



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 2 FEBRUARY 2022

NOTE BY THE SECRETARIAT¹

The Committee on Trade and Environment (CTE Regular) met on 2 February 2022, chaired by H.E. Mr Manuel A.J. Teehankee (The Philippines). The Committee adopted the Airgram, [WTO/AIR/CTE/17](#), dated 19 January 2022. The Report of the last CTE meeting, held on 12 October 2021, is contained in [WT/CTE/M/73](#).

Contents

1 ENVIRONMENTAL MEASURES AND MARKET ACCESS, PARAGRAPH 32(I) OF THE DOHA MINISTERIAL DECLARATION – ITEM 6 OF THE CTE WORK PROGRAMME	4
1.1 Circular Economy and Plastics	4
1.1.1 Briefing by Australia on the work of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)	4
1.2 Fossil Fuel Subsidy Reform (FFSR)	6
1.3 European Union (EU) Green Deal	8
1.4 Other.....	12
1.4.1 United Kingdom's update on activities related to making supply chains more sustainable	12
2 TECHNICAL ASSISTANCE AND CAPACITY BUILDING, PARAGRAPH 33 OF THE DOHA MINISTERIAL DECLARATION	14
2.1 Update on seminars and webinars.....	14
3 MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS), ITEMS 1 AND 5 OF THE CTE WORK PROGRAMME	14
3.1 United Nations Framework Convention on Climate Change (UNFCCC)	14
3.1.1 United Kingdom's update on the 26th session of the Conference of the Parties (COP26) to the UNFCCC.....	14
3.1.2 UNFCCC's update on COP26	16
3.1.3 New Zealand's update on negotiations towards the Agreement on Climate Change, Trade and Sustainability (ACCTS).....	16
4 TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES, ITEM 4 OF THE CTE WORK PROGRAMME	17
4.1 WTO Secretariat's update on the Environmental Database 2020	17

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

5 MEMBERS' SUGGESTIONS AND PROPOSALS	20
5.1 Canada's update on behalf of the Coordinators of the Trade and Environmental Sustainability Structured Discussions (TESSD)	20
6 RELATIONS WITH INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS, ITEM 10.....	22
6.1 Briefings by other observer organizations.....	22
6.1.1 World Customs Organization	22
6.1.2 United Nations Industrial Development Organization	23
6.1.3 United Nations Environment Programme	24

ACRONYMS

ACCTS	Agreement on Climate Change, Trade and Sustainability
CBAM	Carbon Border Adjustment Mechanism
COP	Conference of the Parties
CTE	Committee on Trade and Environment
EDB	Environmental Database
EU	European Union
FACT	Forest, Agriculture and Commodity Trade dialogue
FFSR	Fossil Fuel Subsidy Reform
GATT 1994	General Agreement on Tariffs and Trade 1994
IDP	Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
LDCs	Least developed countries
MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
NDC	Nationally Determined Contribution
SCM Agreement	Agreement on Subsidies and Countervailing Measures
SDG	Sustainable Development Goal
SIDS	Small, Vulnerable Economies, Small Island Developing States
SMEs	Small and Medium-sized Enterprises
SPS Agreement	Agreement on the Application of Sanitary and Phytosanitary Measures
TBT Agreement	Agreement on Technical Barriers to Trade
TPR	Trade Policy Review
TESSD	Trade and Environmental Sustainability Structured Discussions
UK	United Kingdom
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
WCO	World Customs Organization

1 ENVIRONMENTAL MEASURES AND MARKET ACCESS, PARAGRAPH 32(I) OF THE DOHA MINISTERIAL DECLARATION – ITEM 6 OF THE CTE WORK PROGRAMME

"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 Circular Economy and Plastics

1.1.1 Briefing by Australia on the work of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)

1.1. The representative of Australia acknowledged the recent co-sponsorship by the Maldives of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP), taking the IDP Membership to 68. The IDP Membership included a diverse group of WTO Members including significant participation from developing country Members, Least Developed Country Members (LDCs), Small, Vulnerable Economies, Small Island Developing States (SIDS), and developed countries.

1.2. The last meeting of the IDP for 2021 was held on 22 October. The meeting was chaired by Ambassador George Mina (Australia). All WTO Members were invited and encouraged to attend the meeting, which was held in hybrid format through Zoom. The meeting also included stakeholder participation from a number of experts in the field of trade, environment and plastics. The agenda of the meeting included two key items. First, a presentation of the IDP Factual Report, which consolidated and organized information presented and discussed at the IDP throughout the year. The report highlighted the evolution of the WTO's work on plastics pollution and mapped current international action with trade implications. The representative said that the document was valuable, recommended it to all WTO Members, and noted that it was available on the WTO website.

1.3. Second, the meeting also included a discussion of the then draft Ministerial Statement, a full report of which was available on the WTO website. Following the meeting, IDP co-sponsors worked to finalize the draft Ministerial statement in preparation for the Twelfth Ministerial Conference (MC12). Despite the postponement of MC12, IDP co-sponsors released its Ministerial Statement on 10 December (WT/MIN(21)/8/Rev.2). The launch of the Ministerial Statement highlighted the co-sponsors' commitment to continue work on this very critical issue. He said that IDP co-sponsors were committed to continuing work in an open, inclusive and transparent manner and that all WTO Members were encouraged to co-sponsor the initiative and participate in IDP meetings.

1.4. The representative noted that the IDP had hosted a press conference on 15 December to highlight the release of the Ministerial Statement. Ambassador Mina (Australia), Ambassador Blackman (Barbados) and Ambassador Valencia (Ecuador) represented the IDP at the press conference, which had seen significant participation from international media. The full video of the press conference is available on the WTO website and the WTO news story includes some highlights. The IDP co-sponsorship was considering how to take its work forward and would report back to the CTE in due course.

1.5. The representative of Ecuador said that her country was a proud co-coordinator of the IDP. The IDP had reached a balanced and pragmatic Ministerial Statement that outlined work for 2022 and towards the next Ministerial and MC13 in areas such as capacity building and technical assistance, fostering cooperation on data transparency, collaboration between international agencies and collective approaches. She said that the promotion of trade by addressing plastics pollution and circularity and trade-related cooperation could support efforts to reduce unnecessary or harmful plastics and plastic products. The Ministerial Statement and the work ahead outlined a balanced approach and was part of the global response to plastics pollution. The representative emphasized the importance of proactive participation by diversity of IDP Members and relevant stakeholders, including international organizations and institutions, environmental trade and customs authorities, as well as domestic private sector bodies, academia and civil society.

1.6. The representative said that cooperation with stakeholders was important for the work of the IDP in future interaction with the CTE. The IDP had demonstrated that collaboration between

international organizations and between the various stakeholders was effective and had built trust between the different actors in the field. In her national capacity, the representative said that Ecuador was also advocating for a new global instrument on plastics in the Fifth Session of the United Nations Environment Assembly (UNEA-5.2) and invited Members to join the discussions.

1.7. The representative of the United Kingdom congratulated the co-conveners of IDP for their successful work in obtaining the Ministerial Statement last year with an expansion of the co-sponsorship. She said that the United Kingdom was looking forward to working with the co-sponsors and all WTO Members on this important issue, particularly as this year could see the launch of negotiations of a global plastics agreement, which would contribute to reducing this significant environmental problem.

1.8. The representative of Switzerland thanked the co-conveners for their work and efforts to develop a work programme for the IDP. She said that Switzerland welcomed the successful launch of the Ministerial Statement last December and that so many Members had joined the important initiative. She thanked the co-conveners who had contributed to the success of this initiative. The representative said that Switzerland encouraged all Members to participate in this initiative and agreed to achieve concrete, pragmatic and effective results on the actions and understanding set out in the Ministerial Declaration no later than MC13.

1.9. The representative of Canada said that, as one of the early co-sponsors, Canada was proud of the work accomplished last year, and welcomed all the new co-sponsors that had joined the IDP Ministerial Statement on 15 December. Discussions last year served the purpose of identifying a role for the WTO in an area where several partner institutions have already launched work programmes that will contribute to global efforts to tackle plastics pollution. For discussions in 2022, it would be important to maximize momentum from 2021 and deliver tangible outcomes to address plastics pollution. She said that Canada believed that the IDP needed to encourage collaboration with international organizations that are examining plastic pollution. This will allow the IDP to avoid duplication of efforts and an opportunity to provide Member's expertise when trade considerations arise in those fora. The representative said that Canada also applauded the co-conveners' commitment to including stakeholders in IDP discussions. Their perspective, experience and expertise were critical to the success of work in the IDP. She thanked the IDP co-sponsors for their continued engagement with WTO Members and looked forward to achieving significant progress on this issue over the next twelve months.

1.10. The representative of the Maldives said that, as a SIDS, the Maldives economy largely depended on coastal and marine ecosystems and the biodiversity they harbour. The Maldives was reliant on healthy oceans for its two largest economic activities, namely tourism and fisheries. Due to this, the Maldives had taken several significant steps to phase out single-use plastics. In December 2020, President Ibrahim Mohamed Solih had ratified the 18th Amendment Bill to the Export-Import Act (31/79) of the Maldives. According to this Amendment, starting 1 June 2021, the import of any goods declared as single-use plastics was prohibited. The Amendment mandated the Government to compile and publicize the list of goods to be classified as banned single-use plastics, as well as to add or remove items from the list in the future. This initiative would enable the Maldives to steadily phase out single-use plastics by 2023, one of the Government's key environmental pledges. The representative said the Maldives was honoured to join the Ministerial Statement on Plastic Pollution and Environmentally Sustainable Plastics Trade and looked forward to engaging constructively in the IDP as co-sponsors worked on the structural transformation of their economies towards greater circularity.

