



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 30 MARCH 2021

NOTE BY THE SECRETARIAT¹

The Committee on Trade and Environment (CTE Regular) met on 30 March 2021, chaired by H.E. Mr Chad Blackman (Barbados). The Committee adopted the Airgram, WT/AIR/CTE/14, dated 18 January 2021. The Report of the last CTE meeting, held on 16 and 20 November 2020, is contained in WT/CTE/M/70.

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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
APEC	Asia-Pacific Economic Cooperation
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
EDB	WTO Environmental Database
EPA	Environmental Protection Agency
EU	European Union
FACT	Forest, Agriculture and Commodity Trade dialogue
FAO	Food and Agriculture Organization of the United Nations
FFS	Fossil Fuel Subsidies
FFSR	Fossil Fuel Subsidy Reform
GHGs	Greenhouse Gases
HS	Harmonized System
IDP	Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
IISD	International Institute for Sustainable Development
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
MSMEs	Micro, Small and Medium-sized Enterprises
MTS	Multilateral Trading System
NDCs	Nationally Determined Contributions
OECD	Organisation for Economic Co-operation and Development
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
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WCEF	World Circular Economy Forum
WCO	World Customs Organization

1 PARAGRAPH 32 OF THE DOHA MINISTERIAL DECLARATION

1.1 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."

1.1.1 Fossil Fuel Subsidy Reform

1.1.1.1 New Zealand's Update on Fossil Fuel Subsidy Reform (FFSR)

1.1. The representative of New Zealand provided an update on the topic of fossil fuel subsidy reform (FFSR) and announced the renewed efforts to present a Joint Ministerial Statement on FFSR at the 12th Ministerial Conference (MC12) in November 2021. This renewed Statement was building on the Statement presented at the 11th Ministerial Conference (MC11) in Buenos Aires by a group of 12 developing and developed Members from many regions. In the MC11 Statement, signatories had confirmed their intention to seek the rationalisation and phase out of inefficient fossil fuel subsidies (FFS) that encouraged wasteful consumption, while recognising that reform needed to take into account the specific needs and conditions of developing countries and to minimize the possible adverse impacts on their vulnerable communities. That Statement had recognised the importance of the WTO as a useful forum to advance discussions to achieve ambitious and effective disciplines given the breadth of its membership, and its legal and transparency frameworks, the latter of which enabled the evaluation of the trade and resource effects of FFS programmes.

1.2. The recently established Trade and Environmental Sustainability Structured Dialogue (TESSD) discussions showed that Members recognised the significance of this issue, its linkages to trade, and the role of the WTO in achieving meaningful and equitable reform of such subsidies. New Zealand was also encouraged by the increased momentum and leadership building in fora such as G20 and the Asia-Pacific Economic Cooperation (APEC) in 2021 on FFSR, as well as active discussions on the broader trade and environment agenda.

1.3. New Zealand, alongside the Friends of FFSR, continued to highlight benefits and opportunities of FFSR in a range of fora. Efforts continued to focus on the role of the international trade community in identifying and addressing trade-distorting, environmentally harmful, and socially regressive FFS programmes. FFS impacted trade both directly and indirectly. By distorting prices, FFS affected trade both input and outputs, affected the competitiveness of industries across product value chains, disadvantaged clean and alternative energy technologies, and drained scarce public funding. Reform of these subsidies could also free up fiscal resources to support those who needed the greatest support throughout an effective COVID-19 recovery.

1.4. At a time of uncertainty about the WTO's role and relevance, action on FFS could help build public confidence in the multilateral trading system's (MTS) 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. The Joint Ministerial Statement at MC12 would make explicit what was the key next step: sharing information and experiences at the WTO, in order to develop a supportive international setting for addressing these subsidies and to assist domestic reform. New Zealand encouraged WTO Members to support the Friends of FFSR in embedding this conversation in the WTO and to support the Joint Ministerial Statement on FFSR at MC12.

1.5. The representative of Norway supported the strong efforts carried out by New Zealand and the friends of FFSR. Norway welcomed work on FFSR and a Ministerial Declaration at MC12.

1.6. The representative of the European Union looked forward to engaging with like-minded countries to pursue a strong environmental agenda at the WTO. In the European Union's view, this needed also to include trade-related aspects of FFS. The European Union would welcome exchanges on how the WTO could contribute to the goals set out in the Sustainable Development Goal 12.c

(SDG 12.c) to rationalise inefficient FFS that encouraged wasteful consumption, while taking fully into account the specific needs and conditions of developing countries.

1.7. The representative of Switzerland reiterated his delegation's supports to the intention of rationalizing and phasing out FFS that encouraged wasteful consumption. To achieve the goals, set in the Paris Agreement or in the Sustainable Development Goals (SDGs), action was needed now. Switzerland was engaged on this very important issue with New Zealand and four other WTO Members in the negotiations on the Agreement on Climate Change, Trade and Sustainability (ACCTS) initiative which aimed, among other things, to establish binding trade rules to eliminate FFS harmful to the environment. FFS not only have a negative impact on societies, economies, and the environment, but also trade-distorting effects, especially on low emission technologies. The WTO was the appropriate place to discuss this issue. Switzerland therefore invited all WTO Members to join this important initiative. Switzerland supported New Zealand's communication contained in document TE/SSD/W/1 and hoped to have concrete results for the next Ministerial Conference. Switzerland believed that the TESSD could go a long way in moving this initiative forward.

1.8. The representative of Ukraine noted the well-known fact that subsidies to both the production and consumption of fossil fuels at different stages of the value chain could have an impact on international trade. Therefore, there was a need to discuss this issue in the CTE to avoid inconsistencies in the future. In Ukraine, the coal industry still constituted a significant part in the structure of electricity and heat generation. Therefore, the "green" transition needed to be carefully prepared and managed. The Ministry of Energy of Ukraine was elaborating an Integrated National Energy and Climate Plan until 2030 and already had developed the Concept for reforming the coal industry until 2024. In addition, the Ministry for Communities and Territories Development of Ukraine was preparing a program for the transformation of Ukraine's coal regions. Therefore, Ukraine was ready to constructively engage in discussions on the topic of FFSR within the framework of WTO to reach positive results for MC12.

1.9. The representative of Japan underlined the importance of reforming inefficient FFS. Japan supported the G20 initiative, which aimed at streamlining inefficient FFS that contributed to wasteful consumption in the medium term and to abolish them gradually. Japan also supported the G20 voluntary peer reviews. Japan did not have any inefficient FFS that stimulated wasteful consumption. Japan believed that the subsidies targeted for streamlining and gradual abolition should be limited to the subsidies that stimulated wasteful consumption. Japan's could not support the broadening of the definition or the characteristics of the subsidies beyond the original purpose of the initiative.

1.10. The representative of Saudi Arabia recalled that the issue of FFS was dealt with under G20 forum whereby a voluntary phasing out of inefficient FFS that encouraged wasteful consumption, was done with two clear qualifiers: voluntary and in accordance with countries' national circumstances, priorities and needs. It was not clear why such discussions on FFS did not include all inefficient subsidies that encouraged wasteful consumption including agriculture and others. This would take the Committee to areas not related to the CTE's agenda. Thus, such topics should be discussed under their correct and dedicated forum.

1.11. The representative of Bolivarian Republic of Venezuela pointed out that New Zealand's and other countries' initiative had to do only with the G20 member countries and was alien to the work of the WTO. Venezuela reiterated their position that this was not an issue to be addressed here in the WTO. Venezuela also shared the view that there were other types of subsidies that should be first addressed in this institution.

1.1.1.2 Organisation for Economic Co-operation and Development (OECD)'s Briefing on Recent Work Related to FFS

1.12. The representative of the Organisation for Economic Co-operation and Development (OECD) briefed the Committee on its recently finalized work on FFS. At the last CTE meeting in November, the OECD had reported on its 2020 update of the OECD Inventory of Support Measures for FFS. Since then, it had made publicly available the Inventory's Companion analysis, which was issued each time that the FFS Inventory was published. The FFS Inventory (and its Companion analysis) documented over 1,300 government budgetary transfers and tax expenditures providing a benefit or preference for the production or consumption of fossil fuels relative to alternatives in 50 OECD, G20 and European Union Eastern Partnership (EaP) countries.

1.13. One of the main messages of the 2020 Inventory and its 2021 Companion was that rising OECD support to producing countries had reversed a five-year downward trend in overall support figures. Total fossil fuel support had risen by 5% year on year to USD 178 billion in 2019, reversing the previous downward trend. The increase in support had been driven by a 30% rise in direct and indirect support for the production of fossil fuels. In 2019, oil and gas sectors in several countries received additional benefits, mostly through direct budgetary support, to alleviate corporate debt and help finance fossil fuel infrastructure investments and tax provisions, providing preferential treatment for capital expenditures for fossil fuel production.

1.14. Producers support estimates (PSE) across Inventory countries increased by 9% compared to 2017 levels, while general services support estimates (GSSE), which the Inventory methodology attributed in majority share to production, doubled. Together, these estimates amounted to some USD 53 billion in 2019, sufficient to drive the overall increase in support levels documented, despite the fact that the majority of support measures (70%), which went on consumption, did not go up. Combined OECD estimates showed an 18% decline in overall support from 2019 levels driven by the impact of plunging oil prices and user subsidies. Consumption support had decreased, and this had driven the overall level of support down, especially in non-OECD countries. The dominant sectors that received support this year were the transport sector and the fossil fuel production sector. Support in the transport sector was predominantly awarded through tax expenditures in OECD countries, while other economies favoured direct budgetary transfers.

1.15. Based on the Companion report, the COVID-19 crisis and the resulting oil price crash had presented both a threat and a potential opportunity, both in terms of fuel prices and consumption. The low fossil fuel prices had helped deepen reductions without government interventions to keep end-user prices artificially low, as had previously been the case, and those lower prices had minimized the impact of reform on consumers in net importing countries, thereby providing opportunities for further reform. In producer economies, declining government revenues could also add impetus to reform as pressure on public finances mounted. At the same time, the OECD had seen immediate recovery support programmes go in both directions – on the one hand, phasing out some subsidies to save funds for recovery and, on the other hand, giving price support for electricity consumers and shoring up fossil fuel and related industries.

1.16. Finally, the Companion report documented the efforts by the OECD and its members to prepare for reporting on UN SDG indicator 12.c.1, making sure that the FFS Inventory was properly coordinated with national data sources to ensure coherence in the reporting process to the SDG hub. For that reason, an informal task team had been set up to discuss and ensure coherent measuring of FFS.

1.1.2 Circular economy and plastics pollution

1.1.2.1 Briefing by Morocco on the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)

1.17. The representative of Morocco briefed the Committee on the meeting of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP) held on 29 March 2021. The IDP had been launched on the margins of the November 2020 WTO Trade and Environment Week. Its goal was to provide a dedicated platform where Members could explore – through the exchange of ideas, information, and insights – how the WTO could contribute to domestic and global effort to tackle plastics pollution and transition to more circular and sustainable plastics trade.

1.18. The second IDP meeting had focused on the topics of transparency and international cooperation. Introductory remarks had been provided by China, Fiji and WTO Director-General Dr Ngozi Okonjo-Iweala who had reminded participants of the urgency of addressing the growing plastics pollution challenge. Dr Ngozi had noted how the problem was negatively affecting not only national economies and the ability to reach collective sustainable development goals set in Agenda 2030, but also its concrete detrimental effects to the daily lives of multiple communities who depended on increasingly polluted land and water resources for their livelihoods.

1.19. Similarly, several participating ambassadors noted how identifying the role of trade, trade policy and the WTO in contributing to national and international efforts to tackle plastic pollution offered a concrete way to demonstrate that the WTO could still be a positive force in addressing

21st century challenges of widespread public interest. As a topic that "knew no borders" and affected all communities, in developed and developing countries, it had the potential to galvanize positive action. Other delegations also agreed that the transparency and international cooperation exercises provided an indispensable first step to identifying key constructive entry points where action on trade would be most effective, avoiding duplication and amplifying action in other fora. Some delegations noted the importance of marrying enhanced transparency with technical cooperation and capacity building, in particular for developing country Members that often struggled to correctly identify inflows and outflows of plastics. Some ambassadors and stakeholders also took the opportunity to share their views and suggestions on the Concept Note on the topic IDP co-sponsors had shared with Members before the meeting (INF/TE/IDP/W/1). Co-sponsors urged other delegations to do the same, stressing WTO Members could collectively build on those ideas and take the most from the exercises.

1.20. The meeting further offered an opportunity for delegations to be briefed by relevant institutions on their ongoing and projected work on the topic. In a "technical segment", United Nations Conference on Trade and Development (UNCTAD) (Dr Diana Barrowclough) and the Graduate Institute (Dr Carolyn Deere Birkbeck), presented on their groundbreaking project to build a "plastics life cycle trade database" (INF/TE/IDP/RD/1). In highlighting the challenges in collecting data on trade flows in plastics – in their different forms and stages of the value chain – the experts offered some constructive ideas and pointers on where further work to improve transparency could take place. Mr Aik Hoe Lim, Director of the WTO Trade and Environment Division, shared information from the WTO Environmental Database on environment-related measures affecting trade in plastics notified to the WTO (INF/TE/IDP/RD/2). In particular, the varied nature of these measures (notified under almost all WTO Agreements), the stage in plastic products' life-cycles in which they applied and the share of those which were notified in draft format, offered useful information on delegations' own regular work at the WTO and on potential avenues for enhanced, voluntary experience sharing and peer-learning.

1.21. Other relevant institutions invited also took the floor to provide relevant information and their perspectives on IDP's work, including the World Economic Forum, the OECD, the Basel Convention and the International Institute for Sustainable Development (IISD). An unofficial summary of these interventions had been prepared by IDP coordinators (INF/TE/IDP/R/1). All such inputs would prove invaluable as IDP work would be intensified in 2021. As noted by many delegations in the meeting, MC12 offered a unique opportunity to demonstrate the important work developed on the topic since at least 2019 in the CTE and through the IDP. To that effect, co-sponsors had shared with Members a draft "Roadmap and possible outcomes by MC12" (INF/TE/IDP/W/2). It suggested that the following meeting, co-chaired and coordinated by Barbados and Ecuador in June, would focus on strengthening policy coherence, assessing capacity and technical assistance needs and identifying the scope for collective approaches. Co-sponsors also planned on working towards a MC12 Ministerial declaration, based on a factual report to be developed throughout the year. Several delegations had already positively commented on the roadmap and co-sponsors strongly encouraged all Members to provide their views.

1.22. Morocco considered the meeting had been a great launchpad for intensified work in 2021 and towards MC12, but much more work was ahead to ensure a successful outcome. Collectively WTO Members could, and should, do their part in helping address this growing challenge. IDP had formally 14 co-sponsors at that point and many other delegations had indicated their positive views on the initiative and/or were currently carrying internal discussions about joining the group. The IDP was open to all interested WTO Members and co-sponsors urged all delegations to continue to actively engage in the work in 2021.

1.23. The representative of European Union noted that action on plastics had been set as priority in the EU Circular Economy Action Plan. The plan contained a coherent set of actions to support the global transition towards a carbon-neutral, resource-efficient and circular economy, including moving forward towards a global agreement on plastics. The European Union welcomed the work led by China and Fiji on plastics pollution and environmentally sustainable plastics trade and recognised the need for transparency and synergies at the international level to promote a global circular economy on plastics supported by trade policies. Action on trade should take into account efforts through plastics' whole value chain and lifecycle and adopt a circular economy approach. More importantly, the WTO's work on plastics should create positive synergies with the ongoing international processes to launch the global agreement on plastics. For the European Union, the launch of the global agreement on plastics remained the key focus, with the second part of the fifth

session of the United Nations Environment Assembly (UNEA 5) in February 2022 as the next milestone where the European Union would seek to ensure that the negotiation process officially started.

