



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 16 AND 20 NOVEMBER 2020

NOTE BY THE SECRETARIAT¹

The Committee on Trade and Environment (CTE Regular) met on 16 and 20 November, chaired by H.E. Mr Chad Blackman (Barbados). The Committee adopted the Airgram, WT/AIR/CTE/13, issued on 22 September 2020. The Report of the last CTE meeting, held on 3 July 2020, is contained in WT/CTE/M/69.

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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.

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ACRONYMS

ACCTS	Agreement on Climate Change, Trade and Sustainability
BRS Conventions	Basel, Rotterdam and Stockholm Conventions
CBAM	Carbon Border Adjustment Mechanism
CBD	Convention on Biological Diversity
CoP	Conference of the Parties
CTE	Committee on Trade and Environment
DEAL	Data for Environment Alliance
ECTD	Economic Cooperation and Trade Division (UNECE)
EDB	WTO Environmental Database
EPA	Environmental Protection Agency
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FAST group	Friends of Advancing Sustainable Trade group
FFSR	Fossil Fuel Subsidy Reform
GBF	Global Biodiversity Framework
GHGs	Greenhouse Gases
GPAP	Global Plastic Action Partnership
HS	Harmonized System
IDP	Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
IISD	International Institute for Sustainable Development
IRP	International Resource Panel
ISO	International Organization for Standardization
ITC	International Trade Centre
MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
MSMEs	Micro, Small and Medium-sized Enterprises
NDCs	Nationally Determined Contributions
OECD	Organisation for Economic Co-operation and Development
PPPs	Public-Private Partnerships
SBI	Subsidiary Body for Implementation
SBSTTA	Subsidiary Body on Scientific, Technical and Technological Advice
SDG	Sustainable Development Goal
SIDS	Small Island Developing States
TPR	Trade Policy Review
TESSD	Structured Discussions on Trade and Environmental Sustainability
UNEA	United Nations Environment Assembly
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UWI	University of the West Indies
WCEF	World Circular Economy Forum
WCO	World Customs Organization
WEF	World Economic Forum

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 (FFSR)

1.1. The representative of New Zealand recalled that a group of 12 developing and developed Members had launched a Joint Statement on Fossil Fuel Subsidy Reform (FFSR), at the eleventh WTO Ministerial Conference (MC11). The signatories had confirmed their intention to seek the rationalization and phase-out of inefficient fossil fuel subsidies that encouraged wasteful consumption, while recognizing 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 vulnerable communities. The 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 subsidy programmes.

1.2. The signatories continued to highlight the benefits and opportunities of FFSR in a range of fora. New Zealand had spoken on FFSR at virtual events including those organized by the International Institute for Sustainable Development (IISD) in May and the University of Eastern Finland in October 2020. New Zealand had hosted a virtual side event during WTO Trade and Environment Week 2020 at the CTE on "FFSR and the green recovery"² with panellists from IISD, the International Renewable Energy Agency (IRENA) and the United Nations Environment Program (UNEP) providing expert interventions on the linkages between FFSR, the international trading system and the COVID-19 recovery.

1.3. The sharing of information and experience was even more important following the COVID-19 pandemic. Countries were launching stimulus packages of unprecedented size to assist the economic recovery. Governments were investing in infrastructure, supporting private investment, and considering tax policies to assist all those affected by the economic consequences of the pandemic. This, combined with low global oil prices, presented a window of opportunity for reform. More than ever, it was important not to introduce new fossil fuel subsidies that might prove hard to remove in due course. The webinar also looked at what progress had been made and the vital role and expertise of the WTO in addressing inefficient fossil fuel subsidies. Action on fossil fuel subsidies could help build public confidence in the multilateral trading system's ability to deliver on its core objective of sustainable development and make a trade-related contribution to the very real and urgent challenge of climate change.

1.4. New Zealand and other signatories had been actively engaging with WTO Members towards a Ministerial Statement on FFSR for MC12, building on the efforts at Buenos Aires. This Statement made explicit the key next step: sharing information and experiences at the WTO to develop a supportive international setting for addressing these subsidies and to assist domestic reform. While, due to COVID-19, engagement had been paused for a time, signatories remained committed to renewing the Ministerial Statement at MC12 and looked forward to further engagement on the topic with Members interested to join.

1.5. The representative of Switzerland reiterated its support for the rationalization and phasing out of fossil fuel subsidies that encouraged wasteful consumption. To achieve the objectives set out in the Paris Agreement and the Sustainable Development Goals (SDGs), immediate action was required. Switzerland was engaged on this very important issue with New Zealand and four other WTO Members in the Agreement on Climate Change, Trade and Sustainability" (ACCTS) negotiations, which sought to establish binding trade rules that eliminated environmentally harmful fossil fuel subsidies.

² https://www.youtube.com/watch?v=zdAx00_K-Qk&feature=youtu.be.

1.6. Many countries, including Switzerland, had since set the goal of achieving net-zero by 2050. Working towards net-zero and continuing fossil fuel subsidies was setting the world on different paths: the first towards a world livable for future generations; the latter towards a world with massive temperature overshoot, endangering livelihoods and ecosystems across the globe. Not only did fossil fuel subsidies have a detrimental impact on climate change, but they also had trade-distorting effects, especially on low emission technologies. The WTO was the right place to discuss this issue. She invited all WTO Members to join this important initiative and hoped that, by MC12, a much bigger group would take forward this issue.

1.7. The representative of Indonesia said that the issue of FFSR should be discussed in the right framework and objected to discussing it in the WTO. Indonesia noted that the capability and capacity of Members should also be taken into account.

1.8. The representative of the Russian Federation said that comprehensive work was being done on this issue in the G20 forum. His delegation reiterated that G20 should stay the main forum for discussion of the FFSR.

1.2 Circular economy and plastics

1.2.1 Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)

1.9. The Ambassador of Fiji briefed the Committee on the side event that marked the inaugural meeting of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)³, held on the margins of WTO Trade and Environment Week 2020.

1.10. The goal of the IDP was to provide a dedicated platform where Members could explore how the WTO could contribute to domestic and global effort to tackle plastics pollution and transition to more circular and sustainable plastics trade. The aim of this inaugural meeting was to launch the initiative, to discuss its future programme of work, and to encourage Members to join. The key 'take-aways' from the discussion were the following. First, the presence of a strong – and growing – support among Members for a plastics initiative in the WTO, reflected not only in the broad participation in the meeting (with over 230 registered participants), but in the strong engagement with two other plastics-related events also held during WTO Trade and Environment Week 2020. Members recognized that trade played a central role in the global plastics economy, that trade-related measures could be highly relevant to tackling plastics pollution, and that cooperative, coherent, and transparent approaches were more important than ever. The IDP aimed to channel that growing energy and commitment into positive results.

1.11. Second, possible subjects for discussion included improving transparency and information exchanges; examining the role of trade-related measures in encouraging companies and consumers to shift towards more sustainable plastics; exploring the scope for encouraging trade in plastic substitutes, for promoting the diffusion of sustainability-related services and technologies, and for better assessing Members' technical and capacity needs. Members were encouraged to develop and circulate proposals for how discussions should move forward – ideally well in advance of the next meeting early in 2021. Fiji would work with other co-sponsors on a concept paper suggesting what a multi-stakeholder plastics trade transparency exercise might involve.

1.12. Third, any WTO plastics initiative needed to support and complement, not duplicate, global environmental efforts. WTO's value added would lie in focusing on the trade dimension of the challenge and in encouraging cooperative trade-related approaches. It would be important to work closely with other sustainability initiatives in the WTO, including the recently launched Structured Discussions on Trade and Environmental Sustainability (TESSD) and the central work of the CTE. It would be particularly important to work cooperatively and coherently with relevant agencies, such as the Basel, Rotterdam and Stockholm Conventions (BRS Conventions) Secretariat, UNEP, the International Organization for Standardization (ISO), and the United Nations Conference on Trade and Development (UNCTAD), as well as with intergovernmental discussions in the context of the UN

³ See document [RD/CTE/175](#).

Environment Assembly. Plastic pollution was a multi-dimensional challenge and, to effectively address it, it was required to start thinking, working and acting coherently.

1.13. The inaugural meeting of the IDP had been a great start to the initiative. The success of the initiative would be measured, not in terms of good intentions or aspirations, but in the positive, pragmatic, and result-oriented progress made in the months ahead.

1.14. China and Fiji had asked several like-minded Members to co-sponsor the communication "WTO Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade".⁴ Many Members had already agreed to co-sponsor, including Australia, Barbados, Canada, China, Fiji, Jamaica, Morocco and Switzerland. Others were still consulting with capitals or had not yet been approached. This was an ideal opportunity for Members to send a strong, positive signal that plastics pollution was a global concern, which Members were determined to address, and that the WTO remained highly relevant. She urged other Members to join the initiative.

1.15. The representative of China, on behalf of the Ambassador, said this issue could demonstrate that the WTO was still relevant for emerging topics of concern for stakeholders. This was an important issue for both developing and developed Members. His delegation appreciated the support expressed by interested delegations and welcomed others to join the initiative. He invited Members to work together to advance discussions on the IDP and to engage in other discussions on environmental sustainability at the WTO. He invited Members to work together and engage in discussions at the WTO.

1.16. The representative of Australia noted his delegation's concern with the amount of plastics polluting the oceans and the environment. Addressing plastic pollution was a key focus of Australia's domestic policy framework. Australia was making considerable efforts to reduce plastic pollution in the world's oceans. This was a point that had been reiterated by Australia's Prime Minister during his address in the UN General Assembly last year where he had outlined the commitment to combat plastic pollution, tackle overexploitation of fisheries and prevent ocean habitat destruction. His delegation was concerned with the effect of waste, and especially plastic waste, on the environment and on human health. The WTO had a role to play in this area. It was uniquely placed to support dialogue and action on the trade-related aspects of tackling plastics pollution. Ways needed to be found within the WTO to support and complement intergovernmental efforts to reduce plastic pollution. This initiative provided a mechanism to do that. His delegation saw value in discussing how to enhance transparency on relevant domestic and international policy developments and sharing and promoting best practices to facilitate more sustainable trade in plastics to reduce plastics pollution. His delegation echoed the call for other Members in this forum to join the WTO plastics initiative.

1.17. The representative of Canada said his delegation was committed to reducing plastics waste and pollution and advancing circular economy approaches. Canada was implementing a range of complementary measures across the plastics value chain to achieve Canada's vision of zero plastic waste by 2030 and to contribute to strengthened management of plastic resources globally. There was a continued need for international cooperation and consistency on global issues such as this one. His delegation looked forward to working with China, Fiji and others to identify and explore the potential specific contributions that trade, and the WTO, could make to address plastic pollution. It would be important to examine how the efforts could complement existing work underway in other international fora to tackle plastic pollution and streamline plastics trade. Canada also looked forward to advancing this work in close collaboration with the TESSD that had been launched earlier this week and to being as transparent and as inclusive as possible.

1.18. The Ambassador of the Philippines noted that exploring how the rules and mechanisms of the WTO could contribute to domestic, regional and global efforts to reducing plastics pollution and to improve trade cooperation would be a great legacy for future generations. His government had set a target of zero waste in Philippine waters by 2040. His delegation wished to see a stronger role for the WTO and the CTE through greater coherence between trade and environmental policies and active cooperation with other stakeholders. The CTE was the ideal forum to share concrete success stories and best practices that were responsive to contemporary challenges in this area. This issue had attained great political weight globally with governments, businesses and civil society and it was

⁴ See document [WT/CTE/W/249](#).

the right time to move this initiative forward. His delegation remained committed to further engagement on this topic and encouraged others to support the initiative.

1.19. The representative of Turkey noted that the dynamics of trade and plastic waste had been subject to serious changes recently. In this context, Turkey accorded great importance to international commitments and to organizations such as the WTO. Plastic pollution was a planetary threat affecting nearly every marine and freshwater ecosystem. Multilevel mitigation strategies had been adopted but there was a need for a quantitative assessment of how such strategies would reduce plastics pollution. Her delegation was convinced that global environmental problems such as plastics pollution could be more efficiently dealt with in multilateral forums rather than at the individual state level. Turkey would continue to observe all discussions related to plastics trade at the WTO and would contribute to the work of the IDP.

1.20. The representative of Switzerland said that her delegation supported the initiative and welcomed efforts on exploring how the WTO could contribute to reducing plastics pollution and a more sustainable plastics economy. Trade could play a supportive role in reducing the environmental impacts of plastics. Different policy levels came into play for implementing effective measures: from local (e.g. waste collection) to international (e.g. reuse and recycling). The WTO could also play a role in identifying the potential trade barriers to a more sustainable and circular plastic economy. It would be important to increase synergies with the recently launched TESSD and to ensure that the IDP would complement and strengthen other international processes aiming at tackling plastic pollution such as the ongoing discussions on a global agreement on plastic pollution. It would also be important to stay abreast of current international developments such as the entry into force of the Basel amendments. Her delegation attached great importance to the question of circular economy and the reduction of environmental impacts from plastics, among other issues.

1.21. The representative of the United States said the issue of plastic waste and scrap could be addressed through a trade-facilitative approach to support resource efficiency and to manage plastic waste and scrap. Materials could be recovered, recycled and returned to commerce. Trade and environmental goals were mutually supportive, including in the case of plastics. Trade should play an important role to support post-consumer materials recovery and recycling. The United States continued to encourage WTO Members to look beyond plastic as solely a pollution issue. Post-consumer recycled scrap had economic value as a tradable commodity. It was needed to ensure these materials did not encourage the additional production of virgin plastics or other materials when recyclable commodities could and should remain in the production stream. The WTO could support better environmental outcomes by taking a trade-facilitative approach to address environmental challenges such as material recovery and recycling. His delegation urged any informal dialogue to include discussions of how to facilitate trade to address these challenges rather than focusing on trade-restrictive measures that resulted in a flattening of circular economy loops and reverting to a more linear model with harmful environmental effects.

1.22. The representative of the European Union (EU) said that plastics were an important material for the economy. However, plastics could have serious downsides for the environment and health. Action on plastics was set as a priority in the EU Circular Economy Action Plan adopted by the European Commission in March 2020. The Plan contained a coherent set of actions to support the global transition towards a carbon-neutral, resource-efficient and circular economy. It included moving forward towards a global agreement on plastics and promoted the uptake of the EU's circular economy approach on plastics. The European Union supported the engagement by China and Fiji on plastics, particularly on how national and global efforts could reduce plastics pollution and the transition to a more circular and environmentally sustainable economy. Her delegation was particularly keen on complementarity with international processes in this context. This forum could serve for learning and exchange of perspectives. Several events had been organized on the topic this year, including by some EU member States. The WTO work on plastics should create positive synergies with ongoing international processes. For the European Union, the launch of the global agreement on plastics remained a key focus. The fifth United Nations Environment Assembly (UNEA-5) would be a key milestone to ensure that the negotiation process officially started.

