plastic recyclers were exploring ways to set up a reverse logistics system for food delivery, including through digital technologies and data platforms, along with the standardization and traceability of the plastic lunch boxes used by online food delivery businesses.

2.36. The representative of Chad, speaking on behalf of the LDC Group, noted that the experiences of Norway, Switzerland and China could help inform efforts to combat plastic pollution elsewhere.

2.2.6 United States' submission on "Circular Economy and the WTO"

2.37. The representative of the United States⁸ provided her delegation's views on how the WTO could contribute to reducing waste and creating a sustainable supply of renewable materials for global manufacturing. Many WTO Members had policies that supported resource efficiency and circular economy approaches. However, there had been little consideration in the WTO of the role trade policy could play in achieving resource efficiency goals. While many WTO Members were pursuing circular economy initiatives, some were simultaneously applying trade controls intended for hazardous and other wastes to circular economy products such as scrap materials. These policies were inconsistent and ultimately counter-productive to building a regenerative circular economy.

2.38. As had been outlined in her delegation's written submission to the CTE, the circular economy required a supply chain that worked in reverse to channel end-of-life products towards recycling. In a reverse supply chain, end-of-life products were collected from consumers, de-manufactured into components, then recycled into scrap materials and finally manufactured into recycled commodities. This process closed the loop on waste and created a circular economy. The products and intermediaries that moved along the reverse supply chain were sourced from a diffuse consumer base and needed a pathway to be aggregated and recycled. Circular economy products needed trade policies that facilitated rather than impeded their movement.

2.39. Reverse supply chains were no different from other global value chains in terms of the benefits of trade facilitation. The WTO's 2014 World Trade Report had noted that "keeping tariff and other traditional trade barriers low is very important in a world in which inputs cross borders several times [since the] costs associated with burdensome border procedures and longer time to export are particularly relevant for time-sensitive sectors such as intermediate goods". The same trade facilitation logic that applied to global value chains also applied to reverse supply chains and the circular economy. Her delegation invited the CTE to revisit the WTO's previous work on trade facilitation and global value chains, and to consider how taking a trade facilitation approach to the circular economy could advance both the economic and environmental interests of WTO Members.

2.2.7 Costa Rica's briefing on the Workshop on "Circular Economy and Trade Advancing Economic Development and Combating Climate Change"

2.40. The representative of Costa Rica reported on a workshop co-hosted by the delegations of Finland and Costa Rica on "Circular Economy and Trade – Advancing Economic Development and Combating Climate Change", which had been held on 25 November 2019. Costa Rica and Finland were small, open economies that were deeply integrated in global value chains and committed to reaching carbon-neutrality and ambitious climate goals. The circular economy was one tool to support those targets. The workshop, which continued the discussion that had started in a session organized at the 2018 WTO Public Forum, aimed to underscore that different approaches were available to create an enabling environment for the transition to a circular economy. It had been widely attended by WTO Members and stakeholders alike.

2.41. A fair and enabling environment could support business in the transition to circularity, and there was a need to explore options and lessons for scaling up enabling conditions at the global level. Given that the challenges differed across countries, the solutions were not one-size-fits-all. There were many ways to support the transition to a circular economy, not least good national-level coordination, education and behavioral change, technology and digitalization, innovation, legislation and regional cooperation. The WTO played a significant role – and could be part of the implementing framework – to help spread solutions that enabled the circular economy around the globe.

2.42. During the first part of the workshop, one speaker had referred to the impacts of climate change on trade-related infrastructure and productive capacity. A changing climate brought many adverse effects, especially in developing countries. The uncertain impacts of climate change would further increase the production risks faced by the agricultural sector. Climate change was expected to affect both crop and livestock production systems negatively in most regions, resulting in a

⁸ See document RD/CTE/153.

permanent loss of productive capacity. Rising sea levels, caused by melting ice in the Arctic, among other factors, caused damages in trade-related infrastructure such as roads, ports and harbors. Overall, trade was important for mitigation and as part of the enabling framework for a circular economy. Another speaker had raised the possibility of a work programme to consider further the role of the WTO in this regard. Moving away from the traditional linear economy based on producing, using and discarding products towards a new economic model provided an opportunity for business, trade and job creation, not least in developing countries.

2.43. During the second part of the workshop, one speaker had referred to Finland's Circular Economy Roadmap, which included more than 60 projects and administrative measures. It was important to consider incentives for sustainable and innovative public procurement, new product and service innovations and circular economy investments, along with the role of governments in creating an enabling environment for innovations, increasing funding and industry-relevant research and making important structural reforms to streamline public services. Another speaker had explained the many challenges that Namibia faced due to the changing climate. He had provided an overview of recent national legislative developments, underscoring the importance of support and cooperation. Additional topics included the relationship between the bio-economy and the circular economy, and work in Latin America to better exploit biological resources to produce higher value goods and services. It had been suggested that circular economy could be incorporated into the African Continental Free Trade Agreement.

2.44. Discussions had revolved around the role of trade in supporting the transition to a circular economy, impeding barriers and ways to address them, the role of governments in supporting the transition and creating an enabling business environment and the opportunities of the transition for developing countries. Speakers had identified specific circular economy solutions and underscored the advantages of a circular economy for business and society, not least in terms of tackling climate change. Society could not afford to waste scarce natural resources and materials. Products needed to be designed and built in a way that they were part of a value network where resources were kept in the lifecycle for as long as possible to recapture value that would otherwise be lost.

2.2.8 Canada's briefing on the Workshop on "Circular Economy and the Business Perspective" organized by the group of Friends of Advancing Sustainable Trade (FAST)

2.45. The representative of Canada, on behalf of the FAST Group (Australia, Canada, Costa Rica, European Union, Mexico, New Zealand, Norway, Switzerland and Chinese Taipei), briefed delegations on the Workshop on circular economy and the business perspective organized by the FAST group which had taken place on 26 November 2019. The session, organized with the assistance of the International Chamber of Commerce (ICC), sought to add the perspective of the business community to CTE discussions on circular economy. The move towards a circular economy would help tackle global challenges such as climate change. In this regard, global cooperation would be key. Circular economy principles were already being adopted around the world, in developed as well as developing countries. It was the global nature of the issue that made discussions taking place in the CTE so important, timely and relevant. The trading agenda of 2050 would be very different from that of 2020 as companies and consumers reacted to changing expectations and imperatives. In this regard, time was ripe for delegations to act at the WTO to ensure that the trade policy regime was ready to support the transition to a circular economy.

2.46. The business community saw the importance and value towards moving to a circular economy model. Collective action was necessary if Members were to successfully implement circular economy principles. Incorporating SMEs into the circular economy framework was important. The importance of modifying existing industrial policies to reflect the realities of a world that was moving towards a circular future was highlighted. There was no *a priori* inconsistency between WTO rules and circular economy. At the heart of WTO rules was the need to avoid discrimination. If circular economy principles were introduced in an origin-neutral manner, there should be no inconsistency with existing rules. Businesses were moving towards circular economy models because it made economic sense for them. There was a need for national governments to take steps to prepare their economies for the transition to the circular economy model. As part of these preparations, it would be important for countries to analyze their trading structures to identify vulnerabilities and to take steps to address them early. The world economy was currently only 9% circular and Members had the opportunity to do significantly better. The representative concluded by noting that FAST looked forward to supporting further discussions on this topic in the future.

2.3 Members' discussion

2.47. The representative of Chad, speaking on behalf of the LDC Group, noted that all actors along the supply chains, not just governments had a role to play in transforming the economy to achieve circularity. He asked the following questions: how China ensured that all actors could participate in the needed transformation; and how the United States viewed circular economy approaches in the WTO context, and whether the United States could support LDCs with implementation in this area.

2.48. The representative of New Zealand noted that his delegation supported discussions on circular economy and trade issues related to plastic pollution. Given the transnational nature of supply chains and the market for recyclables, these topics were clearly related to trade. Strong interconnections existed between the impact of plastics pollution on land and the marine environment, soil degradation and climate change, among other issues. It would be worth reflecting on why virgin plastic was cheaper than recycled plastic, and the incentives for fossil fuels globally that contributed to this outcome. Regions and cities around the world were moving to circular economy models, including by putting in place effective regulatory settings and incentives. New Zealand had taken immediate steps, including banning single-use plastic shopping bags, and was considering longer-term solutions. An increased focus on waste minimization and resource recovery could help shift to a low-emission, circular economy that maximized the recovery and use of materials and embedded energy. An economy with "reuse, repair, recycle, recover" at its core provided more job opportunities and growth pathways than a disposal-based one.