1.11. The representative of Costa Rica congratulated the IDP coordinators for the excellent work that had led to a Ministerial Statement on Plastics Pollution and Environmentally Sustainable Plastics last December. She said the Ministerial Statement was a remarkable achievement, which Costa Rica proudly co-sponsored, and that Costa Rica was glad to be part of the Informal Dialogue, as this was a global issue where trade could be a powerful tool that contributed to its solution. Regarding the work for 2022, the representative said that her delegation wished to reaffirm its commitment and willingness in giving this topic priority in the trade and environment agenda and welcomed the draft work programme that the coordinators had tabled. She encouraged the coordinators to frame the proposed workstreams in a manner that promoted efficient exchanges among the participating co-sponsors to reach substantive outcomes in the near future. She said that the IDP could count on the support and collaboration of Costa Rica in this exciting process ahead.

1.12. The representative of [Japan](#) said that, while it was a pity that MC12 had been postponed, Japan welcomed the adoption of the Ministerial Statement on 10 December last year. He said that Japan expressed its appreciation to the Members concerned. The representative said that Japan had decided to join the declaration as a co-sponsor at the end of November last year. The representative said that Japan had proposed the "Osaka-blue Ocean vision", which set the target of reducing additional pollution from marine plastic litter to zero by 2050. In line with this vision, Japan was actively addressing the issue of marine plastic waste and looked forward to engaging constructively in the discussions.

1.13. The representative of [China](#) welcomed the Maldives to IDP as the 68th co-sponsor. The representative said that as one of the six IDP coordinators, China joined Australia, Ecuador and other co-sponsors to encourage and welcome all WTO Members to join IDP discussions and to share comments and suggestions on the IDP and its 2022 Work Plan. All meetings of the IDP and its work streams would be held in an inclusive and transparent way, and open to all WTO Members and stakeholders. The representative said that the tiger symbolizes strength, vitality, intelligence, and fearlessness, all of which are qualities needed in the WTO, the CTE and the IDP. The representative said his delegation looked forward to close cooperation with co-sponsors to achieve concrete outcomes in the IDP in the year of the tiger.

1.14. The representative of the [United States](#) said that the United States was a strong supporter of circular approaches, which had substantial economic, environmental and social benefits and could play a significant role in climate change mitigation in addition to supporting the achievement of the sustainable development goals (SDGs). He said that his delegation encouraged the IDP co-sponsors to consider approaches to facilitating trade in recyclable materials, including plastic scrap, to support a more circular economy. These products had inherent economic and commercial value and support greater resource efficiency and circularity and required trade policies that facilitate rather than impede their movement to close the loop, and keep these materials in the economy, out of landfills, and out of our oceans. He said that his delegation also noted the overlap in discussion topics between the IDP and the Trade and Environmental Sustainability Structured Discussions (TESSD). He said that his delegation was interested in understanding how the IDP views its relationship with the TESSD, and how the two informal dialogues will address issues of circular economy, in a complementary way, without creating confusion and redundancy. The United States remain interested in understanding the trade-related approach that the IDP will be taking to consider trade-related elements that the WTO has competency in addressing. Trade facilitative policies are necessary to help minimize the need for virgin materials, and to keep products and their related materials in productive use in the economy for as long as possible.

1.15. The representative of [Kingdom of Saudi Arabia](#) said that Saudi Arabia believed that effective Waste Plastic Management was more useful and efficient and, along with the role of international cooperation and trade, would be more beneficial to address the environmental aspects of plastic waste pollution. She said her delegation encouraged further knowledge and information sharing in this area. With regard to circular economy, the representative said that achieving a more resource-efficient circular economy would depend on the holistic expansion of "circularity" beyond material flow and encompassing emissions as well. In this context, the representative said that Saudi Arabia believed in the key role that the Circular Economy and Circular Carbon Economy could play in achieving the goal of global sustainable trade. In other words, while the "Circular Economy" focused on material flow, the "Circular Carbon Economy" emphasized emissions management – both of which were complementary and important in accelerating global sustainable trade goals. The representative said that the Kingdom of Saudi Arabia would be delighted to share its experience in the deployment of the Circular Carbon Economy (CCE) with CTE Members.

1.2 Fossil Fuel Subsidy Reform (FFSR)

1.16. The representative of [New Zealand](#) provided an update on the joint Ministerial Statement on the Fossil Fuel Subsidy Reform (FFSR) issued in December². He recalled that, when MC12 was postponed, it was decided to continue with the joint launch event virtually on 15 December. A number of Ministers representing the more than 80 co-sponsors across the three initiatives had joined the Director-General in launching and celebrating these statements. New Zealand reported that 45 WTO Members had signed on to the joint Ministerial Statement on FFSR.

² See document [WT/CTE/GEN/28](#).

1.17. In doing so, co-sponsors had called for the rationalization and phase out of inefficient FFS that encouraged wasteful consumption along a clear timeline and had committed to sharing information and experiences to advance the discussion at the WTO. Co-sponsors continued to recognize that reform needed to take fully into account the specific needs and conditions of developing countries and minimize the possible adverse impacts on their development. His delegation looked forward to engaging with co-sponsors in the coming weeks to continue the important work, including to make good on the shared commitment to elaborate concrete options to advance the issue at the WTO ahead of MC13.

1.18. The representative of New Zealand recalled the last meeting in October at which he stated that the empirical evidence supporting the need for action on FFS to meet our climate change and sustainable development objectives was clear. In his delegation's view, the WTO was the appropriate forum to translate the commitments on FFSR made by the leaders at COP26 and in the SDGs into concrete action. He emphasized that the joint Statement remained open to new co-sponsors, and his delegation continued to encourage Members who had not yet signed on to do so.

1.19. The representative of Switzerland thanked New Zealand for its update on FFSR and for its leadership in this regard. Her delegation commended the successful launch last December of the Ministerial Declaration on FFSR and the high number of Members who supported it. In her delegation's view, this initiative was essential to achieve the climate goals set by the international community. Her delegation strongly encouraged all other Members to join.

1.20. The representative of Switzerland believed that, thanks to the launch of the declaration, there was a momentum. Her delegation proposed to deepen this theme within the CTE, but also within the TESSD, which had proposed in its own declaration to discuss the environmental effects and commercial impacts of the subsidies concerned.

1.21. The representative of Costa Rica congratulated New Zealand for leading the way for a successful delivery of a Ministerial Declaration on FFSR. Costa Rica was proud to be a co-sponsor of this initiative and her delegation advocated for the urgent need of FFSR, which properly reflected what had been globally acknowledged and reflected in SDG 12.c. While her delegation recognized that this was an issue that still required more discussion among the wider Membership, her delegation considered that discussions on this topic under the TESSD work programme could be useful to make a significant contribution towards initiating discussions and understanding on this relevant issue at WTO. Her delegation was ready to support the outreach efforts and encouraged Members that had not co-sponsored this initiative yet to do so.

1.22. The representative of the United States thanked New Zealand for its presentation on the joint Ministerial Declaration at MC12. His delegation recognized the importance of phasing out inefficient FFS that encouraged wasteful consumption, especially in moving towards a low-carbon future with the goal of achieving net-zero emissions by 2050 and meeting the goals of the Paris Agreement. He also noted the potential political difficulties of reaching a consensus on this issue. The representative of the United States encouraged the co-sponsors to consider work that was already taking place in the Asia-Pacific Economic Cooperation (APEC) and the Organisation for Economic Co-operation and Development (OECD) and to consider how the WTO could contribute to a meaningful discussion on FFSR. For example, it would be beneficial to better understand what constituted a fossil fuel subsidy that was "wasteful" and contributed to "inefficient consumption".

1.23. The representative of Norway appreciated the work carried out by New Zealand on the fossil fuel initiative. In particular, her delegation welcomed the many new co-sponsors and wished to see more Members joining in time. In her delegation's point of view, the WTO would be the right place to work on these issues and she believed that there was momentum on this now.

1.24. The representative of the Kingdom of Saudi Arabia thanked New Zealand for continuing to share updates on its programme of phasing out FFS. While her delegation encouraged sharing information, the Kingdom reiterated its position stated during previous meetings, namely, that this issue was dealt with under a different forum whereby a voluntary peer review of inefficient FFS that encouraged wasteful consumption was conducted among some G20 members in accordance with their national circumstances, priorities and needs. In her delegation's point of view, issues such as this one should not be addressed under the WTO.

1.25. The representative of Venezuela noted that the New Zealand initiative, accompanied by some countries, only concerned the member countries of the G20 and was alien to the work of the WTO. The delegation reiterated its previous position and expressed its concern.

1.3 European Union (EU) Green Deal

1.26. The representative of the European Union provided an update on trade-relevant aspects of the European Green Deal.³ It recalled that the "Fit for 55" package set out how the European Union intended to achieve climate neutrality by 2050 and a 55% net reduction in greenhouse gas emissions by 2030. Before focusing on one of the proposals, it indicated that, in November 2021, the European Union had proposed new rules to facilitate intra-EU waste shipments to promote circular economy and tackle the export of illegal waste and waste challenges to third countries, as well as a new soil strategy to have all European soils restored, resilient, and adequately protected by 2050. In December 2021, additional proposals had been put forward, including: (i) a revision of the Energy Performance of Buildings Directive in order to improve the energy efficiency of the EU's building stock; (ii) an update to the EU gas market framework to enable a market for renewable gases, and one for renewable and low-carbon hydrogen; (iii) guidance on the social aspects of the green transition; and (iv) a green mobility package that aimed to build a sustainable and effective EU-wide network of rail, inland waterways, short sea shipping routes and roads. The EU co-legislators were now deliberating on the proposed measures.

1.27. During 2022, the European Union would continue to take measures to reach its climate objectives, including an update of the EU rules on fluorinated greenhouse gases; a framework for harmonized measurement of transport and logistics emissions; a review of the CO₂ emissions standards for heavy-duty vehicles; a regulatory framework for the certification of carbon removals; further implementation of its circular economy action plan; and a package on sustainable products and consumption.

1.28. The representative of the European Union elaborated on one of the proposals in the "Fit for 55" package – the European Commission proposal for new rules to curb EU-driven deforestation. It was noted that this proposal would be discussed in the European Parliament and the European Council, resulting in a final proposal. In terms of objectives, the proposal sought, among others, to minimize the risk that products coming from supply chains associated with deforestation or forest degradation were placed on the EU market and to increase the EU demand for legal and deforestation-free commodities and products.