1.23. The representative of Norway said that her delegation saw merit in the work on plastics and sustainable trade. Plastic pollution was a challenge affecting also marine litter. Norway underlined the urgent need for a new global agreement to combat marine litter and microplastic and to create long-term incentives for the support of a circular economy of plastics globally. Such an agreement should support ambitious national plastic policies and enable countries to improve sustainability

aspects throughout the plastics lifecycle. The overall global goal agreed by UNEA-3 in its resolution 4/L.7 on marine litter and microplastics was the "long-term elimination of discharge of litter and microplastics to the oceans and of avoiding detriment to marine ecosystems and the human activities dependent on them from marine litter and microplastics". A strong international governance structure was needed to support multilateral cooperation in key areas such as developing a common science and knowledge-base, mobilizing and channelling financing both at the national and the international level, building capacity in all countries, strengthening systems for prevention, recycling and management of plastic waste globally and enabling communities to keep track of progress made under the goal. The WTO could play an important role in this regard. Her delegation looked forward to discussions on the circular economy and plastics, which were issues that could also be included in the forthcoming TESSD.

1.24. The representative of Indonesia said that this initiative was important for the current urgent situation of plastics pollution. Indonesia underscored the importance of circular economy and the role of trade policies to fight against plastics pollution to achieve a sustainable environment. Indonesia had implemented several related measures in national regulations on waste management and environment protection.

1.25. The representative of Pakistan, on behalf of the Ambassador, noted that plastics were very useful, but their careless use could also become harmful to human health and the environment. The issue needed the concerted global effort from different entities and forums. It was important to address it through targeted efforts for global solutions that helped developing countries – who needed better technology – to tackle the growing environmental problems. Actions could be based on discussions that would add to the understanding of the problem and explore possibilities for more sustainable and environmentally friendly approaches in developing countries.

1.26. The representative of Mauritius noted that the global annual production of plastics had reached close to 400 million tons and its multifunctionality had made it omnipresent. Years of unrestrained usage of plastics had given rise to the intergenerational and interdisciplinary problem of plastics pollution in contemporary environmental and ocean governance. The multifaceted nature and the environmental, social and economic impacts of plastics pollution had made the issue a major priority on the global agenda. Small islands states, like Mauritius, were inevitably bearing the brunt, including irreversible damages to the marine ecosystem. Mauritius supported initiatives addressing plastics pollution, such as the Action Group on marine plastic pollution under the Commonwealth Clean Ocean Islands. At the national level, regulations had been adopted for the control and ban of single-use plastics. His delegation welcomed the IDP and discussions on the specific role of the WTO in addressing the issue. Capacity and resource constraints of certain Members should be considered.

1.2.2 Members' sharing of experience on circular economy and plastics pollution

1.27. The representative of the United Kingdom, on behalf of the Ambassador, reported on the side event "Global Plastic Action Partnership – Lessons Learned"⁵ that took place on 18 November 2020 during WTO Trade and Environment Week 2020. The event was hosted by the United Kingdom, in collaboration with the Global Plastic Action Partnership, a multi-stakeholder platform within the World Economic Forum (WEF). The event highlighted the role of public-private partnerships (PPPs) in driving positive outcomes on plastics waste. Marine plastics pollution was causing a significant damage to the entire marine ecosystem. Two-thirds of marine mammals and half of the sea bird species were affected by the rising levels of plastic in the oceans. Scientists estimated that 80% of the plastics pollution ending up in the marine environment came from land-based sources often far away. Globally, it was estimated that around 12 million tons of plastics entered the oceans every.

1.28. The panel had discussed several areas where greater cooperation and coordination among governments, businesses and civil society was needed to eliminate plastics pollution and to achieve the transition to a global circular economy for plastics. This included enhancing the trade stability and transparency in the plastics value chain and developing common standards and definitions. Improving the capacity and quality of waste management systems was an essential element of reducing marine plastics pollution. This initiative could also improve the welfare of hundreds of thousands of informal waste workers in the Global South. The mismanagement of waste and

⁵ <https://www.youtube.com/watch?v=eDKmQiCDedY&feature=youtu.be>.

pollution had been leading to the annual death of nine million people with the vast majority occurring in low- or middle-income countries.

1.29. It was important to improve the investment landscape for recycling and processing plastics waste and to generate better data about plastics flows to inform policies at national and global levels. Marine plastics pollution was a global problem requiring global cooperation. The United Kingdom was committed to supporting efforts to improve plastic waste management in low- and middle-income countries particularly through the Global Plastic Action Partnership. Her delegation was encouraged by the three side events on the topic of plastics during WTO Trade and Environment Week 2020 examining the issue from different perspectives. The United Kingdom had joined two relevant multilateral efforts: the TESSD and the negotiations of the new UN global agreement on plastic pollution. This would help the United Kingdom to build upon its work to tackle marine litter domestically and internationally and support its commitment to eliminate plastics entering the oceans.

1.30. The United Kingdom provided funding for Geneva Trade Week and hosted a session on "How can multilateral trade policy advance the global sustainability agenda?".⁶ The event had brought together a diverse panel of expert representatives of governments, non-governmental organizations and industries. The United Kingdom was pleased to demonstrate its commitment to explore the opportunities that trade could offer to tackle the climate change crisis and to build back better and greener from COVID-19. Global environmental threats like climate change and plastics pollution demanded greater dialogue and collaboration among governments, business groups and civil society at the WTO and beyond.

1.31. The representative of Chinese Taipei said that his delegation supported the development of circular economy for preventing plastics pollution and that the WTO was the right forum to discuss this matter, in particular for trade-related multilateral actions. His delegation shared its own experiences and policy in the area of circular economy for plastics resources. To promote the circulation of resources, the Environmental Protection Agency (EPA) had launched the *Resource Recycling and Reuse Plan* in 2018. Plastics circulation was a focus of the circular economy policy and an important part of the Plan. Under the Plan, the EPA had unveiled the Blueprint for plastic circular economy which included four pillars: (i) Green Design; (ii) Reduction at Source; (iii) Enhanced Recycling; and (iv) Circular Regeneration. The goal was, by the year 2040, to: reduce the quantity of single-use plastic packaging by 50%; achieve a 100% recycling rate for plastic packaging; and to have 35% of plastic packaging come from recycled materials. The following measures had been adopted by the EPA in order to promote the recycling of plastics materials and to prevent marine plastics pollution. First, the EPA required that manufacturers and importers of goods subject to mandatory recycling declare the quantity manufactured or imported and that they pay recycling and processing fees. These goods included plastic packaging materials and plastic containers and utensils. Second, for the purpose of reducing marine plastics container waste and rising public awareness and participation in plastics container recycling, the EPA had proposed to establish a certification scheme for products manufactured by recycled marine plastic container waste. Third, for the purpose of preventing plastic microbeads entering into river and ocean ecosystems and reducing their quantities as much as possible from the source, the EPA had initiated a two-stage control measure targeted at cosmetics and personal hygiene products. Since January 2018, the manufacturing and importation of hair-cleaning products, facewash, makeup removal products, body-wash products, soaps, facial scrubs and toothpaste that contained plastic microbeads had been prohibited. The restriction had been extended to the sale of these products since July 2018. As a result of these measures and other implementation mechanisms, the recycling rate of all plastic materials in Chinese Taipei was around 60%. His delegation welcomed the sharing of experiences with other Members, including the interactions and collaborations between relevant authorities and industries.

1.32. The representative of Canada noted that Canada was a founding partner of the Global Plastic Action Partnership (GPAP) and had invested CND 6 million to support its activities. This was part of Canada's broader CND 100 million commitment to support developing countries tackle plastics pollution and accelerate their transition towards sustainable and circular economies. His delegation was pleased with the significant progress made by GPAP to date, in particular in advancing National Plastic Action Partnerships (NPAPs) in Indonesia, Ghana and Viet Nam. GPAP brought key actors together and leveraged their support for delivering meaningful and concrete actions needed to

⁶ <https://www.youtube.com/watch?v=8W-uMF-tjC0>.

guarantee a sustainable and prosperous future free of plastics pollution. His delegation looked forward to working with the United Kingdom and other GPAP partners to continue advancing this important work. Canada was also taking domestic action to eliminating plastics pollution. As part of its comprehensive plan to achieve zero plastic waste by 2030, Canada planned to ban harmful single-use plastic items where warranted and supported by science, and to propose performance standards, such as recycled content requirements in plastic products.

1.33. The representative of China welcomed the fact that three side events had taken place on plastics pollution during the Trade and Environment Week 2020. This was a strong signal that Members shared the goal to further discuss this issue in the WTO. His delegation would welcome the United Kingdom and other interested Members to join the IDP and to explore how the WTO could help Members develop more coordinated, coherent and effective trade-related approaches while avoiding fragmented policies and complementing other international efforts.

1.2.3 Presentations by observer organizations

1.2.3.1 Presentation by the United Nations Environment Program (UNEP)

1.34. The representative of the United Nations Environment Programme (UNEP) presented the report "Sustainable Trade in Resources: Trade, Global Material Flows and Circularity", prepared jointly by UNEP's Environment and Trade Hub and the International Resource Panel (IRP).⁷ The report focused on the links between global materials flows, circularity and trade and sought to improve understanding among trade and environment policy makers and practitioners of the material footprints of trade and the potential of trade to contribute to the transition to a green and circular economy. The report was based on the findings and data of four recent IRP reports and the International Resource Global Material Flow database. It analysed data up to the year 2017 on material extraction, direct trade and indirect trade flows. Indirect trade flows comprised the materials embedded in trade and included the raw materials used in the extraction and the production of traded goods that were left behind as waste and emissions in exporting countries. In the panel's database, these were referred to as the raw material equivalents of trade, which could reveal the real contributions of trade to material use and could be considered as proxies to the ecological impacts of trade.

1.35. According to the report, trade in material resources – biomass, fossil fuels, metals and non-metallic minerals – had grown considerably, increasing more than fourfold between 1970 and 2017. The volume of trade had increased at a faster pace than the volume of extracted resources, signifying a growing dependency of the global economy on material resource trade. For every ton of material resource traded, over three times as many resources needed to be extracted in the exporting country. In 2017, "indirect" or embodied materials in trade amounted to 35 billion tons, compared with 11 billion tons for the direct volume of goods traded. At a global scale, one-third of the total of 92 billion tons of materials extracted in the global economy were destined to produce goods for trade. When looking at the physical trade balance, Europe and Asia and the Pacific were net importers of material resources, but when looking at the raw material trade balance, only Europe and North America were net importers. Asia and the Pacific were net exporters of raw materials, which were driven by export volumes of manufactured goods. The high-income countries had much larger positive trade balances when measured in embodied materials of trade than by direct trade. The opposite of this was true for low-income countries. Measuring embodied materials in trade revealed the high and ever-increasing dependence of affluent nations on the resource base and manufacturing capacity of the rest of the world. It signified the shift of resource intensive processes from high-income importing countries to low- and middle-income exporting countries, with a corresponding shift in the associating environmental burdens. Increased trade could accentuate this inequality if environmental impacts were not fully incorporated in trading decisions. With appropriate policies, trade could have positive impacts on the environment. For example, by allowing the extraction of resources and production commodities in locations where it was less burdensome on the environment, by facilitating access to green technologies and other environmental goods and services and by creating opportunities for innovation.

1.36. Addressing the environmental consequences of extraction and trade would require a global transition to a more sustainable and circular pattern of consumption and production. According to

⁷ Available at <https://www.unenvironment.org/es/node/28509> and at <https://www.resourcepanel.org/reports/sustainable-trade-resources>.

the IRP, the adoption of resource efficiency and sustainable consumption and production measures could reduce resource extraction globally by 25%, lower greenhouse gas emissions by 90% and increase economic activity by 8% by 2060. Transition to a circular economy was needed to reduce energy and resource energy demand and the accompanying environmental impact of extraction. While some countries were adopting circular economy policies at the national level, trade and trade flows played a critical role in the transition to a more circular economy due to the interdependencies between countries and global value chains. While a circular economy was desirable from an environmental perspective, it was important to consider the economic implications for low-income resource dependant countries. A circular economy transition could create many opportunities for developing countries in terms of environmental, economic and job creation benefits. At the same time, the transition for low-income resource exporting countries may also imply loss of export earnings which might in turn create a need and incentive to diversify the economy and, in some cases, implement appropriate compensation and adjustment measure for the most affected part of the population. Government strategies would be needed to capture a greater share of value and diversify into emerging sectors such as sustainable agriculture, recycling or renewables. This would require very targeted capacity building, assistance and maintaining sufficient policy space to use a wide range of policy instruments to green local industries.

1.37. The anticipated shifts in trade, resulting from a transition to more circularity, might include slower trade growth in primary raw materials, changing patterns of trade in waste and scrap for recycling, increased trade in secondary raw material, second-hand goods and goods for remanufacturing, increased trade in services (waste management, recycling, refurbishing, remanufacturing) and increased trade in products that met circular economy standards. Multilateral trade rules and regional trade agreements could be used proactively to leverage support for developing countries in reducing the environmental impacts associated with resource extraction and mitigating some of the negative spill-over effects resulting from a circular economy transition. Trade rules could also be used to alleviate barriers to trade and investment in environmental good and services. Trade agreements could also play a key role in reducing material resource extraction by prohibiting harmful fossil fuel subsidies and liberalizing trade in renewable energies. Agreements should also ensure that they did not undermine commitments under the MEAs, for example, under the Basel Convention. Finally, WTO Aid for Trade could be a mechanism support developing countries in building targeted capacity for moving towards a more circular economy.

1.38. The representative of the European Union welcomed UNEP's work on trade and the circular economy, drawing on the results of a number of reports by the IRP, in particular the "Global Resources Outlook 2019". As part of the European Green Deal, the Circular Economy Action Plan, adopted by the European Commission in March 2020, had indicated the need for decoupling economic growth from resource use. This called for accelerating the transition towards a regenerative growth model, advancing towards keeping resource consumption within planetary boundaries and reducing the consumption footprint. The European Union aimed to double its circular material use rate in the coming decade. The transition to a more circular economy at a global level would benefit from further development of common and global standards that promoted more circular business models, goods, technologies, and services.

1.39. The European Union further noted its efforts, in cooperation with UNEP and the United Nations Industrial Development Organization (UNIDO), in setting up the Global Alliance on Circular Economy and Resource Efficiency. The European Union intended to launch this initiative at UNEA-5 in February 2021. Bringing together governments and relevant networks and organizations, the Alliance would provide global impetus for initiatives related to the circular economy transition, resource efficiency and sustainable consumption and production, building on efforts being deployed internationally, including by the G7 Alliance on Resource Efficiency and the G20 Resource Efficiency Dialogue, offering an opportunity to deepen strategic partnerships in this area. The Alliance would: (i) advocate for the transition to a global circular economy to achieve sustainable consumption and production, thus contributing to the Paris Agreement goals, halting and reversing biodiversity loss, and curbing pollution and waste; (ii) undertake a mapping of domestic policies, fiscal and regulatory frameworks on the sustainable management of natural resources and the circular economy transition; (iii) identify barriers, knowledge and governance gaps that hinder circular and just transitions; (iv) identify research needs and possible global governance improvements ; (v) take forward and support sectoral, bilateral and/or regional partnerships; and (vi) work towards the establishment of a global resource efficiency forum for the sustainable management of natural resources through resource-efficient and circular approaches.