2.49. The representative of the European Union noted the link between circular economy models, development and the transition to a low carbon and resource-efficient economy, which could help mitigate climate change.

2.50. The representative of Canada indicated that Canada was exploring the potential economic, environmental and social opportunities offered by a circular economy and welcomed solutions-driven initiatives that could be adapted to different contexts and actors. Canada's most significant federal action had been the development and implementation of a zero plastic waste strategy and action plan, which sought to keep plastic in the economy and out of the environment by addressing the entire lifecycle of plastic. The strategy and action plan supported the vision of the ocean plastics charter, which had been advanced by Canada during its G7 presidency in 2017. In addition, Canada continued to pursue priorities related to circular economy such as integrating circular economy principles into federal procurement, mining and forestry policies, exploring sustainable finance and funding innovation and clean growth. Her delegation was looking forward to showcasing Canadian innovation and leadership at the upcoming World Circular Economy Forum, which Canada would co-host with the Finnish innovation fund SITRA in the fall of 2020. There had been expressions of interest to hold a session on trade and the circular economy at the Forum, along with a side event on clean technologies.

2.51. The representative of Turkey said that her delegation supported WTO Members' experiences on tackling plastic pollution and circular economy, which were compatible with Turkey's own zero waste vision. This initiative was instrumental to achieve the goals of Turkey's waste management policy within the framework of a circular economy. Turkey aimed to promote the concept of zero waste management throughout the country by 2023. Accessible waste such as paper, glass, plastic and metal would be collected and recycled separately, helping to prevent environmental pollution, and protect natural resources, while contributing to the economy.

2.52. The representative of the United States responded to the question by Chad on possible WTO approaches to the circular economy by referring to the US written submission, which also contained a series of discussion questions for consideration by WTO Members. It was important to take a trade-facilitative approach when addressing these issues. Regarding Chad's question whether the United States could provide support to Members facing challenges with provisions in new agreements or the implementation of commitments in existing agreements, her delegation would need to consider this question on a case-by-case basis.

2.53. The representative of China responded to Chad's question on how to ensure participation by all relevant actors in the transition to a circular economy by indicating that circular economy required a fundamental transformation of society and the way it produced, along with a shift in the mindset of people. This was a long-term endeavour. No single business, government or policy could achieve

this on its own. Putting in place an EPR scheme could be a possible first step. It was also important to engage producers to ensure that products were recyclable. Costs should not only reflect the cost of the product itself, but also the costs incurred after disposal, including the cost of recycling. A common platform could help stakeholders to engage with each other. The recycling industry's membership, which used to be confined to companies in the recycling sector, comprised polymer companies, NGOs and others besides recycling sector companies. The recycling sector was looking to expand its partnerships to include additional sectors, local governments and others.

2.4 Presentations by international organizations

2.4.1 World Customs Organization (WCO)

2.54. The representative of the WCO said that the WCO was committed to advancing the circular economy. WCO had played an important role in supporting WCO members to implement and enforce MEAs. WCO provided trade facilitation for linear as well as reverse global supply chains. Rules-based principles were important to support efforts by customs administrations to facilitate reverse supply chains. Coping with multiple cross-border restrictions and prohibitions posed serious difficulties, not least for e-commerce shipments. The WCO's theme for 2020 would be "Customs Fostering Sustainability for People, Prosperity and the Planet". The WCO would engage with donors, stakeholders and WCO members, especially from developing and least developed countries to provide technical assistance and capacity building to support the implementation of MEAs and to facilitate the circular economy.

2.4.2 Organization for Economic Cooperation and Development (OECD)

2.55. The representative of the OECD⁹ said that the OECD's work on circular economy comprised four strands. The first strand of work involved macroeconomic modelling to project material consumption by 2060, along with the economic and environmental benefits and labour market impacts of resource efficiency policies. The second strand comprised plastic, including plastic markets and the nexus with chemicals, criteria for sustainable plastic design, plastic waste prevention and microplastics. The third strand was on new circular economy business models and digitalization. The fourth strand of work focused on the nexus between circular economy and trade, including modelling the impacts of a circular economy transition on trade and analyses on trade and circular economy policy alignment and circular economy and trade in metals and minerals.

2.56. The OECD's Global Material Resources Outlook projected a near-doubling of materials use by 2060 to 167 gigatons, driven by economic growth. This increase would have important environmental consequences, given that around half of greenhouse gas (GHG) emissions could be attributed to material management activities and primary materials were much more polluting on average than secondary materials in terms of GHG emissions and land and water pollution. There was a role to look at how societies could use materials in a more sustainable way, not least by closing material loops.

2.57. Part of the reason why trade mattered for the circular economy was that materials embedded in traded goods caused the OECD's total material consumption almost to double. It would therefore be important to consider the sustainability of supply chains. Another part of the reason why trade mattered for circular economy was that import restrictions were reshaping the plastic waste system. Exports that used to go to China had shrunk and were going to other outlets in Southeast and South Asia, or they were no longer traded and were being landfilled in the domestic market. The links between circular economy and trade comprised imports and exports in second-hand goods, goods for refurbishment and remanufacturing, waste for recovery and in secondary raw materials. Services trade was important too because the transition to a circular economy would have a high services content. Possible pressure point arising in the context of these trade flows included: how the transition to a circular economy would affect trade; what kind of policy alignment was needed; better understanding the nature of trade in waste, secondary materials and second-hand goods; and the role for international cooperation.

2.58. Initial OECD work to model the trade impact of a transition to a circular economy showed that trade could contribute significantly to lower material use by facilitating the shift from primary to

⁹ See document RD/CTE/163.

secondary materials. Further downstream, additional opportunities existed where trade could boost global recycling rates by channelling waste to countries with a comparative advantage in sorting and processing. Additional opportunities existed in the area of environmental goods and services for waste management. Among the trade-related challenges were the definition and classification of waste and secondary materials and the regulation of transboundary movements of waste, not least the proximity principle, export restrictions and the flows of waste to destinations with insufficient waste management capacity, illegal waste traffic and the potential for downcycling. Regarding higher-value loops, trade could provide additional opportunities to promote reused, remanufactured and second-hand goods. However, there were challenges too. Exports of second-hand goods could be considered a leakage from EPR schemes and other official systems, while second-hand good imports could also lock importing countries into inefficient technologies and slower market transformation. The recovery of end-of-life products crossing borders for refurbishment and remanufacturing raised additional issues, as those products were often classified as waste. Comprehensive data in this area were lacking.

2.59. Trade flows would shift in line with structural changes induced by a circular economy. This would create opportunities for enhancing resource efficiency via comparative advantage. It was important to consider international standards and mutual recognition on material content, material quality, eco-design, recyclability and repairability, among other areas. Other areas that needed attention were the availability of data and the definition and classification of waste. Innovation and digitalization would provide additional opportunities. The OECD would be holding a two-day workshop on trade and the circular economy in February 2020 comprising sessions on end-of-life value chains and the role of standards, innovation and international cooperation. Forthcoming OECD work would seek to model the impact of the circular economy on trade and investigate the need for greater policy alignment between trade and circular economy policies.

2.60. The representative of Norway said that OECD's work on trade and circular economy was timely and relevant to the discussions in the CTE. Her delegation looked forward to the upcoming OECD workshop on trade and circular economy.

2.61. The representative of Canada welcomed OECD's work to understand the links between trade and the transition to a more circular economy. Her delegation looked forward to the upcoming OECD workshop and forthcoming OECD reports on this issue.

2.62. The representative of the European Union said that his delegation was looking forward to joining the upcoming OECD workshop on trade and circular economy.