1.24. In the margins of the first part of UNEA 5, on 22 February 2021, the European Union had launched the "Global Alliance for Circular Economy and Resource Efficiency" (GACERE) jointly with the United Nations Environment Programme (UNEP) and in coordination with the United Nations Industrial Development Organization (UNIDO). The Alliance gathered – at that point – 12 countries and three strategic partners to advocate at the political level and in multilateral forums for a global just transition to a resource-efficient and circular economy. It sought to do so by building on regional partnerships, such as the African Circular Economy Alliance and the Latin-American and the Caribbean Circular Economy Coalition, and cooperation with strategic partners – the Ellen MacArthur Foundation (EMF), the Platform for Accelerating the Circular Economy (PACE), and the World Circular Economy Forum (WCEF). The European Union welcomed WTO Members to join the platform.

1.25. The representative of the United Kingdom noted her delegation was very gratified to see the participation of so many Members and the active discussion of transparency and international cooperation in the IDP meeting. The United Kingdom looked forward to discussions in the Informal Dialogue progressing as Members worked together to combat plastic pollution and its detrimental effects on the environment, biodiversity, food and climate.

1.26. The representative of Ecuador congratulated fellow co-sponsors on this important initiative, whose debate was positive and timely and through which WTO Members could discuss what concrete actions could be taken by the MTS to face this challenge. Ecuador considered it was urgent to address issues such as the conservation of the ocean and the sustainable management of its ecosystems and what could be done by delegations to combat pollution by marine plastic debris. Ecuador addressed the issue in other forums, such as within the UNEA framework and was a founding member of the United Nations Group of Friends to Combat Marine Plastic Pollution.

1.27. Ecuador had joined as a co-sponsor and co-coordinator of the IDP and hoped to contribute constructively and actively to these discussions. Ecuador congratulated Morocco for its coordination of the IDP meeting on transparency, noting how it had generated great interest not only among WTO Members, but also involving experts from international organizations and academia. The issues constructively addressed in the dialogue demonstrated the importance of synergies and international cooperation to achieve a common goal. That dialogue would certainly feed into the next one taking place in June 2021 and which would be co-chaired and coordinated by Barbados and Ecuador, focusing on strengthening policy coherence, assessing capacity and technical assistance needs, and identifying the scope of collective approaches. Like Morocco, Ecuador invited Members to participate in the dialogue given the relevance of the issue to all delegations.

1.28. The representative of Canada noted her delegations strongly believed that trade and environmental sustainability issues were a global imperative and addressing plastics pollution had to be a priority. In that regard, work undertaken at the WTO in this area should be complementary to the initiatives currently underway in other international fora, such as at UNEP and at the OECD. In that regard, delegations should identify concrete areas where the WTO could build synergies with efforts already underway.

1.29. One area where discussions at the WTO could have a value added was to consider the way trade policy could support the responsible trade of recycled plastics. The lack of an internationally recognised standard to classify waste types and define contamination levels for recyclable waste was an important technical barrier to trade that WTO Members could examine. The lack of an internationally recognised standard had caused many countries to unilaterally define contamination levels, which made reliable enforcement at the port of exit almost impossible. There was potential for the WTO to work with other organizations such as the International Organization for Standardization (ISO) and the Basel Convention to identify specific gaps in existing standards needed to facilitate trade in plastic waste in support of a more sustainable and circular economy, and enforce existing transboundary controls. The IDP could share its work with other WTO Members and the ISO, recognising its standard development expertise.

1.30. Canada was committed to reducing plastics waste and pollution at home and internationally. Many WTO Members had already adopted the Ocean Plastics Charter launched by Canada during its

G7 Presidency in 2018. As Canada's vision was to achieve zero plastic waste by 2030, it was implementing a range of measures across the plastics value chain and tackling plastic pollution. Canada had also committed to ban harmful single-use plastics. Canada supported the transitioning to a global circular economy, including a circular plastics economy. In collaboration with the Finnish Innovation Fund (Sitra), Canada was pleased to host the virtual World Circular Economy Forum (WCEF) 2021 from 13 to 15 September 2021. WCEF 2021 would bring together global leaders and experts, to focus on the key actions and systemic changes required to drive ambitious action to accelerate the transition to a circular economy. Canada was also pleased to be working closely with the Netherlands to ensure WCEF 2021 would build on the outcomes of the WCEF+Climate event, which the Government of the Netherlands and Sitra would host on 15 and 16 April 2021.

1.31. The representative of Australia thanked Morocco and fellow co-coordinators for their work on this important initiative. Australia remained very concerned about the increasing amount of plastic polluting oceans and natural environments, which was unfortunately only projected to grow. His delegation saw the work of the IDP as an important part of the WTO's broader agenda to support a more environmentally sustainable global economy through the consideration of the trade-related contribution to plastics pollution. The dialogue was informative and valuable, and Australia encouraged all Members to participate in the initiative.

1.32. The representative of Norway welcomed the work led by China and Fiji on plastics pollution and environmentally sustainable plastics trade. Work in the WTO was useful, as were efforts that took place in UNEP and other forums. Norway underlined the importance to have a global agreement on plastics and echoed the remarks by the European Union in that regard.

1.33. The representative of Ukraine thanked all co-sponsors for launching the IDP which was very timely and important. The plastic pollution problem grew more serious every year, now becoming a global challenge for the international community. Ukraine therefore supported the idea of joining their efforts to achieve positive results in overcoming this plastic crisis. Ukraine had already started addressing the issue at the national and regional levels and considered the exchange of experience and best practices in tackling plastic pollution among WTO Members as timely and potentially very helpful. Ukraine was open for discussions on the topic and hoped it would soon be able to address more effectively plastic pollution at the national level.

1.34. The representative of China thanked WTO Director-General Dr Ngozi Okonjo-Iweala and all Members who shared their views and suggestions on the IDP, in particular on the suggested roadmap and possible outcomes by MC12. Tackling plastics pollution was an issue where WTO could demonstrate its relevance to new challenges which were of major public concern. It was also an issue of shared importance for all delegations, least developed countries, developing and developed Members. The IDP was open to all WTO Members and China would like to join Morocco and all other co-sponsors to express their high appreciation of the engagement and support of interested delegations in all past discussions. China looked forward to more Members co-sponsoring the IDP and jointly working towards achieving a tangible result in MC12.

1.35. The representative of the United States noted his delegation's interest in the issues of plastic waste and scrap, including the use of a trade facilitative approach to support resource efficiency, including to manage plastic waste and scrap, so that materials could be recovered, recycled, and returned to commerce. The United States would welcome further clarification from the co-sponsors to better understand and identify the trade-specific aspects associated with the management of plastic waste and scrap, and how the IDP proposed to address those trade-related aspects. In essence, his delegation sought to understand what was the value-add to the trade process that co-sponsors were proposing to bring through the IDP.

1.36. The United States believed trade and environmental goals were mutually supportive, including in the case of plastics; trade could and should play an important role to support post-consumer materials recovery and recycling. His delegation 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. WTO Members could and should find ways to ensure these materials did not needlessly end up in landfills, or otherwise encouraged the additional production of virgin plastics or other materials, when recyclable commodities could and should remain in the production stream. The United States continued to believe the WTO could support better environmental outcomes by taking a trade facilitative approach to address environmental challenges like materials recovery and recycling.

1.37. The representative of [Saudi Arabia](#) drew the attention of the Committee that more effective waste plastic management including trends and responses, along with the role of international co-operation and trade would be more beneficial in addressing the environmental side effects of plastic waste pollution. Saudi Arabia encouraged further knowledge and information sharing in this area.

1.38. The representative of [Morocco](#) thanked all delegations for their remarks and support, noting that there were still different views to align. He shared the US assessment on the positive economic value wastes and scraps could have. He echoed Australia and Ecuador in urging delegations to participate in the upcoming IDP meetings to contribute with these and other perspectives on the issue. He similarly echoed the European Union, Norway and Canada on the importance for IDP to work in synergy and intelligently to ensure coordination with international efforts, while sharing the view expressed by Norway on a higher ambition towards a global agreement on plastics. He stressed that co-sponsors already had an initial goal which was to achieve a Ministerial Declaration by MC12, and concrete steps in that direction should be adopted. He emphasized the concerns expressed by Australia and Ecuador and the need to urgently preserve ecosystems. All such matters would be discussed in depth in the next IDP meeting co-chaired by Ecuador and Barbados.

1.1.2.2 Presentation by the Central African Republic on National Efforts related to Plastics Pollution

1.39. The representative of the [Central African Republic](#), H.E. Ambassador Leopold Samba, briefed delegations on national efforts in the Central African Republic related to plastics pollution.² The country strived to use plastic waste to the most extent possible, recycling or repurposing waste products and was a signatory to the Basel Convention. Under the department in charge for the environment, the Central African Republic had established national policies, decrees and laws which created a comprehensive environmental regulatory framework, which included a ban in June 2020 on non-biodegradable plastic bags and packaging, their storage and sale, to preserve air quality, land quality, water quality, and ensure people's quality of life. It also sought to promote the use of biodegradable plastics and other innovative and ecologically sustainable innovations.

1.40. To implement the new legislation, a special unit had been created to monitor and enforce environmental violations. Penalties varied from three to five months of detention and a fine of between 1'500 to 76'000 euros. The National Trade Negotiation Commission had established a sub-committee on trade and environment as a further step to support implementation of the import ban. Training was underway on how to identify biodegradable packaging for border agents, particularly customs, environment and trade officials, as well as for economic operators. Capacity building was also underway to identify those countries from which biodegradable plastics could be imported as well as to educate trade partners on the content of the law. A national standardization and metrology agency was being created that would handle the technical standards aspects of the law. In the short term, the country had signed an agreement with the SGS Group to import biodegradable packaging as of 1st March 2021.

1.41. There had been a recent increase in plastic wastes in the composition of the country's general solid wastes production, which had approached 67'000 cubic meters in 2016. Solid wastes were gathered in 41 transitory deposits before being sent to the only landfill in the capital, which was located six kilometres from the city centre and had received the support from the World Bank and the European Development Fund. Discussions were ongoing with a view to introduce selective (valuable) waste collection in the transitory deposits and at sources, two priorities to improve solid waste management in the country.

1.42. The representative further noted a number of deficiencies that affected how trade and environmental policies could be supportive in the country. He noted, inter alia: little understanding of the interaction between trade and environment agreements by national stakeholders; low coordination between trade and environmental authorities; low implementation and knowledge of applicable laws; disconnection between environmental policies from actual economic activity; inefficiency of control mechanisms. The Central African Republic faced a number of challenges linked to the growth of its urban areas and the flight from the countryside, due to ongoing crises and the lack of opportunities. This included notably the proliferation of non-biodegradable solid waste in cities and suburbs.

² The detailed presentation is contained in document WT/CTE/GEN/25.

1.43. With respect to the potential contribution from trade and trade policy, the Central African Republic government proposed a number of steps, including: to organize training workshops on the WTO and its environmental aspects for all economic stakeholders; to reinforce the legal framework of the National Trade Negotiation Commission in order to better integrate the environmental dimension and reinforce domestic institutional capacity to provide technical assistance; to support the national implementation of early alert and warning mechanisms; and to put together and reinforce the necessary waste management bodies in the country. Finally, he stressed that environmental protection was one of the priorities of the current government which was undertaking a number of reforms in order to turn back the tide of environmental degradation. Such efforts had been severely affected by the current COVID crisis. Nonetheless, the Central African Republic wanted the environment to be a tool for the socio-economic development of the country.

1.44. The representative of Switzerland expressed appreciation for the experience shared by the Central African Republic and noted that this concrete case illustrated perfectly the need for information of Members on the problem of plastic pollution. Switzerland encouraged the Central African Republic to join the TESSD and the IDP which might address the topics presented.

1.45. The Ambassador of Vanuatu on behalf of the Pacific Islands Forum expressed her gratitude to the coordinators of the informal dialogue on plastic pollution and environmentally sustainable plastics trade, and especially to the lead coordinators, Fiji and China for the initiative, and Morocco for the report of the dialogue. Fiji's leadership role in this initiative was indicative of the very close interest which the wider Pacific Region maintained on the subject. This region was one of the most seriously affected by plastic waste, with notably adverse effects on two of the region's key industries, mainly fisheries and tourism. To that end, the WTO environmental database showed that there were increasing actions at the national level, regulating trading plastics on environmental grounds.

1.46. However, this might not be enough to facilitate a coordinated and coherent transition to a more sustainable global economy. The Pacific Islands Forum, therefore, supported continuing work in the WTO, including in the CTE, and identifying how cooperative trade policies could contribute to international efforts to achieve a more sustainable system. The IDP initial focus on sharing information exchange and best practices and facilitating dialogue through a transparency and international cooperation exercise was a sensible starting point, given the gaps in classification and data. In this, as in other areas of environmental concern, the Pacific was on the front line. Resource constraints sometimes inhibited the participation in relevant WTO deliberations. Nevertheless, the Pacific Islands Forum would be following and contributing to this initiative as actively as possible. Technical Assistance could play a part in helping to ensure that the Pacific region played a role commensurate with its interest and experience. For resource challenges, a central role of the CTE would be important as the work proceeded.

1.1.2.3 Presentation by the United Nations Environment Programme (UNEP) on its report on "Trade in Used Vehicles"

1.47. The representative of UNEP presented its report on "Trade in Used Vehicles". He said that the global light duty vehicle fleet would double by 2050. Most of the growth would happen in non-OECD countries and would have a significant impact on air quality, greenhouse gas emissions and road safety, among other issues. Used vehicles imported from OECD countries would represent a large and increasing share of vehicles in non-OECD countries. For example, in Kenya 97% of the vehicles that were being added to the vehicle fleet were imported used vehicles, while in Nigeria the share was between 85% and 90%. A UNEP report released in 2020 sought to map the trade in used vehicles.³ Japan, the European Union and the United States were the main exporters of used vehicles. Japan exported used vehicles mainly to Southern and East Africa, the United States exported them mainly to Mexico and Central America and the European Union to West, Central and North Africa. Based on an in depth analysis of 146 countries, the report had found that some two-thirds of countries had "weak" or "very weak" policies to regulate the import of used vehicles, most of them in Africa. Only ten countries in Africa had put in place some level of regulation to ensure that they would not import dirty used vehicles. African countries without appropriate regulations had seen the average age of imported used vehicle steadily increase. In Uganda, for example, the average age of imported used vehicles was 17 years in 2017, up from 7 years in 2000. Data on exports of used vehicles from the European Union to Africa through Dutch ports showed that 70%

³ UNEP, Global Trade in Used Vehicles, 26 October 2020; available at: <https://www.unep.org/resources/report/global-trade-used-vehicles-report>.

of vehicles did not have a valid road worthiness certificate. Most of these vehicles, whose average age was 18 years, did not meet EURO4 European vehicle emissions standards.

1.48. Countries that had implemented measures to regulate the import of used vehicles – notably age and emissions standards – had access to high-quality used vehicles, including hybrid and electric cars, at affordable prices. Sri Lanka, where every second used vehicle imported into Sri Lanka was a hybrid electric vehicle, was a case in point. Another example was Morocco, which only permitted the import of vehicles less than five years old and those meeting the EURO4 European vehicle emissions standard or higher; as a result, Morocco imported only relatively advanced and clean used vehicles from Europe. In Ghana, most used vehicle imports met the EURO4 standards, in part because of an incentive that lowered duties paid on those vehicles. Adopting minimum quality standards for used vehicles in Africa would result in significant benefits in terms of reduced pollution and increased road safety. UNEP and several partners had set up a global programme focused on Africa. The goals of the programme were to ensure that used vehicles exported from developed countries would: have a valid road worthiness certificate; meet the EURO4 European vehicle emissions standard or higher; and would not exceed 12 years of age. These measures could help reduce common pollutants resulting from light vehicle road traffic by up to 90%, among several other benefits. Some countries had already made progress. For example, the Economic Community of West African States (ECOWAS) had adopted the EURO4 standards for used vehicle imports and would shortly introduce age limits for used vehicles. The East African Community planned to do the same. UNEP planned to do a similar study on trade in used heavy duty vehicles.