1.40. The representative of [Switzerland](#) welcomed UNEP's report which built on other reports from the last five years. The report's recommendations could help the transition to a greener and more circular economy. Her delegation supported a reinforced cooperation between UNEP and the WTO.

1.2.3.2 Presentation by the United Nations Economic Commission for Europe (UNECE)

1.41. The representative of the [United Nations Economic Commission for Europe \(UNECE\)](#) briefed⁸ the committee on its work on circular economy. UNECE had identified "Promoting circular economy and sustainable use of natural resources in the UNECE region" as the topic of the Sixty-Ninth Session of the Commission scheduled for April 2021. Thus, all UNECE divisions led activities contributing to the circular economy. The Environment Division, serving five Multilateral Environment Agreements (MEAs), supported key initiatives to further environmental promotion and monitoring processes. The Statistics Division worked on measuring the circular economy. The Transport Division had a normative tool, Regulation No. 133, targeting the reusability, recyclability, and recoverability of motor vehicles. The Sustainable Energy Division developed the United Nations Framework Classification for Resources (UNFC). UNFC looked at resources such as cobalt, copper, lithium, rare earth elements and provided reliable data on their availability. The Forest and Timber Division addressed the circular economy through the entire production chain of forest-derived goods and services. The Housing and Land Management and Population unit worked towards circular production and consumption cycles within city boundaries.

1.42. The Economic Cooperation and Trade Division (ECTD) had identified five entry points and looked at three priority sectors – agriculture, agri-food, and garments and footwear. The five entry points included waste management and reduction, traceability of value chains, the efficiency of trade and logistics chains, standardization and regulatory framework, and sustainable procurement. ECTD worked on advancing circularity through transparency and traceability of value chains to transform resource-intensive sectors. The project focused on the garment and footwear sectors and combined regulatory normative tools with innovative technologies such as blockchain. Her delegation thanked the European Commission and the International Trade Centre (ITC) for the implementation of this project. The project aimed to foster circularity by identifying hotspots, tracing the use of resources, and linking them to norms and standards. UNECE had been also rolling out a blockchain pilot project tracing the cotton supply chain to empower consumers to make informed choices.

1.43. UNECE worked on fostering circularity by reducing, reusing, and recycling waste. ECTD had developed three tools to support better management and reduction of waste. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Standard for the Transboundary Movement of Waste allowed the tracking and tracing of transboundary movements of waste and their disposal/exchange in compliance with the Basel Convention. The UNECE Guidelines on Promoting People-first Public-Private Partnerships Waste-to-Energy Projects for the Circular Economy, still under development, promoted PPPs in waste energy processes and looked at transforming waste to energy. UNECE, together with the Food and Agriculture Organization (FAO), had just launched FeedUP@UN, a blockchain tool which identified, quantified, and traced the food that disappeared from food supply chains before ever reaching the points of retail.

1.44. The representative of the [Kyrgyz Republic](#) acknowledged the importance of the circular economy and explained that the Ministry of the Economy was the main state body promoting sustainable development. Circular economy offered an avenue to sustainable growth, good health, and decent jobs while preserving the environment. Sustainable production and consumption were part of the SDGs. The implementation of the circular economy depended on the economic and ecological capacity of each country. Transition economies faced opportunities and challenges regarding the circular economy and technical assistance was vital. The UNECE supported the Kyrgyz Republic in projects related to innovation, trade facilitation, PPPs, and sustainable trade. His delegation underscored the importance of capacity building and welcomed cooperation between WTO and UNECE on the circular economy.

1.45. The representative of [Canada](#) said that fostering a circular economy offered new opportunities to advance common commitments to achieving the SDGs and the Paris Agreement's goals and targets. Canada was pleased to host the next World Circular Economy Forum (WCEF) with the Finnish Innovation Fund Sitra. WCEF-2021 would take place from 13 to 15 September 2021, and this was the first time that WCEF would be held in North America. WCEF-2021 would bring together business

⁸ See document [RD/CTE/174](#).

leaders, experts and policymakers to demonstrate how businesses could seize new opportunities and gain a competitive advantage through circular economy solutions, and to examine how the circular economy contributed to achieving the SDGs. WCEF-2020 had been held virtually on 29-30 September 2020 and had attracted 4,200 participants from around the world. The event focused on the role of the circular economy in rebuilding the economy post-COVID-19. The Netherlands would also host a WCEF-affiliated event in April 2021 in the lead up to WCEF-2021. The event would address the links between circular economy and climate, and would seek to position the circular economy higher on the agenda of the United Nations Framework Convention on Climate Change (UNFCCC) CoP26. WCEF-2021 would present an opportunity to explore the systemic-level changes required to move towards a global circular economy, including how trade rules and trade policy could facilitate this transition. Previous Forums had explored the topic of trade and circular economy with active participation from WTO experts.

1.46. The representative of Switzerland reiterated her delegation's support for a transition to a more circular economy and the work of UNECE. The TESSD could serve as an appropriate forum for work towards this goal and queried about UNECE's workstream on PPPs regarding "waste energy".

1.47. The representative of the European Union welcomed UNECE's work on circular economy and said that his delegation was ready to explore options for enhancing relevant UNECE normative instruments to fill gaps in governance and good practice related to the management of natural resources and to further promote the circular economy.

1.48. The representative of Chile reported on the work on circular economy undertaken by Chile. In April 2020, the Ministry of the Environment had launched a survey on this topic. The survey was based on responses by more than 3,700 participants. It had found that 75% of participants sorted plastics, 76% were ready to change their purchasing habits when buying phones, 90% would make purchasing decisions based on the circular economy, and 74% would make decisions considering what was available in the market. Moreover, 72% of the respondents had said that they knew what the circular economy was and 92% would choose environmentally preferable products and services. However, only 10% of the respondents would pay more for a product made with recycled or reusable components and more than 40% had affirmed that information on product reusability was difficult to access. The survey provided information on different options and challenges related to the implementation of the circular economy in Chile. This information had been presented to the Strategic Committee to draft a roadmap for the circular economy. The Strategic Committee was created in 2020 by the Ministry of the Environment and was composed of representatives of the public and private sectors, academia, and experts. The Strategic Committee would be working on the roadmap by focusing on raw materials, production, consumption and services, and waste management.

1.49. The representative of UNECE said that UNECE focused its work on 17 programme countries which were typically countries with economies in transition. These were in Central Asia, Southern Caucuses, Western Balkans, and Eastern Europe. On UNECE's work on PPPs concerning waste to energy, the presentation referred to UNECE Guidelines on Promoting People-first PPP Waste-to-Energy Projects for the Circular Economy. The guidelines were under preparation and would be discussed in early December 2021 by the Working Party on PPPs. UNECE recognized the importance of PPPs as a source of financing and investment to address sustainable development challenges. UNECE strived to make PPPs fit for purpose and to ensure that they provided value for people. UNECE's People-first approach to PPPs looked at five entry points: (i) access and equity; (ii) environmental sustainability; (iii) economic effectiveness; (iv) replicability and scalability; and (v) stakeholder consultation and inclusiveness.

1.2.3.3 Presentation by the World Customs Organization (WCO)

1.50. The representative of the World Customs Organization (WCO)⁹ said that the WCO was actively considering how customs could facilitate trade the transition towards a circular economy and reverse chain logistics. This included looking at identification issues and how the regulatory, trade facilitation and compliance frameworks needed to adapt. Measures promoting circular economy and dealing with returning end-of-life goods and border control programs for the movement of wastes should achieve the desired results without resulting in increased trade costs and longer clearance times. For countries to apply effective and appropriate measures at borders, clear identification of end-of-

⁹ See document [RD/CTE/173](#).

life products and waste and scrap commodity streams at the border was required. Through the Harmonized System Committee and its Sub-Committee, WCO members were working on creating Harmonized System codes, with legal definitions where necessary, to enable greater visibility of global trade and legal cross-border movements. The first changes, for e-wastes, were already finalized and approved for HS 2022, and work was expected to continue on other types of waste for HS 2027 upon receipt of future proposals from the Basel Convention and from HS Contracting Parties. The main challenges were the definitions of end-of-life, recyclable and other relevant categories for different materials and product types. Identification was also one of the main challenges related to the detection of illegal cross-border movements of certain types of waste. The difficulties of distinguishing waste, scrap and recyclable materials needed to be addressed to allow for effective controls at the border. To overcome this challenge, the role of international standards in establishing definitions was of the utmost importance, along with capacity building. The WCO's Asia-Pacific Plastic Waste Border Management Project was in progress under the auspices of the WCO Environmental Programme. The Project aimed to strengthen the capacity of customs administrations to mitigate and appropriately respond to environmental threats in the Asia/Pacific region, with a special focus on the implementation of the Basel Convention. In terms of trade facilitation, WCO instruments and tools already offered trade opportunities for voluntary compliance and harmonized, simplified and rapid release procedures for compliant companies, subject to advance information sharing to customs for risk analysis. Fostering the implementation of existing tools might set the preconditions for the effective implementation of future regulatory policies that might be targeted to green supply chains.

1.51. The recent sessions of the WCO Permanent Technical Committee had been concluded in October 2020 with WTO secretariat participation and had addressed the topic of sustainability and circular economy, including the mapping of the existing suite of WCO tools and instruments to the SDGs. Key regulatory questions had been identified, including supply chain traceability for environmental sustainability and smart border solutions, and support for environmentally responsible trade. These issues should be addressed in order to strengthen customs' role in fostering sustainability through trade facilitation efforts. The Permanent Technical Committee had discussed a study proposal on "Customs in transition towards a circular economy" and the WCO secretariat was currently working on a business case to evaluate the possibilities for proceeding on this, including evaluating the opportunities to coordinate with interested organizations.

1.3 Other

1.3.1 Presentation by Colombia on the integrated management of Colombian sustainable coffee growing

1.52. The representative of Colombia briefed delegations on the integrated management of Colombian sustainable coffee growing¹⁰. On behalf of Colombia, a representative of the National Coffee Research Centre, which was supported by the National Federation of Coffee Growers of Colombia (FNC), gave a presentation on this topic. For the last years, Colombia had produced 40 million bags of 60 kilograms of coffee of which it had exported 12.6 million bags. This represented around 9.9% of the world's exports. Colombia was unique among coffee-producing countries as its rainy conditions allowed the production of fresh coffee throughout the year. Colombia's coffee plantations were located on mountain slopes which exposed them to different temperatures and environmental conditions. The differences in temperature across the country enabled the production of a large variety of coffees with different flavours and characteristics.

1.53. Coffee production in Colombia was a family business – there were 540,000 families producing coffee in 660,000 farms. These were small producers in small areas. The coffee producers in Colombia were associated with the FNC since 1927. FNC enabled the fair and inclusive activity of coffee production and promoted peaceful development throughout the country. Coffee production generated two million rural jobs. The income from coffee exports was distributed throughout the Colombian countryside. Coffee plantations covered 0.86 million hectares out of the 7.6 million hectares used for agriculture in Colombia. Agronomical developments maximized the use of land.

1.54. Colombia was susceptible to coffee rust, a disease that caused a lot of losses across the country. The use of rust-resistant varieties avoided the use of fungicides which was good for the environment. Plantation renewal practices allowed food security intercrops. Every hectare of coffee

¹⁰ See document [RD/CTE/177](#).

removed 4.7 tonnes of CO₂ equivalent per year. The coffee plantations supported more than 180 flower visitor insect species, including 34 species of bees and many natural enemies. Trees provided shade to the coffee plantations, so these agroforestry systems mitigated climate change variability, regulated the temperature and humidity in those areas and provided micro-climate diversity across the country.

1.55. FNC viewed coffee farms as the integration of the components of a production system. The objective was to strengthen the building of resistant, resilient and profitable coffee production systems, while being supported by science and rural expansion. Colombia's integrative farming practices were based on two principles: productivity was fundamental for economic sustainability, and economic sustainability was critical for environmental and social sustainability. These practices included using appropriate plant varieties; proper density and age of plantations; correct fertilization; long-term soil preservation; sound biodiversity conservation; and fair and safe labour.

1.56. There were two approaches to the ecological processing of washed coffees. The first one consisted of using less water. There were technologies for the reduction of coffee contamination from 40 litres per kilogram of coffee processed to 0.5 litres of water used for every kilogram of coffee. The other approach consisted of cleaning and purifying that water before releasing it into the environment. There were technologies such as green filters, that reduced water contamination of the equivalent of the wastewater from two million people a year.

1.57. The representative of Colombia noted that their national policies had economic, social and environmental dimensions for sustainability. Colombian coffee was a clear example of a consumer product that was fulfilling the highest standards to reach markets worldwide, while also benefitting small producers and the environment.

1.3.2 Presentation by Paraguay on sustainable mechanized production systems

1.58. The representatives of Paraguay presented¹¹ on sustainable mechanized production systems in Paraguay. Two speakers intervened on this topic: an international expert and former Minister of Agriculture and Vice Minister of Livestock; and an engineer, Head of the Soil Management Department of the Ministry of Agriculture. Agriculture faced the challenge of producing food for a growing population with an increasing purchasing power, and which was urbanizing at an unprecedented rate. This required efficient and sustainable use of natural resources. According to the FAO, sustainable agriculture had to meet the needs of present and future generations and guarantee profitability, environmental health, and social and economic equity. Sustainability implied the balance of the economic, social, and environmental dimensions which depended on each country's needs and productive system. Thus, it was impossible to use a single model applicable worldwide.

1.59. Paraguay, with a population of approximately seven million inhabitants, produced food for 11 times its population. This production was carried out under market conditions without any price support programs or other trade-distorting subsidies. In the previous five years, agribusiness had represented 59% of the country's total exports. Paraguay was the fourth largest soybean exporter and the ninth largest exporter of beef in the world. The country also exported tapioca starch, corn, grapefruit juice, sesame, and wheat, among other products. The agricultural and forestry value chains represented 25% of the Gross Domestic Product (GDP) of Paraguay. Agriculture had allowed poverty reduction, inclusive economic growth and the country's positioning as a major food producer. The agriculture sector was a major source of employment.

1.60. Paraguay only emitted 0.02% of the greenhouse gases (GHGs) on the planet. This figure did not measure the carbon capture generated by production systems, such as direct seeding and grass-fed meat production. Paraguay was among the countries with the highest number of trees per inhabitant, reaching 1,000 trees per person, which was well above other regions of the world. Since the 1990s, Paraguay had moved from a conventional system to a direct seeding system (no-till farming) which had led to an increase of productivity by approximately 100%, as well as a six-fold increase in total production. This had been done through a system of soil rotation and biotechnology, without expanding the agricultural frontier or modifying land use which preserved the forests.