2.4.3 International Organization for Standardization (ISO)

2.63. The representative of the International Organization for Standardization (ISO) noted that a new ISO Technical Committee – TC 323 on circular economy – had been created in 2018. The scope of the Committee was standardization in the field of circular economy to develop frameworks, guidance, supporting tools and requirements for the implementation of relevant activities and to maximize the contribution of a circular economy to sustainable development. Fifty-nine participating ISO members and 13 observing ISO members had joined TC 323 since its inception. The committee had met for the first time in Paris in May 2019. It would meet again in Tokyo in 2020. Since the first meeting of TC 323 in May 2019, ad hoc groups had met on several occasions to draw consensual outlines of the TC's priority projects and to elaborate its strategic business plan. TC 323 had five objectives: (i) to contribute to a timely and effective answer to environmental and social emergencies; (ii) to promote an alternative economic model; (iii) to promote a large and effective participation from countries from all around the world; (iv) to maximize the contribution to sustainable development; and (v) to develop a high quality standard for all stakeholders. In 2020, TC 323 would develop projects on: principles of circular economy, guidance to help organizations to integrate circular economy into their activities, and measuring circularity and alternative business models. Further information about TC 323, including detailed information on its membership, could be found on the ISO [website](#).

2.64. Given the importance of circular economy and its many links to sustainable development and the implementation of the Sustainable Development Goals, a capacity building programme for developing countries had been launched as part of the ISO Action Plan for Developing Countries 2016-2020. Involving experts from developing countries in ISO's standards development work was

a key priority. In the case of TC 323 on circular economy, it was especially important to support developing country participation at an early stage. The following phases of the capacity building programme had been implemented: increasing participation of developing countries in the new committee (currently two-thirds of the participating members of TC 323 were from developing countries); raising awareness on circular economy via webinars; training developing country experts on efficient participation in the ISO standards development process; enabling participants from developing countries to attend the first meeting of TC 323; conducting a workshop with developing country experts on how to engage national stakeholders in the standards development work on circular economy, including new stakeholder groups such as emerging entrepreneurs, researchers and innovators; creating an online platform for developing countries to exchange and share experiences in national stakeholder engagement on circular economy; and raising awareness on circular economy as an important topic for developing countries during the ISO annual committee for developing country matters in Cape Town in 2019. Looking ahead, ISO would continue its capacity building programme on TC 323 in 2020 through outreach activities to raise awareness on relevant standards development work and by ensuring active participation of experts from developing countries at the respective technical meetings of TC 323.

2.4.4 United Nations Industrial Development Organization (UNIDO)

2.65. The representative of the United Nations Industrial Development Organization (UNIDO)¹⁰ recalled that his organization was mandated to promote an inclusive and sustainable pattern of industrial development in developing countries and to promote international cooperation. The circular economy was an industrial economy, hence the focus that UNIDO placed on circular economy practices and the promotion of environmentally sustainable patterns of industrial production. Regarding circular economy practices, UNIDO was supporting countries, institutions and firms in many activities needed to close loops, not least recycling. UNIDO was involved predominantly at the level of design and manufacturing by promoting: green designs free of persistent organic pollutants and ozone depleting substances; more resource-efficient manufacturing practices, not least with respect to water, energy and material use; and green chemistry and water stewardship. More recently, UNIDO had focused on promoting eco-industrial parks, sustainable cities and industrial infrastructure, an ideal approach to build supply capacity and achieve agglomeration economies while promoting sustainable business practices. UNIDO had also been promoting chemical leasing practices.

2.66. UNIDO was predominantly a technical cooperation agency, and it also served as a convener that helped disseminate best practices in partnership with the OECD, several countries and UNEP. UNIDO had been intensifying this work in recent years. Circular economy practices were not new and a joint UNIDO-UNEP initiative on resource-efficient and cleaner production centres had been in place since 1994. There were about 65 independent resource-efficient and cleaner production centres around the world. They met regularly to exchange best practices and had built an important resource base that could support countries at all levels of development, not least the least-developed countries, in promoting environmentally good practices in industry and moving towards the circular economy. The centres promoted the Transfer of Environmentally Sound Technologies (TEST), an approach that supported firms in the areas of environmental cost assessment and environmental management systems. The TEST programme in the Mediterranean was a case in point. It comprised capacity building and building a network of national resources, institutions and service providers, and work with firms to demonstrate and disseminate good practices.

2.67. UNIDO had shifted gears on eco-industrial parks, partly due to the support of Switzerland and other countries. UNIDO worked at both park- and firm-levels. Park-level work provided an opportunity to promote collective resource-efficient and cleaner production solutions through common infrastructure, resource supply and social services. There was also a connection with the city-level in terms of urban symbiosis, waste management and the promotion of recycling industries. The programmes spanned the world. UNIDO had recently prepared a guide on industrial parks jointly with other partners. Moreover, it had successfully promoted a chemical-leasing programme. Under this programme, firms were encouraged to pay for each square metre of, for example, coated services instead of paying for each tonne of powder coating. Along with several United Nations agencies and other stakeholders led by the International Telecommunication Union, UNIDO participated in the global e-waste coalition. UNIDO implemented an important regional e-waste programme in Latin America. UNIDO supported efforts to build supply capacities in an

¹⁰ See document RD/CTE/160.

environmentally sound manner. More than half of its annual EUR 100 million technical cooperation delivery was dedicated to minimizing the adverse environmental impacts of industrial production and promoting good environmental practices.

2.4.5 Presentation by the United Nations Environment Program (UNEP)

2.68. The representative of UNEP provided a briefing on their work to build circularity across several value chains.¹¹ Several resolutions adopted at UNEA-4, held in March 2019, were framed around the topic of circular economy and how it could contribute to sustainable production and consumption and the realisation of the SDGs. These resolutions called for UNEP to study how to create circularity in the economies of different countries, the ways in which it would help advance the agenda to tackle environmental pollution, as well as the implications across different value chains of moving towards circularity, with specific references to plastic, textile and construction value chains.

2.69. In order to promote circularity in the economy and keep resources in the system for as long as possible, UNEP aimed to challenge the way in which the current production and consumption systems operated. Circularity should be conceptualized around the whole value chain, identifying barriers to circularity within value chains and focusing UNEP's action to overcome them. Ensuring the participation and engagement of all stakeholders along the supply chain was also necessary. Finally, the full life cycle of all products, processes and organizations had to be taken into consideration. Changes to one part of the chain would have implications through the whole cycle, thus requiring proper foresight and management of consequences.

2.70. Closing the loop of resources and materials and keeping resources at their highest possible economic values in the system for as long as possible could be realized through many "loops". At the "short loop", this would entail interactions between consumers to keep a product close to its user and function (e.g. by refusing, reducing or reusing goods). At the "medium" loop, interactions between consumers and businesses would be required to extend a product lifetime (e.g. by repairing, refurbishing or remanufacturing a good). Finally, at the "long loop", business-to-business engagement would allow products that lose their original function to be repurposed, recycled or to recover their embedded energy or valuable materials. Each loop would require different policies to close the system and enable circularity, either at the local level or involving global value chains.

2.71. The representative further shared concrete examples for selected value chains in which UNEP had operationalized this approach to circularity. In the electronics sector, UNEP had promoted public-private collaboration in Nigeria to respond to infrastructure gaps and to create spaces for collaboration to transform e-waste from a problem into a resource for the local economy. The project would help transform the existing linear system for electronics in the country, feeding products and embedded resources back into the economy. Lessons learned with regards to electronic products design would benefit processes well beyond Nigeria, throughout the entire global value chain. Producers would be incentivized to redesign their products with circularity suitability in mind. The project could be replicated in other countries.

2.72. The second value chain concerned plastics. Noting that in the current plastic value chain less than 10% of plastic products were returned into the economy, UNEP had developed in partnership with the Ellen MacArthur Foundation a list of concrete actions that stakeholders from the private and public sector could take to transform the system from linear to circular. Called the New Plastics Economy Global Commitment, the project aimed to help identify and address where most significant actions could be taken and to inspire sectoral leaders to sign on by selecting the actions they would commit to. Launched in Bali in 2018, the initiative already counted more than 200 signatories from the private sector and 19 from government.

2.73. Finally, UNEP had also developed in collaboration with the International Union for Conservation of Nature (IUCN), and with the support of the Life Cycle Initiative (hosted by UNEP), a national guidance tool on plastic pollution to help individual countries identify key "hotspots", which constituted barriers to circularity in the portions of the plastic value chain operating in their territories. The guidance offered a methodological framework to identify necessary interventions as well as specific responses, including incentives for innovation and new business models, measures

¹¹ See document RD/CTE/166.

targeted at consumption and consumer preferences, product design, as well as infrastructure capacity and the suitability of the current waste management system to circularity.

2.74. The representative of Bangladesh queried whether UNEP had indicated any alternative products to the types of plastics that their initiative had suggested should be eliminated.