1.49. The representative of the European Union said that UNEP's report contributed to a better understanding of global trends and issues related to trade in used vehicles. The report would be a useful tool to inform the European Union's ongoing policy discussions, including in the context of the Zero Pollution Action Plan which is under preparation, and the revision of the End-of-Life Vehicles Directive. The European Union would continue to engage with UNEP and other partners to coordinate joint efforts to tackle the environmental issues related to trade in used vehicles.

1.50. The representative of Switzerland said that UNEP's report provided a clear picture of the problems related to trade in used vehicles for climate, pollution and road safety. She noted that the launch of a new forum in Geneva, the Forum on Trade, Environmental Sustainability and the SDGs (TESS), was a joint effort of the Graduate Institute, the Geneva Trade Platform and UNEP, was timely and relevant. TESS provided a forum for discussion and reflection with all interested parties, along with support to develop coherent trade policies.

1.1.2.4 OECD's Update on Recent Work related to Circular Economy

1.51. The representative of the OECD briefed the Committee on its recent report on International Trade and Circular Economy Policy Alignment. The circular economy aimed to close, extend and narrow material loops in various ways. This happened frequently within national boundaries, but there were important interlinkages with international trade, through global supply chains, end-of-life value chains and through services trade. This report aimed to secure the policy coherence necessary between international trade and circular economy by mapping out the potential misalignments and identifying opportunities to align and strengthen both policy areas. When looking into trade policies, the starting point was that trade policies were often not familiar to environmental policy makers and, vice versa, circular economy policies were not familiar to trade officials, so the aim of the report was to fill in this gap.

1.52. The report first looked into multilateral trade rules (some basic rules relating to non-discrimination, general exceptions, technical barriers to trade, transparency, consultation and capacity building elements) and, in particular, the TBT Agreement, which aimed to facilitate trade and harmonize technical regulations as widely as possible and encouraged Members to adopt international standards through policy making to the extent possible. Next, the report looked into regional trade agreements. So far, specific provisions on circular economy were found in five draft agreements. Circular economy-related provisions were found more broadly, such as on natural resources and waste management, in references to the Basel Convention and specific provisions on food waste, such as those found in the United States, Mexico and Canada Agreement (USMCA).

1.53. Turning to what kind of policies were currently in place for resource efficiency and circular economy, he mentioned an OECD survey from 2017⁴, which identified what kind of policies were already in place and what kind of policies were under consideration. Such policies fell into six broad categories: (1) Extended Producer Responsibility (EPR) and product stewardship schemes; (2) taxes and subsidies; (3) ecodesign; (4) green public procurement; (5) eco-labelling; and (6) circular economy-related standards. There were several policy instruments that were not covered, such as on R&D, education campaigns and material exchange platforms. While these were essential for the circular economy, they appeared less relevant for trade and were therefore not covered in this report.

1.54. With regards to securing a mutually supportive agenda for trade and circular economy, the report identified national approaches, i.e. what could be done within domestic policy space; issues that required some sort of international cooperation; and knowledge gaps. Starting with national approaches, circular economy policies needed to be defined and implemented in a non-discriminatory fashion and notified. EPR schemes need to be examined or re-examined, in particular, how they accounted for end-of-life value chains, since some schemes appeared to incentivize waste trade by allowing exporters to claim that waste exports were 100% recycled without accounting for intermediate processing losses. There were also elements around circular economy standards that needed to be aligned with international standards to the extent possible and these should be notified whenever appropriate. While not related to circular economy policies *per se*, there were other elements around definitions and classification to allowing trade that would support the circular economy and distinguishing them from unwanted fractions.

1.55. With respect to international approaches, the most relevant was circular economy standards and, secondly, harmonization and mutual recognition of conformity assessment procedures or being engaged in international standard-setting, since circular economy-related standards were emerging in various jurisdictions. There were also elements around definitions, classification and data collection to keep in mind. Regarding knowledge gaps, there were three issues that needed further work: the first was how to align global supply chains with the circular economy; a second issue was on securing circular and resilient value chains, for instance, through trade facilitation, digital technology and innovation; and, finally, how services trade could support circular economy business modules.

1.56. The representative of the European Union thanked the OECD Secretariat for the very valuable work on trade and circular economy.

1.1.3 Other

1.1.3.1 Presentation on Maldives' efforts to promote sustainable trade and green recovery

1.57. The Ambassador of Maldives presented on Maldives' efforts to promote sustainable trade and green recovery. The protection of the environment was important for the Maldives as the country's main sources of income – fisheries and tourism – depended on the sustainable use of environmental resources. The protection of natural ecosystems was a sine qua non for the continued progress and development of the Maldives. The Maldives Strategic Action Plan 2019-2023, incorporated goals to address environmental protection and preservation. The Action Plan also outlined modalities for sustainable economic activities within the framework of the blue economy.

1.58. He noted that plastics pollution had significant cross-border implications. Therefore, it was important to explore options and solutions to tackle plastic pollution, reduce plastic production and use, and transition to a circular economy, to preserve the country's ecosystem, protect biodiversity and increase productivity. Maldives had taken steps to phase out single-use plastics with the Amendment to its Import-Export Act in December 2020. With this Amendment, from June 2021, the import of goods declared as single-use plastic would be prohibited. The Maldives was expected to fully phase out single-use plastics by 2023. This plan would be rolled out in stages, together with an extended producer responsibility program, strategic awareness, and educational campaigns to steer

⁴ OECD survey, "Policy Instruments for Sustainable Materials Management, Resource Efficiency, and the Circular Economy", 2017.

the country towards a greener economy. The aim was to ensure minimum disruption by making plastic alternatives available and affordable.

1.59. The Ambassador stated that the Maldives had already implemented plastic-free initiatives in schools. Since April 2018, all schools in the Maldives were single-use plastic-free. Several resorts promoted sustainable, eco-friendly, and responsible tourism by investing in renewable energy, protecting biodiversity, and eliminating single-use plastic bottles. To enhance multilateral engagement, the Maldives was also a member of the Commonwealth Clean Ocean Alliance, the Action Group to tackle marine plastic pollution. Furthermore, Maldives had partnered with Parley for the Oceans. Through this partnership, Maldives would support the implementation of the Parley AIR Strategy to avoid plastics where possible, by education, intercepting plastic waste and redesigning alternative and new solutions to plastics.

1.60. He said that these initiatives aligned with the Maldives' efforts to transition from a linear to a circular economy, which focused on waste reduction, reuse, and recycling. This transition posed challenges, in particular, changing the production and trade structure of the economy. However, new industries were gradually being introduced that aimed to replace the linear model. Waste management and recycling was one key area of focus. To this end, Maldives had established a plastic recycling laboratory "The Plastics Lab".

1.61. Geography had made Maldives and other Small Island Developing States (SIDS) especially vulnerable to the consequences of climate change and sea level rise. Being land-scarce and low-lying, Maldives was exposed to the risks of extreme weather events all of which had devastating impacts on lives and livelihoods. To avert these risks, significant adaptation measures were necessary. He stated that considerable public investment was aimed at coastal protection and there were measures to protect infrastructure and strengthen natural defences. In addition, mitigation measures were also equally important to enhance climate resilience through emissions reduction and renewable energy alternatives. The Maldives aimed to achieve net zero emissions by 2030. International trade and multilateral cooperation in mobilizing assistance was key to the effective implementation of adaptation and mitigation measures.

1.62. The Ambassador said that the Maldives had adopted policies to promote the trade of energy-efficient products and of environment-friendly products. Maldives had eliminated duties on several products, including, electric vehicles integrated with renewable energy, energy-efficient lights, solar-powered products, and solar power systems. Furthermore, duties levied for non-biodegradable products such as plastic bags and polythene films had been increased. In addition, Maldives was encouraging the production of sustainably sourced produce.

1.63. He said that Maldives considered fisheries an important export industry. Tuna fisheries was the dominant form of fishery practiced in the Maldives. Historically, Maldives used environmentally friendly methods of catching fish as the pole, line and hand line fishing methods practiced in the country left zero by-catch, unlike purse-seine net, long line or drift net fishing. Maldives fishing methods were therefore intrinsically environmentally friendly and helped preserve tuna stocks and make tuna fisheries more sustainable. He added that there was no widely agreed definition of environmentally friendly products for the purposes of trade. There were also no specific multilateral policies on trade in environmentally friendly products. This meant that, Maldives was unable to effectively compete within the rules-based system with others who did not practice sustainable fisheries in the pursuit of higher returns. This was counter-productive for countries such as the Maldives. However, there was an opportunity to reverse these trends and encourage the trade of environment-friendly products and improve competitiveness, by revisiting the Generalized System of Preferences (GSP) to support duty-free and quota-free trade for sustainably sourced tuna, and in line with WTO practice, eliminate all non-trade barriers to the promotion of sustainable fisheries. Furthermore, Maldives considered it important to bring the discussion of trade of sustainably sourced products into the work of WTO by incorporating it into the existing negotiations to eliminate tariffs on environmentally friendly products.

1.64. The representative of the [European Union](#) welcomed the efforts by Maldives to promote environmentally friendly products and the transition from a linear to a circular economy. She also appreciated Maldives' efforts to reduce plastic pollution.

1.65. The representative of Canada commended the Maldives' efforts to promote a green and blue economy and said that her delegation was supportive of discussions on this important area at the WTO.

1.66. The Ambassador of Maldives thanked the European Union and Canada for their support and noted that the Maldives was working hard to affect the transition from a linear to a circular economy. Maldives needed increased multilateral cooperation within the rules-based system to achieve meaningful results. In particular, he noted that fisheries was an important industry and sustainable fishing could have economic and environmental benefits for all SIDS.

1.1.3.2 Presentation on Clean Green Pakistan – A business perspective

1.67. The representative of Pakistan presented one of the early cases of successful transition to a sustainable business in Pakistan, in a presentation entitled "Clean Green Pakistan – A business perspective". As Pakistan was at high risk of the impacts of climate change, the Pakistani Government had launched the initiative "Clean and Green Pakistan". Pakistan was committed to the Paris Agreement's objective and the Prime Minister had urged countries to work together to achieve this goal. The Prime Minister had also undertaken a large and ambitious project known as the "Billion Trees Tsunami", which was well on the way to achieving its targets.

1.68. He acknowledged that sustainability and growth were not mutually exclusive, however, there were numerous challenges that came with the opportunities that a green economy offered. Even prior to the pandemic, Pakistan's economy was facing several challenges, among others, environment challenges such as drought, floods and locusts. These of course had far-reaching consequences for an agriculture-based economy, as well as market access issues in terms of competitiveness and diversification.

1.69. The pandemic had added another handicap as the country tried to surmount these hurdles. These issues were typical to most poor countries. Therefore, transitioning to a sustainable economy in this context was a challenge that could only be overcome with targeted support from partners and entities in the sustainability field. In his view, in addressing the issue of climate change, nothing less than a Global Green Deal would cut it. Country-specific or region-specific policies alone could not address a global issue.

1.70. To this end, he echoed the call made by the International Trade Centre Executive Director during the Aid For Trade stocktaking event to roll out funds to help countries to transition to green and sustainable economies. Targeted support, or a mechanism supporting countries with resource and technological constraints to transition to a sustainable economy, would allow these countries to build back better and to have more resilient economies. Pakistan's presentation highlighted that it made perfectly good business sense for firms in developing countries to go green, provided they had the right set of incentives.

1.71. A business representative of Pakistan⁵ noted that Pakistan was the seventh largest exporter of footwear manufacturing in the world, and it was in this area that his company operated. Service Industries Limited was an 80-year old company. It operated three types of businesses: firstly, a shoe factory, which primarily produced shoes for the domestic market; secondly, the manufacture of tyres and tubes; and thirdly, Service Global Footwear Limited, which was the largest footwear exporter in Pakistan and an industry leader. This was the business category and the factory type that had implemented sustainable energy. As an introduction to Service Global Footwear Limited, he noted that it was a vertical integrated factory, which produced all types of components in-house. More than 95% of production was for the export market. The factory was fully socially and environmentally compliant with all international bodies. Europe was its biggest market, followed by the United States (17%). Moving on to sustainability and why the company went green, or what factors influenced Service Global Footwear Limited to set up its first solar-powered park, there were four reasons he wished to highlight.

1.72. The first was the "Billion Trees Tsunami" programme, which was a plan to plant a billion trees in the following three years. The slogan gained great success and momentum and it brought massive awareness and media across the country. This message also reached his company and it was the

⁵ Mr Hassan Ehsan and Mr Omar Saeed from Service Industries Limited (Pakistan).

first time they started to think about the green energy concept. The second reason was the global drive, such as the Paris Agreement in 2015, when many countries made global commitments to convert their fossil energy into non-fossil resources. Germany was one of them and as Germany was Service Global Footwear Limited's largest trading partner, the company decided to contribute to its trading partner's cause.

1.73. The third reason was power shortages. Historically, Pakistan had faced serious power shortages. Therefore, Service Global Footwear Limited and many other industries were thinking about how they could be more self-reliant and generate their own power, which was also cheaper and more sustainable. A fourth reason was customer perspectives. In 2016, the company started to discuss the green energy concept with its major customers. It received an overwhelming response from most customers.

1.74. He then explained the reasons why Service Global Footwear Limited decided to open its first Solar Power Park facility. Out of Pakistan's total power generation, 63% of electricity was produced with fossil resources. His company thought about all these issues over two years, from 2015-2017, and in 2017 it opened its first Solar Power Park of 1 megawatt (MW). It was a unique event in Pakistan, as it was the first company to implement a Solar Power Park of this size in Pakistan and probably the first shoe factory in that region to adopt this technology on this scale. Hence, the inauguration was attended by Pakistan's leading business community, government officials, many European Ambassadors in Pakistan, including the German Ambassador.

1.75. The concept was so well received that a few other industries, such as leather and textile factories, signed an MoU with the same consultant within a week of its inauguration. Three and half years later, looking at the numbers, the company had no regrets. In terms of carbon emissions, in the last three and a half years, nearly 2,400 tons of carbon had been saved by this 1 MW Solar Power Park. This translated into planting over 61,000 trees or not driving a vehicle over a distance of 9.6 million km. All customers were happy with the green concept and some European customers circulated in their local media that they produced their shoes in Pakistan and that all their shoes were made with clean and green energy. The shareholders of the company were also happy since in Pakistan the cost per unit from solar energy was one-third the cost from the national grid. So, it was a win-win situation for everyone. After seeing the success of this Solar Power Park, in February 2019, a second 440 KW-capacity unit was opened. Recently, a third 562 KW-capacity unit had opened. Altogether, in this one shoe factory, there was a capacity of over 2 megawatts (MW) of power generation all with solar.

1.76. He mentioned some of the challenges in implementing these three projects. As it was the first to adopt this technology, the company faced a lot of issues when setting up the first plant, as there was no previous example available in Pakistan where they could verify the numbers and the production forecast by consultants. They had to travel to different countries in Europe to see a plant that was already working and consulted with foreign technicians. Once a plant was installed, another challenge was how to send the extra energy back to the national grid. There was no system available for "net-metering", so they worked hard with local authorities to set up the protocols and finally, after 6-8 months, they received their first licence for "net-metering". As the system was already defined, for the second and third units, the same licence was obtained within a couple of weeks.