¹¹ See document [RD/CTE/176](#).

1.61. The direct seeding (no-till farming) was based on three pillars: (i) no soil removal; (ii) use of coverage (green manures); and (iii) the grain crop rotation system. This had brought benefits to producers, the economy and the environment as it controlled erosion; had optimized the use of resources, including less use of water and fertilizers; and had reduced the use of phytosanitary products. Phytosanitary products were used based on good agricultural practices and within a framework of integrated pest management. A study on the quality of water in the grain-producing areas of the southeast of the country had been carried out in the framework of technical cooperation between Paraguay and Germany to detect the presence of phytosanitary residues, before and after sowing. This study indicated that, of the 598 active ingredients analysed, no residues had been detected.

1.62. This production system had also led to a positive carbon balance. Direct seeding added highly diversified biomass, which increased the life of the soil; ensured surface aggregates and nutrient availability; reduced the rate of carbon oxidation; improved soil fertility; and increased the productive capacity. Paraguay's production change in agricultural activity, from conventional tillage to a conservation system, had modified the entire soil system of the country and had transformed it from a source of atmospheric carbon emission to an organic carbon sink.

1.63. The representative of Paraguay said her delegation hoped that the presentation would further the discussions in the CTE about sustainability and the important role that trade and agriculture could play in this area. Given the growing population, producers faced the challenge of producing more food while preserving natural resources. Sustainability was very important for farmers because natural resources allowed them to produce, work and ensure their families' well-being. Paraguay underscored the use of the "direct seeding" technique to restore the soil and reduce costs; crop rotation to protect resources and biodiversity; and also, the use of modern biotechnology. These were key tools for Paraguay's agriculture and part of its strategy on sustainability and environmental protection. Different climatic conditions in different parts of the world required different approaches to sustainability. Paraguay was committed to working together to find strategies that worked for everybody and to have a dialogue to understand the multifaceted nature of sustainability and its social and economic implications. Sustainability was important to ensure food security and to reduce poverty. Her delegation underscored that trade was crucial to achieving these objectives, especially for developing countries such as Paraguay.

1.3.3 Presentation by Sri Lanka on sustainable paper production

1.64. The representative of Sri Lanka presented¹² on sustainable paper production in Sri Lanka. The presentation was done by the Founder and Managing Director of Eco-Maximus whose objective was to use 100% waste as a raw material. Waste was freely available in the form of industrial waste (e.g. waste from printers and agro-waste), elephant dung and banana bark. The company had started producing a range of elephant dung paper. The company's factory was located next to the Millenium Elephant Foundation ensuring the elephant dung was ethically procured from well-cared elephants. Eco-Maximus was an equal opportunity employer with female staff representing over 70% of its workforce. It was a member of the World Fair Trade Organization.

1.65. The process of conversion of elephant dung into paper consisted of collecting, drying, and boiling the dung. It was then processed into sheets or balls of paper that could be converted into many products. All Eco-Maximus's products such as notebooks, paper holders, greeting cards, and calendars were handmade. The company also customized corporate gifts, wedding cards and many custom products for sectors, such as tourism, tea trade and spice trade. The company operated using retail outlets at tourist spots in Sri Lanka and exported its handmade products to Italy, Australia, the Netherlands, Singapore, Norway, the United States, Japan, the United Kingdom, Maldives, France, Canada, Belgium and Germany.

1.66. Eco-Maximus had received several awards globally (including the "Excellence in Social Responsibility" award by the American Apparel and Footwear Association in 2005 and the "Green Business Leader" award by Coop America in 2008) and locally (including the Sri Lankan Award for Entrepreneurship in 2008) which had been a testament to its commitment towards sustainability. COVID-19 had a devastating impact on the business as all Eco-Maximus' shops and outlets had been

¹² See document [RD/CTE/172](#).

closed and exports had dwindled to a fraction of the previous year. Despite the challenges, Eco-Maximus conducted tree-planting programmes, with over 15,000 trees planted over the years.

1.67. Eco-Maximus was in the process of setting up a new production line that would recycle and make paper out of Tetra Pak cartons. This was an addition to the existing elephant dung paper range. Tetra Pak, the Swedish-based multinational, had selected Eco-Maximus to partner and pilot the first-ever recover, recycle and reuse of Tetra Pak cartons, preventing them from going to landfill. A three-tonne-per-day carbon-recycling plant was ready to be commissioned by December 2020. This would create new market opportunities and further reduce the ecological footprint in Sri Lanka. Eco-Maximus hoped to prevent almost 1,000 tonnes of Tetra Pak cartons from going to landfills in Sri Lanka annually. Eco-Maximus planned to help make Sri Lanka a country at the forefront of sustainability. The company hoped to establish in the future a 350 ton per day kraft paper manufacturing facility that would substantially substitute imports of Sri Lanka's paper needs while, at the same time, strengthening a circular economy.

1.68. The Ambassador of [Sri Lanka](#) said this example depicted how her country had been balancing between sustainability and trade. This raw material – elephant waste – had been converted into a meaningful product. There had been a lot of challenges, including due to COVID-19, for such a small-scale company. Sri Lanka was exploring many avenues to promote this product and hoped to raise awareness about it worldwide.

1.69. The Ambassador of the [Philippines](#) noted how the exchange of creative experiences and best practices was useful to the work of the CTE.

1.3.4 Briefing by the European Union on trade relevant aspects of the European Green Deal

1.70. The representative of the [European Union](#) briefed delegations¹³ on the trade aspects of the European Green Deal whose political goal was for Europe to become the first climate-neutral continent. This required investment in innovation and research, redesign of the economy and update of the industrial policy. The preservation of Europe's natural environment was another priority. Climate change, biodiversity, food security, deforestation and land degradation went together. Preserving and restoring the ecosystem would guide all EU's work. Setting new standards for biodiversity cutting across trade, industry, agriculture and economic policy was required.

1.71. To transform the EU's economy for a sustainable future and leave no one behind, the following was required: a zero-pollution ambition for a toxic-free environment; preserving and restoring ecosystems and biodiversity; the "Farm to Fork" strategy, i.e. a fair, healthy and environmentally friendly food system; the acceleration of the shift to sustainable and smart mobility; building and renovating in an energy and resource-efficient way; mobilizing industry for a clean and circular economy; supplying clean, affordable and secure energy; and increasing the European Union's climate ambition for 2030 and 2050. All this had to be done in line with the principle of a just transition and mobilizing the necessary resources to finance the transition.

1.72. The European "Climate Law" would enshrine the objective of climate neutrality by 2050. The plan was to increase the EU's climate target for 2030 to reducing GHGs to at least 50%, and towards 55% compared to levels in 1990. This would require reviewing and revising all relevant legislative measures to deliver on this ambition (e.g. energy and mobility emissions standards). A carbon border adjustment mechanism (CBAM) for selected sectors would be put in place to avoid carbon leakage. A revision of the Energy Taxation Directive was also envisaged to align it with the Green Deal's objectives.

1.73. The European Union also highlighted its Farm to Fork strategy (which aimed to significantly reduce the use of chemical pesticides, fertilizers and antibiotics) and its Biodiversity Strategy 2030 (which would seek to reduce species and habitats loss, including through trade-related deforestation measures). The European Union further briefed delegations on other trade-related elements of its plan, including: the promotion of sustainability in material and product use through its Circular Economy Action Plan (including plastics), Industrial Strategy and specific legislation on batteries; reduction of non-GHG emissions through the Zero Pollution Action Plan; an initiative on Chemicals

¹³ See document [RD/CTE/171](#).

for Sustainability; the revision of state aid guidelines on climate, energy, environment and the Non-financial Reporting Directive; and the Just transition and the Sustainable Investment Plan covering *inter alia* the use of EU funds. The European Union highlighted the "do no harm" and "better regulation" principles that would inform its actions: all Green Deal initiatives should achieve their objectives in the most effective and least burdensome way and all other EU initiatives should live up to a green oath to "do no harm".

1.74. On the timeline, the Green Deal had been presented in December 2019. In the first half of 2020, the European Union had prepared the EU Green Deal Investment Plan, the Just transition mechanism, a Circular Economy Action Plan, the European Industrial Strategy, the European climate law, the EU Biodiversity Strategy 2030 and the Farm to Fork strategy. In summer-autumn 2020, the European Union had developed: the EU strategies for energy system integration and hydrogen; the 2030 Climate Target Plan; the Renovation wave; the Methane Strategy; and the Chemicals strategy for sustainability. By the end of 2020, the European Union had made legislative proposals on batteries; climate and biodiversity strategies; a review on financial reporting directives; the 8th Environmental Action Programme (EAP) proposal; and new forest strategies and deforestation measures. As for 2021, the European Union planned to work on measures to avoid biodiversity loss, a revision of 2030 target related legislation, an energy taxation directive proposal, a proposal for CBAM, a revision of State Aid Guidelines and a zero-pollution action.

1.75. The European Green Deal was central to the design of all internal and external policies of the European Union, including trade policy. The environmental challenges were complex and interlinked. The European Union was open to work, engage and share its experience with others to enhance global ambition. The European Union would further step up its climate diplomacy efforts. The next climate and biodiversity CoPs would be very important.

1.76. Specifically, on the CBAM, the European Union noted that it was committed to EU climate neutrality by mid-century, and that there was a risk of "carbon leakage" if the ambition was not shared globally. The European Union was thus working towards introducing a CBAM for selected sectors, which would be WTO-compatible through a fully transparent process. Public consultations with citizens and domestic and international stakeholders and an impact assessment were currently underway, covering, *inter alia*, environmental, social and financial impacts, economic efficiency, and legal feasibility in terms of WTO rules and other EU trade agreements, as well as its complementarity with the EU Emissions Trading Scheme (ETS). The European Union was engaging with trading partners at the bilateral and multilateral level and it planned to host a CBAM conference towards the end of February or early March 2021.

1.77. The European Union aimed to end fossil fuel subsidies while taking into account social considerations (just transition) through internal measures, launching international initiatives, and engaging with trading partners. The possible targets included the phasing out of financing by multilateral institutions and new coal plant construction, strengthening sustainable financing and reducing methane emissions. More broadly on both climate and environment, the European Union would work towards supporting open and attractive EU and global markets for sustainable products, promote domestic and imported products that did not involve deforestation and forest degradation, and ensure that European consumers' were better informed and empowered to make sustainable choices.

1.78. The biodiversity crisis had to come to the forefront of the global political agenda – similar as for climate change ahead of the Paris Agreement back in 2015. The post-2020 global biodiversity framework would be crucial for addressing the global ecological crisis, safeguarding sustainable development and poverty eradication. The COVID-19 pandemic had raised awareness about the interdependence of biodiversity loss and human health. The risk of emergence and spread of infectious diseases increased as nature was destroyed. Protecting and restoring biodiversity was therefore key to boost resilience and prevent future outbreaks. The EU Biodiversity Strategy was a key part of the European Green Deal and a central element of the EU's post-COVID recovery plan. Trade policy had to actively support and be part of the ecological transition. The European Union would ensure full implementation and enforcement of the biodiversity provisions in all trade agreements. The European Union would also better assess the impact of trade agreements on biodiversity, with follow-up action to strengthen the biodiversity provisions of existing and new agreements if relevant. The European Union called for an ambitious post-2020 global biodiversity framework that would put nature on a path to recovery by 2030 to ensure healthy ecosystems and stop avoidable human-induced extinction of species by 2050. The European Union looked forward to

working with partner countries to reach a meaningful deal in Kunming in 2021, in line with the level of ambition of the recent UN Biodiversity Summit and Leaders Pledge for Nature.

1.79. Finally, the European Union stressed that trade policy could make an important contribution to the transition to a carbon-neutral economy. This included investment in clean technologies, green goods and services, climate-friendly public procurement and sustainable standards across a range of areas.

1.80. The representative of Colombia welcomed the opportune presentation given the important trade implications the European Green Deal could have for developing countries. Colombia shared the view expressed by FAO that sustainable agriculture should meet the needs of present and future generations, while ensuring profitability, environmental health, and social and economic equity. His delegation had presented several questions to the European Union in different WTO Committees, including on its deforestation policy. He noted that some of the European Green Deal measures could create costs often borne by the smallest producers, excluding them from international markets in favour of middle and large size producers. His delegation was interested to know how the European Union was planning to guarantee that costs were not all borne by the producers. The objective of the European Union to ensure that producers throughout the value chain could profit from higher premiums linked to sustainable agriculture practices was welcomed. However, recent concerns expressed by Latin American banana exporters regarding new maximum residue level requirements, stricter private standards and reduced prices were affecting their ability to supply the European market. His delegation hoped the European Union's constructive and open engagement in the CTE would also happen in other WTO Committees.

1.81. The representative of Paraguay said that, while it shared the European Union's objectives, her delegation was of the view that the European Union had been reticent to recognize other methods to achieve them based on specific geographic and climatic conditions as well as different good agricultural practices. Paraguay stressed the need to consider the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC). Her delegation had presented specific questions to the European Union regarding the Green Deal within the framework of the Trade Policy Review (TPR), in the committees on Agriculture, Market access, Sanitary and Phytosanitary Measures and the Council for Trade in Goods. These were questions about schedules, evaluation methodologies, and consideration of comments as well as compliance with WTO rules. These questions were usually answered only partially or evasively. There was a concern about the possible instrumentalization of environmental protection – a legitimate and shared objective – for the justification of unfounded, non-science-based obstacles to trade to protect the competitiveness of a highly subsidized agriculture.

1.82. Paraguay noted that the FAO-OECD report on the outlook for agriculture 2020-2029, recommended governments reduce subsidies that distorted the market as they were the most environmentally harmful. The European Union provided a high level of trade-distorting subsidies to sustain and support its agriculture. Paraguay was of the view that the European Union could consider ceasing or reducing the almost 7 billion euros it provided as aggregate measurement of support as a genuine way to redress environmental degradation. One of the objectives of the European Union was to finance a transition that left no one behind; however, producers in developing countries would be affected by these policies as the European Union was an important trading partner for most of them. The European Green Deal provided exceptions only for European producers which would further create imbalances on the market. Her delegation reiterated its call for the European Union to establish a broad, two-way dialogue to address green policies, including the establishment of the CBAM, Farm to Fork and Biodiversity strategies, and the levels of subsidy for the next EU Common Agricultural Policy (CAP).

1.83. The representative of Norway said her delegation intended to contribute to the implementation of the European Green Deal to secure a modern, resource-efficient, and competitive European economy in line with its sustainability goals. Norway welcomed the idea of using the Green Deal to rebuild the economy following the COVID-19 pandemic. The objective of carbon neutrality by 2050 coupled with a strong policy framework was an essential precondition for green growth and job creation. This required ensuring compliance with WTO rules.