1.29. With respect to the process leading to the proposal, the European Union noted that the European Commission had conducted "regulatory fitness checks" concerning the EU Timber Regulation and the Forest Law Enforcement, Governance and Trade (FLEGT) regulation. The "fitness check" of the EU Timber Regulation had identified certain improvements, especially raising awareness and transparency in supply chains. The challenges in implementation that should be addressed in the new proposal included the operator's ability to validate the information from the supply chains. In turn, the "fitness check" of the FLEGT regulation – and in particular the so-called Voluntary Partnership Agreements – had revealed that, while these processes were positive in terms of multi-stakeholder dialogues, they had also proved to be long, complex, and resource intensive. Thus, after more than 15 years, only one country out of the fifteen that had engaged with the European Union in these processes had an operating licensing system in place, which covered only 3% of the relevant trade. Moreover, in preparing this proposal, the European Commission had also carried out an impact assessment that encompassed the lessons learned from the "regulatory fitness checks", as well as the broader scientific analysis. The impact assessment had also included a number of multi-stakeholder meetings with more than 250 participants, partner countries and international organizations, as well as targeted interviews in the EU and partner countries. He indicated that, after thorough analysis of approximately 20 policy options, the selected option was a proposal combining mandatory due diligence and country benchmarking.

1.30. The representative of the European Union also addressed the scope of the proposal. In this regard, he noted that the commodities covered were palm oil, soy, wood, cattle, cocoa, and coffee and some derived products (e.g. leather, chocolate, furniture). This selection was the result of a thorough scientific analysis and a cost-benefit analysis. The scope was "progressive" in that the proposal initially covered the mentioned selected commodities and derived products, but this would

³ See document [RD/CTE/206](#).

be updated regularly based on the latest scientific data. It was also emphasized that the regulation would apply to both domestically produced and imported commodities and derived products. In terms of temporal scope, he stated that the proposed cut-off date was 31 December 2020. Thus, commodities would not be allowed to enter the European Union if produced on land subject to deforestation after that cut-off date. The selection of this cut-off date reflected the commitments, not only within the European Union and its member States but also in partner countries.

1.31. Turning to the main elements of the proposal, the representative of the European Union stated that the proposal would create mandatory due diligence rules for all operators that placed the commodities and products on the EU market or exported them from the European Union. Moreover, only products that were both deforestation-free and legal would be allowed on or exported from the EU market and they would need to be covered by the so-called "due diligence statement". It was noted that the information systems that would be built would be crucial for the due diligence statements and related information required to facilitate enforcement by EU member States. Another main element of the proposal would be a benchmarking system to assign risk to countries or parts thereof according to the level of risk of deforestation (low, standard, or high). This system would be based on regular information exchanges with partner countries in order to allow for close cooperation between the European Union and partner countries and to achieve the objectives together. He stressed that this proposal should be understood together with all the other activities undertaken by the European Union in the broader context of deforestation, which involved working with partner countries to ensure that global action be undertaken both by producers and consumers.

1.32. The main obligations in the proposal would be applicable to operators and non-small and medium-sized enterprise (SME) traders. In the case of low-risk countries, the due diligence requirements were simplified. At the same time, if there was a particular doubt or risk or information related to lower risk countries pointing to any kind of problem in the supply chain, the operators would need to perform the due diligence process as for standard risk countries. It was emphasized that the proposal should not be seen as a ban on products from high-risk countries. Indeed, operators that sourced from high-risk countries, if they had clean supply chains, would have no additional costs or problems in terms of placing the products and commodities on the EU market. It was noted that the proposal set out certain inspections for EU member States' authorities to perform, as well as certain penalties.

1.33. The representative of the European Union emphasized the importance for this proposal and the broader EU work on deforestation in cooperation with partner countries. The European Commission would step up cooperation to ensure that EU partners were able to reap the benefits of the EU on deforestation. This cooperation could be, for example, through forest partnerships, as well as co-dialogue and other tools being developed together with partner countries. It was noted that the European Commission could also intensify engagement with consumer countries such as China and the United States as well as other partners (e.g. Australia, Canada, Japan, and Korea) in the fight against illegal logging and also work together in international fora to move this agenda forward in a multilateral context.

1.34. The representative of the European Union reiterated that the proposed regulation was based on the following principles: transparency, accountability, and sound scientific and methodological basis; consistency with agreed international commitments, notably halting deforestation at the levels of December 2020 in line with SDG 15; and non-discrimination, as it treated equally domestic and imported commodities and products and covered both imports and exports. He also reiterated that the present proposal was part of a broader set of policies to reduce deforestation, which included developing partnerships with producer and consumer countries; strengthening international cooperation including in multilateral fora; redirecting financial support to the most sustainable land use practices; and supporting research innovation and access to information. It was highlighted that partnerships and cooperation were important to promote the transition to sustainable agricultural production, sustainable forest management, and the development of transparent and sustainable supply chains.

1.35. The representative of the European Union concluded by reiterating that climate change and environmental protection were global challenges that required global action and cooperation and that the WTO played a key role in this respect. For this reason, the European Union had been supporting developing countries in their efforts towards these objectives. In the field of forestry, the European Union had proposed engaging in forest partnerships, which were followed by political commitments between the EU and partner countries and were accompanied by the EU's development

cooperation to contribute to the protection, restoration, and sustainable management and use of forests. A wide range of activities could be undertaken such as improving governance and institutions; promoting environmentally sustainable forest-based value chains and the capacity of the private sector; supporting the sustainable management and conservation of forests to contribute to climate and biodiversity objectives; and accompanying countries to comply with the requirements of the EU's proposed regulations on deforestation.

1.36. The representative of Colombia expressed its interest in working with the European Union in developing an equitable EU Green Deal and in helping the international community become climate neutral. At the same time, Colombia considered it useful to put forward some preliminary remarks. First, the EU proposal related to sustainable agriculture and sustainable agriculture should be inclusive in light of SDG 17. A holistic approach to climate change was needed and, thus, it was necessary to analyze other situations that could be more harmful for the environment such as the case of agricultural environmental subsidies. Colombia queried the rationale for not including these types of measures in the EU Green Deal and asked the European Union when it would notify measures included in the legislative package that were trade-related and covered by several covered agreements, such as the General Agreement on Tariffs and Trade (GATT 1994), the Sanitary and Phytosanitary (SPS) Agreement and the Technical Barriers to Trade (TBT) Agreement. Second, Colombia expressed concern that this policy could have a discriminatory aspect as it may result in extraterritorial protection against deforestation of primary forests, which were mainly outside of the European Union. In terms of inclusiveness, the measure should consider the three areas of sustainability: economic, social, and environmental. Thus, the measure should consider social dynamics, geology, ecosystems, and territory, which may render developing countries more vulnerable to non-legal situations that make deforestation control burdensome, costly, and complicated. Colombia invited the European Union to ensure that deforestation standards met their objectives, did not constitute disguised trade barriers, and contributed to trade in the covered products.

1.37. The representative of Argentina indicated that some of the proposals in the EU Green Deal had raised concern among the Membership and invited further information on the proposed measures. Argentina underscored the importance of multilateral dialogue to ensure adequate transparency of environmental measures. It was indicated that the instruments adopted to fight climate change should comply with international obligations and should not constitute an unnecessary or disguised barrier to trade. The principle of common but differentiated responsibilities should also be taken into account.

1.38. The representative of Costa Rica thanked the European Union for its presentation on the EU Green Deal and underscored that any environmental policies implemented by Members with direct impacts or effects on trade should be in compliance with WTO rules. Continuous updates in the Committee on the development and status of current and future environmental policies would be welcome.

1.39. The representative of Norway appreciated the detailed information and the transparent approach from the European Union and indicated that the new proposal on commodities associated with deforestation was an important step forward to ensure sustainable products and key value chains in Europe and elsewhere. Norway stated that it was considering the proposal within the framework of its cooperation with the European Union through the Agreement on the European Economic Area.

1.40. The representative of Thailand recognized the importance and urgency of tackling climate change and underscored the importance of respecting international rules and principles, including those under the WTO and the United Nations Framework Convention on Climate Change (UNFCCC). Acknowledging that this measure was still following its internal legislative process, Thailand highlighted the importance of ensuring that the European Union's Carbon Border Adjustment Mechanism (CBAM) was in conformity with WTO rules. On the issue of the crediting of foreign climate policies, Thailand noted that the proposal may ultimately exclude consideration of policies other than explicit carbon pricing. This would seem difficult to align with the Paris Agreement and may constitute arbitrary or unjustifiable discrimination between countries where the same conditions prevailed. Thailand invited the European Union to engage in cooperation and dialogue and to ensure that its climate-related efforts were in compliance with all relevant international rules and principles.

1.41. The representative of Canada considered that the European Union's presentation on deforestation and forest degradation-free supply chains, along with previous presentations on the EU Green Deal, contributed to enhanced transparency by providing new and more in-depth information to WTO Members. Canada underscored the importance that the European Green Deal be implemented in a manner that complemented and reinforced the benefits of open and rules-based international trade, while ensuring that trade and climate policies were mutually supportive.

1.42. The representative of Brazil began by referring to the new rules on pesticides and reiterating its concern regarding the publication by the European Union of more than 2,600 emergency authorizations by its member States of substances under review since 2017. Many of the requests presented by EU producers used the same arguments presented by delegations from developing countries on the SPS and TBT Committees. There were also some requests that had simply no justification at all for their "emergency use" and yet had been approved. Brazil stressed that the new rules on pesticides should be applied in a transparent and non-discriminatory manner and be rooted in scientific evidence. Regarding the regulations on transparency in supply chains, Brazil welcomed direct dialogue between authorities to ensure that the measure would not have a discriminatory character and would be compatible with WTO rules. Brazil added that countries that industrialized first should bear a larger brunt of the costs of emission reduction. Moreover, EU standards reflecting its temperate climate should not simply be imposed on tropical and developing countries. Noting the potential problems for the multilateral trading system if each Member were to choose its own environmental criteria, Brazil urged the European Union to take into account comments made by trading partners with respect to the proposed measures under the EU Green Deal.

