



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 2 JUNE 2022

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

The Committee on Trade and Environment (CTE Regular) met on 2 June 2022, chaired by H.E. Mr. Simon MANLEY (United Kingdom). The Committee adopted the Airgram WT/AIR/CTE/18, dated 13 April 2022. The Report of the last CTE meeting, held on 2 February 2022, is contained in WT/CTE/M/74.

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

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**ACRONYMS**

ACCTS	Agreement on Climate Change, Trade and Sustainability
AFT	Aid for Trade
APEC	Asia-Pacific Economic Cooperation
BBI	Bio-Bridge Initiative
BCG	Bio-Circular-Green
CBAM	Carbon border adjustment mechanism
CBD	Convention on Biological Diversity
CEAP	Circular Economy Action Plan
COP	Conference of the Parties
CTCN	Climate Technology Centre and Network
CTE	Committee on Trade and Environment
ESPR	Ecodesign for Sustainable Products Regulation
ETS	Emissions trading scheme
FACT	Forest, Agriculture and Commodity Trade dialogue
FFS	Fossil fuel subsidies
FFSR	Fossil fuel subsidy reform
GCF	Green Climate Fund
GHG	Greenhouse gas
IDP	Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
IMF	International Monetary Fund
INC	Intergovernmental Negotiating Committee
IPCC	Intergovernmental Panel on Climate Change
IRENA	International Renewable Energy Agency
ITTO	International Tropical Timber Organization
LCA	Life cycle analyses
LDCs	Least developed countries
M&E	Monitoring and evaluation
MC	Ministerial Conference
MEAs	Multilateral Environmental Agreements
MoCA	Ministerial on Climate Action
MRT	Ministers responsible for trade
MSME	Micro, Small and Medium-sized Enterprises
NDC	Nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
OEWG	Open-ended working group
SBI	Subsidiary Body on Implementation
SBSTTA	Subsidiary Body on Scientific, Technical and Technological Advice
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
T&M	Trade and markets
TBT Agreement	Agreement on Technical Barriers to Trade
TESSD	Trade and Environmental Sustainability Structured Discussions
TrCM	Trade-related climate measure
TRIPS	Trade-Related Aspects of Intellectual Property
TrPM	Trade-related plastics measure
UNCTAD	United Nations Conference on Trade and Development
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WCO	World Customs Organization
WEF	World Economic Forum
WMO	World Meteorological Organization
WSR	Waste Shipment Regulation

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## **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 European Union (EU) Green Deal**

1.1. The representative of the European Union (EU) condemned Russia's war of aggression against Ukraine. The hostile act of the Russian Federation was a flagrant violation of international law and the rules-based international order, with effects that had spread well beyond Ukraine's borders. She noted that the European Union was deeply concerned about the global consequences of this aggression relating to trade, food security and the environment. It was causing widespread damage, pollution and harm to biodiversity, thereby intensifying the triple planetary crisis of climate change, pollution and biodiversity loss. The European Union had, therefore, adopted its sixth package of sanctions against Russia. The European Union urged Russia to immediately stop its indiscriminate attacks against civilians and civilian infrastructure and to immediately and unconditionally withdraw its troops and military equipment from the entire territory of Ukraine within its internationally recognized borders.

1.2. The representative of the European Union provided an update on trade-relevant aspects of the European Green Deal. The European Union was continuing to implement the European Green Deal, which was a comprehensive plan to make the economy and society ready for a climate-neutral future. On 30 March 2022, the Commission had adopted a package of measures to make sustainable products the norm in the European Union. These measures would contribute to reaching the EU's environmental and climate goals, doubling the circularity rate of material use and achieving energy efficiency targets by 2030. On 17 November, the European Union proposed to revise the regulation on waste shipments by proposing stronger rules on waste exports, a more efficient system for the circulation of waste and action against waste trafficking.

1.3. Under the 2020 Circular Economy Action Plan (CEAP), a few more initiatives with relevance to trade were planned for later 2022, including, *inter alia*, a legislative proposal for substantiating green claims made by companies; a review of requirements on packaging and packaging waste in the EU; new policy framework on bio-based, biodegradable and compostable plastics; and measures to reduce the impact of micro-plastic pollution on the environment.

1.4. The European Commission had adopted a set of proposals to implement a part of its CEAP at the end of March 2022. Central to these proposals was the Ecodesign for Sustainable Products Regulation (ESPR), which was done in conjunction with others to improve consumer protection in relation to sustainable products; proposals to improve Construction Products Regulation (CPR); and the EU strategy for Sustainable and Circular Textiles.