2.75. The representative of Chad, on behalf of the LDC Group, stressed that the move towards a circular economy had two main objectives: proposing a lasting solution to the problem of resource and waste management while promoting economic growth. Noting that achieving a circular economy would be a fundamental result for the world and that, as long as relevant rules and norms were respected, actions towards this goal were universally welcomed, the representative recalled that the particular concerns of LDCs should be taken into account for them to participate actively in the movement towards circularity. LDCs had specific challenges unlike those of developing or developed country Members. They lacked the necessary infrastructure and required human and institutional capacity building. They also needed energy to develop an industry that would rely on the circular economy to diversify and transform their economies. These important factors hampered not only the economic development of LDCs, but also their pathways towards circularity. The representative then queried UNEP on how LDCs could have their concerns on the topic heard and on the specific actions adopted by the institution aimed at LDCs.

2.76. The representative of European Union welcomed UNEP's active role in promoting sustainable production and consumption and the transition to a circular economy. At UNEA-4, sustainable production and consumption had been at the core of the debate and several important resolutions related to circular economy, single-use plastics and marine litter and sustainable waste management had been adopted. Additionally, the International Resource Panel had published its Global Resources Outlook stressing the urgency of decoupling growth from environmental degradation and the need for the transition to circularity to take place as soon as possible to avoid surpassing planetary boundaries. The European Union actively and financially supported UNEP's work in that regard and was working with all Members to put these resolutions to work. The European Union looked forward to work to continuing the collaboration and invited all Members to join to make the transition to a circular economy a reality around the world.

2.77. The representative of UNEP first noted that identifying the implications of alternatives to plastic products currently in the market was an area of focus of its work, as mandated by one of the resolutions adopted at UNEA-4. Work initially focused on single-use plastic products, aiming to offer countries with clear assessments of the implications and the comparative advantages of the different alternatives based on a full life cycle assessment approach. Studies were underway for three categories of products: plastic bags, plastic bottles and food packaging. Additional products would be tackled from the beginning of 2020. In reaction to the remarks from the delegation of Chad, the representative noted that the issues raised by the delegate had been taken up during the recent African Ministerial Conference on the Environment. A clear mandate had been given to UNEP to ensure it created a more tailored understanding of what circular economy specifically meant for different countries, what transitioning to circularity would entail for them and how to transform this knowledge into concrete action. There was a need to enhance capacity, but also to share the existing rich experiences in different countries in order to highlight the variety of different approaches and pathways being taken to transition towards circularity as well as the efforts that different countries had been making to incentivize private sector actors, including micro, small and medium enterprises (MSMEs), to occupy the niches in the value chain that would help close resource loops. There was a clear understanding on the need to strengthen and further develop countries' infrastructure and to ensure that new infrastructure projects were designed for circularity to avoid locking countries into linear-focused infrastructure. These understandings had since been integrated more clearly into the support agenda and work of UNEP.

2.4.6 Presentation by the International Trade Centre (ITC)

2.78. The representative of the International Trade Centre (ITC) presented on its work related to resource efficiency and circular economy in developing countries. ITC understood sustainability, resource efficiency and circular production to be central aspects of SMEs competitiveness, in particular how they could become more efficient in their use of water, waste, energy and chemicals. Since 2018, ITC had developed a new resource efficiency and circular production approach, which was currently being implemented in several countries.

2.79. Information was provided on one of the beneficiary SMEs in Tunisia, DEMCO, and their recent efforts to become more resource efficient and implement circular production processes in relation to its textile production.¹² In the past, DEMCO had received several environmental and social certifications and, in 2019, DEMCO had obtained the Global Recycle Standard certifying that 20% of the content of the textiles it produced were made of non-toxic recycled material. These certification schemes had enabled the company to achieve concrete results in terms of environmental impact. DEMCO had been CO₂ neutral since 2017 and it consumed about 35% less energy, 66% less water and 50% less chemicals than 10 years ago. In addition, DEMCO had implemented a waste management system. To move towards circularity, DEMCO had adopted a set of actions that aimed to use natural resources more efficiently, but also to protect the environment, including actions on recycling of its different waste streams. All were sorted, collected and recovered. For example, sewage sludge was dried and transformed into paving stones for sidewalks. The waste from textile cuts was transformed into blankets and rugs and second- and third-choice clothing were sent to a local company to be transformed into other clothes. One hundred percent of DEMCO wastewater was treated. Eighty percent of treated water was returned to the manufacturing process. The production of one pair of jeans consumed 100 litres of water 10 years ago, and only 34 litres at present. However, given that 80% of the water used in the process was treated wastewater, the amount of water consumed in the process was only seven litres. The company aimed to further reduce consumption to two litres and, to do so, it was innovating in terms of washing machines.

2.80. The path taken by DEMCO had been remarkable considering its transformation from a low-cost mass manufacturer to a quality and sustainable producer. Fewer, but better and sustainable, jeans and knitwear were produced due to process optimization, the reduction of operational costs and the integration of sustainability criteria in daily operations. As a business-to-business (b2b) company, DEMCO supplied other brands, placing on the market a sustainable product differentiated according to four criteria: voluntary offsets of CO₂ emissions and, therefore, carbon neutrality; use of renewable energies and management of GHG emissions; 100% wastewater treatment and 80% recycling; and certifications and labels, several of which had been imposed by DEMCO's customers. DEMCO was facing three main challenges: markets did not value DEMCO's efforts in terms of circularity and efficient use of resources; sustainability in the textile industry was a niche reserved only to a few factories in the world; and international trade rules were unfair with unequal customs duties between African and Asian countries and restrictions. The situation was partially reflected in EU import statistics for clothing and textiles with China, Bangladesh, Turkey, India, Cambodia, Viet Nam and Pakistan as the main exporters. Tunisia had moved into eleventh position for the first half of 2019.

2.81. The following possible solutions were envisaged: a review of international trade rules to base them on green criteria, circularity or more efficient use of natural resources and decent working conditions; the promotion of circularity throughout the value chain and not just at the manufacturing stage; the imposition of CO₂ neutrality and decent working conditions on all textile industries; and sanctioning non-certified and non-sustainable products.

2.82. The representative of Chad noted that SMEs were by far the largest group of enterprises in the world, representing around 90-95% of companies and contributing enormously to sustainable development and also to job creation. Chad thus encouraged ITC's approach and initiatives. Chad also noted DEMCO's sustainability efforts and certifications as well as the call for coherence and the need to provide the necessary means for circularity to be operationalized. Many of the LDCs were from Africa and were dependent on the export of untransformed commodities. He also noted the recent ratification of the African Continental Free Trade Agreement (AfCFTA), which would facilitate trade between African countries with the removal of tariff barriers. He recalled that several African LDCs produced cotton, in particular the so-called C4 -Mali, Chad, Burkina Faso and Benin- and asked whether DEMCO imported cotton from these countries and if it planned to do so in the future. These countries exported organic cotton which was produced without the use of chemicals and contributed to the preservation of the environment. He queried whether the entry into force of AfCFTA would contribute to DEMCO's trade with other African companies.

2.83. The representative of the European Union noted that the new European Commission would pay special attention to circularity in the textile sector and hoped to remain in contact with DEMCO. The focus on circular economy had been announced in July by the new Commission President, who had stressed the importance of the circular economy in sectors that had significant environmental

¹² See document RD/CTE/162.

impacts, including the textile industry. The European Environment Agency had published a report in November 2019 on the environmental impacts of textile production. The study had already provided officials with a good reference base. The European Union would work with all institutions and companies to design a circularity plan for the sector, including at the G7 level, which had adopted the Fashion Pact in Biarritz in August 2019.

2.84. The representative of ITC informed delegations that DEMCO imported textile products from Egypt, Morocco, Turkey, Spain and Italy and did not yet import cotton from C4 countries. DEMCO was a member of the Better Cotton Initiative (BCI), and thus only imported certified organic cotton. The plan was to ensure greater circularity and to be able to increase imports of African organic cotton.