1.43. The representative of India stated that the measures under the EU Green Deal were an attempt to internationalize domestic regulations in the name of the environment and that they should follow the principle of common but differentiated responsibilities and respective capabilities. India indicated that it would continue to examine the validity of these proposals under WTO rules.

1.44. The representative of Paraguay thanked the European Union for the update on the EU Green Deal and reiterated the importance of taking into account the three areas of sustainable development – economic, social, and environmental – and ensuring that the proposed measures complied with international rules and principles, including those at the WTO. The transition to sustainable production should be gradual and should take account of each country's specific economic, social, and environmental circumstances. Paraguay noted that countries in Latin America and the Caribbean, in addition to being important food suppliers worldwide, were also suppliers of important ecosystemic services. In this context, Paraguay agreed with Colombia's query regarding the focus of the proposed measure on primary forests and the selected commodities and its possible discriminatory impact on developing countries.

1.45. The representative of Switzerland indicated that a revision of the Environmental Protection Act that came into force in Switzerland had made it possible to prohibit illegal timber. In turn, the Swiss Timber Trade Ordinance, which came into force on 1 January 2022, made it possible to prohibit the making available of other raw materials and products if the cultivation, extraction, or production significantly impacted the environment or significantly jeopardized the sustainable use of natural resources. Switzerland expressed its support for ensuring sustainability in addition to legality.

1.46. The representative of Guatemala shared some of the concerns expressed by other Members, highlighting, in particular, the importance that trade measures complied with WTO rules, including those on non-discrimination, and the need to take into account the effect on developing countries. Guatemala presented a series of queries concerning the selection of the covered commodities in the regulation; the criteria used to classify these commodities as causing deforestation; the possibility of updating the list of commodities covered by the measure in the future; the definition of "supply chain associated with forest degradation"; the definition of SME under the measure; and the criteria that would be used for country benchmarking. Guatemala welcomed responses to these queries and looked forward to continued discussion of these proposals.

1.47. The representative of the Kingdom of Saudi Arabia thanked the European Union for the update on trade-relevant aspects of the EU Green Deal and reiterated its concerns on the proposed CBAM. This proposal had been addressed under the agenda of the Committee on Market Access, where Members discussed and would continue to discuss these matters. Saudi Arabia also expressed

support for the concerns raised by a number of Members regarding the effects of the proposed measure and the importance of ensuring consistency with WTO rules.

1.48. The representative of the European Union responded to the questions raised by delegations. On the question regarding the selection of the covered commodities, the European Union pointed to the results of the impact assessment, which were published online and included details on the methodology used and the various steps in the process. The European Union also noted that it did not have any plans to increase the number of commodities and products, but this would be updated regularly based on scientific data. It was also clarified that the proposed regulation would apply to SMEs in general, so all operators and industries would be covered. However, there was a difference between operators and traders. Operators were those that placed the products first on the market, and they had to perform the whole due diligence requirements. In turn, in the context of traders, only big traders that were not classified as SMEs would have to apply the same measures. At the same time, traders that included SMEs were covered by other articles in the regulations.

1.49. With respect to country benchmarking, the European Union noted that further work in this area would take place in the future and that the criteria would be defined more precisely in the implementing act. At the same time, the proposed regulation already set out the key issue of the rate of deforestation and recognized the actual work and policies in partner countries. The European Union reiterated that it was willing to cooperate closely with all partner countries that were interested in working on these matters. The main objective of this regulation was for the EU to be able to reward the countries and operators that had already worked significantly in this area and to help everybody else move in the right direction. The European Union highlighted that the proposed measure would not only apply to tropical countries; it would apply to all operators and all countries including EU member States.

1.50. The European Union concluded by reiterating the importance of this Committee in providing transparency regarding environmental measures. This work had been complemented by multiple meetings with third countries and outreach efforts. It was also reiterated that WTO compatibility of the measures under the EU Green Deal, including with respect to non-discrimination, was being closely examined. With respect to the comment related to agricultural subsidies, it was indicated that the EU Common Agricultural Policy (CAP) governed these matters and that the CAP had taken on board certain objectives of the farm-to-fork policy. A new element of the CAP reform would be the development of national strategic plans by EU member States, which would be assessed by the European Commission in terms of their contribution to, and consistency with, EU legislation, including in relation to climate and the environment. Finally, the European Union thanked Members for their engagement and noted that the proposal was still following the legislative process and would be subsequently taken up by the European Council and the European Parliament.

1.4 Other

1.4.1 United Kingdom's update on activities related to making supply chains more sustainable

1.51. The representative of the United Kingdom updated the Committee on activities related to making supply chains more sustainable. The United Kingdom had previously updated the CTE on the Forest, Agriculture and Commodity Trade (FACT) Dialogue, which was part of the UK's COP26 Presidency. The Dialogue was co-chaired by the United Kingdom and Indonesia and had brought together 30 major consumer and producer countries of internationally traded agricultural commodities to explore ways of shifting to global sustainable supply chains. The United Kingdom had circulated a non-paper, providing the background, highlighting the successes, and setting out the next steps of the FACT Dialogue.⁴

1.52. Over the past year, representatives from FACT countries had discussed ways in which they could collaborate to develop markets for sustainable trade of agricultural commodities. Participants had developed a shared roadmap of indicative actions, including actions on improving traceability, scaling up agricultural research and development and smallholder support schemes, and building an understanding and market recognition of sustainable production. Twenty-eight countries had also

⁴ See Document [RD/CTE/203](#).

agreed on a joint statement on principles for collaboration with the aim of promoting sustainable development and trade while protecting forests and other critical ecosystems.

1.53. This roadmap of actions set an ambitious path to ultimately support the transition to a coherent international system for sustainable agricultural commodity production and trade, in line with the ambitions set out in the Glasgow Leaders' Declaration that 141 Heads of State had signed up to.⁵ Trade in sustainably produced agricultural commodities would bring many benefits – it would help reduce land degradation and deforestation and protect important terrestrial ecosystems. It would also help reduce greenhouse gas emissions, increase resilience to climate impacts, and reverse biodiversity loss.

1.54. FACT participants had collectively developed the roadmap and were focusing on the next phase of delivering and implementing the actions. Sustainable trade was a key part of these conversations and must be a part of the solution. During FACT discussions, several countries had stated that complementarity of producer and consumer trade and market measures was crucial, and that it was vital countries recognized and supported efforts to make the production and consumption of agricultural commodities more sustainable. It was key that countries worked collectively to expand markets for sustainable commodities, increasing their demand and supporting access for smallholders, whilst decreasing the costs for sustainably produced commodities.

1.55. The WTO could play a key role to help move forward along this path and it was vital to ensure that FACT aligned with and built on relevant work done in the WTO, including in the CTE and the TESSD. The FACT co-chairs would be reconvening FACT officials in March to finalize the work plan for 2022. The United Kingdom encouraged FACT countries' trade ministries and officials to further engage with their environmental and agricultural colleagues who would be participating and to share views on the work plan. FACT co-chairs and co-facilitators also welcomed further exploration of how to align the FACT and WTO processes. The United Kingdom encouraged the wider WTO Membership to support the FACT Dialogue's outcomes and aims and to consider how best to help deliver the ambitions set out in the Glasgow Leaders' Declaration.

1.56. The United Kingdom also updated the CTE on the webinar titled "Implementing Due Diligence on Forest Risk Commodities – Recent Developments in the United Kingdom". The webinar was opened by a keynote address from Lord Goldsmith, UK Minister for the Environment, who had made a compelling case regarding the urgency required to transition to sustainable supply chains.

1.57. The webinar itself had provided information on the United Kingdom's proposed implementation of due diligence legislation, which was being introduced through the United Kingdom's Environment Act to help tackle illegal deforestation in UK supply chains. The due diligence provisions would make it illegal for larger businesses operating in the United Kingdom to use key forest risk commodities produced on land illegally occupied or used.

1.58. On 3 December 2021, the United Kingdom's Department for Environment, Food and Rural Affairs had launched its consultation on implementing due diligence requirements in the Environment Act. The consultation was open to all and sought views on how the United Kingdom could best implement these regulations through secondary legislation and guidance. The panellists had provided an overview of the consultation, including which forest risk commodities would be brought under initial regulations, which businesses would be in scope of the regulations, and how the enforcement authority would monitor and ensure compliance with regulations. The United Kingdom encouraged all CTE Members to participate in the consultation process, which was open until 11 March 2022.

1.59. The representative of Canada commended the UK's effort to promote the sustainability of supply chains, including through its G7 Presidency. She noted a growing interest at the TESSD and at the CTE to discuss supply chain sustainability. This was a positive development towards a more comprehensive understanding of the nexus of trade and environment. To address climate change through trade, it was needed to examine how goods were produced and not to focus solely on end-use. The linkages between supply chain sustainability and circularity had to also be explored.

⁵ The Glasgow Leaders' Declaration includes a commitment to strengthening shared efforts to: "facilitate trade and development policies, internationally and domestically, that promote sustainable development, and sustainable commodity production and consumption, that work to countries' mutual benefit, and that do not drive deforestation and land degradation".

Her delegation encouraged WTO Members to share best practices that could help improve the reliability and sustainability of supply chains.

1.60. The representative of Norway said that to support the transition, through the Glasgow Leaders' Declaration on Forests and Land Use, Norway and 11 other donors had committed to support forest protection with USD 12 billion until 2025. Since 2008, Norway had partnered with tropical forest countries to support their ambitions to reduce deforestation. Deforestation-free supply chains were possible with the use of tools for transparency and forest monitoring, which could detect even small-scale deforestation.

1.61. Producer countries needed more incentives to reach their climate and nature goals. Deforestation-free trade had to be profitable, not at a loss, and there must be a level playing field for sustainable operators and traders. Norway was a part of the Amsterdam Declarations Partnership where nine European countries had committed to eliminate deforestation from agricultural supply chains. Norway also took part in the FACT Dialogue hosted by the United Kingdom. Her delegation welcomed more cooperation between FACT and the trade community.