1.77. He noted what challenges other industries faced in Pakistan. Most industries in Pakistan ranged from small to medium scale, so they found it difficult to fund these projects, especially the initial cost of the project, even though there was a subsidized interest rate of 3-4% for such projects in Pakistan. Another reason was customer appreciation. For the majority of companies selling in Pakistan, there was no appreciation of this (green) concept by their customers. Local authorities in Pakistan needed to raise awareness and make the system easier for Small and Medium Sized Enterprises (SMEs) to learn what advantages they could benefit from in their own businesses by going for the sustainability concept.

1.78. Next, he noted the group's vision for these services. Nearly 70% of Service Global Footwear Limited's electricity requirement now came from the Solar Power Park and they hoped to implement the same system in the rest of their production facilities as well as in the corporate offices. The internal target for the next 3-4 years was to implement the same type of solar park for its footwear factory that produced for the domestic market, as well as for its tyre business.

1.79. Finally, the last item in the presentation was the key message, which could be divided into two parts. First, the message to local industry in Pakistan, as well as outside Pakistan, was clear – it was a win-win situation. When you went for the green concept, your customers were happy and cost wise, at least in Pakistan, it was more cost-effective than the national grid. It created a better image of the company and, of course, it gave satisfaction knowing that you were doing something for the next generation. The last message that they wished to give to the WTO and other international trade bodies was that all the benefits that had been discussed were about green, clean and energy and its sustainability, but it remained a fact that most of these realities were soft realities and businesses were driven by hard realities and material advantages. It was necessary to develop more platforms and recognitions in terms of material benefits for the companies that adopted this technology. There should be closer coordination between customers and suppliers and well recognised preferences given to those companies that went green. If we showed companies the paths of sustainability and comparative preference over those people who still used fossil energy, a lot more people would go for this concept.

1.1.3.3 United Kingdom's activities related to making supply chains more sustainable

1.80. The representative of the United Kingdom provided information on activities related to making supply chains more sustainable. As the global economy worked to recover from the Covid-19 pandemic, it was vital that the collective approach to international trade enabled building back better. As the TESSD November communiqué highlighted, part of this required strengthening the resilience and sustainability of global supply chains to address the risks presented by environmental degradation and biodiversity loss.

1.81. Key to this discussion of supply chain sustainability was how to tackle deforestation and land degradation, which was the second largest source of greenhouse gas emissions annually, a major driver of biodiversity loss and associated with heightened risk of zoonotic disease. Almost 80% of deforestation was driven by agricultural expansion, much of it to produce forest and agricultural commodities that we used on a daily basis. International trade regimes and markets were too often still set in favour of unsustainable practices in these supply chains. However, when managed legally and sustainably, international trade in forest and agricultural commodities was an invaluable source of revenue to both local communities and entire nations and could support wider national and global environmental goals, including through protecting forests and other important ecosystems. The transition to more sustainable forms of agriculture could add a further US\$2.3trn in productive growth to the global economy.

1.82. Multilaterally, this transition could be supported, working collaboratively through international trade levers to incentivize sustainable production of forest and agricultural commodities, to open up sustainable commodity markets and ensure that producers financially benefit from adopting sustainable practices. This issue was critical in order to meet Sustainable Development Goals regarding Sustainable Economic Growth, Responsible Consumption and Production, Climate Action and Life on Land.

1.83. February saw the launch of the Forest, Agriculture and Commodity Trade (FACT) dialogue, an initiative of the CoP26 Presidency and the Tropical Forest Alliance to bring together agricultural producer and consumer countries to identify actions to reduce deforestation in supply chains, encourage investment in sustainable production and build new markets for sustainably grown products. A number of WTO Members had provided their support to tackle the issue of forest degradation and loss, while promoting sustainable trade and supply chains. The dialogue had aimed to agree on principles for collaborative action, and a shared roadmap of actions that protected forests and other vital ecosystems while promoting development and trade. The United Kingdom encouraged all Members to support one of the fundamental goals of this dialogue – to ensure global trade supports the transition to sustainable agricultural production and sourcing throughout these supply chains.

1.84. The United Kingdom thanked the IISD for partnering with the United Kingdom to host a webinar on 24 March exploring ways to reduce deforestation and enhance forest conservation through international trade policy. The webinar examined the role of voluntary sustainability standards in protecting forests and potential synergies between trade policy and Voluntary Sustainability Standards (VSSs), for tackling deforestation and enhancing forest conservation at a large scale in forest commodity sectors, including having a provision within trade agreements that provided for preferential treatment of commodities that met sustainability requirements. Over 300

people took part in the webinar either live or streaming the recorded webinar. IISD would prepare a written commentary, which would expand on the material covered in the webinar and on points raised in the questions and answers session. The United Kingdom intended to inform Members when the commentary would be available.

1.85. Finally, Members were invited to the United Kingdom's event on Sustainable Supply Chains, on 31st March. The United Kingdom would share learnings and reflections of the United Kingdom's Global Resource Initiative, established by the United Kingdom as an independent taskforce of leaders from business and environmental organisations to consider actions the United Kingdom could take to green its international supply chains and leave a lighter footprint on the global environment. The United Kingdom would highlight the Global Resource Initiative's purpose, process and intended impact, and provide an overview of the taskforce's recommendations. The United Kingdom intended to promote green trade as part of the solution to climate change and biodiversity loss, with the WTO being central to this work. The United Kingdom invited Members to engage in the CoP26 FACT dialogue to agree on actions to reduce the impact of agriculture on ecosystems such as tropical forests and looked forward to continuing the discussion on this important issue in the CTE.

1.86. The representative of the European Union noted that the preservation of forests and natural environment was a key pillar of the European Green Deal. The European Union therefore appreciated the work that the United Kingdom was doing to reduce deforestation and enhance forest conservation in the context of United Nations Framework Convention on Climate Change (UNFCCC) CoP26. Moving forward, the European Union would welcome more actions and measures on sustainability.

1.87. The representative of Canada commended the United Kingdom's efforts to promote the development of sustainable supply chains and were supportive of discussions on this important area at the WTO.

1.88. The representative of Norway welcomed the United Kingdom's initiative on sustainable supply chains and in particular the FACT dialogue that was taking place in preparation for the Conference of the Parties of the UNFCCC. Norway looked forward to participating in that dialogue.

1.1.3.4 European Union's update on trade relevant aspects of the European Green Deal

1.89. The representative of the European Union updated delegations on trade relevant aspects of the European Green Deal. She started by presenting the EU new trade policy communication adopted on 18 February 2021. The communication, entitled "Open, Sustainable and Assertive Trade Policy", aimed to build a consensus around the strategic direction and objectives of EU trade policy for the next decade. The communication re-affirmed the European Union's commitment to open, fair and rules-based trade, places sustainability at the heart of trade policy, and was assertive inasmuch as trade policy could contribute to promote the European Union's values and interests.

1.90. The European Union noted that, on the multilateral front, the reform of the WTO was the first priority, including through having a fully functioning dispute settlement system. The European Union specified a number of concrete actions outlined in the communication that were relevant for environment. In the multilateral sphere, the European Union would engage with like-minded countries to pursue a strong environmental agenda at the WTO, including through a trade and climate initiative.

1.91. In the bilateral sphere, the European Union would propose that the respect of the Paris Agreement be considered an essential element in future trade and investment agreements and that trade and investment agreements with G20 countries be based on a common ambition to achieve climate neutrality as soon as possible and in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC). She also noted that the European Union would make full use of its trade deals to accelerate cooperation on biodiversity, pollution, circular economy, and sustainable food systems. The European Union would also enhance the implementation and enforcement of its Chapters on Sustainable Development which included commitments on climate, environment and labour. These efforts would be reinforced with a newly appointed Chief Trade Enforcement Officer.

1.92. Finally, with respect to autonomous action by the European Union, she added that there were several measures in development under the so-called EU Green Deal. In particular, the

European Union would propose a carbon border adjustment mechanism (CBAM) and would put forward legislation addressing deforestation and forest degradation, as well as on sustainable corporate governance. The autonomous action by the European Union would be designed in a manner so as to ensure it was fully in compliance with WTO requirements and needs to be based on a spirit of international cooperation and mindful of development needs.

1.93. The representative of the European Union also elaborated on key elements of its proposed CBAM. The European Union underscored its determination that its declared greenhouse gas reduction targets, required to keep the temperature goals of the Paris Agreement within reach, were implemented in practice. However, given that the climate challenge was inherently global, the European Union needed its international partners to share a comparable level of ambition. The European Union indicated that, as long as climate action was not equally taken at a global level, there was a risk of "carbon leakage", which would end up undermining global climate action efforts and the effectiveness of the European Union's emissions mitigation policies. The European Commission had announced in the European Green Deal that, should differences in levels of climate action and ambition worldwide persist as the European Union upgraded its own commitments, it would need to propose a carbon border adjustment mechanism (CBAM), for selected sectors, to tackle the risk of carbon leakage. The CBAM would seek to support the other measures that were part of the Green Deal and ensuring their efficiency. The European Union specified that the CBAM would take into account efforts by its international partners to adopt policies and measures to reduce greenhouse gas emissions from industrial production, including through carbon pricing mechanisms. Importers would be treated in an even-handed manner and would not be subject to an adjustment that was higher than what was applied domestically. The European Union also highlighted its intention to work with partners to promote effective methods of decarbonization, from technological innovation to market-based approaches, and to make sure adjustment measures worked in an open and fair manner and were in full compliance with WTO rules.

1.94. The representative of the European Union added that a key element of the design of the CBAM was ensuring that the price of goods imported in the European Union reflected more accurately the carbon emissions that took place during their production. He specified that the proposed measure would be in compliance with the European Union's international commitments, including WTO commitments and that it would be applied to carbon intensive sectors. The European Union noted that it had carried out a public consultation in which more than 600 contributions, coming from 38 different countries, were received. While most of the contribution came from the European Union itself, there were still more than 100 contributions that came from the rest of the world. The European Union was currently in the process of conducting an impact assessment and more consultations were scheduled to take place next month with a view to the adoption of a proposal by the European Commission in June 2021. The proposal had to be adopted by the European Parliament and Council, with a view to its implementation in 2023.

1.95. The European Union then turned to address the issue of deforestation, highlighting that the preservation of forests and natural environment was a key pillar of the European Green Deal. Deforestation was a major driver of global warming and biodiversity loss and threatened the wellbeing of all citizens on the Earth and in particular the livelihoods of 1.5 billion people that relied on forests for their subsistence. The European Union noted that, in May 2020, it published a Biodiversity Strategy for 2030, with the aim to put EU biodiversity on the path to recovery by 2030. One of its core commitments was to propose, in 2021, a new Forest Strategy. It was also noted that the European Commission was currently carrying out a fitness check of the EU Timber Regulation (EUTR) and the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, as well as an Impact Assessment to support a new legislative proposal on deforestation. The European Union highlighted that the goal of this proposal would be to ensure that not only was the natural environment preserved within the European Union, but also that the European Union's contribution to deforestation and forest degradation worldwide was minimized. To achieve these objectives, the European Union was looking into different ways to ensure that the supply chains related to products and commodities imported into the EU were deforestation-free.

1.96. The European Union explained some of the deforestation criteria that were being considered, which would be based on science, rely on internationally recognised definitions and non-discriminatory. With respect to the scope of the commodities and derived products that would be in the scope of this initiative, the European Union indicated that it would select commodities and derived products that were associated with global deforestation by being in supply chains driving

this phenomenon. The European Union observed that it was tentatively including certain commodities including soya, beef, cocoa, rubber, cereals and coffee. As part of the impact assessment, a range of possible options were being considered, including developing due diligence requirements for a place on the EU market, as well as adding to the due diligence requirement a benchmarking exercise to identify the risk from different countries, among others. In parallel to the impact assessment, the European Union was also doing a fitness check of the existing policy of the EU regulation dealing with the forest law enforcement. This was a policy that had been operating to fight illegal logging and illegal timber trade.

1.97. The European Union added that, while this was ongoing work and no decisions had yet been made, it wanted to reassure Members that the proposal would be fully WTO-compliant and non-discriminatory. The European Commission was aiming to make an announcement of the legislative proposal at some point in the summer of 2021, after which the proposal would go through the normal legislative procedure at the European Parliament and Council, during which all stakeholders would have further opportunities to engage in the process.

1.98. The European Union also addressed its Farm to Fork strategy adopted by the European Commission in May 2020, which would enable the transition to sustainable food systems in the EU and was central to the European Commission's agenda to achieve the SDGs. The strategy set concrete targets to transform the EU's food system, including a reduction by 50% of the use and risk of pesticides; a reduction by at least 50% of nutrient losses; a reduction by 50% in sales of antimicrobials used for farmed animals and aquaculture; and reaching 25% of agricultural land under organic farming by 2030. It also proposed ambitious measures to ensure that healthy options were the easiest for EU citizens, including improved labelling better to meet consumers' information needs on healthy, sustainable foods. The European Union also noted that it had already organised a number of information sessions (the last one dedicated to pesticides in January 2021) where trade-related aspects of the Strategy were discussed in more detail. The Strategy was also presented in the WTO SPS Committee in June 2020 (G/SPS/GEN/1797).

1.99. The European Union indicated that food sustainable systems would not be successfully achieved by the European Union or any other Member acting alone. There was a need to redesign food systems which today accounted for nearly one-third of global GHG emissions, consumed large amounts of natural resources, resulted in biodiversity loss and negative health impacts (due to both under- and over-nutrition) and did not allow fair economic returns and livelihoods for all actors, in particular for primary producers. The European Union noted that preparations were ongoing for the 2021 agenda – with CoP 15 to the UN Convention on Biological Diversity and the UN Food Systems Summit and highlighted that it was committed to seek ambitious policy outcomes of the Summit and strong commitments from stakeholders to take concrete actions on health and sustainability. The European Union added that international trade rules needed to fully support this agenda and the international transition to sustainable, resilient food systems that safeguarded food security, ensured access to healthy diets sourced from a healthy planet and protected the livelihoods of economic operators.

1.100. Moreover, the European Union stated that it would continue to lead international efforts, and in conjunction with its partners, address environmental challenges and promote the implementation of ambitious environment, climate and energy policies across the world. Through bilateral efforts, the European Union would accompany partners to transition towards more sustainable development pathways. In this regard, EU financial support to transition would continue to be scaled up as climate, environment and sustainable energy were fundamental parts of the European Union's future programming in external cooperation. The European Commission proposed to dedicate at least 25% of EU international cooperation to climate-related projects between 2021 and 2027 (more than 22 billion Euros). The European Union concluded by highlighting that its External Investment Plan would be instrumental to support the transition to climate-neutral green economies in partner countries.

1.101. The representative of Norway thanked the European Union for updating delegations on its new trade policy communication and for sharing details and timelines related to the European Green Deal. Norway expressed its full support for the European Union's efforts towards sustainable trade and a green trade policy. She also thanked the information shared with respect to CBAM, acknowledging that more details on these plans were useful. Norway noted that it shared with the EU a strong common interest in promoting European competitiveness and a level playing field with high standards to protect workers, consumers, and the environment, as well as the view that

international trade and trade policy should reinforce the importance of global efforts towards achieving sustainable development. Norway concluded by expressing its intention to work closely with the European Union on the policies presented.

1.102. The representative of Colombia thanked the European Union for the presentation and the details provided on the European Green Deal. Colombia noted that it shared the objectives of sustainability and the fight against climate change and was committed to meeting the goals of the Paris Agreement. She added that, in Colombia's view, the European Union's strategies had important commercial implications with a special impact on those countries that had one of their main trading partners in the European Union. Colombia welcomed the transparency exercises that the European Union had been carrying out, including by presenting in this and other WTO committees the various elements of its European Green Deal related to trade. However, Colombia pointed out that the European Union needed also to ensure the consistency of the programmes with its multilateral commitments, including by ensuring that unnecessary obstacles to trade were not created. She added that Colombia had been monitoring the elements of the European Green Deal in different multilateral and bilateral spaces and had raised specific questions in various instances at the WTO. Colombia invited the European Union to take into consideration the comments and observations provided by trading partners in the various stages of consultation to ensure that the various policies were consistent with WTO rules. Colombia concluded by highlighting that policies needed to be based on science and take into account the realities and production methods of each of the countries. In the case of deforestation, not all the commodities at issue were directly related to the loss of forests. In many cases, including in Colombia, production of these commodities took place within the country's available agricultural frontier.