2.5 Presentation by the WTO Secretariat

2.85. The representative of the WTO Secretariat¹³ identified three reasons why trade should be considered as part of a circular economy strategy. The first reason was that, in a globalized economy, countries increasingly relied on trade to satisfy their demand for final materials. As a result, trade had a growing influence on countries' efforts to improve resource efficiency. The second reason why trade should be considered in circular economy strategies was that trade could help overcome some obstacles facing a circular economy, not least by providing the scale needed by circular economy activities such as remanufacturing and recycling. Trade also allowed countries to specialize in circular economy activities according to comparative advantage. The third reason to consider trade in circular economy strategies was that trade connected demand and supply and thus strengthened the incentives for producers to respond to trends in demand for circular products. A related function of trade was to bring together demand and supply for technological solutions that could help accelerate the transition to a circular economy. Trade also raised some challenges in the context of a circular economy, including waste traffic and the possibility that trade would channel products to places without the capacity to manage them in an environmentally sound manner. An additional challenge could result from imports of used or refurbished goods, which might "lock in" the importing country to older, less efficient technologies.

2.86. WTO notifications were a useful source of information on the interface between trade and circular economy. Notified measures related to recycling represented roughly one-half of all WTO notifications related to the circular economy. Measures related to reuse and repair, bio-based alternatives and circular economy technologies and innovation each represented between 10 and 15% of all circular economy measures notified to the WTO, followed by waste-to-energy (6% of measures) and refurbishment and remanufacturing (4% of measures). Of the main categories of measures affecting the circular economy, government support was the most common type of measure. This broad category comprised measures such as grants and direct payments, preferential loans and loan guarantees, and income and price support. Technical regulations, standards and conformity assessment procedures were the second most frequent category of measure related to the circular economy (with 28% of all notified measures), followed by trade bans and licensing requirements (22% of all notified measures). Government procurement was an additional tool used by WTO Members to advance a circular economy, as reflected in WTO notifications. Regarding the geographical distribution of trade measures related to the circular economy, WTO developed and developing Members each represented about half of all notified measures.

2.87. Looking more broadly at other aspects of the WTO's work provided additional insights into the interface between trade and circular economy. For example, it was important to look at the WTO rules that were relevant to the broad range of circular economy-related measures adopted by WTO Members. WTO work on peer review was an additional element to consider. For example, discussions on circular economy-related topics had taken place in the WTO Committee on Technical Barriers to Trade (TBT) and in the context of WTO trade policy reviews (TPRs). The latest TPR of Ecuador, which discussed a fee introduced by Ecuador to encourage recycling of PET bottles, was a case in point. Regarding policy dialogue, WTO Members had used the CTE to improve their understanding of how trade and circular economy interacted. Examples of such discussions included updates on the work under the Basel Convention and exchanges of national experiences on waste management strategies and the economic opportunities associated with e-waste. WTO negotiations had also touched on topics related to a circular economy. The EGA negotiations had considered

¹³ See document RD/CTE/155.

several goods linked to solid waste management and resource efficiency. Moreover, at the time of the non-agricultural market access negotiations launched in 2001, WTO Members had discussed how to facilitate trade in remanufactured goods. Finally, WTO capacity building and Aid for Trade were increasingly focused on sustainability, which provided a good foundation to consider ways that WTO capacity building could better support the transition to a circular economy.

2.88. The representative of the European Union said that the presentation by the WTO Secretariat provided a comprehensive way to structure the broad range of circular economy issues and priorities discussed in the CTE, and a basis for further work. Integrating additional angles to the Secretariat's approach, including the interesting comments raised by the United States on reverse supply chains, would help lay out a path for CTE participants.

2.89. The representative of Bangladesh asked why the share of waste-to-energy related notifications in circular economy notifications was relatively low.

2.90. The representative of Morocco asked the WTO Secretariat to elaborate on the observation that Aid for Trade increasingly focused on environmental sustainability issues.

2.91. The representative of the WTO Secretariat said that the relatively low share of waste-to-energy-related notifications in circular economy notifications could reflect that waste-to-energy had fewer linkages to trade relative to other circular economy activities such as recycling or remanufacturing. Regarding Morocco's question, it was noted that the joint WTO-UNEP publication "Making Trade Work for Environment, Prosperity and Resilience" had shown that Aid for Trade disbursements with an environmental objective had been increasing steadily over the past few years.

2.92. The Chairperson asked whether the WTO Secretariat's work on notifications relating to the circular economy contained information on subsidies to plastics and recycling.

2.93. The representative of the OECD noted that the attempt to extract information from the WTO Environmental Database was inspiring and provided a good basis for further work on the nexus between trade and circular economy. More granularity on the information around government support and licensing requirements, for example, could be very informative. He asked whether the WTO Secretariat intended to further advance this work and publish it.

2.94. The representative of the WTO Secretariat said that many government support notifications related to recycling aimed to help recycling companies to acquire technologies. Regarding plastics, most measures contained in the Environmental Database had to do with bans and other requirements on single-use plastics, including requirements on biodegradability. Regarding further work, he recalled that part of the reason for undertaking this work was to illustrate the potential uses of the Environmental Database, as had been requested by some WTO delegations during presentations of the database at previous CTE meetings. The WTO Secretariat could look at what additional data could help enrich the discussions on circular economy. If there were elements that the WTO Secretariat could offer that provided more analytical depth, the Secretariat would be pleased to consider ways of disseminating this information more widely.

3 MEAS AND THE WTO (ITEM 1 OF THE CTE WORK PROGRAMME): CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA (CITES)

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

3.1 CITES' update

3.1. A representative of CITES briefed delegations on the main outcomes of CoP 18 held in August 2019 in Geneva.¹⁴ The CoP had covered over 100 agenda items in 10 days. Over 3,000 pages of working documents were made available to the parties in three languages. This meant an important undertaking for the Secretariat but also for parties, especially delegations with only one or two delegates. Fifty-seven proposals for amendments in the appendices were made, 46 of which

¹⁴ See document RD/CTE/154.

were adopted, two withdrawn and nine rejected. Eight new resolutions and 26 revised resolutions were adopted. Resolutions were important given that they contained shared interpretations and understandings of the operation of CITES. One hundred resolutions that the parties were expected to follow in their implementation of the Convention were in force. Finally, the CoP adopted 357 decisions setting out the workplan for the Secretariat, parties and CITES bodies until the following conference. About half were directed to the CITES Secretariat.

3.2. The representative noted the inclusion of some species in Appendix 2 that could be of interest to CTE delegates. Following a trend from the past CoP of introducing new, highly traded tree species, 17 species of cedar from Latin America and three from Malawi were listed in Appendix 2. The CoP also agreed to include almost 20 new shark species and all known species of sea cucumbers, a heavily traded animal, under the control and monitoring of the Convention. Additionally, the CoP had introduced species commonly found in international live pet trade, such as turtles, lizards, geckos, iguanas and salamanders. Lastly, giraffes had also been listed under Appendix 2.

3.3. It was agreed that additional specimens of the species *Pericopsis elata* – namely, plywood and transformed wood – should be under the Convention by making a direct reference to the Harmonized System (HS) code definition of transformed wood and thus helping control trade in the species. Furthermore, under the understanding that these industries were not detrimental to the survival of the *Dalbergia* tree species in the wild and following intense pressure from the orchestra and the musical instrument industry as well as difficulties in controlling trade, the CoP decided to exclude finished musical instruments as specimens of this species from the Convention scope.

3.4. A new resolution (18.6) on the designation and role of management authorities compiled all the tasks that national CITES management authorities were expected to undertake and which were included in the Convention and different resolutions. The objective was to facilitate the work of management authorities who were trying to understand their role and the resources required. Another resolution (18.7) adopted some simple definitions and guiding principles on how legal acquisition findings were to be made by management authorities when authorizing export of CITES listed species.

3.5. Among the 357 new decisions, work would continue on CITES e-permitting and authentication of permits. This work was important in order to help parties understand how they could expedite legal trade and automatize their permitting systems, not unlike the work undertaken under the WTO Trade Facilitation Agreement (TFA). In the same vein, another decision amended the simplified procedures under the Convention, which allowed management authorities to give certain trusted traders the possibility to self-authorize their transactions under certain specific conditions when there was no or very negligible potential impact on the conservation of the species. Further decisions on traceability and on improving compliance were also adopted. A new programme called the Compliance Assistance Programme was created to systematize assistance provided by the Secretariat to countries and parties having difficulties in meeting their obligations under the Convention. Additionally, some recommendations were made to ensure importing parties exercise due diligence when accepting trade and to guarantee that the provisions of the Convention were complied with, even though this was not an express obligation under the Convention.