1.62. The representative of Japan noted the importance of due diligence measures for building legitimate and sustainable supply chains. On the other hand, especially for forests, it was difficult to set uniform regulations or other principles. This was because each country had different circumstances, such as different environmental conditions and different industries based on geographical location. It was necessary to seek and push ahead with a market-oriented approach that considered the importance of sustainable forest management for exporting countries. In addition, cooperation needed to be promoted efficiently, while avoiding duplication of the functions of existing international organizations and treaties. For example, the International Tropical Timber Organization (ITTO) was working on building a sustainable supply chain for timber and timber products as one of its priorities. Japan noted the effectiveness of cooperating with these institutions and availing of the services they provided.

2 TECHNICAL ASSISTANCE AND CAPACITY BUILDING, PARAGRAPH 33 OF THE DOHA MINISTERIAL DECLARATION

2.1 Update on seminars and webinars

2.1. The Chairperson informed the Committee that, under the request and guidance of the CTE in Special Session's Chairperson Ambassador Samba, the WTO Trade and Environment Division had organized on 19 November an information session for the LDC Group. The information session had provided delegates from the LDC Group with an opportunity to take stock of the role of the CTE and review Members' initiatives on trade and environment. He encouraged the Secretariat to continue to organize similar events on the nexus between trade and the environment in the future to address capacity building and technical assistance needs in developing countries and LDCs.

3 MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS), ITEMS 1 AND 5 OF THE CTE WORK PROGRAMME

3.1 United Nations Framework Convention on Climate Change (UNFCCC)

3.1.1 United Kingdom's update on the 26th session of the Conference of the Parties (COP26) to the UNFCCC

3.1. The representative of the United Kingdom briefed delegations on the outcomes of the 26th Conference of the Parties to the UNFCCC (COP26), hosted by the United Kingdom in partnership with Italy in Glasgow in November 2021. COP26 had concluded with all 197 Parties agreeing to the Glasgow Climate Pact to keep the goal of limiting temperature rise to 1.5°C within reach. The Pact would speed up the pace of climate action this decade, with all countries agreeing to revisit and strengthen their emissions targets in 2022 as necessary to align with the temperature goal, as well as developed countries agreeing to double support for action on adapting to climate change by 2025.

3.2. For a historic first time, the COP decision had included a commitment from countries to phase down the use of coal and phase out inefficient FFS. The Paris Rulebook had finally been completed after six years. This included agreement on a transparency process that would enable accountability

and confidence as countries delivered on their targets, agreement on accounting standards, and a new mechanism for carbon markets. There were net-zero commitments for over 90% of the world's economy – up from 30% two years ago.

3.3. With the postponement of the Twelfth WTO Ministerial Conference (MC12) in November 2021, it was even more crucial to keep up the momentum of COP26 and to place climate and environmental issues at the heart of the WTO's agenda. It was needed to ensure that the multilateral trading system played a significant role in addressing the existential and interdependent crises of climate change and biodiversity loss. Members could progress this agenda at the WTO, for example, by engaging in efforts to explore how trade in environmental goods and services could strengthen decarbonization efforts, and to clarify the interaction between domestic climate mitigation measures and WTO rules.

3.4. The United Kingdom would continue to focus on its global ambition this year and beyond to ensure promises were kept and delivered across the three pillars of the Paris Agreement: mitigation, adaptation, and finance. On mitigation, the United Kingdom would work with all Parties to deliver on the commitment to revisit and, if necessary, strengthen 2030 targets to go further and faster to close the gap to a 1.5°C pathway. This would involve collaborating with countries to explore further sectoral action and public and private opportunities for investing in their low-carbon resilient transition. The United Kingdom would work closely with the UNFCCC and other international organizations in 2022 to progress this work, encouraging higher ambition nationally determined contributions (NDCs), further commitments on net-zero, and on coal, cars, cash, and trees.

3.5. On adaptation, the United Kingdom would deliver four mandated workshops in 2022 under the Glasgow–Sharm el-Sheikh Work Programme on the Global Goal on Adaptation, which was launched at COP26. The United Kingdom would partner with countries to make good on the commitment from developed countries to at least double their collective provision of climate finance for adaptation to developing countries by 2025. This would increase the availability, efficiency, and accessibility of adaptation finance for climate vulnerable countries. The United Kingdom would also ensure progress continued to be made on Loss and Damage through the new Glasgow Dialogue on arrangements for funding relevant activities, and make sure the Santiago Network on Loss and Damage was running.

3.6. On finance, the United Kingdom could provide confidence that the USD 100 billion finance goal would be met by developed countries and multilateral development banks by 2023 at the latest, with USD 500 billion being delivered over the period 2021-2025. The United Kingdom would reinforce the progress made in Glasgow in aligning private finance flows with the Paris Agreement globally and would work with partners to leverage the trillions of private finance needed to fund the transition in all countries including the major emitters.

3.7. The United Kingdom looked forward to working closely with Egypt and the United Arab Emirates (UAE), as incoming COP27 and COP28 Presidents, to ensure commitments made at COP26 were built upon and delivered.

3.8. The representative of Egypt commended the United Kingdom for the excellent organization of COP26. Egypt needed to build on the success and the outcomes reached in Glasgow and ensure comparable results at COP27 by working with the Membership. Addressing the issue of environmental and economic sustainability had become a top priority for sustainable development. Yet, the relevant discussions needed to be reflective of countries' economic and environmental realities and provide the policy options and the capacity required for them to proceed on that front. Egypt needed to engage constructively in the upcoming discussions. It was important to aim at building the case for "Sustainable Development for all".

3.9. The representative of Canada commended the UK COP26 Presidency for delivering a climate conference that was historic in its breadth, scope, and size. Glasgow had demonstrated how climate change impacted all economic sectors and all segments of society. Canada looked forward to working with the UK COP Presidency throughout 2022 to maintain momentum from Glasgow to COP27 in Egypt. At COP26, Prime Minister Trudeau had demonstrated Canada's whole-of-government approach to climate action. In support of the UK Presidency, Canada was pleased to co-lead with Germany, on behalf of donor countries, the Climate Finance Delivery Plan on the USD 100 billion goal to help build trust among Parties at COP26. In the closing hours of COP26, much attention had been focused on the political cover decision known as the Glasgow Climate Pact, and its text on a "phase out" of unabated coal power. Canada noted that the Pact had marked the first time that the

197 Parties to the UNFCCC had agreed – by consensus – not only to reduce the reliance on coal power but also to implement the G20 commitment to phase out inefficient fossil fuel subsidies.

3.10. This accomplishment had set a backstop and represented a significant step change in global discussions agreed by consensus. Canada was also pleased that the Glasgow Climate Pact included a commitment by Parties to revisit and strengthen their climate targets to align with the Paris Agreement temperature goal by 2022. Canada and numerous G7 and G20 major economies had already come forward over the past year, but a number of large emitters had not yet done so. Canada urged action as, according to the latest climate science, global emissions must be drastically cut within the next 10 years to keep global warming to within 1.5°C.

3.1.2 UNFCCC's update on COP26

3.11. The representative of the UNFCCC briefed delegations on COP26. The new phase of the climate change process looked at the implementation of the Paris Agreement and its various elements. There were several main themes that had produced the very important results in Glasgow. The first was about closing the Paris Rulebook: with the decisions on Article 6, transparency, and a number of other issues, the Conference had marked completion of the Paris Agreement Work Programme. The whole Paris Agreement could start operating as it was designed and this was a major success of Glasgow.

3.12. The second big area was ramping up ambition and action. On finance, the Conference had recognized both the gap in the fulfillment of the USD 100 billion goal and the increased pledges to address the gap in 2022-2023. Further progress towards the goal would be considered at COP27 in November 2022 and onwards. The establishment of a process for a new post-25 climate finance goal would start already in March 2022 with a first meeting relating to this.

3.13. On mitigation, the approval of a new work plan was expected for COP27, which would be a tool for scaling up mitigation ambition. It was important to have an annual synthesis report on NDCs as well as an updated long-term strategy submitted by countries. Furthermore, reference to coal phase down and fossil fuel subsidies phase out was part of this overall big effort and outcome on mitigation in Glasgow.

3.14. On adaptation, there had also been a call for doubling funding. Record pledges of over USD 350 million had been made to the Adaptation Fund, which was an important tool in delivering support in developing countries. A two-year Glasgow-Sharm el-Sheikh work programme on the global goal on adaptation had been established. On Loss and Damage associated with the adverse effects of climate change, it was acknowledged that climate change had already caused and would increasingly cause such Loss and Damage.

3.15. There were a large number of outcomes beyond negotiations coming from non-Parties, stakeholders, business, regions, and institutions, such as the Race to Resilience and the work on forests and methane. COP26 was a positive milestone in the international climate change process and a successful UN conference, which had demonstrated action on climate challenge based on scientific findings and advice. Multilateralism, within the UN context, had been shown to be the right approach to global issues and could deliver important results.

3.1.3 New Zealand's update on negotiations towards the Agreement on Climate Change, Trade and Sustainability (ACCTS)

3.16. On behalf of Costa Rica, Fiji, Iceland, New Zealand, Norway, and Switzerland that had been negotiating the Agreement on Climate Change, Trade and Sustainability (ACCTS), the representative of New Zealand updated the Committee on the latest developments⁶. He noted that the six Parties were continuing to negotiate the ACCTS, encompassing four key pillars at the nexus of trade, environment, and sustainable development policy. He noted that the ACCTS pillars were: the liberalization of environmental goods, new and binding commitments for environmental services, disciplines to eliminate harmful fossil fuel subsidies, and best practice guidelines to inform the development and implementation of voluntary eco-labelling programmes and mechanisms. Following the meeting of ACCTS Trade Ministers in October, on which his delegation had provided

⁶ See document [WT/CTE/GEN/27](#).

an update to the CTE last year, a second Ministerial meeting had been held among the ACCTS Climate Ministers on 11 November 2021.