1.103. The representative of Thailand stressed that Thailand and the European Union shared a common cause in tackling the great challenges facing humanity including climate change, pollution and biodiversity loss. Thailand therefore welcomed the European Union's efforts embodied in its European Green Deal and hoped that its implementation would be guided by the spirit of international cooperation and steer as far away as possible from unilateralism and coercion. In connection with the proposed CBAM, Thailand strongly urged the European Union to ensure adherence to all relevant international rules and principles, such as the principles of equity, common but differentiated responsibility and respective capabilities (CBDR-RC) and the principle enshrined in Article 3.5 of the UNFCCC that "Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties."

1.104. In order to assist Members in making the necessary preparations for the CBAM, Thailand requested the European Union to provide clarification on the following issues: (i) the expected design and sectoral scope of the mechanism; (ii) whether, and if so to what extent, the European Union took into consideration the policies and measures, as well as the respective capabilities and national circumstances of its trading partners in the design and implementation of the mechanism; (iii) whether, and if so how, the European Union intended to ensure preparedness among Members having an interest in exporting to the European Union; and (iv) how the European Union intended to ensure that the mechanism was fully compliant with WTO rules.

1.105. The representative of the United States thanked the European Union for its presentation on the trade-related initiatives of the European Green Deal and encouraged the European Union to further consult with Members, in the spirit of transparency and minimizing any disruption to trade. The United States indicated that it would welcome additional, detailed information and fulsome engagement by the European Union on these trade-related initiatives, as well as a better understanding of how several initiatives planned under the European Green Deal would intersect with Trans-Atlantic trade so as to avoid any potential unintended disruptions.

1.106. The representative of China began by noting that the Paris Agreement establishes the principle of CBDR-RC, which served as the foundation of global climate governance. He noted that some had expressed concern that the CBAM was a unilateral trade punishment measure requiring different countries to have the same level of ambitions regarding emission reduction. This violated Nationally Determined Contributions (NDCs) in the Paris Agreement and principle of CBDR-RC. China invited the European Union to explain how CBAM would comply with this principle. China added that CBAM's goals included not only climate change, but also protecting competitiveness of industries and increasing government revenues. China requested the European Union to explain a series of issues in this regard, including (i) how would the European Union balance these goals; (ii) what

industries would be covered by CBAM; (iii) which type of tools would be utilized (import tax, border adjustment tax or carbon emission allowances); and (iv) what would be the basis for calculating the carbon emissions in imports. China further stated that, in its view, the CBAM might be inconsistent with Articles I, II, and III of the GATT 1994. China inquired whether the European Union would ensure the consistency of CBAM with general rules of WTO or whether the European Union would resort to General Exceptions. China urged the European Union to exercise caution when proceeding with the legislation process, maintain full transparency, and consult stakeholders in advance in order to ensure the consistency with WTO rules.

1.107. The representative of Canada thanked the European Union for its update on the trade-related aspects of the European Green Deal and highlighted the longstanding history of cooperation on the environment and climate change with the European Union and Canada's commitment to ambitious action and global leadership on climate change. Canada indicated that it was following with interest the developments in the European Green Deal and that it would continue to be an active participant in international discussions on the trade-related aspects of global climate and environment issues. Moreover, Canada expressed its commitment to ensuring that the transition to a low carbon economy was achieved in a way that was fair and predictable for its businesses. In this regard, Canada noted that it looked for the European Green Deal to be implemented in a manner that was consistent with the European Union's international trade obligations and with the Comprehensive Economic and Trade Agreement (CETA). Canada encouraged the European Union to continue to be transparent in its work and engage third countries on trade-related aspects of the Green Deal, and to use appropriate WTO committee meetings as opportunities to keep the broader WTO membership apprised of developments. Moreover, Canada indicated that it was also exploring the potential of border carbon adjustments, including working with its international partners on this issue.

1.108. The representative of Korea expressed its appreciation for the European Union's leading role on environmental and sustainability matters, including the European Union's commitment to climate neutrality by mid-century. Noting that as part of the European Green Deal the European Commission was working on a CBAM, Korea indicated that trade measures adopted for legitimate policy objectives should be fit-for-purpose and should not constitute a disguised restriction on international trade. Environmental measures should not be misused as means of unjustifiable or arbitrary discrimination. Korea also recalled its statement made at the meeting of the Council for Trade in Goods in November 2020 and echoed similar concerns to those raised by other Members. CBAM should be exclusively designed to advance climate objectives in accordance with WTO rules and principles such as National Treatment and Most-Favoured Nation Treatment or present clear reasons to justify its exceptional nature. Korea indicated that it would continue to monitor the development of the proposed CBAM and encouraged the European Union to fully consider the compatibility of the mechanism with WTO rules.

1.109. The representative of Ecuador began by recognising the importance of the objectives pursued by the EU Green Deal and commending efforts that sought to meet climate goals. At the same time, Ecuador added that any environmental proposal to meet the European climate agenda needed to be compatible with the MTS and needed not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. By way of example, Ecuador observed that the selection of products that apparently contributed the most to deforestation included products from countries that were not part of the European Union and that would be then subject to policies that did not consider the social, geographic and economic context of the exporting countries. Moreover, Ecuador highlighted that it was the second country in the world to have completed the requirements required by the UNFCCC to access results-based payments for reducing emissions from deforestation and forest degradation, and that the listed crops were grown within the available agricultural frontier. Ecuador also reiterated the importance of respecting the principle of CBDR-RC under the Paris Agreement, which was based on nationally determined contributions whose level of ambition could not be imposed on other countries. Likewise, Ecuador stressed the importance of respecting trade commitments adopted even under preferential trade agreements and avoiding discriminatory and unnecessary obstacles to trade, since several of the measures proposed by the European Union could be incompatible with WTO rules.

1.110. The representative of the Russian Federation welcomed the rise of the global awareness on the issue of climate change and supported Members' readiness to tackle climate effects jointly. First, Russia clearly supported those who wanted to see CTE as an important tool that helped to avoid protectionist trade measures and adhere to effective multilateral disciplines to ensure

responsiveness of the MTS to environmental objectives. This was prescribed by the Marrakesh Ministerial Decision on Trade and Environment (1994) by which the CTE was set up, as well as by the Decision on Trade in Services and the Environment (1994). It would also be useful if it could complement the work of other specialized WTO bodies, such as the Council for Trade in Goods, the Committee on Market Access, the Committee on Technical Barriers to Trade, etc.

1.111. Second, any activities carried out within the framework of environment and climate change needed to be pursued in accordance with the fundamental WTO principles and needed not result in any kind of discrimination or disguised restrictions on trade. None of the "green" measures should impede trade and be used as a means of "green protectionism", as implied by paragraph 32 of the Doha Ministerial Declaration. Hence, to ensure its compliance with WTO obligations, any "environmental" measure planned to be adopted by a Member should also be thoroughly explained and examined at meetings of a corresponding specialized WTO body. This had not been clearly the approach when the focus in climate change efforts was put on unilateral trade measures, including carbon border adjustment mechanism rather than the mechanisms stipulated in specific climate agreements, including the UNFCCC, the Paris Agreement, the IPCC and others. Currently, the mechanism of implementation of Article 6 of the Paris Agreement aimed at cooperation among the Parties to this Agreement had been under development and would be established within the framework of CoP26 this year. The Russian Federation believed that the instruments provided in the specific climate fora had not been exhausted yet. In this regard, the introduction of trade-related climate measures was quite premature and unjustifiable.

1.112. Third, the dossier on the Green Deal included about 100 pages of just enumeration of EU trade-related measures adopted under the Green deal roof. Correlation between some of these measures and environmental policies was difficult to establish. For example, this was valid for the announced trade policy principle of diversification of sources of energy supply. Why in order to make the world clean one needed to diversify sources of supply? The Russian Federation had many more questions in respect of the nature of many measures from the Green deal list and expected the CTE to deal with them somehow. Some of the experts believe that the European Green Deal brought a serious threat of creating worldwide trade-distorting effects, which might be harmful for developing WTO Members, especially least developed countries.

1.113. Several elements of the European Green Deal provoked major concerns about their compliance with the EU obligations under the WTO Agreements. The vast subsidization of the development of renewable energy sources combined with proposed mandatory requirements for the fossil fuels substitution in electricity generation might be assessed as an import substitution practice prohibited under the WTO Agreement on Subsidies and Countervailing Measures. The introduction of stricter requirements on goods and production processes (e.g. biofuels) should be based on internationally applied standards or otherwise scientifically proven considerations in order to be in conformity with the TBT Agreement. The proposals for the diversified materials sourcing jeopardized the European Union's future compliance with the WTO most-favoured-nation principle.

1.114. The EU Carbon Border Adjustment Mechanism had the strongest potential to directly distort international trade and consequently needed to be designed in full compliance with WTO provisions in order to eliminate trade hampering effects, if implemented. The scope of potential threats to international trade highlighted the importance of the multilateral discussion of the trade-related aspects of the European Green Deal at the meetings of the CTE and other relevant bodies.

1.115. As a final note, the Russian Federation stressed its belief that all WTO Members were united by the objective of creating a more climate-friendly world. Any Member needed to be free to choose its own methods on the path towards the achievement of global climate objectives as long as these methods presented a proportionate contribution and did not nullify or impair benefits of other WTO Members. Hence, the Russian Federation urged Members to stick to the goal of the WTO of ensuring sustainable global development by means of trade. That was why all Members needed jointly to elaborate fair and equitable environmental policies and avoid imposing unnecessary restrictions on international trade, as no true development could be achieved if trade was being undermined by "green protectionism".

1.116. The representative of Ukraine thanked the delegation of the European Union for the comprehensive presentations and the update on the CBAM. Ukraine emphasized its commitment to its European integration goals. While Ukraine was developing state policy in the areas of energy and energy efficiency, it focused on provisions of the European Union-Ukraine Association Agreement,

the Energy Community Treaty, the Paris Agreement, and the new European Green Deal. She added that the goal of the European Green Deal was in line with Ukraine's aspirations and that the tax rate on CO₂ emissions from stationary sources in Ukraine had been increased by more than 24 times since 1st January 2019. Ukraine also pointed to the proposed draft Law "On Amendments to the Tax Code of Ukraine", which would lead to an increase in the carbon tax.

1.117. Ukraine also noted that it adopted a Strategy of Low Carbon Development, which was developed in accordance with paragraph 19 of Article 4 of the Paris Agreement. Ukraine became the ninth party to the Paris Agreement to have fulfilled this requirement. Moreover, an emissions trading system, currently under development, would be fully operational from 2025. On 1 January 2021, the system of monitoring, reporting and verification of greenhouse gas emissions started operating in Ukraine. It was expected that the first reliable verified data on greenhouse gas emissions would be available in 2022. She also noted that the Ministry of Energy of Ukraine initiated the creation of the Decarbonization Fund, whose financial resources would be used exclusively for projects that reduced CO₂ emissions and had energy-efficient, environmental, and social effects. Ukraine stated that it was important to understand and address the possible challenges to implementing Border Carbon Adjustments (BCAs) as the tool to support climate and environmental objectives. In particular, Ukraine referred to the need to address the consistency of a BCA with the provisions of the Paris Agreement and WTO rules. It was important that CBAM complemented, not counterbalanced, NDCs. To achieve this, it was necessary to develop understanding on this issue and address the possible problems of CBAM (such as product scope, measurement, reporting and verification of embodied carbon). Ukraine stressed that WTO Committees should be seen as a platform for international discussions and as an opportunity to develop consensus and common rules on all aspects of climate policy that might affect trade.

1.118. The representative of [Australia](#) expressed Australia's strong commitment to addressing climate change and belief that international trade could contribute to this objective. Indeed, in Australia's view, policies that facilitated increased trade in environmental goods and services, and related investment, could make a strong contribution in support of international climate policy. Australia welcomed the consultative approach that the European Union had taken so far in respect of CBAM and encouraged the European Union to share to the maximum extent possible, in the WTO and in other relevant international bodies, details of its policy deliberations and the likely form a CBAM might take, consistent with the central WTO principle of transparency. Australia also noted the European Union's commitment to ensure the consistency of its eventual measure with WTO obligations, underscoring that further details addressing the issue of WTO consistency of the CBAM would be helpful.

1.119. The representative of [Saudi Arabia](#) thanked the European Union for the update on trade relevant aspects of the European Green Deal, including on the CBAM. Saudi Arabia expressed support for the statement delivered by the Russian Federation. She also noted that this issue had been addressed in the Committee of Market Access for Goods and that Members would continue to discuss in depth their views and concerns under that Committee. At the same time, Saudi Arabia noted that the Circular Carbon Economy (CCE) framework that was introduced by Saudi Arabia and endorsed by the G20 leaders in 2020 was an inclusive, integrated, holistic framework. The CCE covered not only material waste, but also addressed emissions by converting all emissions challenges into opportunities. This was done by utilizing all technologies and innovations to address challenges raised by both material waste and emissions flow.

1.120. Saudi Arabia also noted that any trade aspect of climate that would impact trade negatively would convert the spirit of cooperation among nations under the UNFCCC to confrontation. This was why the UNFCCC in its principle outlined in Article 3 paragraph 5 warned against such approaches. It states: "[m]easures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade." Saudi Arabia added that the CCE provided a bottom-up framework rather than a policy framework that would be seen as a top-down approach. Hence, the CCE catered for national circumstances, priorities and needs at the same time it provided a platform for complementary cooperation among nations that had different context to address both waste and emissions.

1.121. The representative of [India](#) expressed its concerns about the compatibility of certain measures, in particular the CBAM, with basic WTO rules. India invited the European Union to share specific details about the CBAM as a thorough legal analysis would be required to examine whether such a mechanism was in conformity with relevant WTO rules. India added that any such mechanism

needed to take into consideration the principle of CBDR-RC, in light of different national circumstances and noted that there were possible WTO non-compliance issues that would require further deliberation.

1.122. The Ambassador of the Central African Republic welcomed the European Green Deal and noted that its implementation called for a holistic approach. Noting that the Central African Republic was part of the Congo basin, he noted a paradox when it came to implementation of this package of measures. The deforestation that took place in the 2010s of at least two million hectares of forest land led to a decrease in biodiversity with economic and financial repercussions. He observed that the present consequences in the use of lumber showed the paradox between development and biodiversity. If development was picked, then there was a need to see accompanying measures. What could those measures be? He added that, while some people condemned deforestation, they were also the ones carrying it, which was a real paradox. The Central African Republic also pointed that the lumber companies were not local but came from outside the region. Thus, there was a need to find drastic measures to ensure accountability and have common rules that everyone respected.

2 OTHER ITEMS OF THE CTE WORK PROGRAMME

2.1 Multilateral environmental agreements and 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 United Nations Framework Convention on Climate Change (UNFCCC)

2.1.1.1 Presentation by the UNFCCC

2.1. The representative of the UNFCCC briefed delegations on preparations for CoP26 and most pressing issues to be addressed. He recalled that due to the sanitary restrictions CoP26 had been postponed and no formal negotiations had taken place since the last Conference in 2019. In response, two main initiatives in 2020 had been undertaken to advance work: the June Momentum and the November Dialogues. Some progress had been made in 2020, and there was momentum behind climate action, but parties had to act swiftly to fulfil the Paris Agreement commitments.