3.6. A new strategic vision for the period from 2021 to 2030 had been adopted as well as some decisions to safeguard specific species such as trade in live elephants from South Africa or on efforts to save the remaining 20 live vaquitas left in the Gulf of Mexico. Some species had also been transferred from Appendix 2 to Appendix 1, which meant a ban on their commercial trade. Some other species were transferred back to Appendix 2, meaning their trade could now be sustainably done under the Convention. The decisions and amendments to the appendices had already entered into force and the CITES secretariat would soon publicize any reservations made to them.

3.7. The next CoP would be held in Costa Rica in 2022. Until then annual meetings of the standing, technical and scientific committees would take place in Geneva. A new online course was available at InforMEA¹⁵ providing a basic introduction to the Convention. The course was less detailed than the WTO-CITES eLearning course available on the WTO online platform.¹⁶ The Trade for Development News of the Enhanced Integrated Framework (EIF) has published an article on trade in wildlife as a

¹⁵ InforMEA is a webpage on information related to multilateral environmental agreements. It can be accessed at <https://www.informe.org/en>.

¹⁶ Accessible at <https://wtollearning.csod.com/client/wtollearning/default.aspx>.

pathway to sustainable development in poor countries.¹⁷ It covered some critical assumptions on how to combine an approach that valued trade development through aid for trade with species conservation efforts and what were the essential elements to be considered when developing trade in species included in Appendix 2 of CITES.

3.8. The representative of Chad noted and encouraged the valuable work done by CITES to preserve nature and endangered wildlife. Throughout the world, several species were at risk of extinction. Some countries faced difficult circumstances in their fight against well-organized poachers who had access to sophisticated means, often operating at night to avoid surveillance and who caused serious damage to wildlife. States, including often LDCs, took measures to address the issue, such as mobile brigades, but it was extremely difficult to combat poachers. Noting that technologies had advanced substantially, he queried whether CITES had partnered with providers of technological solutions such as drones to set up a system to facilitate the detection of poachers and help countries in difficulties. While there was a struggle to preserve nature, there was also a need to preserve peasants' serenity and safety to cultivate the land and rear animals for their survival. Often endangered animals could destroy fields and farmers would use the means at their disposal to try to preserve their livelihoods. He queried how CITES helped States to reconcile the preservation of these endangered animals with the concerns of farmers to live peacefully and in harmony with nature.

3.9. The representative of the European Union noted that CITES was the key global instrument in dealing with trade in wildlife commodities and in making sure that this trade was sustainable.

3.10. The representative of CITES noted that the Convention had made important efforts over the previous six years or more to help countries combat poaching. Under the umbrella of the International Consortium on Combating Wildlife Crime (ICWC) – a partnership between CITES, Interpol, the UN Office on Drugs and Crime, the World Bank and the WCO – resources and different services were provided to countries in different regions of the world, in particular Africa and Asia, facing challenges in combatting poachers. Support was provided in the form of technologies, capacity building, legislative framework and other resources requested. She said that there was potential for the use of different modern technologies such as drones, noting a recent positive experience in South Africa, but stressed that funding for the deployment and maintenance of those technologies was required. CITES had tried in the past to establish a fund to help develop the use of these technologies and to assist countries in difficulties but, unfortunately, the fund had never been fully concretized. More work could thus be done on the topic. For the time being, considerable support for countries in difficulty was made available under the auspices of the ICWC. On the issue of human-wildlife conflicts occurring when the natural habitat of wildlife was reduced or when drought or climate change-related issues forced animals to encroach on rural communities, the representative noted that it fell outside the scope of CITES responsibilities since the Convention focused on international trade rather than local issues. However, the Global Environment Fund had a vast cooperation program with the World Bank and the United Nations Development Programme focusing, on the issue and offering solutions.

3.2 Members' experience sharing

3.11. The representative of Canada informed delegations that, on 21 June 2019, Canada had become the first country in the world to ban the import and export of shark fins that were not attached to the body of the shark.¹⁸ The ban aimed to prevent harvesting shark fins that had been obtained from the practice of shark finning. The landmark achievement exemplified Canada's ongoing commitment to sustainable fisheries management practices worldwide.

3.12. Domestically, Canada promoted trade and sustainability through a wide range of legislation that included the Fisheries Act and the Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act, which reflected Canada's commitments under CITES. Canada also promoted trade and sustainability globally, through its free trade agreements (FTAs). The amendments had entrenched in section 32.1 of the Fisheries Act a ban on the practice of "shark finning", the practice of removing the fins from a shark and discarding the remainders at sea, which had effectively been banned in Canada since 1994 through Canada's Department of Fisheries and Oceans regulatory framework. The ban on the practice was now complemented by the ban on the

¹⁷ Accessible at <https://trade4devnews.enhancedif.org/en/news/trade-wildlife-pathway-sustainable-development-poor-countries-critical-assumptions>.

¹⁸ See document RD/CTE/159.

import and export of shark fins not attached to the body of the shark. Permits exempting from the prohibition could be issued, amended, suspended or cancelled for limited reasons and could include the imposition of appropriate conditions.

3.13. Driven by the high prices of whole fins, sharks represented a commercially profitable catch. Outside of Canada, the shark trade was not well controlled and was often the result of illegal, unregulated or unreported fishing. It was widely recognized that shark finning and the impact of trade in shark fins had had a devastating impact on global shark populations. More than 63 million sharks were estimated to have been killed every year from commercial fishing. Scientists estimated that sharks were being killed 30% faster than they could replace themselves, which posed a problem from both the trade and conservation perspectives. In 2018, Canadian imports of shark fins had declined by 48% since 2005. Canada did not export shark fins.

3.14. Canada's shark finning prohibition was the result of over two years of hard work and unrelenting advocacy by Canadian Parliamentarians and Senators, government officials, stakeholders and Canadians alike. The ban had been proposed in April 2017 by Canadian Senator Michael L. MacDonald, inspired by the life's work of the late Rob Stewart, a Canadian award-winning filmmaker and passionate shark conservation advocate. His legacy was reflected in Canada's shark finning prohibition. After initially banning only the importation of unattached shark fins into Canada, the amendment had been modified to also ban the export of unattached shark fins from Canada. Over these years, all political parties in Canada had come together on the issue, highlighting the importance of the national prohibition and the necessity to address this global problem.

3.15. The Department of Fisheries and Oceans Canada, the Canada Border Services Agency, Environment and Climate Change Canada and Global Affairs Canada had been working closely together to ensure that the import of shark fins into Canada was not harmful to the survival of the species and that any fins imported were not harvested in an unsustainable manner. The Canadian Department of Fisheries and Oceans enforced the Fisheries Act and its regulations; fisheries officers across Canada conducted enforcement activities through regular patrols on land, sea and air. Customs officers enforced import and export rules at the border and the wildlife enforcement branch and its CITES permit policies and operations branch were equally involved in enforcement.

3.16. Domestically, Canadian fleets were required to keep shark fins attached to the body of the shark until after the shark was offloaded from the vessel. Internationally, persons importing into Canada or exporting from Canada had to ensure that the shark fins were attached to the body of the shark when the fins were offloaded at a Canadian port. Canada had informed trading partners and countries, such as those that were top exporters of shark fins, of this trade prohibition earlier in 2019. Canada had notified the WTO through its notifications on Quantitative Restrictions and Import Licensing Procedures.

3.17. Canada's commitment to sustainable management of shark stocks and sustainable fisheries management was also reflected in its FTAs. An obligation to promote the long-term conservation of sharks was encapsulated in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. It was also reflected in the Canada-US-Mexico Agreement signed in November 2018. In that agreement, parties had committed to promote the long-term conservation of sharks "through the implementation and effective enforcement of conservation and management measures." Parties had also agreed to adopt or maintain measures designed to prohibit the practice of shark finning. Canada would continue to advocate for these commitments in ongoing and future FTA negotiations since the problems caused by shark finning were global conservation issues which benefited from collective action.

3.18. The representative of the European Union welcomed the new Canadian measures to address shark sustainability, including through FTAs. The European Union was also taking measures on the topic. Shark finning had been prohibited in EU waters since 2003 for all vessels and everywhere for vessels under the EU flag or the flag of one of its member States. The European Union had also been engaging in regional actions on the matter and considered traceability of shark products and transparent consumer information to be key issues.