1.84. The representative of Canada said his delegation and the European Union had a long-standing history of fruitful cooperation on the environment and climate change. Like the European Union, Canada was committed to ambitious action and global leadership on climate change. Canada was

watching with great interest the EU's work on the European Green Deal and intended to be an active participant in international discussions on these issues. It was required to ensure that the transition to a low-carbon economy model was done in a way allowing workers and businesses to continue to thrive. Canada expected that the European Green Deal would be implemented in a manner consistent with the EU's international trade obligations and with the European Union – Canada Comprehensive Economic and Trade Agreement (CETA). His delegation encouraged the European Union to continue to be transparent in its work and to use appropriate WTO committee meetings to keep the broader WTO membership apprised of developments.

1.85. The representative of the Kingdom of Saudi Arabia said this issue had been discussed under the agenda of the Committee of Market Access for Goods and disagreed with discussing the subject in the CTE.

1.86. The representative of India requested the European Union to share specific information on the CBAM. In his delegation's view, a thorough analysis was required to determine whether the EU Green Deal, and specifically the CBAM, were WTO compliant.

1.87. The representative of the Russian Federation noted the European Green Deal strategy contained the proposal to introduce, *inter alia*, a CBAM for selected sectors to reduce the risk for carbon leakage. This proposal of a protectionist nature dealt with market access issues and should be discussed in the specialized working bodies of the WTO, in particular the Committee on Market Access and the Council for Trade in Goods. The mechanism should be consistent with international law and the European Union's commitments under the climate and trade agreements including the UNFCCC, the Paris Agreement on Climate Change and the WTO Agreements. The climate agenda should not be used as a pretext for introducing import restrictions in the European Union. Relevant provisions were both Article XX of the GATT 1994 and Article 3.4 of the UNFCCC. Article 2.2 of the Paris Agreement provided that the Parties to the agreement should act in a manner that reflected equity and the principle of CBDR-RC. The European Union's intention to impose its internal policies on other countries violated *inter alia* the above-mentioned principle. The Green Deal required additional studies and consideration. His delegation reserved the right for further statements and comments under this agenda item.

1.88. The representative of the United States said her delegation would follow the evolution of the Green Deal particularly on the issues that might affect its bilateral trading relationship with the European Union. Her delegation would welcome outreach and insights from the European Union as it moved to implement the Green Deal. The United States urged the European Union to ensure that the regulations under the Green Deal did not create unnecessary barriers to trade and were compliant with WTO obligations.

1.89. The representative of Turkey noted that the EU Green Deal included the long-term objective of climate neutrality and the European Union's climate ambition to decrease GHG emissions. The international community played a vital role in combatting climate change and all Members should take the necessary steps to address it. Turkey welcomed the efforts of the European Union to combat climate change. However, as countries had different social and economic conditions and capabilities, the UNFCCC adopted the principle of CBDR-RC to combat climate change justly and effectively. Her delegation wished that the European Union would take into account this principle and the fact that Members of the international community could not have the same level of ambition because of different levels of capabilities and industrialization.

1.90. International trade was one of the major driving forces for sustainable development and economic diversification efforts. Therefore, any restrictive measure on trade could affect the development goals of developing countries. International trade was essential for Turkey's development goals and the European Union's share in Turkey's total exports accounted for nearly 50%. The European Commission should give all interested parties enough time to make necessary adjustments and provide details on the methodology on how the carbon contents of imported goods would be measured, calculated and verified. All countries would need time and information to analyse and adjust to the European Union's proposal. Her delegation believed that the European Union's future CBAM should be fully aligned with GATT rules and principles and they should not be applied arbitrarily or constitute unjustifiable discrimination or disguised restrictions on international trade.

1.91. The international climate change regime had acknowledged that mitigation measures could affect the social-economic development of countries. The UNFCCC affirmed that responses to climate change should be coordinated with social and economic development in an integrated manner with the view to avoiding adverse impact of response measures.

1.92. The representative of the European Union responded on the question from Colombia related to embedding the concept of sustainability in the way food was produced and consumed, that this would bring benefits for all actors in the food chain and in particular for farmers. These included higher returns, a stronger role in the food supply chain, lower costs, new business opportunities and stronger connections with consumer tastes and trade partners. Concerning farmers in third countries, more sustainably produced food would enable their products to be marketed in Europe and obtain premium prices on the European market and worldwide. This would also increase the long-term viability of agriculture in those countries and thus food security.

1.93. On deforestation measures, the Commission had not yet formulated measures and a public consultation was ongoing and open until 10 December 2020. The questionnaire included a question on potential costs of different options, including voluntary measures, and had an open-ended question in which respondents could include any additional relevant information or points that were not in the questionnaire. The initiative was planned to be adopted in the second quarter of 2021.

1.94. On the specific issue of the Renewable Energy Directive (RED II), the issue of amendments to the EU Renewable Energy Directive was subject to WTO dispute settlement proceedings, notably under DS593 (EU – Certain measures concerning palm oil and oil palm-based biofuels). To preserve the integrity of such proceedings the European Union would defer all discussions to that forum and accordingly refrain from discussing this matter in the CTE.

1.95. On subsidies in agriculture, her delegation was ready to continue discussions in the Committee on Agriculture. The European Union disagreed that they led to environmental degradation. In the context of climate change, resilience and sustainability were key concerns that had to be addressed by governmental policies. Environmental aspects had been at the core of the EU CAP and would be further enhanced in the future CAP. The EU Farm to Fork and Biodiversity strategies proposed ambitious EU actions and commitments to halt biodiversity loss and to transform the food systems, in line with the European Green Deal objectives. These aimed to contribute to reaching the SDGs and work with international partners to strive towards a higher level of sustainability in the food system globally. Creating sustainable food systems in Europe should go hand in hand with support to increasing sustainability in third countries. The European Union remained the largest development aid donor in the world and continued its work on agriculture and rural development policy cooperation in international fora where the CAP was often held up as a role model for embedding sustainable agricultural practices in mainstream policy, while also maintaining livelihoods in rural areas.

1.96. On the CBAM and interventions by Norway, Canada, India, the Russian Federation, the United States, and Turkey, the European Union noted this instrument was one of the many measures the Commission would adopt to reach the goal of climate neutrality. In the European Green Deal Communication of December 2019, the European Commission had announced that it would propose by mid-2021 a CBAM, for selected sectors, to reduce the risk of carbon leakage. This measure would be designed to comply with WTO rules and other international obligations of the European Union. The Commission was carrying out a detailed impact assessment that would notably look at environmental, social and financial impacts, economic efficiency and legal feasibility, in particular concerning WTO rules and trade agreements, as well as in terms of complementarity with the EU ETS. As part of the impact assessment, the Commission had actively consulted citizens and domestic and international stakeholders and had encouraged them to give their views on the best option to enforce ambitious policies against climate change in an open economy while addressing the risk of carbon leakage.

1.97. Her delegation welcomed the request to work together as well as the request for transparency expressed in a number of interventions. The Commission was committed to transparency and the inputs for the consultation had been published on the Commission's central consultation page. The Commission would engage in multilateral and bilateral forums and restated that a conference on CBAM was planned for end of February or the beginning of March 2021.

1.3.5 Update by New Zealand on the Agreement on Climate Change, Trade and Sustainability (ACCTS)

1.98. The representative of New Zealand recalled that, in the margins of UN General Assembly Leaders' Week 2019, New Zealand, Costa Rica, Fiji, Norway and Iceland had announced the launch of the first-of-its-kind "Agreement on Climate Change, Trade and Sustainability" (ACCTS). Switzerland had joined the initiative not long after. ACCTS included a host of known trade policy actions that could contribute meaningfully to combatting climate change and other environmental challenges. The ACCTS aimed 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 multilateral outcomes. Since the ACCTS launch announcement, the COVID-19 pandemic had drastically shifted the global context. In responding to this crisis, governments and businesses around the world were taking and considering actions with potentially wide-reaching trade and climate implications. Against this backdrop, the aims of the ACCTS initiative remained as pertinent and significant as ever.

1.99. The ACCTS covered four key areas: (i) the removal of tariffs on environmental goods; (ii) the establishment of new and binding commitments for environmental services; (iii) the establishment of disciplines to eliminate harmful fossil fuel subsidies; and (iv) the development of guidelines to inform the development and implementation of voluntary eco-labelling programmes and mechanisms. Following a pause between March – May 2020 due to COVID-19, negotiations had recommenced using videoconferencing. The first two rounds of discussions had been focused on establishing the overarching objectives and scope of each of the four pillars.

1.100. The third round of negotiations was currently in progress with meetings taking place throughout November and December. While the virtual format had impacted the pace and approach, the parties remained committed to concluding an ambitious agreement as swiftly as possible. This treaty-level and WTO-consistent instrument would be open to other countries to accede to, provided they were able to meet its obligations. New Zealand and co-participants remained committed to keeping the CTE informed of progress and were willing to engage further with interested Members.

1.101. The representative of the European Union welcomed more information on the initiative, noting its possible trade and climate initiative announced by EU Commission Executive Vice-President Dombrovskis. The objective would be to bring various building blocks (with variable geometry of delegations' participation) under a green umbrella such as the liberalization of environmental goods and services, greening aid for trade and transparency of domestic measures, which for the European Union would include its CBAM. The European Union did not want to develop its initiative in isolation but rather work with interested WTO Members on bringing various elements forward, including ideas for topics for other building blocks. This type of initiative could result in a tangible contribution by trade to global efforts to mitigate climate change. Her delegation was keen to work with New Zealand and other WTO Members in bringing the environmental agenda forward.

1.102. The representative of Indonesia agreed that the WTO had to remain relevant by addressing current issues of concerns, including trade and environmental sustainability and supported efforts to internalize environmental considerations into measures in the global trade system. However, her delegation noted that measures should respect the principles of common but differentiated responsibilities and respective capabilities and these must become an integral part of the discussions on trade and environment. Mutual supportiveness and special and differentiated treatment should also be the basis of the work under these specific issues at the WTO. Issues under ACCTS should be discussed under the relevant framework of the UNFCCC, while the WTO should focus on trade agreements and on its primary agenda that remained unresolved.

1.103. The representative of the Kingdom of Saudi Arabia restated its objection to discussing climate change issues under any forum other than the UNFCCC.

1.3.6 Presentation by Canada on the launch of the Structured Discussions on Trade and Environmental Sustainability

1.104. The representative of Canada, on behalf of the Members of Friends Advancing Sustainable Trade (FAST), briefed delegations on the side event launching the Trade and Environmental Sustainability Structured Discussions (TESSD). At the event on 17 November 2020, and with the

support of 23 co-sponsors, representing 50 WTO Members, the TESSD had been launched.¹⁴ In opening the event, Costa Rican Ambassador Gloria Abraham Peralta had noted the importance of this achievement for the WTO. Panellists at the high-level event, representing the International Chamber of Commerce (ICC), WTO, ITC, UNEP, IISD as well as Ambassador Blackman, Chairperson of the CTE welcomed the launch of the TESSD and the opportunity that it presented for the WTO.

1.105. The event had provided insightful takeaway messages, including that the TESSD should: work to complement and enhance discussions within existing WTO bodies, including most importantly, the CTE; offer an opportunity for the WTO to demonstrate its credibility and relevance in the 21st century; address the global cross-border environment challenges (including climate change, biodiversity loss, pollution); be open for a multi-stakeholder approach to achieve coherence and consistency; and develop concrete ideas and proposals for action. These messages reflected the importance that the broader WTO stakeholder community attached to action on trade and environmental sustainability issues as well as the imperative to act. The TESSD could help shape a positive, inclusive, sustainable 21st century agenda for the WTO.

1.106. The event also had indicated the key interest from stakeholders on the initiative, with one panellist noting the launch of the TESSD demonstrated that WTO Members were finally listening to what stakeholders wanted. The TESSD would be multi-stakeholder from the outset, with almost 400 individuals (representing governments, non-governmental organizations, international organizations, academia and the business community) who had registered to attend the event. The first meeting of the TESSD would be in early 2021. Co-sponsors would operate with maximum transparency and inclusiveness and would keep this committee apprised of developments and progress. FAST looked forward to welcoming additional Members to the TESSD.

1.107. The Ambassador of the Philippines congratulated the co-sponsors for the launch of the TESSD. It was necessary to capitalize on the work of the WTO on trade and sustainability, specially the one carried out by the CTE. He welcomed the recognition that the TESSD would not result in duplication of work. It would be key to ensure effective coordination and collaboration, not only with other international organizations but also with the private sector and civil society. The Philippines remained interested in gathering more details on the framework of this initiative and how it interfaced with past market access negotiations at the WTO, environmental goods and services as well as the result envisaged for this initiative. His delegation stood ready to actively support and engage in the TESSD.

1.108. The representative of Japan reported to the committee that her delegation had recently joined this co-sponsorship. This was an initiative aiming to facilitate open and transparent discussion on WTO's role on trade and sustainability. Japan wanted to actively contribute to future discussions.

1.109. The representative of the United States expressed its interest in the TESSD. The United States looked forward to informally engaging in this process and reiterated its understanding that the initiative would be open to all WTO Members.

1.110. The representative of Colombia expressed its interest in participating in the TESSD. His delegation shared the same objectives.

1.111. The representative of Turkey noted development issues should constitute an important part of the discussions, as national circumstances, capacity building and technical assistance should be considered. Her delegation expressed interest in this initiative and its willingness to take part in the TESSD.

1.112. The representative of Ecuador thanked the proponents for moving forward the debate on trade and environmental sustainability. Ecuador was interested in this proposal which addressed the link between trade and environmental sustainability, particularly with regards to international trade and conservation. The world faced major challenges including climate change, oceans, biodiversity losses and food security. Countries needed to come together to promote the debate on trade and environmental sustainability within the WTO. Environmental changes and climate change, if left

¹⁴ See document [WT/CTE/W/249](#).

unconsidered, could harm economic development and economic sustainability. Collective action to address these challenges was required.

1.113. A low-carbon environment was important for the world. Ecuador was the first country in the region to develop and launch the guidelines adopted by the UNFCCC. Ecuador's national contribution for 2020-2025 was laid out and Ecuador had reaffirmed its commitment to saving the oceans and ensuring sustainable use of resources by putting in place measures addressing unregulated fishing and plastic waste. The international community needed to step up efforts to ensure economic, social and environmental resilience and sustainable development. For Ecuador and many other countries, concluding the WTO negotiations on fisheries subsidies was essential.

1.114. Discussions on trade and environment had moved forward at a different speed. It was needed to recognize the importance of various debates, based on transparency and inclusion. The dialogue had to include various stakeholders from the private and public sector, the financial sector, academia, civil society. It was required to boost continuity in production, access to technology, productivity and efficiency of value chains. Ecuador underscored that modern and sustainable trade should consider the needs of developing and least developed countries. His delegation would examine in detail the proposal and looked forward to working with the proponents.