2.2. He noted that while amid a global pandemic, the climate emergency continued to worsen. Parties to the UNFCCC process had a substantial amount of outstanding work to complete at CoP26. The Paris Agreement was not yet implemented, less than half of NDCs had been updated on time, and nations had to step up to react to the climate ambition needed to drive the deep and rapid change required to avoid and adapt to the worst impacts of climate change. CoP26 in 2021 was especially important and, above all else, parties had to agree on the rules to implement the Paris Agreement, table robust NDCs and continue to build climate ambition.

2.3. The recent NDC Synthesis Report produced by the UNFCCC Secretariat, reflecting the combined impact of national climate action plans, showed that levels of climate ambition were very far from putting nations on a pathway that would meet the goals of the Paris Agreement to limit global temperatures to 1.5 °C by the end of the century. At that rate, nations would achieve only less than a 1 % reduction in emissions by 2030 compared to 2010 levels. The IPCC called for that reduction to be 45 % lower. The UNFCCC was encouraged by announcements of long-term decarbonization and carbon neutrality plans such as those by Korea, Japan, China, the United Kingdom and the European Union. They were also encouraged by the United States rejoining the Paris Agreement. However, the NDC Report was still a red alert for the planet. Major emitters had to step up with much more ambitious emissions reductions targets well before the Conference in Glasgow.

2.4. CoP26 would have a very heavy agenda as it would have to address both 2020 and 2021 mandates as well as outstanding work from the Chile/Madrid conference in 2019. That included: completing the Paris Agreement rulebook; conducting several reviews including the review of the Financial Mechanism, the Adaptation Fund, the Adaptation Committee, the Standing Committee on Finance, the Climate Technology Centre and Network and the second periodic review of the long-

term goal; and concluding the enhanced transparency framework and the operationalization of Article 6 (market and non-market based approaches).

2.5. Article 6 negotiations would require parties to agree on how international carbon markets would work. It represented, more generally, the world's "toolbox" for addressing climate change. Operationalizing Article 6 would help get those markets operating in a way that made sure all nations and businesses used them and that the rules were the same for everyone. It would also bring opportunities related to both mitigation and adaptation, as well as helping address sustainable development holistically. Failure to operationalize Article 6 risked fragmenting the carbon market action to address climate change—especially by the private sector. It represented a great challenge, but a resolution was within reach.

2.6. Parties also had to make progress towards the global goal on adaptation, continuing to formulate and implement National Adaptation Plans (NAPs), and ensuring that vulnerable countries were supported in addressing loss and damage due to climate change. Trust had to continue to be built among parties, which meant honouring past commitments. Developed countries should have, by 2020, jointly mobilized USD 100 billion annually of public and private sources and through multilateral and bilateral channels as agreed to in Cancun. That commitment had not yet been met which had resulted in a significant lack of trust amongst Parties.

2.7. CoP26 therefore was important to get back on track. Governments would take decisions that would determine the future of all people and the planet. In Glasgow Parties had to: fulfil promises previously made – especially on NDCs and finance; wrap up outstanding negotiation items; raise ambitions in mitigation, adaptation and finance; and bring State and non-State voices together to continue building climate ambition. If the Paris Agreement was a covenant of hope with the people of the world, it had to be representative of them as well, and bring together regional and local governments, cities and communities, businesses, investors and others. The Action for Climate Empowerment was targeted towards encouraging all members of society to engage in climate action.

2.8. Success at CoP26 had to be achieved, which meant a balanced package of decisions and actions that reflected the expectations, concerns and needs of all stakeholders in multiple areas – all set against a backdrop of ambition. It was also an unprecedented opportunity and a rare moment in time that could not be lost, as nations built forward from the COVID-19 pandemic to structure resilient, sustainable, green post-recovery economies. Finally, the representative underlined the excellent collaboration with the UK incoming Presidency on all aspects related to CoP26 and all efforts that were made to make CoP26 a success for the whole world.

2.9. The representative of the Pacific's Islands Forum stressed the vital imperative from the Pacific perspective of addressing Climate Change in the WTO. Pacific economies and trade were severely impacted by Climate Change: climate-related natural disasters regularly and very significantly disrupted their development and trade; they suffered from a gradual loss of natural resources, and loss of livelihoods and development potential, due to sea level rises; and ocean acidification affected their fish stocks. Those impacts on Pacific islands trade and development had to be better understood.

2.10. Pacific islands own emissions were low or even negligible by international standards, although they were making efforts, as far as limited resources allowed, to mitigate and adapt. However, years of hard-won development progress, including through trade, risked being reversed by climate change. International cooperation was required not only to address climate change itself, but also to address the particular challenges faced by the Pacific and similar Small Island Developing States and Small and Vulnerable Economies in adapting their economies and trade to a climate affected world.

2.11. Pacific islands hoped that Green Aid for Trade would play a significant role in their mitigation and adaptation strategies, which would require investment and technical assistance to build climate-resilient trade and trade infrastructure, and greener and more diversified economies. The Pacific islands would actively follow relevant work in the CTE and elsewhere in the WTO leading up to MC12 which would take place very shortly after CoP26. The outcomes should be coherent, mutually supportive, and as action oriented as possible.

2.1.1.2 United Kingdom's update on the 26th session of CoP26

2.12. The representative of the United Kingdom provided an update to delegations on the planning and logistics for CoP26, and the calendar of events leading up to the Conference in November. As part of its Presidency, the United Kingdom was committed to addressing the connected challenges of climate change and development.

2.13. The United Kingdom would host a Climate and Development Ministerial Meeting on 31 March which would convene key countries on the challenges and priorities for implementing the Paris Agreement and Agenda 2030 for Sustainable Development in the most climate vulnerable countries. It would bring together an inclusive group of Foreign and Development Ministers to problem-solve on a series of key issues: access to finance, response to impacts, quantity, quality and composition of climate finance and fiscal space. On the same date, the International Energy Agency-CoP26 Net Zero Summit would bring together international energy and climate leaders from around the globe to accelerate the momentum behind clean energy and examine how countries could work together more effectively to reduce their greenhouse gas emissions to net zero in line with shared international goals. WTO Director-General Okonjo-Iweala would take part in the opening session.

2.14. Next, the United Kingdom would work to build and maintain momentum up to CoP26. United States President Biden's planned Climate Summit on 22 April would be an important part of the calendar for generating leader level commitment to the agenda, along with the UK's G7 summit in June. The United Kingdom would work particularly closely with Italy as their Partner for CoP26 and co-host a pre-CoP from 30 September to 2 October in Milan. The pre-CoP meeting would provide a selected group of countries with an informal setting to discuss and exchange views on some key political aspects of the negotiations and offer political guidance for their continuation. It would be attended by 35 to 40 countries, representatives of the UNFCCC Secretariat, the chairs of the Subsidiary Bodies of the Convention and a number of stakeholders who played a key role in the fight against climate change or in the transition to sustainable development. The G20 Leader's Summit, hosted by Italy, on 30 and 31 October and immediately before CoP would be another key milestone.

2.15. The United Kingdom was considering what different COVID scenarios might mean for CoP26 and planning accordingly, putting the health of the participants and the local community first. The intent remained to hold an in-person event for CoP26, respecting the wishes of all parties, many of whom felt strongly that CoPs should be conducted in person and that action on climate change could not be delayed. As CoP26 drew closer, logistics briefing sessions were planned in London for London/Brussels based Missions representing all Parties, as well as one organized in conjunction with the UNFCCC Secretariat shortly before CoP26.

2.16. Recalling their previous interventions, the representative noted that the shifts required to meet CoP objectives would have implications for trade policy and the multilateral trading system. That included direct links, such as through the Forests, Agriculture and Commodity Trade (FACT) dialogue on sustainable land use and trade in forest risk commodities, as well as the wider impacts of changes such as the energy transition and the shift to zero emission vehicles. All such changes would impact how Members traded and the United Kingdom looked forward to continued dialogue in the WTO.

2.17. The representative of Switzerland noted that under the Paris agreement, Switzerland had confirmed its target of 50% emissions reduction by 2030, while adjusting its target for 2050 to net zero. Considering Switzerland's per capita emissions, that was in line with IPCC recommendations. During the last CTE meeting, Switzerland had already reported it had concluded a bilateral agreement with Peru in October 2020 to allow the implementation of foreign offsets in full integrity. A similar agreement with Ghana had been signed in November 2020. These bilateral agreements implemented Article 6 of the Paris Agreement. Other agreements were under negotiation and through them Switzerland sought to set high standards for the thorny UN negotiations in the area. When progressive countries created precedence, it strengthened the quality of such mechanisms.

2.18. The representative of Canada commended the United Kingdom's efforts to promote the development of sustainable supply chains and were supportive of discussions on this important area at the WTO.

2.1.1.3 New Zealand's update on the negotiation under the "Agreement on Climate Change, Trade and Sustainability" (ACCTS) initiative

2.19. The representative of New Zealand provided an update on the negotiation under the "Agreement on Climate Change, Trade and Sustainability" (ACCTS) initiative. As noted in previous meetings of this Committee, New Zealand, Costa Rica, Fiji, Iceland, Norway, and Switzerland were currently negotiating the Agreement on Climate Change, Trade and Sustainability (ACCTS) which encompassed four key pillars which were at the nexus of trade and environment and sustainable development policy. The ACCTS pillars were: the liberalisation of environmental goods; new and binding commitments for environmental services; disciplines to eliminate harmful FFS; and best practice guidelines to inform the development and implementation of voluntary eco-labelling programmes and mechanisms. The fourth round concluded last week (26 March 2021) with the delegations holding multiple sessions across the four working groups. The working groups continued to make steady progress across the four pillars.

2.20. In the environmental services group, discussions had focused on addressing the issue of dual use in the environmental services list and the importance of ensuring legal certainty and predictability. The group would also consider definitions for key terms, such as environmental services, and consider text proposals ahead of the next round. This work supported the underlying objective of this pillar, which was to identify and agree on a list of environmental services and environmentally related services. In the environmental goods group, participants had drawn on the extensive environmental goods discussions and resources from other fora, including the APECupto and Environmental Goods Agreement co-chair lists. The six participants had developed a comprehensive environmental goods "long list", nominating over 550 environmental goods, of which 70 goods had been shortlisted to date. Participants continued to review nominations, amend, and update the long list. This work was occurring alongside discussions on textual proposals. This work supported the underlying objective of this pillar, which was to develop a schedule of environmental goods, that had an identifiable and sound environmental end use or benefit, and to eliminate tariffs on these environmental goods.

2.21. In the eco-labelling group, participants were similarly drawing on existing sources where appropriate and continuing discussions on potential textual elements for the principles-based guidelines as well as effective and practical institutional mechanisms that would support the promotion and implementation of the guidelines. Work continued on considering the appropriate scope and key definitions for this pillar of the ACCTS. Discussions had also focused on potential text-based options for the content and structure of the principles-based guidelines and the institutional mechanisms that would support the implementation of the guidelines.

2.22. The FFS working group continued to navigate complex and interconnected elements related to developing legally enforceable and WTO-consistent disciplines on FFS. In Round 4, the group focused on the scope of the chapter and definitions of fundamental terms, exploring the advantages and disadvantages of different approaches. Acknowledging the elements were interconnected, the group also discussed how the primary commitments section might be structured, and considered whether the typologies of subsidies listed under the SDGs could be applied and how various approaches from existing subsidies frameworks might inform their work. The group would consider textual elements ahead of the next round.

2.23. New Zealand welcomed interest from WTO members on the Agreement and would continue to keep interested Members informed on developments. The resulting Treaty-level and WTO-consistent instrument would be open to other Members to join, provided they were able to meet its obligations. More broadly, New Zealand remained committed to keeping this Committee informed of progress of the negotiations. The goal was that the ACCTS would help inform broader trade and environmental discussions at the WTO by demonstrating how trade actions could drive environmental outcomes.

2.1.1.4 Canada's report on webinar on Border Carbon Adjustments (BCAs): Issues, Options and Impacts

2.24. The representative of Canada reported on a webinar his delegation hosted on 4 March entitled "BCAs: Issues, Options and Impacts ". The main objective of the webinar was to increase the knowledge and understanding of what BCAs were, and how they might interact with trade rules.

There was overwhelming interest in the webinar – over 750 registrants – underscoring the growing interest to engage in further discussions on BCAs, including from a trade policy perspective. A recording of the webinar was available on the Mission of Canada YouTube channel. Canada's Ambassador de Boer delivered opening and closing remarks, and the webinar was moderated by Dr Carolyn Deere Birkbeck from the Graduate Institute Geneva. It also included 4 panellists: Andrei Marcu (European Roundtable on Climate Change and Sustainable Transition); Aaron Cosby (International Institute for Sustainable Development); Catherine Cobden (Canadian Steel Producers Association); and Ludivine Tamiotti (WTO).

2.25. The presentations addressed a range of issues pertaining to BCAs, including the linkages to climate targets and the Paris Agreement, design options, industry views and the relationship with WTO rules. A key takeaway from the webinar was that dialogue, transparency and coordination were important, as efforts on BCAs progressed, especially from a trade policy perspective. Effective coordination also meant a dialogue with stakeholders as this issue moved forward. Canada fundamentally believes that Members needed to work urgently to demonstrate how the multilateral trading system could meaningfully and credibly contribute to achieving global environmental sustainability objectives. Canada would also be working with like-minded economies to consider how BCAs could fit into a broader strategy to meet climate targets, while ensuring a fair environment for businesses.

2.26. The representative of the United States appreciated the diversity of technical expertise and the detailed consideration of the technical, legal, and other issues that needed to be addressed and analysed during the design and implementation of a BCA. The United States looked forward to continuing to engage with other Members on trade and climate change issues, including BCAs as appropriate, and to explore where trade could support efforts to tackle the climate crisis, including achieving net zero global emissions by 2050.

2.1.2 MEAs dealing with chemicals and wastes (the Basel, Rotterdam and Stockholm (BRS) Conventions)

2.1.2.1 BRS Conventions briefing on recent activities

2.27. The Basel, Rotterdam and Stockholm (BRS) Conventions (UNEP) briefed delegations on latest developments, noting that 2021 had started with a big leap forward for chemicals and wastes management. On 1 January 2021, the new entries introduced in the annexes to the Basel Convention following the "Plastic Waste Amendments" had become effective for 186 Parties. The Plastic Waste Amendments had been adopted at CoP 14 to the Basel Convention held in May 2019, with the objective of enhancing the control of the transboundary movements of plastics waste and clarifying the scope of the Convention, as it applied to such waste.

2.28. CoP-14 had established the Plastic Waste Partnership (PWP) in May 2019, with the objective of improving and promoting the Environmentally Sound Management (ESM) of plastic waste at the global, regional and national levels and prevent and minimize their generation. At its first face-to-face meeting, held in the Seychelles from 2-5 March 2020, the Partnership (PWP-1) working group had agreed to a work plan and four project groups had been established on: i) prevention and minimization; ii) plastic waste collection, recycling and other recovery including financing and related markets; iii) transboundary movements (TBM) of plastic waste; iv) outreach, education and awareness raising.

2.29. At that point, 23 pilot projects had been selected under the PWP pilot project programme, and had started to support Parties in implementing the 3 pillars of the Basel Convention – TBM, ESM and prevention of plastics waste – as well as important cross-cutting awareness raising activities. The pilot projects had been possible due to the generous funding by France, Norway/Norad, Sweden, Switzerland, the European Union. As of 26 March 2021, the PWP had 110 members and 216 representatives and gathered partners from approximately 50 governments, 13 international intergovernmental organisations, 15 civil society organisations, 20 private sector entities and 11 Basel and Stockholm Convention Regional Centres. PWP's working group second meeting was scheduled for 14 to 16 June 2021.