4 TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES (ITEM 4 OF THE CTE WORK PROGRAMME)

"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."

4.1 WTO Environmental Database

4.1. The WTO Secretariat provided an update¹⁹ on recent data updated to the WTO web-based Environmental Database (EDB).²⁰ The new web-based platform was still being further improved and the Secretariat encouraged delegations to provide feedback and report any issues. One recent improvement had been the streamlining of keywords used to identify environment-related trade measures contained in the database. Data was now searchable under this additional criterion. The Secretariat would continue to work on the system to further improve and streamline how data was inputted into the database. The database already contained more than 11,400 environment-related measures notified from 2009 to 2018 under WTO Agreements and almost 8,000 environment-related entries mentioned in Trade Policy Reviews (TPRs). EDB's yearly update exercise involved the analysis of around 3,400 notifications and all TPRs published in a given year. On average, more than 500 new notifications, 1,100 measures and 750 TPR entries were included annually in the database.

4.2. The Secretariat briefed delegations on some noticeable general trends regarding environment-related trade measures. The number and share of trade measures adopted for environmental reasons continued to increase, moving from 8% of all notifications made to the WTO in 1997 (one in every 12 notifications) to around 16% in recent years (one in every six notifications). Depending on their type, each notification could have anywhere from one single environment-related measure (e.g. TBT and Sanitary and Phytosanitary (SPS) notifications) to hundreds of pages containing dozens of measures (e.g. some notifications under the Agreement on Subsidies and Countervailing measures (ASCM)). In that sense, the 663 environment-related notifications identified for 2018 contained more than 1,300 environment-related measures.

4.3. Three harmonized categories had been developed to facilitate data analysis: types of measures, types of sectors and types of environment-related objectives. With regards to types of measures adopted, the noticeable rise in the notification of support measures for environmental objectives in recent years had continued, representing around 41% of all measures identified, while technical requirements and specifications and related measures remained important. The three main sectors concerned by environmental measures in 2018 had been: agriculture (30.1%); manufacturing (26.3%); and chemicals (19.1%). Finally, in terms of environmental objectives pursued, the recent trend in energy-related objectives had continued in 2018, with energy conservation and efficiency present in 10.6% of all measures and alternative and renewable energy in 10.2%. Chemical, toxic and hazardous substances management remained the main objective pursued by these trade measures, accounting for 22.4% of measures notified in 2018.

4.4. The Secretariat further briefed delegations on possible topic-specific analysis enabled by the EDB. One example had been the research on circular economy-related measures identified in the EDB that informed the previous Secretariat presentation on the topic during the meeting. The Secretariat further mentioned the contribution made to the Food and Agriculture Organization of the United Nations (FAO)' Globefish Highlights Quarterly Update with a short article on sustainability measures affecting fish trade²¹, as well as to ongoing discussions marking the 30th anniversary of the Trade Policy Review Mechanism.

4.5. Finally, as another example, the Secretariat noted that the number of environment-related measures which included the implementation of MEAs as at least one of their objectives had increased since 2009, from 87 in 2009 to 122 in 2018, with a total number of around 1,100 measures in the period. These had been notified by a wide variety of WTO Members, with Hong Kong, China; Australia and Japan as the Members with the most notified measures adopted for the implementation of MEAs. Developing countries had notified the majority (65%) of these measures. Apart from the objective of MEA implementation, the majority of measures also identified other important

¹⁹ See document RD/CTE/156.

²⁰ Available at <https://edb.wto.org> or www.wto.org/edb.

²¹ Available at <http://www.fao.org/3/ca5307en/ca5307en.pdf>.

environment-related objectives pursued including: plant protection (41.6%); animal protection (25.7%); chemical, toxic and hazardous substances management (25.3%); and ozone layer protection (23.3%). The Secretariat clarified that one measure could have more than one environment-related objective, which meant that the total percentages for the breakdown by type of objective could surpass 100%. The same thing was true for types of measure and sector. The sectors more often affected by these measures were chemicals (8.9%), followed by agriculture (7.8%). The top five most notified environment-related measures with the objective of MEAs implementation were import licences (607 in total), followed by ban and prohibitions (301), export licences (261), technical regulations or specifications (241) and conformity assessment procedures (135). In terms of agreements, most measures were notified under the transparency obligations of the Agreement on Import Licensing (482), followed by quantitative restrictions notifications (308), the TBT (234) and SPS (52) Agreements and a few under the ASCM (12).

4.6. In terms of specific MEAs, the Secretariat noted that CITES was the MEA most often expressly mentioned in the 1,107 measures identified, with 268 mentions. The Montreal Protocol (190), Basel (97), Rotterdam (84) and Stockholm (78) Conventions were the next most often cited MEAs. The Secretariat explained that often measures notified to the WTO would not identify specific MEAs, rather simply making a general reference to MEAs implementation. Additionally, a significant number of measures that could be considered to having been adopted for the implementation of MEAs – due, for instance to the type of restriction and the products covered – were not expressly mentioned by the notifying Member as adopted for that purpose. These measures were often captured by the database but not classified under the MEA implementation objective. Finally, the Secretariat noted that half of all measures notified for the implementation of MEAs had been done so by WTO Members from Asia. South and Central America and the Caribbean (15.5%), Europe (13.7) and North America (7.6) were the next regions with the most notified measures under this objective.

4.7. The representative of Canada expressed her delegation appreciation for the work, time and effort dedicated to developing and improving the EDB. Her delegation had consulted with experts in the capital for feedback from users on the database. Experts had found the database to be user-friendly, well designed with great graphics and well organized. Users had also appreciated the wide range of filters to locate information and measures. One suggestion to augment the tool's efficiency had been to make the notifying member tool more easily accessible on the homepage and not a few clicks away.

4.8. The representative of the European Union echoed Canada's remarks and appreciated how the EDB was now designed in a very user-friendly manner. He reiterated his delegation's support for this continuous work and thanked the Secretariat for briefing delegations on the potential use of the database to develop topic-specific research through the example on the interplay between MEAs implementation and trade disciplines in the WTO.

4.9. The representative of Chad, on behalf of the LDC Group, echoed Canada's and the European Union's remarks, noting that the EDB was an important tool since it provided useful information on Members' trade policies, enhancing transparency and informing debates and negotiations at the WTO. He encouraged the Secretariat to continue its work. He queried whether the database was updated on an annual basis or whether information was uploaded as soon as environment-related measures were notified. It would be important to update this information as soon as possible so that Members would have access and use the information in discussions and negotiations. He further asked about the methodology used to collect, classify and publish the data.

4.10. The representative of New Zealand joined other delegations in expressing appreciation for the continued work by the Secretariat to consolidate the complex set of information in the EDB and to make it more accessible. Capital-based officials had considered the EDB to be an extremely useful resource, which represented an impressive collation and categorisation effort.

4.11. The representative of the Philippines echoed Canada's and the European Union's remarks and thanked the Secretariat for the excellent work on the EDB. She stated that she would also request feedback on the website from officials in capital.

4.12. The WTO Secretariat welcomed all questions and comments to further improve the database. In response to Chad, the Secretariat noted that given the present situation with respect to personnel in the Trade and Environment Division, the EDB was updated annually. In the past few years, the

Division had relied on extra short-term help to bring the EDB fully up to date by uploading data equivalent to two yearly updates every year. The ideal would be to have a methodology and resources to update data as measures were notified to the WTO, but this was not feasible with current personnel. On the update methodology, the Secretariat clarified that the analysis was done by agreement, starting with the agreement with the most notifications and using a set of search words to filter relevant data. Finally, Members were invited to request assistance to the Secretariat on how to use the database. Specific trainings or workshops could be provided.

5 SERVICES AND THE ENVIRONMENT (ITEM 9 OF THE CTE WORK PROGRAMME)

"The work programme envisaged in the Decision on Trade in Services and the Environment."

5.1. The representative of Canada provided an update on behalf of Australia, Canada, Mexico, New Zealand and Switzerland on recent informal discussions that took place under the Council for Trade in Services in special session (CTSSS) on environmental services in September 2019.

5.2. Under the CTSSS, Chile, Mexico, New Zealand and Panama proposed in June 2018 that Members exchange views informally on areas of potential interest in relation to market access, against the background of relevant trade, policy and market developments. As part of this initiative, Australia, Canada, Mexico, New Zealand and Switzerland facilitated an informal discussion to encourage Members to exchange views on key issues related to environmental services and to provide valuable information regarding potential market access aspirations. These types of informal discussions could also contribute to capacity building and increase awareness of recent trade developments.