3.17. He noted that the Climate Ministers had hosted a side-event in the margins of the UN COP26 to highlight the linkages between trade policy and climate action. During this session, Costa Rica's Minister Andrés Valenciano had noted that "[decarbonization] is an opportunity to generate jobs, to access technology, and to continue in the way to implement our work – the decarbonization strategy [...] is our development strategy." Fiji's Attorney General, Aiyaz Sayed-Khaiyum, also had emphasized that, "while global trade is a source of emissions, it is also a fundamental part of the solution as it has the potential to enhance both mitigation and adaptation measures to climate change." Iceland's Minister Guðmundur Ingi Guðbrandsson had noted that "Trade rules will play a significant role in mitigating climate change and environmental degradation globally simply by favouring green and clean businesses all over the world." The representative from Switzerland had added that, "international trade policy can make a very important contribution to climate and environmental challenges and the sustainable development of all countries." New Zealand's Minister of Climate Change James Shaw had expressed his hope that the ACCTS will be "the first child of the next generation of trade agreements."

3.18. All ACCTS Climate Ministers had issued a statement reaffirming their strong support for the ACCTS negotiations. They had encouraged negotiators to conclude as soon as possible, while maintaining ambition in the negotiations so as to maximize the potential climate impact in support of the Paris Agreement's aims. The ACCTS participants had welcomed the inclusion of FFSR in the COP26 Glasgow Climate Pact document, as it further reinforced the linkages between trade and climate action. The seventh round of negotiations concluded in December, with delegations holding multiple sessions across the four pillars and continuing to make steady process in the negotiations. The 8th round would be held in March 2022.

3.19. The representative of New Zealand further noted that ACCTS participants continued to carefully evaluate the specific needs of developing Members to ensure that the ACCTS was fit for purpose. The group would continue to elaborate on specific and targeted flexibilities that may need to be incorporated into ACCTS provisions. Concurrent with the negotiations, ACCTS participants welcomed interest from WTO Members on the Agreement and would continue to keep 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. The goal of the ACCTS was to help inform broader trade and environmental discussions, including those held under the TESSD, by demonstrating how trade actions could drive environmental outcomes.

3.20. The representative of Costa Rica fully endorsed the intervention delivered by New Zealand and appreciated all the efforts and collaboration that it had provided throughout this negotiation.

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

4.1 WTO Secretariat's update on the Environmental Database 2020

4.1. The WTO Secretariat provided an update on the Environmental Database (EDB)⁷. The database at present contained more than 7,000 notifications, with over 14,500 measures under different agreements and over 9,300 Trade Policy Review (TPR) entries. Every year, almost 600 new notifications, 1,300 environment-related measures and about 750 TPR entries were uploaded onto the database. The purpose of the presentation was to discuss the EDB 2020 Report ([WT/CTE/EDB/20](#)), which had been circulated the previous week and focused on climate change. The Secretariat explained that the focus of the Report was to take a deep dive into the use of the search functionalities to look at the types of information and analysis that could be done on climate change using Member data on notifications and TPRs (contained in Section 3 of the Report).

4.2. Section 1 of the Report contained some overall overarching trends, with 84 Members from all around the world submitting notifications and over half a dozen having their TPRs reviewed in 2020. In terms of the top 10, in addition to developed and developing countries, Rwanda, an LDC, was in the top 10 of notifying Members for a second consecutive year. There had been

⁷ See document RD/CTE/204.

a record 827 environment-related notifications submitted in 2020 containing about 1,400 environment-related measures. As a proportion, the number of environment-related notifications had now doubled, which was about 16% of all notifications, or 1 in 6 notifications were environment-related. In 2020, about half these notifications were technical regulations or SPS notifications, along with Licensing and Quantitative Restrictions. These were followed by support measures under the Agreement on Agriculture and the SCM Agreement. In terms of sectors, agriculture was the most important with about 40% of environment-related measures, followed by chemicals and manufacturing. In terms of the type of environment-related objectives in 2020, chemicals and hazardous and toxic substance management were still the most important with about 36% of all environment-related measures, followed by MEA implementation, which was the second most cited category.

4.3. The Secretariat explained that a new chart on environment-related notifications and measures had been added to the EDB 2020 Report. In the last 12 years, from 2009 onwards, the number of notifications had steadily increased from 480 in 2009 to 827 in 2021. The number of measures had also increased, with about 1,400 per year. There were, however, some year-on-year variations since some notifications were made once every two years. This was most apparent in the SCM Agreement, where Article 25 notifications were made once every two years, which therefore affected the number of measures that were notified to the WTO. In 2020, there were more TBT and SPS measures.

4.4. Annex III of the EDB Report contained the list of environment-related objectives, types of sector and measure to which data was tagged and, based on which, users could run particular searches. In addition, the Secretariat mentioned that one of the improvements that had been made to the database since the last CTE meeting was that the free text search had been strengthened to obtain more robust search results.

4.5. Section 3 of the Report focused on climate change. The Secretariat explained that it had used two search criteria to obtain this data: using an environment-related objective to search for measures from notifications and keywords and the free text search to get results from TPRs for this Section. There were a number of environment-related objectives tagged in the EDB that were directly or indirectly related to climate change. From 2011 to 2020, there had been year-on-year variations, partly due to the fact that subsidies notifications come once every two years. Nonetheless, there had been a large number of notifications on a variety of environment-related measures such as climate change mitigation and adaptation, as well as ozone layer protection. Measures taken under the Montreal Protocol and the Vienna Convention on licensing, for instance, had also had a positive impact. Afforestation/ reforestation, air pollution reduction, energy conservation and efficiency, and alternate and renewable energy were also either indirectly or directly related to climate action.

4.6. The top 10 Members with respect to climate change notifications were from all regions of the world. Technical regulations were the most important for climate action, but support measures in the form of grants, direct payments, and tax concessions were also important. In the area of ozone layer protection, for instance, import licensing was quite common and was unsurprisingly also in the top five types of measures. The SCM Agreement was the most common agreement from where such measures were drawn from. The TBT Agreement, Agreement on Agriculture, Agreement on Import Licensing Procedures and the Decision on Notification Procedures for Quantitative Restrictions also make up the top five.

4.7. With respect to TPRs, the Secretariat explained the usage of keywords such as climate, renewable, emissions, and greenhouse gases to draw results. It noted that, in the last five years, all TPRs have had at least some mention of climate and climate action measures. These were either in the form of renewable energy, energy efficiency measures, or forestry measures.

4.8. The Secretariat proceeded to provide some examples of different Members' policies and measures that had been notified and were climate related. In the TBT area, there had been a notification from Côte d'Ivoire which regulated the import of second-hand vehicles emitting fumes and gases. Bahrain had an energy labelling requirement and a minimum energy performance standard which was also emission related. Moving to Quantitative Restrictions and Import Licensing Procedures, Moldova had a notification relating to a licensing scheme for usage of hydrocarbons and hydrochlorofluorocarbons (HCFCs) and their impact on the ozone layer. There had also been a notification from Switzerland imposing a licensing requirement on forestry protective material for reforestation.

4.9. The Secretariat concluded by providing examples of support measures under the Agreement on Agriculture and the SCM Agreement. With respect to the former, some had been notified under the Green Box, for infrastructure services, environment conservation through land and afforestation works (in the case of Tunisia for example), dealing with and building resilience to climate-related measures (in Nepal), and the El Niño effect (with work being done in Peru to protect against it). With respect to the SCM Agreement, for example, Thailand had supported the usage of plastic waste and the promotion of the usage of alternative energy, while the United States had provided tax exemptions for energy from biomass. Ukraine had notified a United Nations Development Programme (UNDP)-funded project under the Trade Facilitation Agreement for HCFCs phase out for ozone-depleting substances. The European Union had provided a notification under the Agreement on Services that had provided a new investment framework to attract investment in sustainable energy projects. These were just a few examples from hundreds in the EDB, which could be used for topical and thematic analysis.

4.10. The Chairperson thanked the Secretariat and opened the floor. He mentioned that, through the Secretariat's analysis and interactions with delegations, a lot of information could be harvested from EDB data. He also thanked the Secretariat for reminding Members that five new information briefs had been prepared by the Secretariat before COP26 that related to trade and climate-related issues, which were available on the WTO website. He invited delegations to do a careful reading of the EDB as well as the environmental, trade, and climate briefs issued by the Secretariat, and the selected trade-related measures in the 2021 MEA matrix in these areas. He also requested delegations and capitals to take time to give their comments and suggestions so that the EDB could be continually improved.

4.11. The delegation from Bangladesh took the floor and thanked the Secretariat for its work in compiling trade-related measures notified under the auspices of environmental and climate change issues. It requested the Secretariat to clarify how they had categorized trade-related measures that fell under the category of environment-related measures and those that fell under the climate change-related measures, as well as how that distinction was made.

4.12. The Chairperson thanked Bangladesh for its intervention and highlighted the importance of delegations in providing feedback to the Secretariat to be able to harvest data and create up-to-date categories. He noted that the EDB was of great interest to him personally, and that it was often underappreciated, but was actually extremely relevant to the work of the Committee.

4.13. The WTO Secretariat thanked the Chairperson and the delegation of Bangladesh for its intervention. It explained that, for the whole EDB, a search string had been used and highlighted Annex I of the EDB Report, which contained a list of keywords that formed the basis of the search string used to sift through notifications and TPRs. Once this information was found, data was subsequently entered into the database under different fields. One value addition provided by the Secretariat was that it tagged information by sector, measure, keywords, and environment-related objective. Annex II listed these fields, so notifications were tagged by these categories on the basis of the content of the notification. For example, windmills could be tagged to the energy sector or possibly the manufacturing sector; this example could also be tagged on the basis of whether it was a licensing measure, a technical regulation, or a support measure and so on.

4.14. With respect to the segregation of information on climate change itself, the Secretariat explained its usage of harmonized categories of environment-related objectives. There were 25 in total, out of which it had used six that were either directly or indirectly related to climate change (provided in footnote 25 to the EDB Report): afforestation/reforestation; air pollution reduction; alternate and renewable energy; climate change mitigation and adaptation; energy conservation and efficiency; and ozone layer protection. These were used as subsets to identify climate-related measures in the database, while for TPRs it used various keywords. The Secretariat also mentioned that it would be happy to provide further information bilaterally.