2.30. With the ratification by Nicaragua in early in January 2021, there were now 100 parties to the Basel Convention who had ratified the Ban Amendment. The Ban Amendment, which had entered

into force in December 2019, prohibited all transboundary movements of hazardous wastes destined for final disposal, from developed countries (OECD, European Union, Liechtenstein) to developing countries. It meant that those 100 Parties that had agreed to be bound by the Amendment were not recipients of hazardous wastes, which was particularly important for those Parties lacking the appropriate capacities to manage them. The Ban Amendment had received strong support from many stakeholders, including civil society and intergovernmental organisations.

2.31. The representative further briefed delegations on discussions held in January 2021 at the last meeting of the Stockholm Convention's POPs Review Committee (POPRC) which included among other chemicals, a proposal to list the ubiquitous plastic additive UV-328. UV-328 was a pervasive high-volume additive in plastic products typically found in personal care products, transparent plastics, and coatings. It had been found in the environment and biota, including in remote areas such as the Arctic and the Pacific Ocean, far from its production and use. UV-328 had been found to be transported with, and could subsequently be released from plastic debris, which was taken up for example by seabirds with subsequent accumulation in their tissue.

2.32. The POPRC concluded that the chemical satisfied the four screening criteria and would, therefore, be further reviewed to decide whether the chemical was likely to lead to significant adverse effects due to its long-range environmental transport, opening up options for Parties to decide at future Stockholm Convention meetings to take measures with the view to reduce or eliminate it. It represented an important milestone as the Stockholm Convention was therefore poised to become the second legally-binding international treaty to push for the sound management of plastics throughout their life cycle, especially at the design stage, where alternatives to hazardous chemicals would need to be identified. The representative also recalled that May 2021 would mark the 20th Anniversary of the adoption of the Stockholm Convention and invited delegations to join BRS at different celebratory events that would be organized starting on 21st May.

2.33. The representative recalled that the 2021 Meetings of the CoPs to the BRS Conventions were scheduled to be held in Geneva from 19 to 30 July 2021. In light of the COVID-19 pandemic, the Bureaux of the conferences of the Parties had agreed to hold the 2021 CoPs meetings to the three conventions in two segments: an online segment from 26 to 30 July 2021; and a face-to-face segment tentatively scheduled for June 2022, in Geneva, under theme "Global Agreements for a Healthy Planet: Sound management of chemicals and waste."

2.34. Despite the challenges faced in 2020, the Secretariat and the Parties to the BRS Conventions had accomplished small but constant steps as well as milestones, including through webinars, awareness raising and technical assistance activities. However, more work had to be done, notably at the forthcoming CoPs meetings in July 2021 and in 2022. Such work and achievements would not have been possible without the support from numerous government representatives, experts, NGOs, private sector and many other stakeholders that worked together towards the common goal of addressing, through MEAs and thanks to multilateralism in general, a sustainable development for a more healthy and cleaner planet for all.

2.35. The representative of Switzerland noted that the global environmental challenge of plastic pollution had received increasing attention not only in technical discussions but also in a political context such as that of the Basel Convention or the UNEA. Switzerland believed that the different entities dealing with this issue all had comparative advantages based on their respective mandates and operating procedures. Therefore, when delegations would work on the same issue, they had to strive to avoid duplication, and work towards establishing added value for informed decision-making.

2.36. The representative of the European Union welcomed the entry into force of the new rules on plastic waste under the BRS and invited all WTO Members to implement them.

2.37. The representative of Colombia stressed his delegation's active participation and determined commitment and support for the implementation of the BRS Conventions, including the recent amendments on plastic waste. There was important work to be done in implementation aspects that had a direct relationship with international trade, in particular in relation to the management of plastic waste, including those wastes subject to the prior informed consent (PIC) procedure that required special consideration, those that were presumed dangerous and those that were presumed non-dangerous. Colombia also supported the amendment work on the treatment and description of

electrical and electronic equipment wastes. Such initiatives could bring important benefits and improve the control of transboundary movements.

2.2 Other

2.2.1 Presentation on the Updated WTO Matrix on Trade-related Measures Pursuant to Selected MEAs

2.38. The WTO Secretariat introduced the updated Matrix on Trade-related Measures Pursuant to Selected Multilateral Environmental Agreements (MEA Matrix).⁶ The MEA Matrix was compiled by the Secretariat in consultation with MEA Secretariats and provided background information on trade-related measures pursuant to 15 MEAs. It included general information on the covered MEAs (e.g. objective, entry into force, number of parties and number of WTO members that are parties to the MEA) as well as specific information on provisions relevant to WTO Members, including amendments, decisions and other documents adopted by the MEA, supportive measures (e.g. technology transfer, financial and technical assistance), non-compliance and dispute settlement mechanisms. The Matrix included an annex indicating which WTO Members were parties to each covered MEA.

2.39. The WTO Secretariat periodically updated the Matrix in light of developments. As its coverage continued to be updated and streamlined to focus on multilateral agreements, some agreements with a regional focus were no longer covered, namely the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR) and the International Convention for the Conservation of Atlantic Tunas (ICCAT). Finally, in the context of the Secretariat's cooperation with UNEP, work had been developed to explore synergies between the MEA Matrix and the InforMEA tool. The Secretariat had contributed to UNEP's project to reflect in the InforMEA the information contained in the MEA matrix. UNEP had been invited to the meeting and would present the project.

2.40. The representative of the European Union noted the MEA Matrix was a unique and very useful tool and a comprehensive source of information to understand the nexus between trade and environment. The European Union encouraged the Secretariat to continue updating the tool.

2.2.2 Presentation by UNEP on the InforMEA Initiative

2.41. The representative of UNEP introduced the InforMEA⁷ initiative, a collaboration between several MEAs, co-chaired by UNEP's Law Division and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). It involved 25 Secretariats within five United Nations organizations and the International Union for Conservation of Nature (IUCN). The main objective of InforMEA was to provide a centralized searchable database linking all MEA databases and websites and ensuring their interoperability. It included MEA treaty texts, as well as associated information such as CoP decisions, national reports, contacts, national legislations, and jurisprudence. Information was organized into environmental topics and the website also served as a glossary for free text search for legal environmental information around MEAs. Wherever possible, data was extracted automatically and kept completely in line with the information contained in each MEA website.

2.42. UNEP had been considering how to capture the universe of international environmental law and how it interacted with other areas of public international law, especially trade. A recent InforMEA Steering Committee meeting had approved a recommendation to explore a solution to integrate trade information in the platform. Two options had been devised: linking the InforMEA to MEA information available in the WTO MEA Matrix; or identifying where environment was reflected in trade agreements. UNEP had decided to start with the MEA Matrix as a first pilot solution.

2.43. The objective was to digitize the MEA matrix, which was a very comprehensive and useful resource, by transforming it into a digital version that would be linked to the broader set of legal information in the InforMEA. This would allow for information to be more easily accessible in the platform, in particular for a non-trade audience, as well as to link it to other information and tags provided by InforMEA, improving navigability and user friendliness. Most of the information came from MEAs themselves and the project would also seek ways to streamline its update process since

⁶ WT/CTE/W/160/Rev.9, TN/TE/S/5/Rev.7.

⁷ The tool can be accessed at: www.informea.org.

covered MEAs were also part of the InforMEA initiative. In theory, once all information was integrated, updates to the MEA Matrix would be possible in real time as MEA Secretariats updated their own information in the InforMEA database.

2.44. InforMEA used Akoma Ntoso, the UN standard machine-readable format. It had several advantages including: allowing for more simultaneous translation of documents rather than multiple PDFs; providing the historical evolution of documents; and, for the purposes of trade and investment portal, it allowed the system to tag information at the provision level. With the standard, rather than tagging the entire document as trade-related, it would be possible to tag specific provisions, allowing it to be linked to other information in InforMEA. The implementation was still a prototype, but once implemented it would allow the user to highlight a specific provision or tag and find its broader context in the database. The representative provided delegations with a brief presentation of a mock-up of what the integrated trade information in InforMEA would look like. UNEP was enthusiastic about the project and the cooperation with the WTO Secretariat and looked forward to further collaboration on the MEA Matrix.

2.3 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."

2.3.1 WTO Environmental Database

2.45. The WTO Secretariat provided an update⁸ on the WTO Environmental Database (EDB).⁹ The EDB 2019 report had been circulated in document WT/CTE/EDB/19. Data collection for 2020 was under way using a new EDB data entry platform. The EDB web portal covered information on over 13,200 environment-related measures notified under WTO Agreements and more than 8,600 environment-related entries drawn from the Trade Policy Reviews (TPRs) of WTO Members. Each year more than 600 new environment-related notifications, 1,000 new measures and 750 TPR entries were added to the database. An additional section had been added to the EDB 2019 report to provide topic-specific analysis. In 2019, 103 WTO members from all regions and at levels of development had submitted environment-related notifications. The European Union had the most environment-related notifications. Rwanda and Uganda were also among the top 10 notifiers in 2019. Overall, the number and share of environment-related notifications and measures had increased over time with 672 notifications and 1,764 environment-related measures in 2019. The WTO TBT Agreement had the most environment-related notifications while the Agreement on Subsidies and Countervailing Measures (ASCM) accounted for the most environment-related measures in the database. Support measures had grown in recent years and constituted about 60% of all EDB measures with grants and direct payments the single biggest category among the type of measures. On the type of sectors in 2019, manufacturing and agriculture each accounted for a quarter (25%) of the notified measures. Other sectors included chemicals (13%), energy (12%) and fisheries with 9% of the EDB measures. On types of environment-related objectives, chemical, toxic and hazardous substances management was still the top objective (17%) in 2019 and sustainable fisheries management was also in the top five (9%). Fisheries was the topic-specific focus in Section 3 of the EDB 2019 report. The ASCM was the WTO Agreement with the most notified environment-related measures under the fisheries sector, with grants and direct payments the single largest type of measure. He also presented data on TPR entries affecting the fisheries sector and examples of notified sustainable fisheries management measures included in the EDB.

2.46. The representative of Switzerland thanked the Secretariat for the presentation on the EDB. She referred to questions on plastic pollution raised earlier and at the informal dialogue. The questions were: (i) what kind of data would complement data presented by the WTO Secretariat to cover releases, distribution, movements, production and consumption of plastics? (ii) How could the notification on the different plastics be improved? The WTO Secretariat had pointed out that the notifications available to the WTO were partial data.

⁸ See document RD/CTE/183.

⁹ <https://edb.wto.org/>.

2.47. In response to the query from Switzerland, the representative of the WTO Secretariat said that Annexes I and III of the EDB 2019 report provided the list of keywords and harmonized categories used to tag the EDB data. EDB data collection and entry involved tagging environment-related measures by type of sector, measures, objectives and keywords which allowed for topic-specific analysis. For fisheries, the topic of the EDB 2019 report, the data was tagged and could be analysed by sector (fisheries), keyword (fish), and environment-related objective (sustainable fisheries management). Plastics had been added as a EDB keyword in 2020. Data on plastics could also be searched using the "free text" search option in the database. Other relevant harmonized categories in the EDB could include "waste management and recycling". He added that other topics such as climate change or biodiversity could also be analysed for reports using data from the EDB.

3 OTHER BUSINESS

3.1 Canada's briefing on the Trade and Environmental Sustainability Structured Discussions (TESSD)

3.1. The representative of Canada, on behalf of Canada and Costa Rica (coordinators of the Trade and Environmental Sustainability Structured Discussions or TESSD), recalled that in the margins of the CTE meeting in November 2020, a group of some 20 co-sponsors had issued a communication on Trade and Environmental Sustainability launching TESSD.¹⁰ Since then, the number of co-sponsors had risen to 26, representing over 50 WTO Members. TESSD co-sponsors recognised that action on environmental sustainability was urgent. TESSD provided a forum for interested WTO Members to explore ways to ensure that trade policy would contribute to environmental sustainability. Following a first discussion on agenda setting in January 2021, co-sponsors had presented proposals and ideas on work that TESSD could undertake in 2021. All proposals had been posted on a web portal available to all WTO members.¹¹

3.2. TESSD held its first regular meeting on 5 March 2021. The purpose of this meeting, which was co-chaired by Ambassador de Boer (Canada) and Ambassador Abraham Peralta (Costa Rica) was to discuss ideas to help inform the development of a work plan for the year 2021. In addition to interventions from co-sponsors, several other WTO Members had taken the floor to provide views and thoughts and to express interest in further exploring issues at the nexus of trade and environmental sustainability. Recognising the importance and relevance of ensuring coherence and consistency with efforts in other forums and the need to work horizontally, the March meeting had benefited from the participation of a small group of stakeholders representing industry, academia, non-governmental organizations, and other international organizations. Stakeholders had had the opportunity to provide views and thoughts on the importance of meaningfully advancing efforts on trade and environmental sustainability at the WTO and on the priorities that could be considered for TESSD. Ensuring an inclusivity and transparency was of utmost importance to TESSD coordinators, who were committed to work with co-sponsors and stakeholders to find a balance between, on the one hand, ensuring that stakeholder could help inform TESSD deliberations and on the other, ensuring that WTO Members could effectively and efficiently advance their work.

3.3. The TESSD coordinators planned to circulate to co-sponsors a draft work plan for the year. They would work towards articulating a vision for TESSD work for the post-MC 12 period, most likely in the form of a ministerial statement issued at MC 12. Such a statement should be consistent and supportive of other statements on trade and environmental sustainability issued at MC 12. WTO Members supporting the TESSD statement would not be obligated to support other trade and environmental sustainability statements. The future direction of TESSD work would be decided by TESSD co-sponsors. The next regular meeting was scheduled for end-May.

3.4. The representative of Saudi Arabia said that her delegation had participated in the first TESSD meeting. Her delegation was aware of the importance of sustainable development in its economic, social and environmental dimensions. Sustainable development was a fundamental goal of the WTO enshrined in the Marrakesh Agreement. The CTE was the WTO's standing forum for dialogue between Members on the impact of trade policies on the environment. Since its creation, the Committee had followed a comprehensive and inclusive work program that encouraged information and experience sharing on the effects of environmental measures on market access, the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights and labelling requirements for

¹⁰ See document WT/CTE/W/249/Rev.1.

¹¹ The TESSD web portal is available at: https://www.wto.org/english/tratop_e/tessd_e/tessd_e.htm.

environmental purposes. It was very important to stick to the CTE's mandate for exploratory discussions. Negotiations on environmental goods and services, which sought to enhance mutual supportiveness between trade and environmental policies, should take place in the CTE Special Session. The WTO was a Member-driven organization. WTO Members' common goal was to strengthen and safeguard the multilateral trading system. She asked whether WTO Members would replicate discussions on the same topics in the CTE, TESSD and other WTO bodies. Moreover, she asked what was going to happen to the negotiations in the CTE – Special Session given her delegation's understanding that TESSD discussions would move to a negotiating phase. Finally, she asked what the value added was of negotiating broad environmental topics such as climate change or fossil fuel subsidies which had been discussed in a holistic manner in other organizations. Discussions on the relation between trade and the environment had to be inclusive of all technological innovations and the development dimension to broaden the coverage of benefits. In addition, such discussions should be open, transparent and inclusive to all WTO Members and without prejudice to their rights and obligations.

3.5. The representative of Venezuela said that his delegation was concerned about the proliferation of initiatives outside of the WTO's formal structure to address issues that should be considered within the WTO's formal structure. The CTE, which had a clear mandate and a work programme, was the formal forum for dialogue among Members on the impact of trade policies on the environment. Any exploratory debate should be approached within the framework of the CTE – Special Session and should give priority to topics where Members' views converged. Discussions had to be open, transparent and inclusive, without prejudice to Members' rights and obligations. Moreover, discussions had to take into account Members' policy space and each Members' development dimension. His delegation recognised the legitimate right of Members to meet and advance on issues where their views converged. At the same time, it was important not to create spaces for parallel negotiations that conflicted with the mandate of the CTE and that, far from helping to advance on this important issue, created greater divergences.