1.115. The representative of Mauritius expressed his delegation's interest in the discussion. As a small island country, Mauritius was vulnerable to the adverse impacts of climate change. The challenges for Mauritius were huge and included declining production, coastal erosion, and the consequent economic and social-economic impacts. Environmental sustainability was high on its agenda. Mauritius had recently revamped its national environment plan. Last year, Mauritius had allocated 57 million USD in this regard. Mauritius was implementing international agreements including the UNFCCC, the Paris Agreement, and the Kyoto Protocol, through relevant sector strategies and action plans. It had also recently introduced a climate change bill to address the adverse effects of climate change and develop Mauritius into a green economy. Trade could promote economic efficiency and environmental conservation if trade and environmental and sustainable development policies were aligned. Mauritius welcomed the TESSD and called for it to include sharing of experiences and best practices and identifying areas of common interest for future work while considering technical assistance and capacity building needs of developing Members.

1.116. The representative of Paraguay said that her delegation was interested in the TESSD that sought to address various issues related to trade and sustainability.

1.117. The representative of Chile said his delegation intended to join the TESSD. Trade policies, WTO, and the TESSD could contribute to tackling today's environmental challenges. His delegation looked forward to working with other co-sponsor and other interested Members.

1.118. The representative of the United Kingdom said his delegation was pleased to join the FAST group to progress the enforcing agenda of trade and the environment forward. More than ever, international cooperation was vital to combat climate change and environmental threats such as plastics pollution. This group represented a positive opportunity to improve dialogue and progress work with international partners on trade and environment. It was important that this platform was inclusive and considered the needs of developing countries. As CoP26 President in partnership with Italy, the United Kingdom was committed to a leading role in spreading global green growth as the world recovered from the COVID-19 pandemic.

1.119. The representative of China commended all proponents for launching the communication on TESSD and for the side event. China recognized the importance of conversation and collective action in addressing environmental challenges and risks. Her delegation wished to explore how trade and trade policies could seek to preserve the environment while considering Members' respective needs and concerns. China's capital officials were reviewing the communication. His delegation encouraged discussion under this initiative to remain open and inclusive and looked forward to continuing the dialogue.

1.3.7 Costa Rica's report on the side event "Sustainable Living and International Trade"

1.120. The representative of Costa Rica briefed delegations on the event "Sustainable Living and International Trade: Achieving mutual supportiveness – Costa Rica's portrayal of sustainable

economic recovery post-COVID-19" that took place on 17 November 2020.¹⁵ The event was moderated by Victor Umaña, agricultural economist and researcher at INCAE Business School. In their introductory remarks, both the Ambassador of Costa Rica to the WTO, Gloria Abrahams and Minister (a.i.) of Foreign Trade, Duayner Salas, discussed Costa Rica's decision to promote its economic development through integration into international trade and respect for the environment. Economic and green growth were not only desirable and possible but also mutually supportive. The event had first focused on three specific projects that exemplified Costa Rica's vision in these areas.

1.121. Firstly, the green growth platform, developed by Costa Rica's Foreign Trade Promoter (Procomer), had been awarded the best trade and sustainability initiative in 2020 by the ITC. According to Procomer's General Manager, Pedro Beirute, Costa Rica's export promotion strategy was based on positioning itself to the world as a country of well-being that did business with purpose. The green growth platform was part of this overall strategy and sought to insert seed capital into small and medium-sized enterprises (SMEs) interested in converting to a greener business model. This boosted their competitiveness and allowed them to access international markets through a more diversified offering of export products. About USD 4.5 million had been distributed in projects that had benefited 260 SMEs over 4 years. The program had resulted in significant reductions in both costs and the ecological footprint of enterprises and had led to a significant increase in their exports.

1.122. The second project – "Descubre" (Discover), introduced by Henry Benavides, Agricultural Coordinator of the Ministry of Foreign Trade, aimed to discover new potential export products to diversify the country's agricultural exports. Through its free trade agreements, Costa Rica had already achieved significant export diversification and positioned itself as an important exporter of some agricultural products, such as bananas, pineapple and coffee. However, many of the companies producing goods and services with the highest value added were in urban areas, instead of rural ones with lower relative development. To counter this reality, "Descubre" sought to revive agriculture and fisheries in rural areas and improve their economic and social indicators. The program had identified around 150 high-potential products and had started developing 14 products, including papaya, hemp and orange sweet potato. Similarly, the program had identified production improvement techniques, as well as new irrigation systems and equipment, to help beneficiaries join international markets more competitively.

1.123. Finally, Xinia Chaves, Executive Director of the Costa Rican Coffee Institute, had presented two programs promoted by her institution concerning coffee production in Costa Rica: (i) Nationally Appropriate Mitigation Actions (NAMA) Café; and (ii) the coffee traceability and sustainability project. The NAMA Café was based on a commitment to produce and process low-carbon coffee and had enabled better differentiation in international markets through measures with verifiable impact. To date, the program had prevented the emission of more than 1,800 tons of carbon, had included 66 companies and certified 7,000 coffee farmers as producers of NAMA Café. The program was complemented by Costa Rica's coffee traceability and sustainability project, which connected coffee producers with consumers, providing consumers with information on producers' carbon mitigation efforts through a web and mobile application known as CR Café.

1.124. The event had focused next on Costa Rica's experience with the bioeconomy. Sacha Trelles, Technical Coordinator of the Inter-American Institute for Cooperation on Agriculture (IICA), had stressed that the bioeconomy sought to increase agricultural productivity through sustainable production of goods and services and could become an important tool for addressing current challenges in Costa Rica and in Latin America, such as population growth and climate change. Gabriela Couto, consultant and former Director of the Biomedical Cluster in Costa Rica had noted the experience of Costa Rica with the development of life-sciences technologies and the importance of financing and public-private partnerships as tools towards the transition to the bioeconomy. Lastly, Manuel Otero, Director-General of IICA, had presented the event's final remarks, highlighting the role of agriculture for post-COVID economic recovery and emphasizing the importance IICA attached to the bioeconomy as a great bridge between productivity and sustainability.

1.125. The representative of the European Union said there were lessons to be learned from this unprecedented crisis. The pandemic had shown that companies who put sustainability at the core of their long-term strategies were much better placed to face the disruptions caused. Sustainable value chains and due diligence would need to be an important part of the recovery to build a resilient economy that mitigated adverse impacts on the environment, workers and companies in the future.

¹⁵ https://www.youtube.com/watch?v=SGhIv_jgSWE&feature=youtu.be.

Open trade could be the means for rebuilding more sustainable and resilient supply chains and networks going forward.

2 OTHER ITEMS OF THE CTE WORK PROGRAMME

2.1 Multilateral environmental agreements and the WTO (Item 1 of the CTE Work Programme)

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

2.1.1 The Convention on Biological Diversity (CBD)

2.1. The representative of the Convention on Biological Diversity (CBD) briefed delegations¹⁶ on recent developments under the Convention and the preparatory process for the upcoming CoP15, which would take place in 2021 in Kunming, China. The Strategic Plan for Biodiversity 2011-2020 (Aichi Biodiversity Targets – ABT) was about to expire and CoP14 had decided on the process for the development of the post-2020 Global Biodiversity Framework (GBF). While the CBD had observer status in the CTE in regular session, CoP14 had requested continued liaising with the WTO and following up on pending requests for observer status in other WTO bodies.

2.2. He recalled that the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (Nagoya Protocol on ABS) counted now with 128 Parties. Close to 2,000 internationally recognized certificates of compliance for access to genetic resources had already been published in the Access and Benefit-sharing Clearing-House (ABS Clearing-House). The Cartagena Protocol on Biosafety had 173 Parties, while the more recent Nagoya-Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol, which had entered in force in 2018, counted 48 Parties.

2.3. CoP14 had established a dedicated Open-ended Working Group (OEWG) to develop the post-2020 global biodiversity framework under the leadership of two co-chairs (from Uganda and Canada) and overseen by the CoP bureau (decision 14/34). Co-chairs would seek to ensure coherence and complementarity with other international processes, in particular the 2030 agenda for sustainable development. CoP14 had also established overarching guiding principles for the process and set out an additional roadmap aiming at consultations through online forums, global, regional, and thematic workshops.

2.4. An updated zero draft had been prepared by the two co-chairs based on the outcomes of the regional and thematic consultations and discussions during the first and second meeting of the Working Group. The revised zero draft would be further considered and then negotiated at the third meeting of the Working Group. The zero draft already served as a basis for discussions on specific aspects of the post-2020 framework – such as the draft monitoring framework, mainstreaming or resource mobilization – which would take place at the upcoming meetings of the two subsidiary bodies of the Convention: the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) 24 and the Subsidiary Body for Implementation (SBI) 3.

2.5. SBSTTA 24, SBI 3, the third meeting of the OEWG, as well as CoP15 were supposed to take place in 2020. Due to COVID-19, all meetings would take place in 2021. Other events closely tied to the post-2020 GBF process had already taken place, such as the Biodiversity Summit on the margins of the United Nations General Assembly in September 2020. Others would happen in the lead up to CoP15, such as the upcoming meeting of the International Union for Conservation of Nature (IUCN) World Conservation Congress in 2021.

2.6. The current draft post-2020 GBF set out five goals and 20 specific targets to be met by 2030. It included a comprehensive monitoring framework with indicators under development. All biodiversity-relevant international conventions had been engaged in the consultation and were part of the development process. The draft post-2020 GBF made specific reference to wildlife trade in draft Target 4 and under means of implementation. The interface with trade policy was also linked

¹⁶ See document [RD/CTE/169](#).

to Target 13 on biodiversity mainstreaming. It aimed at integrating biodiversity values in other policies, regulations, planning and developing processes which might include trade policies. It also related to the draft Long-term Approach to Biodiversity Mainstreaming, requested by CoP14 and developed with an Informal Advisory Group. The draft specifically referred to trade as one of the policies in which biodiversity mainstreaming should occur. It would be considered by SBI-3.

2.7. On incentives measures (draft Target 17), he recalled that the ABT already included a strategic plan aiming to eliminate, phase out, or reform incentives including subsidies that were harmful to biodiversity. Based on the review of the Global Biodiversity Outlook, CoP14 had identified this target as one of those for which progress needed to be accelerated and urged Parties and governments to take action accordingly (decision 14/1).

2.8. On invasive alien species (IAS – draft Target 5), there was a long-standing CBD-WTO collaboration on trade-related pathways for IAS. WTO Secretariat and SPS standard-setting bodies were Members of the CBD liaison group on IAS and had developed useful and fruitful actions over the years. CoP14 had provided supplementary voluntary guidance to avoid the unintentional introduction of IAS associated with trade in live organisms and encouraged the use of it by governments and relevant sectors and organizations (decision 14/11). It urged governments to coordinate with the authorities responsible for customs, border controls, and sanitary and phytosanitary measures to prevent unintentional introductions of invasive alien species associated with trade in live organisms. It further requested exploring the development of a system of classification and labelling of living organisms that posed a hazard or risk to biodiversity related to IAS. The work had been undertaken with the liaison group and progress would be considered by SBSTTA 24. As a result, the issue had been considered by the United Nations Economic and Social Council (ECOSOC) Sub-Committee of Experts on the Transport of Dangerous Goods and the WCO had included IAS in the Technical Specifications under its Framework of Standards.

2.9. The latest Meeting of the Parties to the Nagoya protocol on ABS had taken decisions in three key areas: (i) support to ratification and implementation of the Nagoya Protocol (including decisions on capacity-building and the Access and Benefit-sharing Clearing-House); (ii) progress towards implementation and compliance with the Protocol; and (iii) further policy developments, including on the need for and modalities of a global multilateral benefit-sharing mechanism, specialized international access and benefit-sharing instruments and digital sequence information on genetic resources.

2.10. CoP9 of the Cartagena Protocol on Biosafety had adopted several technical guidance elements, encouraged Parties to require responsible operators to provide information on reference material to enable detection and identification of modified organisms for regulatory purposes, and requested the Executive Secretary to finalize a manual thereon (CP-9/11). CoP9 also set out an intersessional process to supplement the Guidance on the Assessment of Socio-Economic Considerations in the context of living modified organisms with relevant information on experiences with such assessments (CP-9/14). Finally, as part of its work on liability and redress, it had requested the preparation of a study on financial security mechanisms including an assessment of the environmental, economic and social impacts and on the possible entities that could provide such financial security.

2.11. The representative of China said that as the host country, China appreciated the strong and continued support from the CBD Secretariat on the preparation for CoP15. His delegation also briefed Members on the latest preparatory work. CoP15, under the theme "Ecological Civilization: Building a Shared Future for All Life on Earth", would review the implementation of the Strategic Plan for Biodiversity 2011-2020 and achievement of the ABT, and would set the course for global biodiversity conservation for the next decade and beyond.

2.12. The Organizing Committee and Executive Committee for CoP15 had been set up in February 2019, and preparations were progressing smoothly. China had hosted and participated in about 100 international meetings and bilateral consultations and looked forward to working with Parties on a global discussion on the post-2020 GBF. As a firm proponent of multilateralism, China was an active participant and contributor to the global biodiversity agenda and process. China was committed to fulfil its mandate as the host country and play a constructive role in its capacity as holder of the CoP15 presidency. His delegation called for providing sufficient support to developing countries, building a compound governance system centering on all parties and multi-party participation, incorporating the private sector, communities, youth and women. China encouraged

all stakeholders to engage in the Sharm El-Sheikh to Kunming Agenda for Nature and People, and to make concrete commitments and contributions to biodiversity conservation.

2.13. In light of the COVID-19 pandemic, CoP15 had been postponed and was provisionally scheduled to be held on 17-30 May 2021, in Kunming China. On 30 September, President Xi Jinping had extended an invitation to CoP15 at the United Nations Summit on Biodiversity. His delegation welcomed everybody to Kunming, to discuss the protection of global biodiversity.

2.14. The representative of the European Union noted that the COVID-19 pandemic had raised awareness about the interdependence of biodiversity loss and human health. Protecting and restoring biodiversity was therefore key to boost resilience and prevent future outbreaks. The post-2020 GBF would be crucial for addressing the global ecological crisis, safeguarding sustainable development and poverty eradication. The EU Biodiversity Strategy was a key part of the European Green Deal and a central element of the EU's post-COVID recovery plan. Trade policy had to actively support and be part of the ecological transition. The European Union would ensure full implementation and enforcement of the biodiversity provisions in all trade agreements. The European Union would also better assess the impact of trade agreements on biodiversity, with follow-up action to strengthen the biodiversity provisions of existing and new agreements if relevant. The European Union called for an ambitious post-2020 global biodiversity framework that put nature on a path to recovery by 2030 to ensure healthy ecosystems and stop avoidable human-induced extinction of species by 2050. The European Union looked forward to working with partner countries to reach a meaningful deal in Kunming in 2021, in line with the level of ambition of the recent UN Biodiversity Summit and Leaders Pledge for Nature.