5 MEMBERS' SUGGESTIONS AND PROPOSALS

5.1 Canada's update on behalf of the Coordinators of the Trade and Environmental Sustainability Structured Discussions (TESSD)

5.1. The representative of Canada said that TESSD co-sponsors had joined the two other sustainability initiatives in releasing a ministerial statement on Trade and Environmental Sustainability towards the end of last year. While co-sponsors had hoped to release it on the margins of MC12, they had not wanted to delay the start of the next phase of their efforts. TESSD co-sponsors were pleased to have had an opportunity to hold an event to raise awareness of the statement and provide an overview of what they hoped to accomplish. The new statement had attracted 71 Members accounting for 84% of global trade and including 29 developing Members and three LDCs. The statement remained open to new co-sponsors who wished to join.

5.2. The representative said that co-sponsors were in the process of designing a work plan to help advance their work. Co-sponsors had recently met to discuss their interests and priorities and had held a productive exchange. Co-sponsors would aim to finalize the work plan in the near term in order to begin work. Going forward, the representative said that the formal meetings of the TESSD would continue to provide a venue for exchanges and discussion on key issues of concern to Members as outlined in the ministerial statement. In the coming year, the TESSD also planned to pursue the creation of informal working groups, which would meet to hold additional discussions in informal sessions between the formal meetings.

5.3. The representative said the co-sponsors hoped these groups would help drive work towards tangible outcomes through a dedicated focus on certain issues. Co-sponsors also planned to continue to work closely with stakeholders and to make the most of their expertise as they undertook their discussions. The next formal meeting of the TESSD would be on 7 February and the co-convenors extended an invitation to all Members to attend the meeting and to participate. The formal meetings of the TESSD were open to any Member, whether or not they were a co-sponsor. The only caveat is that only the co-sponsors had a role in determining the work programme of the discussions. The representative said that the statement remained open to new co-sponsors, and the co-convenors welcomed all Members to reach out to either of the co-convenors (Canada and Costa Rica) if there was an interest in discussing the work of the group.

5.4. The representative of the United Kingdom said that the United Kingdom supported the delivery of concrete outcomes on environmentally sustainable trade through the WTO, and that the TESSD was an important forum to help achieve this. She said it was vital that co-sponsors built on the progress made at COP26 in Glasgow to achieve concrete outcomes and consensus on trade-related environmental issues and turn the tide on the climate crisis. At the TESSD co-sponsors meeting held on 20 January, the United Kingdom had tabled a non-paper setting out its proposals on environmental goods and services, carbon leakage, and other elements for the TESSD work plan. The United Kingdom welcomed the positive comments received by fellow Members and the contributions by member states outlining their priorities and suggestions for the year ahead. The United Kingdom looked forward to working with all interested member states to adopt an effective work plan. The representative said the United Kingdom was keen to explore possible approaches for promoting and facilitating trade in environmental goods and services, as well as fostering focused discussions on carbon leakage, which were inclusive to all member states. The United Kingdom also welcomed contributions from Members on other topics mentioned, such as on technical assistance and capacity building, circular economy, and sustainable agriculture. She said the United Kingdom hoped that Members would find these ideas a useful starting point and that her delegation look forward to progressing dialogue on these issues among others related to trade, environment, and climate change.

5.5. The representative of Switzerland welcomed the successful launch of the TESSD Ministerial Declaration last December and the fact so many Members had joined this important initiative, which recognized that international trade and trade policy can and must support environmental and climate goals. In the TESSD Declaration, co-sponsors agreed to intensify the work on common areas of interest and possibly identify concrete actions. In this regard, Switzerland believed that there was valuable input from different Members and thanked the co-convenors for the work plan, which was the result of a pragmatic approach. The representative said that Switzerland believed that the three proposed workstreams reflected well the common interest of Members and that the plenary sessions

also offered some room for other discussions. She said that her delegation also welcomed the participations of stakeholders, which would help to make progress.

5.6. The representative of the United States said the United States was pleased to formally join the TESSD last year, and that his delegation was looking forward to engaging with all co-sponsors to advance work at the WTO on key trade and environment issues. Co-sponsors had outlined an ambitious set of topics for the work of the TESSD this year, and his delegation was looking forward to a robust work plan. He said that the United States saw an opportunity to advance discussions this year on trade and climate change in the WTO, including discussions of how trade measures can address climate change, specifically looking beyond just the EU CBAM and considering a range of options to incentivize decarbonization and transition to a net-zero economy. The representative said his delegation also saw an opportunity for Members to discuss what technologies and goods could contribute to addressing climate change, which of these can be considered to be "clean" and "climate-friendly" technologies, goods, and services. Likewise, the United States also believed it would be important to continue discussions on circular economy approaches, which had a strong link to addressing climate change impacts. While much of the focus had been on the first half of the circle, including in design measures and consumer use and application, the representative said that the TESSD co-sponsors should also explore what happens to products at end-of-life, including recycling and remanufacturing processes to facilitate a more circular approach to the entire lifecycle of a good. The representative said that his delegation looked forward to advancing the work of the TESSD and to its next meeting when the work plan for 2022 would be agreed.

5.7. The representative of China said that, as a co-sponsor of both the IDP and the TESSD, China was grateful for Members' active engagement and was proud of the significant progress that had been made so far despite the postponement of MC12. In this regard, he said that China looked forward to working with Members to explore how the WTO could contribute to more coordinated, consistent, and effective trade policies.

5.8. The representative of Korea thanked the TESSD co-conveners for the successful launch of the Ministerial Declaration despite the delay of MC12 and for hosting the informal co-sponsor meeting on 20 January. He said that his delegation also commended the co-conveners for coming up with a draft TESSD work plan for 2022 and looked forward to the formal meeting on 7 February for fruitful discussions regarding the timeline and specific themes of the informal working groups, including compliance of WTO rules on environmental trade measures and environmental goods and services.

5.9. The representative of Ecuador thanked the TESSD co-conveners for their transparent and constructive work in the debates around trade and sustainable development and how these topics could contribute to other spheres. She said that Ecuador was a proud coordinator of the IDP and since December was a co-sponsor of the TESSD as well. She said that Ecuador was committed to the discussions and would actively and constructively engage in all structured discussions established under this initiative. She highlighted that, for Ecuador, sustainable agriculture was a key issue to be addressed in these discussions. The dynamic connections between sustainable socioeconomic development and environmental conservation with international trade could play an active and diverse role. Ecuador called on all states, in particular developing countries, to both participate in the trade of agricultural products at a global level and because this trade has a transcendence in its sustainable development. She also said that Ecuador had environmental protection and sustainable development as a foundation of its international action. The government of President Lasso had promoted substantive and local initiatives such as an ecological transition and circular economy policy. At the regional level, Ecuador together with Colombia, Costa Rica, and Panama had already taken a first step to create the largest transboundary marine biosphere reserve in the marine corridor of the tropical Eastern Pacific, uniting the marine reserves of the four nations. She said that that was why Ecuador's focus would be on closely following the discussions that would take place in relation to other issues, such as climate change, biodiversity, the circular economy, and environmental goods and services.

5.10. The representative of Australia congratulated all co-sponsors of the TESSD, of which Australia was also a co-sponsor, for the release of the TESSD Ministerial Statement in December 2021. Australia was pleased with the progress of the TESSD last year. These discussions had and would continue to provide a useful avenue to explore how to progress trade-related environmental policies and sustainability issues at the WTO. The representative said that Australia remained committed to the work set out in the Ministerial Statement, particularly efforts to enhance trade-promoting policies that contributed to environmental goals. He said that Australia also welcomed continued discussion

on environmentally harmful subsidies, particularly the environmentally harmful effects of trade distorting agricultural subsidies. Australia encouraged any WTO Members that had not yet done so to join the TESSD initiative, which had the potential to contribute significantly to ongoing joint efforts at the WTO, including, in particular, work in the CTE.

5.11. The representative of Japan said that, while MC12 had been postponed, Japan welcomed the adoption of the TESSD Ministerial Statement on 3 December and the increase in co-sponsoring countries. He said that Japan thanked the relevant Members for their efforts, especially the co-conveners, Costa Rica and Canada. The representative said that Japan would like to continue working toward achieving concrete results and was particularly interested in: (1) approaches to promotion and facilitation of trade in environmental goods and services; and (2) trade-related climate measures and would like to deepen the discussions on those agendas. He said that addressing climate change was an urgent issue that required a global response and believed that the TESSD statement shared the same purpose with the discussions of the CTE.

5.12. The representative of the Kingdom of Saudi Arabia said that Saudi Arabia had joined the TESSD in November 2021. She thanked the coordinators for elaborating on the draft 2022 work plan. The representative said that her capital was still reviewing the elements contained in the work plan. Saudi Arabia proposed a number of elements for the 2022 Work Plan, including that all discussions on trade-related climate measures and policies must be consistent with WTO rules and principles and attentive to Members' circumstances, degree of development, needs, priorities and paths towards achieving the SDGs in an inclusive manner; advancing inclusive "Circularity" as a key in the trade and environment nexus; that different approaches needed to be promoted, such as "Circular Economy" that focused on materials and "Circular Carbon Economy" that focused on emissions; that innovation, including business, technology, and policy were key elements to be pursued in the context of sustainable global trade; the facilitation of deployment and dissemination of all technologies as essential including low emission technologies; enabling cross-border investment and trade in low emission technologies, such as hydrogen, DAC, CCUS, e-fuels, renewables, and energy efficiency; encouraging capacity building to build national capabilities of all Members in the environment and trade space; and avoiding tariff and non-tariff barriers, measures, and mechanisms. The representative said that the Kingdom of Saudi Arabia was keen to engage constructively with TESSD Members towards implementing a meaningful work plan and to deliver on its objectives.