3.6. The representative of the Republic of Korea said that TESSD was an important and valuable forum for trade and environment issues at the WTO. At the first regular meeting, her delegation, along with Australia and Singapore, had submitted a proposal to contribute to active discussions and collaboration among Members. It was essential for like-minded countries to cooperate in response to trade and environmental sustainability challenges and to deliver at MC 12. Her delegation was committed to contributing to this goal.

3.7. The representative of Japan noted the importance of the WTO's role in realizing global carbon neutrality by facilitating the widespread adoption of the products and technologies that contributed to this goal. His delegation proposed the elimination of tariffs on goods that directly contributed to the reduction of greenhouse gas emissions and further work on rule-making towards the harmonization of domestic regulations with international standards. Discussions in forums such as the TESSD should be deepened.

3.2 Barbados' report on the High-Level Panel Discussion on "Trade, the Environment and Sustainability: A Focus on Green Recovery in a COVID-19 Era"

3.8. The representative of Barbados reported on a high-level panel discussion on "Trade, the Environment and Sustainability: A Focus on Green Recovery in a COVID-19 Era" co-hosted on 29 March 2021 by the Permanent Mission of Barbados to the United Nations and other International Organisations at Geneva and the Permanent Mission of the Maldives to the United Nations and other International Organisations at Geneva. The high-level panel, moderated by H. E. Mr Chad Blackman (Barbados), was divided into two segments. During the opening segment participants benefited from the perspectives of an esteemed list of high-level leaders in the areas of trade, the environment and sustainability, namely Dr Ngozi Okonjo-Iweala, Director-General of the World Trade Organisation (WTO); Ms Amina Mohammed, Deputy Secretary-General of the United Nations and Chair of the United Nations Sustainable Development Group; and Ms Pamela Coke-Hamilton, Executive Director of the International Trade Centre. Participants were then afforded the opportunity to benefit from the keynote address, which was delivered by the Honourable Abdulla Shahid, Minister of Foreign Affairs of the Maldives. During the second segment of the programme, participants had an opportunity to engage with a distinguished panel of speakers comprising of Ms Abimbola Olufore, Special Advisor to the Minister of Industry Trade and Investment of Nigeria; Mr Maximo Torero Cullen, Chief Economist, Food and Agriculture Organisation (FAO); and Ms Yuefen Li, United Nations Independent Expert on Foreign Debt.

3.9. The high-level event was aimed at expanding the policy dialogue on trade and its nexus with the environment and sustainability as well as green recovery in the aftermath of the COVID-19 pandemic, and placed a specific focus on the issues of food security, promoting global and regional supply and value chains. In her remarks to the event, the WTO Director-General informed attendees that the crises presented an opportunity to build back greener and better, not only in terms of rebooting international trade but also to find pathways to sustainable trade that could assist both the environment and the economy.

3.10. Some of these pathways could be linked to work that had already been initiated in the CTE, initiatives launched by Members and other ongoing work. She gave four examples of such pathways. First, trade policies could help unlock the green investment and innovation needed to diversify and decarbonize economies to create the jobs of the future. Second, the jobs and diversification agenda was linked to many of the issues that were already being discussed in the WTO such as e-commerce, investment facilitation, women in trade, micro-small and medium enterprises. Third, trade policy needed to go hand in hand with a rebuilding process that ensured that SIDS and other developing nations had the capacity to ensure food security access to essential goods and also to bolster their own productive capacity. And fourth, keeping global markets open was essential for a strong and sustained during recovery and for a blue recovery.

3.11. The issue of debt, particularly as it related to SIDS was highlighted during the meeting. The meeting was informed that 17 SIDS were at high risk of debt distress, which was compounding many the existing challenges including extreme vulnerability to climate impact and reinforced the need for SIDS to be provided with the tools they needed to strengthen their resilience, including greater access to financial support and debt relief. There was also a call for more to be done for SIDS in his area. It was also highlighted that as the world recovered from the pandemic there was also a need to rethink trade itself and seize the current opportunity to achieve sustainable trade compatible with a net zero emissions pathway and sustainable blue economies.

3.12. The role of Aid For Trade in assisting in green recovery was highlighted, particularly in ensuring that trade policy work hand in hand with environmental sustainability, for example, in providing support Micro-, Small and Medium-sized Enterprises (MSMEs) in developing countries, in terms of technical assistance and innovative financing mechanisms to support greener development pathways and job creation. By directing Aid for Trade to these high impact areas, it was possible to accelerate recovery, safeguard against future shocks and ultimately create a sustainable future. The meeting also presented useful examples of ongoing projects and experience sharing in terms of sustainable methods. One example of this was in terms of the blue economy and more specifically the fisheries industry. The Maldives Minister informed the meeting that, as a SIDS or a Big Ocean State, they had been using sustainable and environment-friendly fishing methods to catch tuna for centuries. It was ensured that waste products from the tuna processing process was utilized for example as agricultural fertilizers and raw material export, thereby providing the economy with a fall-back to generate primary income. The need to reconsider the criteria for the graduation of SIDS was also highlighted as well as the need for a multidimensional index, which would among other things include economic and environmental variables.

3.13. In essence, the high-level event outlined the challenges faced by the international community with the onset of the crisis and more specifically, the challenges faced by SIDS, which had been severely impacted by the twin crises: induced by the pandemic and climate change. During the meeting, it was said that recovery from the twin challenges facing the global community would require a shift from the traditional towards new and innovative avenues. It was recognised that this therefore created an opportunity to focus on green recovery and given the role that trade needed to play in economic recovery, the WTO could play an important role in green recovery.

3.3 Guatemala's report on event co-hosted with Finland on "Sustainable business and circularity – why does sustainability make business sense"

3.14. The representative of Guatemala briefed the CTE on the joint event co-hosted by the Permanent Missions of Guatemala and Finland on "Sustainable business and circularity- why does sustainability make business sense", which was organized in collaboration with the International Chamber Of Commerce (ICC). Nations had only 10 years left to fulfil the SDGs. To achieve these ambitious goals, it was clear that every player had to play its role. Private sector was a particularly important player and often even a pathfinder in promoting sustainability in their production and distribution processes. This was the reason why the event focused precisely on the contributions and

efforts that companies in Guatemala and Finland were making to become more sustainable, their role in advancing the transition to a circular economy and how trade factored in their work.

3.15. During the event, representatives from the sugar sector, cement and exporters association from Guatemala, and from renewable fuel and textiles sectors from Finland shared concrete examples of how through research, innovation and creativity, their production and distribution processes had evolved in order to become more sustainable and circular. A key element was also the dedication of the companies to find new solutions that made their business more sustainable. One of the key messages from the event was that transitioning to a more sustainable economy, was not only beneficial to the environment and the wellbeing of humanity but it also brought benefits to the companies that took part in this transition. Focusing on goals such as reducing carbon emissions, reducing waste and reducing water consumption reduced costs, created added value and promoted innovation that made business sense. As a consequence of the pursuance of these objectives, companies became more efficient, more competitive and better prepared to face future challenges in a way that contributed to the resilience of the societies. The companies also shared experiences regarding trade-related challenges such as non-tariff barriers, classifications, standards, trade of secondary materials and waste as well as challenges caused by the COVID pandemic. During the event, the ICC also shared some initiatives that the private sector was working on at a global level to promote sustainability and circularity. The event was yet another example of how the participation of the private sector could contribute to the deliberations and debates taking place in the CTE and other committees in WTO.

3.16. On a final note, Guatemala mentioned that even though Guatemala and Finland were so distant and different countries, it was impressive to see how companies from these two countries were tackling in their own way the challenges posed by climate change and environmental degradation. It was evident that no matter where they were located, many companies understood their important role and were committed to make their contribution for a better world. These kinds of discussions brought added value to the work here and helped understand better the trading practices as well as the trade barriers faced by companies, which trade negotiators could help solve.

3.4 Briefings by other observer organizations

3.4.1 World Customs Organization (WCO)

3.17. The representative of the World Customs Organization (WCO) explained that the WCO had launched a new theme for 2021, under the slogan "Customs bolstering Recovery, Renewal and Resilience for a sustainable supply chain", leading the global Customs community to the sustainability of supply chains by enhancing collaboration with stakeholders, using innovative technology and focusing on resilience and preparedness. As a look back on the WCO theme for 2020, the recent publication "Customs fostering sustainability for People, Prosperity and the Planet"¹² presented the related WCO tools and initiatives to reflect on Customs' role in ensuring an equitable transition towards a more inclusive, sustainable and greener supply chain.

3.18. Since the last year, the Secretariat had been actively engaging in various activities to promote and raise awareness on how Customs could facilitate trade in transition towards a circular economy and Reverse Chain Logistics. In terms of trade facilitation, the WCO instruments and tools already offered to trade opportunities for voluntary compliance and harmonized, simplified and rapid release procedures for compliant companies, subject to the provision of a minimum of information. However, the Circular Economy had specificities that needed to be addressed and studied thoroughly, including the identification issues and the balance between the facilitation and compliance perspectives.

3.19. In this respect, synergies with other international organizations were obviously vitally important to join efforts to tackle the complexity of the circular economy paradigm and transversally address its inherent challenges. In this framework, the panel discussion that the WCO organized during the 229th/230th Session of the WCO Permanent Technical Committee had built up background for a study proposal on "Customs in transition towards a circular economy". The WCO Secretariat was currently working on a business case to evaluate the possibilities to proceed on this, including evaluating the opportunities to coordinate with interested organizations, especially the WTO.

¹² <http://www.wcoomd.org/en/media/newsroom/2021/february/looking-back-on-the-wco-theme-for-2020.aspx>.

3.20. In this direction, the WCO provided updates on the WCO's Asia-Pacific Plastic Waste Border Management Project which was in progress under the auspices of the WCO Environmental Programme (EP). 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 the next phase, the Project would organize a regional Conference to present a possible strategic framework to enhance customs control capacity on the transboundary movement of plastic waste.

3.21. Moreover, in 2020 the WCO Environment Programme (EP) became a member of the Basel Convention Environmental Network for Optimizing Regulatory Compliance on Illegal Traffic (ENFORCE). In this framework and provided funding was secured, various initiatives would be implemented in cooperation with other ENFORCE partners, including technical and enforcement capacity building and training, as well as the planning and execution of and small-scale enforcement operations.

3.22. The WCO EP was also leading the efforts of the Basel Convention Plastic Waste Partnership (PWP) sub-group preparing a plastic waste enforcement guide. The efforts by the WCO and its partners to address environmental risks would continue to intensify, with more enforcement initiatives planned for the future, including the WCO's flagship enforcement operation (Operation DEMETER) reaching its VII edition in 2021. WCO believed that awareness raising was of outmost importance to enable cross-border and multi-stakeholder cooperation, streamline regulatory requirements, foster the efficiency of the transboundary movements of environmental goods and facilitate legal trade. Additionally, as pointed out in the occasion of the recent meeting of the Trade and Environmental Sustainability Structured Discussion, evidence-based policy making might be another key aspect to progress in this domain. Having data and analysis on costs and benefits of the transition towards circular economy, including regulatory costs, would be an asset for decision-making in all the relevant arenas.

3.4.2 United Nations Conference on Trade and Development (UNCTAD)

3.23. The representative of the United Nations Conference on Trade and Development (UNCTAD) drew attention to UNCTAD's activities relating to climate change, oceans economy, circular economy and BioTrade. The recently published 2021 edition of the Trade and Environment Review examined the physical impacts of climate change and their effects on developing country economies and trade; the vulnerabilities of developing countries to climate change; costs and finance for climate change adaptation; and, finally, ways that developing countries could enhance their trade-climate readiness, i.e. enhance the resilience of their trade to climate change through adaptation actions and economic diversification.

3.24. So far, most initiatives for attaining Sustainable Development Goal 14 (Life Below Water) had focused on the sustainability of ocean ecosystems and ocean management. Limited work had been done to identify oceans-based trade sectors, trade volumes and value. Recently, UNCTAD had published a first ever oceans economy classification. The classification featured three categories: goods, services and energy. Each category was divided into chapters and 52 sub-sectors, making use of the Harmonized Commodity Description and Coding System (HS), the WTO Services Sectoral Classification List (W/120), and the UN Central Product Classification (CPC). The classification could be used at the national, regional and international level for designing trade strategies and policies specific to ocean economy.

3.25. UNCTAD's ongoing work on plastic pollution and related trade flows had yielded several insights that could inform policymaking. Somewhat counterintuitively, scrap plastics could occasionally stream from developing to developed countries. Improving sustainable materials management required strengthening global and regional recycling and upcycling infrastructure. In this regard, attention should be given to key countries acting as global and regional hubs for trade in plastic scrap. Also, it was important to work on frameworks that were flexible enough to include secondary materials, other than plastics, that were important for a cross-border circular economy.

3.26. As part of the Sustainable Manufacturing and Environmental Pollution (SMEP) programme, supported by the Foreign, Commonwealth and Development Office (FCDO) of the United Kingdom, UNCTAD was working with the Graduate Institute of International Studies on a study of alternatives to single-use plastics, focusing on Sub-Saharan Africa and South Asia. The study would propose

options for plastic substitution and serve as a basis for research calls for further work on plastic pollution mitigation, expected for late 2021 under the SMEP Programme. It would also provide technical assistance opportunities for countries in Sub-Saharan Africa and South Asia.

3.27. In 2020, UNCTAD completed updating its BioTrade Principles and Criteria: a set of guidelines for the sustainable sourcing, transformation and commercialization of goods and services derived from biodiversity. Anchored on the three pillars of sustainability – economy, society and the environment – these principles guided governments, businesses and civil society in some 80 countries on the path towards sustainability. The updated version was aligned with key development processes, including the 2030 Agenda for Sustainable Development and multilateral environmental agreements. New elements included climate resilience, marine biodiversity, and sustainable tourism. The experiences, best practices and lessons learned by partners and practitioners since the first edition in 2007 had also been considered.

3.28. UNCTAD was due to publish an analytical study on climate change, green recovery and trade. The study dwelt on trends towards carbon neutrality, green recovery packages, the rise of low-contact economy, resource security in supply chains and the role of trade in creating new markets and improving access to climate positive goods, services and technologies. These issues were being considered against the evolving economic and political background, particularly with respect to the questions of climate finance, subsidies and border carbon adjustments.

3.5 Other matters

3.29. The Chairperson of the CTE informed Members that the next meeting of the CTE was scheduled for 23-24 June 2021. As this was his last meeting as Chair of the CTE, he noted that the Committee had gone through a special year and despite challenges never faced before, he was pleased to have witnessed such an unprecedented engagement from delegations on a number of pressing trade and environment issues. He was of the view that the Committee should have a feeling of achievement as tremendous progress had been made in just a few months. Following on the significant work that had started before his tenure as chair, he believed the CTE was today back to its role of origin. It was now fully recognized worldwide as the one and only relevant forum to discuss issues at the juncture of international trade and environment. He was confident that constructive discussions would continue and intensify even more and hoped that this would provide the necessary impetus to the preparations for MC12 and for the achievement of meaningful results. Finally, the Chairperson welcomed the incoming Chairperson, H.E. Manuel A.J. Teehankee (Philippines) and wished him all the very best of luck for what would most certainly be a key year on trade and environment issues.

3.30. The incoming Chairperson thanked delegations for their support and trust and looked forward to output-oriented and constructive discussions in the committee this year, building on the progress made by my predecessor. He also congratulated Ambassador Chad Blackman on successfully completing a very active year as Chair of the CTE. A lot had been achieved under his chairmanship. The active participation of Members in this committee was very encouraging. Also, major progress had been achieved on several trade and environment topics and he hoped that together the good work could continue. He looked forward to active and fruitful discussions with all delegations in the year ahead. With the Secretariat, he would reach out to delegations ahead of the next meeting of the CTE.

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 recognise 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.