5.3. Environmental services represented a growing sector in world services trade. With a compound annual growth rate of 4% from 2008 to 2015, global trade in clean technology, for which environmental services played an important role, had doubled during this period to more than US\$1.15 trillion in exports. It was important to note that the emergence of new technologies had opened a range of new possibilities to provide environmental services on a cross-border basis.

5.4. The deployment and the use of environmental services could support economic growth, including for MSMEs, and could help to achieve environmental and sustainable development goals. By increasing the accessibility of more advanced technologies for preventing or mitigating environmental harm, trade could contribute to lowering the costs of implementing environmental policies while keeping intact their degree of ambition. Trade in environmental services could make the prevention and control of pollution cheaper by allowing firms to source the services they needed from foreign suppliers, while creating greater economic benefits.

5.5. Further liberalization of environmental services could also provide opportunities for businesses in developed and developing countries to integrate into global value chains. The uptake of technologies linked to environmental services could further create sustainable jobs, especially in services related to the installation and maintenance of environmental products, systems and infrastructure. In that context, many Members shared their domestic experiences and expressed their specific interests and concerns regarding further liberalization of environmental services.

5.6. The representative of Switzerland supported the discussion on environmental services. Environmental services trade could contribute substantially to the effective implementation of environmental and sustainable development objectives contained in MEAs such as the Paris Agreement or the CBD. Services liberalization could have many positive effects on the environment, as described by Canada, as well as in the document to the CTSSS. Switzerland supported the continuation of this discussion in the CTSSS.

5.7. The representative of the European Union noted that the European Union had committed to implement SDGs both in its internal and external policies, and to become the world's first climate neutral continent by 2050. Other policies, including trade policies, should contribute to supporting sustainable development. Climate action and circular economy were two key priorities for the new EU commission and further liberalizing trade in environmental services could support those objectives. The European Union had good and liberal commitments in environmental services, which could be further improved. While there might be limited scope for market access negotiations on services, the idea of advancing discussion on trade liberalization in environmental and climate related

services was certainly worth being supported. When considering new commitments, the European Union would welcome a more comprehensive access commitments from other WTO Members. Should there be an interest in improving market access negotiations, the European Union was open to considering and engaging in any approach that could facilitate progress towards negotiated WTO outcomes.

5.8. The representative of Chad on behalf of the LDC Group, said that environmental issues were cross-cutting issues affecting many areas, including services, e-commerce, agriculture, and sanitary and phytosanitary aspects. The LDC Group was in favour of such a cross-cutting discussion and would like the environment dimension to become a priority in all relevant WTO agreements.

6 OTHER BUSINESS

6.1 Natural disasters

6.1. A representative of the WTO Secretariat provided some information on the symposium on the links between trade and natural disasters held on Friday, 29 November 2019. The representative introduced the topic with two questions that highlighted the complex ways in which natural disasters could interact with the trading system: why had an Icelandic volcano appeared in the TPR of the East African Community and why had the TPRs of Brazil, Costa Rica and Kenya reported on an increase in fossil fuel imports and a decline in hydroelectric power outputs. On the first question, the reason was the closure of northern European air space due to volcanic ash from an Icelandic volcano which in turn created difficulties for East African exporters of fresh cut flowers to get their exports into the European Union. The answer to the second question was due to drought in the three countries, which reduced hydropower generation output and required fossil fuel imports to the three countries. These two examples were some of the anecdotal trade effects that were captured in the research that was presented at the symposium.

6.2. Specifically, two pieces of research would be presented. First an economic and trade analysis, showed that 30% of TPRs between 2010 and 2019 reported the occurrence of natural hazards or disasters. The analysis also looked at the frequency distribution of risk factors that influenced natural disasters and their trade impacts. The second piece of research comprised a legal mapping which looked at the scope under WTO agreements to take trade measures to promote disaster response, recovery and resilience. The World Customs Organization, the World Bank and the United Nations Office of Disaster Risk Reduction would comment on that work. Relevant documentation for the symposium, including executive summaries of the two studies, were available on the WTO website.

6.3. The representative of Canada thanked the chairman for organizing a thematic approach for this committee meeting. This was a very successful set of meetings and side events. The topic and format were well suited for the discussion of environmental issues and the meeting was extremely informative. Canada suggested that at least once per year a similar approach be followed.

6.2 Other briefings by observer organizations

6.4. The representative of the OECD²² presented on current trade and environment activities other than those related to the circular economy. He highlighted that the current activities were divided into four workstreams, namely: greening regional trade agreements (RTAs); trade as a channel of clean technology diffusion; carbon leakage implications of climate policies in the agricultural sector; and new digital technologies to tackle trade in illegal pesticides. Concerning the greening RTA project, it intended to investigate the ways in which environmental objectives were incorporated into various RTA chapters other than environmental chapters. The work on the subsidy chapters had been finalized in 2017-18, and the work on investment chapters was nearly completed. The 2019-2020 workstream on greening RTAs would focus on non-tariff measures, technical barriers to trade and regulatory cooperation.

6.5. The central question of the second project on clean technology diffusion was whether trade was considered a channel for such diffusion. The project focused primarily on the wind turbine manufacturing industry. It comprised an empirical analysis of the extent to which countries traded

²² See document RD/CTE/165.

technology, innovation created a comparative advantage in the market of wind turbine manufacturing, and the implications for the low-carbon transition of importing countries.

6.6. Concerning the project on carbon leakage in the agricultural sector, the project would provide a quantitative analysis to assess the magnitude of the risk that unilateral implementation of ambitious climate policies could lead to carbon leakage. The analysis included the construction of indicators on agriculture, forestry, land-use and land-use changes (AFOLU) emissions embodied in trade. The objective was to measure the amount of emissions from AFOLU activities that crossed the border and were not consumed by the generating country. The work also included modelling exercises to simulate the effects of carbon taxes on trade in agricultural commodities.

6.7. Regarding the project on trade in illegal pesticides, it explored how new digital technologies (blockchain, big data and artificial intelligence) played a role in the traceability of complex agro-food supply chains and how they had enhanced traditional policy responses to tackle trade in illegal pesticides. Moreover, the project investigated the implications for different stakeholders, such as pesticide manufacturers, customs agencies, farmers and final consumers and discussed the benefits and costs of implementation. The representative further informed the committee that the OECD would continue its activities on fossil fuel subsidies and that the OECD inventory of support measures for fossil fuels was being updated and would be available shortly.

6.8. The representative of UNEP updated the committee on recent relevant activities. First, UNEP's Emissions Gap Report had been released on 26 November 2019. The report warned that unless GHG emissions fell by 7.6% each year between 2020 and 2030, the 1.5°C temperature goal of the Paris Agreement would be missed. The report highlighted that even if all current unconditional commitments under the Paris Agreement were implemented, temperatures were expected to rise by 3.2°C, and that collective ambition needed to increase more than five-fold over current levels to deliver the cuts needed over the next decade for the 1.5°C goal.

6.9. Second, the Conference of Parties of the Minamata Convention on Mercury took place on 25-29 November 2019. The Convention, unlike other treaties, contained measures that addressed the lifecycle of mercury, including its use in mining and industry, its integration into products and its disposal. On the environment and trade agenda, additional updates were provided on a UNEP project with the European Commission on Trade in Environmentally Sound Technologies; an event co-hosted by UNEP at the WTO Aid for Trade Global Review on "Aid for Trade: a vehicle to build climate resilience?"; UNEP's work on the trade and climate resilience at the upcoming UNFCCC Conference of Parties in Madrid where, together with UNCTAD, UNEP was co-hosting a high level discussion on the role of trade and infrastructure to bring about resilience in SIDS; and the third Oceans Forum, which had been co-hosted by UNEP, FAO and UNCTAD and had focused on ocean economy, climate and harmful fish subsidies.

6.3 Other matters

6.10. The Chairperson of the CTE informed Members that the next meeting of the CTE was scheduled for 24 March 2020. Given Members' strong interest on international trade and circular economy and plastics, the Chairperson proposed that the March meeting continued its discussion on this. The agenda would remain open to other items under the CTE Work Programme.

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 REGULAR

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.