5.13. The representative of Paraguay said that, although Paraguay appreciated the work carried out by the TESSD co-conveners, Paraguay regretted that, despite having actively and constructively participated in the discussions, its position and that of many developing countries was unable to be satisfactorily reflected in the Ministerial Declaration. The representative said that, despite this, Paraguay would continue to participate in the discussions with the same constructive spirit. He said that Paraguay hoped to continue counting on the openness of co-sponsors in order to find mechanisms to appropriately reflect the different interests and sensitivities of all Members, especially developing countries.

6 RELATIONS WITH INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS, ITEM 10

6.1 Briefings by other observer organizations

6.1.1 World Customs Organization

6.1. The representative of the World Customs Organization (WCO) provided updates⁸ on the initiatives being undertaken by the WCO with regards to environmental sustainability and sustainable supply chains. Customs administrations had a critical role to play with respect to the control of the transboundary movement of environmental goods by supporting effective implementation of various MEAs, whose objectives included, among others, addressing the illicit trade in hazardous waste and ozone-depleting substances, combatting the illicit trade in endangered species, and preventing the spread of plant and animal diseases, as well as of invasive alien species.

⁸ See document RD/CTE/202.

6.2. Considering the critical role that the WCO and customs administrations played in controlling and facilitating international trade, the WCO echoed the recent WTO Ministerial Declaration on trade and environmental sustainability on the need to explore opportunities and approaches for facilitating the legal trade in environmental goods, considering not only the regulatory perspective, but also the technical requirements and the specificities of sustainable supply chains. The WCO was engaging in various activities to raise awareness of customs' role in ensuring the security of supply chains, while facilitating trade in transition towards a circular economy in reverse supply chain logistics. In this respect, specific actions were being planned for the upcoming year on greening customs, including undertaking a study to raise broader awareness of the evolving role of customs in supporting the circular economy and environmental outcomes, and identifying capacity gaps and opportunities for synergies and cooperation.

6.3. In this context, the WCO provided updates on the WCO's Asia-Pacific Plastic Waste Border Management Project⁹, which was in progress under the auspices of the WCO Environmental Programme and was expanding its scope. The project aimed to address illegal transboundary movements of plastic waste and 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 on the Control of Transboundary Movements of Hazardous Waste and their Disposal.

6.4. In this framework, the WCO was organizing a regional conference on Plastic Waste Border Management on 24-25 February 2022 to present the project's findings related to its four beneficiary countries (Indonesia, the Philippines, Sri Lanka, and Viet Nam). The outcomes of the project thus far would also be discussed in the wider context of strategic considerations for the Asia-Pacific region, considering other initiatives on plastic waste at the global level. Recognizing that the ability to identify environmentally desirable goods and materials at the border was a central aspect in facilitating trade in such goods, the WCO was continuing to work with its members and relevant Inter-Governmental Organizations to develop proposals for specific provisions for such goods in the Harmonized System. This would contribute not only to trade facilitation for these goods, but also to the collection of reliable statistics to support policy development.

6.5. 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, focusing on waste and substances controlled under the Montreal Protocol) reaching its VII edition in 2021. Other activities being undertaken or being launched this year by the WCO would focus on developing relevant data analytics capabilities and exploring the use of technology and digital infrastructures to facilitate the circular economy.

6.6. Building customs administration capacities to foster compliance while promoting trade facilitation and revenue collection was at the core of the WCO's mandate and operations. Therefore, WCO's current programmes could find opportunities for further synergies, also in the context of digital transformation and data analytics, driven by the new WCO theme for 2022 "Scaling up Customs Digital Transformation by Embracing a Data Culture and Building a Data Ecosystem". Given the complexity of the topics and the ambition of the initiatives WCO was undertaking to enable more sustainable and secure supply chains, the WCO recognized the role of partnership and intensified collaboration and welcomed the TESSD as a platform for cooperation to implement concrete actions also in the framework of the recently launched WTO Ministerial statement on trade and environmental sustainability.

6.1.2 United Nations Industrial Development Organization

6.7. The representative of the United Nations Industrial Development Organization (UNIDO) updated the Committee on recent developments at UNIDO related to trade and the environment. Ahead of COP27, UNIDO would develop a coordinated and comprehensive strategy that tackled the climate agenda while supporting developing and least developed countries in advancing towards inclusive and sustainable industrial development. UNIDO Member States had called for such a comprehensive strategy in support of countries' low-carbon industrial transition. Dr Gerd Müller, former German Minister for Economic Cooperation and Development and newly appointed UNIDO

⁹ <http://www.wcoomd.org/en/Topics/Enforcement%20and%20Compliance/Activities%20and%20Programmes/Environment%20Programme/AP%20Plastic%20Waste%20Project>

Director-General, had also confirmed that climate action would be one of his main priorities for the Organization.

6.8. At present, industry was directly responsible for more than one-third of global primary energy consumption and energy-related carbon dioxide emissions, including from hard-to-mitigate sectors such as chemicals, steel, and cement. Given developing countries' industrialization ambitions, it was clear that the industrial sector would play a vital role in determining whether climate action would be achieved in line with internationally agreed targets. As countries were being requested to strengthen their climate commitments under the NDCs, industry was generally not getting enough attention in these NDCs. UNIDO was uniquely positioned to develop and implement industrial practices that supported climate-neutral and climate-resilient development pathways and supported countries in meeting the objectives of the Paris Agreement, the 2030 Agenda for Sustainable Development, and associated mid-century net-zero objectives. Initiatives such as the [Industrial Deep Decarbonization Initiative](#) (IDDI), the largest and most diverse coalition of governments and private sector working to decarbonize heavy industries starting with steel, cement, and concrete, and UNIDO's [Global Programme for Green Hydrogen in Industry](#) would be key elements in UNIDO's Climate Strategy.

6.9. An important trade dimension to the work of the IDDI related to the level playing field required for industries in developing and emerging economies to participate and engage in future low-carbon product markets via transparent and fair disclosure criteria and standards. UNIDO aimed to contribute to these efforts through its normative work, as well as through capacity building services in Quality Infrastructure.

6.10. UNIDO also briefed delegations about the Global Alliance on Circular Economy and Resource Efficiency (GACERE), which was established a year ago by the European Commission on behalf of the European Union with UNEP and UNIDO providing technical support to GACERE's operations.

6.11. Since its launch, several working papers had been produced. They were knowledge products and part of the toolbox to support advocacy at a political level and in multilateral fora for transitioning towards a circular economy. The working papers of particular relevance were on Circular Economy and Climate Change and on Circular Economy and Green Recovery. The latter document explored how circular economy approaches could contribute to a green recovery from the COVID-19 pandemic with a focus on medium and long-term recovery measures. The paper presented several insights on how best to integrate circular economy in industrial recovery plans and provided an overview of potential benefits, *inter alia*, by tackling structural inefficiencies across supply chains.

6.12. UNIDO announced that the 2nd High-Level Meeting of GACERE, with the theme Circularity and Nature, would be held on the margins of the 5th Session of the UNEA on 2 March 2022. A GACERE Working Paper on Circular Economy and Biodiversity would be launched at this event.

6.1.3 United Nations Environment Programme

6.13. The representative of the [United Nations Environment Programme](#) (UNEP) congratulated WTO Members on the launch of the three ministerial statements in December 2021, reinforcing the commitment of the trade community in the global fight against the climate, nature, and pollution crisis. UNEP, including its administered MEAs, remained at hand to support WTO Members in deliberating these issues.

6.14. UNEP briefed the Committee on the resumed Fifth Session of the UNEA taking place from 28 February 2022 to 2 March 2022 with the theme "Strengthening Actions for Nature to Achieve the Sustainable Development Goals"¹⁰.

6.15. Among the expected decisions at UNEA-5.2, the most relevant for the trade community was likely to be on plastic pollution. Plastic pollution had strong impacts on economies and the environment, including on oceans, coastal, and terrestrial environments. Many countries faced challenges in addressing trade-related aspects of plastics pollution, including on plastic waste and moving towards environmentally sustainable and effective substitutes. Three resolutions were currently tabled on the topic. The first two resolutions proposed to establish an Intergovernmental

¹⁰ See document RD/CTE/205.

Negotiating Committee for an international legally binding instrument: Peru and Rwanda had proposed an international legally binding instrument on plastic pollution based on a comprehensive approach by promoting a circular economy and addressing the full lifecycle of plastics from production, consumption, and design to waste prevention, management, and treatment. Japan had proposed an international legally binding instrument on marine plastic pollution covering the whole lifecycle and promoting resource efficiency and circular economy. The third proposed resolution from India was formally submitted last week on a voluntary framework for addressing plastic product pollution including single-use plastic product pollution.

6.16. UNEP expected active engagement of Member States in the upcoming process leading to UNEA-5.2, including the Q&A session at the Committee of Permanent Representatives. Many Member States were urging agreement on a strong and ambitious resolution on plastics at UNEA-5.2 and UNEP stood ready to support both at UNEA-5.2 and in future on this topic. UNEP also looked forward to continued and enhanced cooperation with the trade community in moving forward on this important topic.

6.17. Finally, UNEP shared the updates from a global project titled the "Trade, Development, and Environment Hub"¹¹, a project funded by the UK's Global Challenges Research Fund. Working with over 50 partner organizations from across 15 countries and focused on eight countries across Africa, Asia, and Latin America, the project had delivered knowledge products, studies, and tools, as well as initiated global dialogue and cooperation aimed at reducing trade impacts on biodiversity and people, while enhancing positive economic development.

6.18. In light of the global Biodiversity Conference COP15 planned for 2022, which aimed to secure nature positive commitments to halt and reverse the loss of biodiversity by 2030, this project would contribute to how trade and the WTO could play a role in the post-2020 global biodiversity framework and the 2030 target. In the coming months, UNEP looked forward to continuing supporting Members with environmental science, data, technological information, and integrated assessment methodologies to support related discussions.

¹¹ Available at: [Home – Sustainable trade systems that benefit people and nature \(tradehub.org\)](https://www.tradehub.org/)

ANNEX 1: ITEMS OF THE CTE WORK PROGRAMME (1994)

- 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: DOHA MINISTERIAL DECLARATION PARAGRAPHS

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. . . . xxx

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

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