2.15. The representative of Switzerland noted that the upcoming CoP15 was expected to provide a new and effective post-2020 GBF. A clear framework of objectives with measurable targets was required to deal with the main global causes of biodiversity loss such as the overexploitation of land and sea, the direct exhaustion of natural resources, pollution, climate change, and IAS. Her delegation underscored the need to globally preserve 30% of land and sea zones by 2030 through the creation of protected areas and other efficient zone conservation measures. An effective implementation mechanism, a binding review process and solid reporting were required. Switzerland stressed the need to reinforce coherence between different treaties and processes and to create new synergies.

2.1.2 The United Nations Framework Convention on Climate Change (UNFCCC)

2.1.2.1 Update by the United Kingdom on the planning for CoP26

2.16. The Ambassador of the United Kingdom provided further news on planning for CoP26. It would take place in November 2021 in Glasgow. Although CoP26 had been postponed, climate action could not wait. The UK presidency would accelerate progress towards achieving the goals of the Paris Agreement through increased ambition in all three of these areas: Adaptation, Mitigation and Finance. The United Kingdom was committed to fulfilling the potential of the Paris Agreement by facilitating agreement on outstanding elements of the "Paris rulebook" as part of a balanced negotiated outcome that accelerated climate action, enabled greater ambition and powered the process forward. His delegation urged countries to come forward with enhanced emissions reduction targets for 2030 in their nationally determined contributions (NDCs), to meet the collective commitments set out under the 2015 Paris Agreement. The United Kingdom also wished for countries to develop a long-term strategy with a pathway to net-zero greenhouse gas emissions.

2.17. The UK CoP26 presidency, the UN and France would host a virtual leader-level Climate Ambition Summit on 12 December 2020 on the fifth anniversary of the Paris Agreement, in partnership with Chile (as CoP25 President) and Italy (CoP26 partners). The Summit would provide a platform for leaders to come forward with announcements of new, more ambitious nationally determined contributions and long-term strategies to net-zero; as well as new climate finance pledges; and ambitious adaptation plans. This was an opportunity to show higher ambition to meet the Paris goals and urgent action.

2.18. Meeting the shared goals for avoiding dangerous climate change required a dramatic acceleration of progress towards clean growth and resilience. To drive this acceleration, the United Kingdom would bring governments, businesses, and civil society together to accelerate

change in the global economy. The United Kingdom would focus on addressing major shared challenges in the areas of adaptation and resilience, energy transition, nature, transport and finance. Trade could play an important role in advancing progress across these campaigns and in meeting the challenge of climate change. As part of the nature campaign, the United Kingdom would seek to protect forests, while promoting development and trade. The United Kingdom would use its CoP presidency to bring forest-risk commodity consumer countries, producer countries, and companies together to meet this challenge and make the most of a market transition to sustainable commodity trade.

2.19. The energy transition campaign would seek to drive ambition on product energy efficiency standards by doubling the efficiency of four key products sold globally by 2030 electric motors, air conditioners, refrigerators, and lighting. The United Kingdom was asking countries to join and actively engage in the Super-efficient Equipment and Appliance Deployment (SEAD) Initiative and raise their product efficiency standards. Changes to standards of this kind would have an impact on trade, and there would be an important role for the WTO in promoting transparency and cooperation as the world undertook this crucial shift. The United Kingdom looked forward to exploring further the links between climate change in the Committee in the coming year. His delegation was committed to using the presidency to push climate and environmental issues to the front and centre of the multilateral trade agenda, not just in this Committee but also at the upcoming Ministerial Conference.

2.20. The representative of Canada commended the United Kingdom for its leadership on climate change including the CoP26 presidency and efforts to keep ambitious climate action at the top of the global agenda, especially in light of the pandemic. His delegation looked forward to working with the United Kingdom in shaping CoP26 discussions and strongly supported the United Kingdom's efforts to advance transformative action across the five campaigns, including on sustainable finance flows, and energy transition.

2.21. The representative of Switzerland said that within the framework of the Paris Agreement, Switzerland had confirmed its objective of minus 50% by 2030 and adjusted its target for 2050 to net-zero. This conformed with the recommendations of the Intergovernmental expert group on Climate Change (IPCC). Switzerland would present its full communication with the necessary information for the clarity, transparency, and understanding of its NDC in December 2020, in view of the summit organized by the United Kingdom and the UN Secretary-General, with Chile, France and Italy for the fifth anniversary of the Paris Agreement. Switzerland had concluded a bilateral agreement with Peru in October 2020 to allow the implementation of foreign compensation. An agreement with Ghana was to follow soon. The bilateral agreements implemented Article 6 of the Paris Agreement. Switzerland wished to set high standards for the UN negotiations in this area. This would make it possible to improve the quality of the mechanisms decided under the aegis of the United Nations.

2.1.2.2 Canada's report on the side event on "E-commerce and Climate Change in the COVID-19 Era: A game changer for the green economic recovery?"

2.22. The representative of Canada reported on the side event "E-commerce and Climate Change in the COVID-19 Era: A game changer for the green economic recovery?".¹⁷ Climate change was a clear and present reality with a severe impact on lives, economies and nature. Action was required to mitigate the most harmful impacts of climate change. Success in the fight against climate change would require coherence, consistency and engagement between and across a broad range of actors and policy issues, including trade. Since 2018, Canada and France, in cooperation with the ICC, had organized a series of workshops at the WTO highlighting the issues at the nexus of trade and climate change. The objective was to inform and to stimulate discussions on how the trade policy world could help contribute to the fight against climate change.

2.23. The workshop, held on 18 November 2020, looked at the intersection of trade, climate change and e-commerce. Attended by over 150 individuals, the workshop had sought to layout the climate impacts of e-commerce; the views of the private sector in this area; and to consider what actions the trade policy world could take in response. The key observations from the workshop were that e-commerce was becoming an increasingly ubiquitous way for consumers to purchase goods and services. For example, between 2000 and 2019, internet users grew from 0.4 billion to over 4 billion.

¹⁷ <https://www.youtube.com/watch?v=DPcAgJX7NI4&feature=youtu.be>.

However, when calculating the effects of e-commerce on climate change, the following elements should be considered. First, digital technologies had both direct and indirect effect on carbon emissions: they had direct emissions – from the energy needed to power data centres, data networks, computers, and smartphones. E-commerce also had secondary effects on climate change through other services and sectors, like transport and packaging. While the direct effects were quite clear, the effects of digitalization on other sectors and activities were complex.

2.24. Second, e-commerce's carbon footprint had to be calculated while bearing its "substitution effect" in mind, i.e. what would happen if e-commerce did not exist. It was likely to see increased energy use and emissions from more last-mile delivery, but there were energy savings from customers not having to drive to shops. And the increase in packaging and warehousing might be offset by reduced energy needs for fewer retail shops. Those balancing effects needed to be further explored to have a better grasp on the carbon footprint of e-commerce. The private sector was already making efforts to mitigate the carbon impact of their e-commerce activities, including by adopting ambitious net-zero emission targets within their supply chains and in their packaging strategy. Action by the private sector alone would not be sufficient. Private sector action must be complemented by government action. At the WTO, the liberalization of environmental goods and services would be a concrete, achievable and tangible contribution that the trade policy community could make – the private sector representatives at the event had also underlined this point.

2.25. Finally, it would be important to keep development considerations at the fore as discussions at the WTO proceed. France and Canada remained committed to facilitating further conversations on climate change in the context of digital trade and to highlighting the importance of WTO action on this topic. France and Canada looked forward to organizing future events, exploring other issues at the nexus of trade and climate change at the WTO.

2.1.2.3 Barbados' report on the side event on "Climate Change, Natural Disasters and Recovery Efforts: Tapping into Trade Facilitation as an effective response tool"

2.26. The representative of Barbados reported on a webinar held¹⁸ on the 18 November 2020 during the WTO Trade and Environment Week. The government of Barbados, in partnership with Newcastle University, the Shridath Ramphal Centre of the University of the West Indies (UWI) and the Commonwealth secretariat co-sponsored the event. The webinar sought to give a voice to trade and environment experts, academic communities, and other stakeholders to contribute to the building of Small Island Developing States (SIDS) resilience. The webinar discussed the findings of a recent study published by the Commonwealth Secretariat examining how the WTO Trade Facilitation Agreement could assist disaster risk and recovery efforts, identified trade facilitation challenges and best practices from recent recovery efforts in disaster-hit countries, highlighted the multi-dimensional vulnerability of states and looked at enhancing climate and disaster resilience.

2.27. The speakers were joined by Geneva-based SIDS ambassadors from the Caribbean and the Pacific regions, Newcastle University and UWI. It was recognized that climate change continued to disproportionately affect SIDS even though they contributed least to the problem. Decades of development gains could be lost because of one single event. Trade could play an important role in addressing some of the impacts of natural disasters. Severe natural disasters often hit economic activity by disrupting the production and consumption of goods and services and impacting their mobility through supply chains. Trade facilitation could support countries in the aftermath of a disaster by ensuring that timely and efficient clearing systems were in place to speed up entry of released goods to assist longer-term recovery efforts.

2.28. Trade facilitation also had the potential to relieve pressure created by clearing and streamlining trade practices as well as by using international best practices for the release of critical goods. There was an opportunity to design and pursue trade facilitation regulatory reform in SIDS which would facilitate critical response after a disaster. The webinar had also revealed that consideration had been given to establishing a regional trade facilitation mechanism based on the experiences of SIDS from the Caribbean Community (CARICOM). The mechanism was aimed at facilitating trade among Pacific Members and other trading partners. The issue of COVID-19 had impacted SIDS economies and had exposed their overdependence on basic needs, including food and medicines as well as an over-reliance on tourism.

¹⁸ <https://www.youtube.com/watch?v=tu-fclNeMoc&feature=youtu.be>.

2.29. The UWI was currently building on the work of the Commonwealth Secretariat with regards to vulnerabilities in the context of trade. The work surrounded the economic vulnerability index and made a strong case for treating countries' relative vulnerability as the main indicator of how a country should be accommodated in trade rules instead of other indicators for example GDP per capita. Within the framework of the issue of vulnerability and the use of per capita income measures, it was noted that in the context of trade facilitation agreement, donor agencies and technical assistance providers often omitted high-income countries from being provided technical assistance. These negatively affected countries in implementing their commitments.

2.2 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."

2.2.1 WTO Environmental Database

2.30. The WTO Secretariat provided an update¹⁹ on the WTO Environmental Database (EDB).²⁰ Trade Policy Review (TPR) data for 2019 had been uploaded and was accessible by clicking the TPR tab on the EDB platform. The data for notifications was being updated and would be uploaded on the EDB platform shortly. Apart from the data itself, work was also being conducted to improve the website both at the front end and the back end. At the front end, work was being done to improve the tagging, search and infographics on keywords and at the back end, a new online data entry platform for TPRs and notifications had been created to facilitate future EDB updates. As for the TPR data for 2019, there were 758 TPR entries from 16 WTO Members, namely Bangladesh, Canada, Costa Rica, Ecuador, East African Community (with TPRs of Burundi, Kenya, Rwanda, Tanzania and Uganda), Lao PDR, North Macedonia, Papua New Guinea, Peru, Samoa, Suriname, and Trinidad and Tobago. TPR data was classified based on keywords, sector and measures. On types of TPR information, EDB entries were based on Members' trade policy framework, trade policies by measure or trade policies by sector. Most of the information for 2019 was sector-specific (over 50%). Agriculture and Energy were particularly important sectors in the TPRs of 2019 and accounted for 16% of the environment-related entries. Manufacturing, services and fisheries each contributed to 10% of the entries in 2019. Other entries included waste and wildlife and accounted for 12.7% of the entries. The EDB also had harmonized categories to tag environment-related trade policies by measure. General environmental references were predominant but there were also a broad range of measures, including quantitative restrictions, technical regulations, and support measures in the 2019 data. The EDB's keywords allowed the database to be used to search and research on topic-specific policies. In addition to the quantitative data, the EDB was also a rich repository of qualitative information of Members' policies and measures for environmental sustainability. The Secretariat provided examples of EDB 2019 data on fisheries, forestry, climate change and plastic waste and pollution. Recent research and working papers, using EDB data had been published.

2.31. The representative of the European Union thanked the WTO Secretariat for the presentation and work on the web-based Environmental Database. The EDB was a unique and useful tool. It provided a comprehensive source of information for policymakers and researchers. Her delegation recognized the resource intensiveness of EDB data collection but encouraged the Secretariat to continue. The European Union drew attention to the new Data for Environment Alliance (DEAL) initiative and suggested that possible synergies could be explored with the EDB. DEAL aimed to foster collaboration on environmental data, supported by digital infrastructure, to build a stronger global community and achieve sustainable development.

2.32. The representative of Guatemala thanked the Secretariat for having updated the platform. Her delegation queried if there were any guidelines for the collection and harmonization of the environmental data.

2.33. The representative of the WTO Secretariat thanked the European Union for information about the DEAL platform and would explore possible synergies. The Secretariat took note of Guatemala's

¹⁹ See document [RD/CTE/170](#).

²⁰ <https://edb.wto.org/>.

question. Summary information on the collection and harmonization of environmental data was included in the EDB reports published annually and further improvements could be considered.

2.3 Services and the environment (Item 9 of the CTE Work Programme)

2.3.1 Environmental services

2.34. The representative of Canada recalled that on 21 October 2020, during the Council for Trade in Services – Special Session (CTS-SS) meeting, Canada along with other co-sponsors (Australia, Mexico, Switzerland, New Zealand and the United Kingdom), had introduced a second communication²¹ on exploratory discussions on market access for environmental services. The objective of the session was to highlight additional services key sectors relevant to meeting environmental issues, and not limiting discussions to core environmental services. Discussions were open and constructive, with interventions from several WTO Members. Members had expressed their interests regarding further liberalization of environmental services and other related sectors such as engineering, architecture, distribution, tourism, financial services, research and development, and technical testing. The following aspects had been highlighted: the importance of the trade and environment nexus; the existing gap between developed and developing countries; the disproportionate effect of climate change on developing countries, especially LDCs; and the need for technical capacity for developing countries. Some important questions had been raised, such as how to reduce regulatory barriers under mode four and how to deal with dual-use sectors. Co-sponsors had taken note of all those elements and intended to respond at the next meeting.

2.35. The representative of Australia echoed Canada's statement on the recent discussions regarding environmental services in which Australia was an active participant. His delegation noted the growing importance of environmental services and their role in expanding international trade, particularly in the current context, as environmental services and the associated technologies could support a more sustainable and inclusive post-COVID-19 recovery.

2.36. The representative of the Kingdom of Saudi Arabia agreed with the value of information sharing but considered discussions on the topic should remain at the CTS-SS.

3 OTHER BUSINESS

3.1 Report on the WTO-UNEP High-level event "Environment and Trade for a Sustainable and Inclusive Economic Recovery from COVID-19"

3.1. The representative of the WTO Secretariat, on behalf of UNEP and the WTO secretariat, reported on the High-Level Event "Environment and trade for a sustainable and inclusive recovery from COVID-19"²², held as part of WTO Trade and Environment Week 2020. The event featured a panel comprising leading personalities from international organizations, government, business and civil society. The online high-level session, organized by UNEP and the WTO as part of their collaboration to promote dialogue between the trade and environment communities, had brought together some 270 participants. It also had a very good rate of participation throughout the WTO's social media platforms, with over 6,600 views²³ and more than 700 instances of engagement such as comments, questions, shares, likes, or retweets.

3.2. Speakers had underscored the existential threats posed by the three planetary crises of climate, pollution and nature. Although COVID-19 continued to endanger millions of lives and livelihoods around the world and required urgent attention, it had been noted that the pandemic was just an overture to the huge damages expected from the collapse of the environmental systems that sustained human life. Tackling environmental challenges and shifting towards more sustainable, circular patterns of production, consumption and trade was critically important. It had been noted that trade officials could not remain oblivious to this reality. Speakers had emphasized that the response to environmental crises called for a whole-of-government and whole-of-society, approach

²¹ Contained in JOB/SERV/299.

²² <https://www.youtube.com/watch?v=1xjusnwpJk> and [WTO | WTO-UNEP high level event environment and trade for a sustainable and inclusive recovery from COVID-19](#).

²³ "Views" in social media are simply the number of times people viewed the post of the event broadcast. Not all of them spent actual time watching it (e.g. they might have clicked and left and would still count as 1 view).

that firmly embedded environmental considerations in countries' development strategies. This had called for more and better coordination between the trade and environment communities, along with closer dialogue and cooperation between governments and stakeholders. Several speakers had indicated that businesses increasingly recognized the opportunities resulting from adopting sustainable practices and reducing environmental footprints. Clear signals and a level playing field, including in the form of high-quality regulations and standards could help accelerate this positive trend and the WTO could play an important role in this area.

3.3. Speakers had agreed that there was no trade-off between trade and environmental goals and that trade policies had a huge potential to support sustainability. To turn this potential into reality and unlock opportunities for jobs and economic diversification, trade policies had to be fully aligned with sustainability goals. Speakers had called on WTO Members to redouble efforts in areas such as trade in environmental goods and services, environmentally harmful subsidies, circular economy and plastic pollution. Action across these areas would ensure that trade policies would help create an enabling environment for innovation, more efficient and circular manufacturing sectors and new decarbonized activities. Speakers had mentioned several successful examples in developing countries of sectors that had successfully embarked on green transitions that delivered green and decent jobs. Several speakers had noted the importance of not only a green, but also a fair and just, transition. Enterprises in developing countries, particularly SMEs, were often unable to access the necessary finance and environmental technologies. Making global supply chains more resilient and sustainable posed additional challenges, not least their limited capacity to meet environmental standards. Aid for Trade could play a role in helping to overcome some of these challenges. More domestic and international competition was also considered an effective way to strengthen the incentives for large firms to adopt more sustainable practices and for new pioneer firms to scale up.

3.4. During the question and answer segment, speakers had stressed the need to keep sustainability at the core of COVID-19 recovery efforts. The WTO had helped the global economy recover from past crises, and it could do so again to deal with both the COVID-19 and planetary crises. Several speakers had encouraged societies and communities around the world to reimagine a sustainable global economy, that brought prosperity for all, that did not harm the environment and that did not inhibit trade and growth, and to work together to make it happen. The WTO Secretariat had recently published a small booklet titled "Short answers to big questions on the WTO and the environment." It was accessible in the WTO website²⁴ and provided easy-to-understand answers to some of the key questions of the trade and environment debate as they related to the global trading system. It aimed to serve as a "conversation-starter" by providing basic information and examples inspired from the past 25 years of trade and environment discussions at the WTO, in particular in the CTE. It also followed from the WTO-UNEP High-Level Event held two years ago and the interest since that had been expressed by delegations and stakeholders for more clear and concise information on the topic.

3.2 Report by Barbados on the side event on "The Future of Trade and Environment – Interactions with Geneva's youth"

3.5. The representative of Barbados reported on the side event²⁵ held on 19 November 2020 within WTO Trade and Environment Week 2020. Barbados had joined Germany in co-sponsoring the event "The Future of Trade and Environment – Interactions with Geneva's youth". The health of our planet was at risk and the challenges were interrelated such as air, water pollution, biodiversity loss, climate change and plastic pollution. While international trade could be a contributor to the problem, it could also be a part of the solution. The event benefited from presentations from the students of the German School in Geneva and Institut Florimont who had addressed the topic of "Plastic waste" and "Trade in Goods: Finding solutions for clean transport?", as well as from a young entrepreneur on her sustainable coffee company in Australia.

3.6. The attendees of the event were asked to identify the major concerns for the future of trade and the environment. They had identified climate change, pollution, and biodiversity loss as main issues. The responses were instructive as the views of the youth appeared to be in line with those of WTO Members. The role for trade and the WTO in addressing today's environmental challenges

²⁴ https://www.wto.org/english/res_e/publications_e/envirqapublication_e.htm.

²⁵ https://www.wto.org/english/tratop_e/envir_e/member_side_event_no_10_interactions_with_geneva_youth.pdf.

was highlighted. The following points were made: the challenge of ensuring high quality of life through businesses and trade while securing the sustainability of the environment; the youth's level of awareness of ecological challenges; the importance for trade diplomats to hear the views of the youth and to allow young people to get an appreciation of what WTO Members were doing.

3.7. During the presentation on plastics, students had addressed the importance of measures when transitioning to a more sustainable product. The impact of marine plastic pollution on the food cycle had been highlighted as issues for further assessment. In addressing the issues of trade in goods, finding solutions for green transport, students had identified investing in green transport as a valuable solution to reduce carbon emissions. In her presentation of her sustainable coffee company in Australia, a young entrepreneur that her business model included ethical supply chain, ensuring that sustainability was consistent and embedded at the corporate level, utilization of circular economy model, and funding climate resilience programmes with profits from the company. Finally, Barbados expressed its willingness to formally partner with schools and to ensure that the young people of Geneva were champions of climate change awareness.

3.8. The representative of Canada thanked the Secretariat for the hard work behind the scenes in making WTO Trade and Environment Week 2020 a success and the Chair of CTE for the leadership.

3.3 Briefings by other observer organizations

3.3.1 International Trade Centre (ITC)

3.9. The representative of the International Trade Centre (ITC)²⁶ recalled that the ITC was dedicated to assisting Micro, Small and Medium-sized Enterprises (MSMEs) in developing countries become more internationally competitive and participate successfully in global trade. The ITC focused on supporting "Good Trade", which was trade that was inclusive and contributed to environmental, social and economic sustainability. The ITC placed Good Trade at the centre of its interventions in supporting women's economic empowerment, youth entrepreneurship and environmental sustainability. The ITC contributed to the achievement of the SDGs, such as decent work and economic growth, responsible consumption and production, and climate action. The ITC was currently working to upgrade the focus in this area through the development of new 'green to compete' strategy.

3.10. Coming out of the COVID-19 crisis, a call for Building Back Better or Building Forward Bolder was also a call for building towards an economic system that was more inclusive, more sustainable and more responsible. One of the key trends observed from the surveys and analysis done by the ITC was that the pandemic would further amplify consumers' demand for sustainable and green goods and services. The ITC had decided to host the first edition of the two-day virtual Good Trade Summit on 7-8 October 2020 to put the spotlight on sustainability and inclusiveness as key elements in accelerating and sustaining the economic recovery. The summit had showcased different examples, best practices and good solutions of how "Good Trade" creates positive and inclusive economic, environmental and social impact. Moreover, it had provided a platform for more than 1,200 MSMEs from around the globe to network, learn and share.

3.11. The event had featured more than 30 speakers from over 20 countries. Speakers had agreed that "recovery was an opportunity for systemic change". There was a common strong message that the recovery would require collective efforts, underscoring the crucial role of an inclusive multilateral trading system that was cognizant of these issues, and thereby also underscoring the importance of the work of the CTE. To emerge stronger from the COVID-19 pandemic, it was required to embrace innovation, ensure fairer and better involvement of those impacted the most, namely women, youth and poor communities and ensure better environmental protection, while making progress on multilateral commitments. Discussions at the Good Trade Summit also had recognized that to "build forward better" a systemic shift from shareholder capitalism to stakeholder capitalism was needed, in which externalities were taken into account and wealth was spread more equally along the value chains.

3.12. Several speakers had also pointed to the importance of investing in green jobs, and taking climate risks into account concerning all policy decisions while strengthening multilateralism and

²⁶ See document [RD/CTE/168](#).

ensuring that stimulus packages leave no one behind. Clean technologies were also high on the agenda, with speakers emphasizing the need for regulation, including trade rules, that encourage production and uptake of clean technologies. The discussion had pointed to the importance that developing countries and their industries reaped as many benefits as possible from a green transition. Technical assistance to building up local expertise and knowledge could play an important role to ensure enterprises benefited from green opportunities and managed related risks well, allowing them to compete better in light of environmental requirements. The speakers also had pointed to the related private-public dialogues as an important element in the process leading to policy formulation. Innovation and the impact of new technologies were also a topic frequently addressed, including how best to support technical solutions for more efficient, resilient, sustainable, and transparent supply chains.

3.3.2 Organisation for Economic Co-operation and Development (OECD)

3.13. The representatives of the Organisation for Economic Co-operation and Development (OECD) briefed the Committee on its recent modelling work related to trade and the circular economy.^{27 28} The OECD projected a near-doubling of materials use by 2060 to 167 gigatons, assuming no change in policies. 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 were also concerns about the geopolitical risks related to the supply of materials. Against this backdrop, there was a role to look at how societies could use materials in a more sustainable way, not least by closing material loops.

3.14. Under this baseline scenario (no changes in policies), trade patterns would not change significantly, with metals representing almost 6% of total global exports and minerals a little less than 3%. Iron and steel were the largest group of metals in terms of exports, followed by mining products (which excluded coal and other extracted fossil fuels, but included the mining of metal ores). These two categories were projected to grow less rapidly than other categories, and thus their share in total exports would decline over time. Recycling products, which included scrap metal, reflected less than 0.1% of total exports (not least because of low prices for many recycling products and limited international trade flows), but they were expected to grow more rapidly. These trends resulted from interactions at the sectoral level, where overall demand growth was combined with structural and technological changes (improved materials efficiency) that led to an increase in materials use that was less rapid than the growth in GDP.

3.15. The introduction of circular economy and resource efficiency policies would have wide-ranging consequences, including on trade. Given differences among countries in endowments, specialization patterns, and income levels, the application of circular economy and resource efficiency policies at the global level would cause some products to become cheaper, while others became more expensive to produce. As these changes in costs and the resulting changes in demand patterns differed across regions, the competitive position of countries on the global market would shift, and export and import flows would adjust. Trade impacts would be region-specific even with a uniform implementation of the policy package at the global level. With global resource efficiency and circular economy policies, primary non-ferrous metals were projected to decline by 35-50%, primary iron and steel by 15% and primary non-metallic minerals by around 10% by 2040. The full reduction in global materials use that would be induced by the policy package could be attributed to three distinct drivers: (i) a scaling of global production of processed materials (scale effect); (ii) an improvement in the efficiency of materials inputs in this global production (efficiency effect); and (iii) regional shifts in production as well as shifts in the regional sourcing of the primary materials by the materials processing sectors (trade effect). The share of the trade effect – which came from changes in the regional composition of production and from changes in input sourcing – would be roughly one-third for aluminium and copper, much smaller for iron and steel and for non-metallic minerals, and substantially larger for other non-ferrous metals. This meant that trade could provide potential opportunities for resource efficiency via comparative advantage. For trade to play its role, trade barriers should be avoided to the extent possible. However, trade benefits should not come at the expense of environmental consequences. In some cases, there might be a need for further enhancing

²⁷ See document [RD/CTE/167](#).

²⁸ "The Consequences of a More Resource Efficient and Circular Economy for International Trade Patterns: A modelling assessment", available at: https://www.oecd-ilibrary.org/trade/oecd-trade-and-environment-working-papers_18166881.

trade regulation, as had been done recently under the Basel Convention with respect to some plastic waste.

3.16. The OECD also presented its work on measuring government support for fossil fuels. The OECD Fossil Fuel Support Inventory Database (FFS Inventory Database) consisted of three main components: (i) the quantitative data, which was based on budgetary figures (i.e. information by governments on the support they had provided to fossil fuels in their budgets); (ii) the textual data describing the various measures; and (iii) a series of 2-page country notes that discussed the background of the country's energy economics and fossil fuel support policy environment. The Inventory was updated every year and the latest update, which was released in June 2020, provided data up to 2019, covering 50 economies (37 from the OECD, seven from the G20, and six from the European Union's Eastern Partnership initiative) and close to 1,300 individual government policies that supported the production and consumption of fossil fuels.

3.17. According to the data, support for fossil fuel production had risen by 38% in 2019. Oil and gas industries in several countries had received additional benefits, mostly through direct budgetary support to alleviate corporate debt, fossil fuel infrastructure investments, and tax provisions that provided preferential treatment on capital expenditures for fossil fuel production. Total fossil fuel support linked to the production and use of coal, oil, gas and other petroleum products in advanced and emerging economies, in the form of budgetary transfers, tax breaks and spending programmes, had increased by 10% to reach USD 178 billion. This trend seemed to continue in 2020 with some countries targeting state aid to fossil fuels and related industries following the disruptions caused by COVID-19, which brought fuel price levels to record lows. In most countries, support for fossil fuel consumption remained widespread. Among energy products, support to petroleum remained the largest component with 74% of the total support estimate. Natural gas received the next largest portion of the total support estimate with 12%, followed by electricity at 8% and coal at 7%. However, the total amount of fossil fuel subsidies had declined, due to the drop in global oil prices. Lower oil prices meant governments spent less subsidizing energy costs for end-users, but that did not reflect real efforts to phase out inefficient subsidies. The consumption subsidies were set to fall further in 2020 on account of the plunge in fossil fuel prices and use, catalysed by the COVID-19 pandemic. Meanwhile, sharp declines in revenues from oil and gas production because of the unprecedented price crash made subsidy reforms crucial to ease pressure on public finances in producer countries. This was an important opportunity for countries to act upon their commitments to reduce fossil fuel subsidies.

3.18. The representative of the European Union thanked the OECD Secretariat for its work on trade and the circular economy, including the reports mentioned by the OECD representatives and the workshop that had been organized in February 2020, and had been co-sponsored by the European Commission. His delegation looked forward to continuing cooperation in the context of the upcoming discussions and future work undertaken by the Joint Working Party on Trade and Environment.

3.4 Other matters

3.19. The Chairperson of the CTE informed Members that the next meeting of the CTE was scheduled for March 2021.

ANNEX 1: ITEMS OF THE CTE WORK PROGRAMME (CTE WP)

- 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.
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ANNEX 2: PARTS OF THE DOHA MINISTERIAL DECLARATION (DMD) 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.