1.5. Despite a multitude of efforts at the global level through Multilateral Environmental Agreements (MEAs), the SDG Agenda and existing EU legislation, the global extraction of materials had tripled since 1970 and was on an upward trend. Over 90% of biodiversity loss and water stress resulted from resource extraction and processing. Waste generation was set to increase 70% by 2050. The European Union had established clear links between consumption and some of these impacts. The European Union made up less than 10% of the world population, yet its consumption-based impacts were close to or exceeded boundaries for climate change, particulate matter, land use and mineral resources.

1.6. The Ecodesign Directive regulated the rules pertaining to the performance and design of products before they could be put on sale in European markets. This Directive had been implemented for several years and was working well. The proposal was to build on the existing Ecodesign Directive for framework legislation. Based on rough estimates, the legislation would be adopted within 18 months and two and a half years. The ESPR would extend the approach of the current Ecodesign Directive and move beyond energy-related products to a wider product scope. Most of the rules were product-specific, meaning that there was an individual legal measure that dealt with a product group. There was also an increased focus on product information. Some of the key product aspects under

ESPR to be covered by this regulation included durability, reliability, reusability, upgradability, energy use or energy efficiency, resource use or resource efficiency, recycled content, the possibility of remanufacturing and recycling and environmental impacts, including carbon and environmental footprint among others. Once the ESPR legislation was negotiated and adopted by the European Parliament, the European Commission would prepare and present individual proposals based on a thorough impact assessment and public consultation open to all, including the EU's international partners. The process would be transparent and based on science and international standards to increase predictability for economic operators. The novelty of this legislation was the introduction of a so-called Digital Product Passport (DPP), which would be a means of a structured collection of product data conveyed through a unique identifier, based on a decentralized system designed in a way that would respect business security. Data would be on a need-to-know basis and would largely deal with issues connected to the sustainability of products, their environmental impacts, circularity, substances of concern and others. The ESPR was expected to help achieve the EU's environmental goals and SDGs and target product-related environmental impacts. The expected ESPR outcomes also included benefits for consumers through improved product performance and longer lifetimes. Public consultation had demonstrated that there was a strong demand from supply chain actors to bring about policy measures that could reduce material costs, help them reap reputational benefits and increase transparency across supply chains.

1.7. Another deliverable of the EU Green Deal was the new EU rules on the treatment of waste shipments. The starting point for these rules was a Waste Shipment Regulation (WSR) from 2006 whose main objective was to implement the international commitments concerning waste shipments which stemmed from the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the Organisation for Economic Co-operation and Development (OECD) Decision on shipment of waste. The regulation aimed to set up a control procedure for shipment of waste that depended on, *inter alia*, the characteristics of the waste, the countries of destination and the final treatment operation of the waste in question. There were three main types of control procedures, which included: (i) general information requirement for "green-listed" waste destined for recovery (non-hazardous, such as paper or metal); (ii) procedure of prior written notification and consent for hazardous or problematic wastes, as well waste destined to landfills; and (iii) prohibition on the export of hazardous waste outside the OECD or waste for landfilling outside EFTA.

1.8. The European Union exported around 33 million tonnes of waste every year at a value of about 13 billion euros, while its imports were about 16 million tonnes at a value of 13.5 billion euros. About 70 million tonnes of waste was shipped within the European Union every year. The most traded waste streams were ferrous metals and non-ferrous metals, paper, plastic, textiles and glass to a lesser extent. There had been a very steep increase in the export of waste from the European Union to third countries. The European Union had moved from 20 million tonnes in 2004 to 33 million tonnes in 2020 for the export of wastes, while on the import side, volumes had remained relatively stable at around 15 million tonnes.

1.9. Three main challenges linked to the implementation of the regulation had been identified. First, concerning shipments within the European Union, the WSR was too burdensome on shipments of waste for recycling and did not support the transition to circular economy models. Second, concerning the export of waste, there were several negative impacts on the environment and public health in destination countries, which also came with some reputational risks for the EU. The third challenge was linked to the illegal shipment of waste, which was also an important issue within the European Union.

1.10. There had been clear recommendations stemming from the EU Green Deal and the EU Circular Economy Action Plan to revive the current regulation to ensure that the European Union was not transferring its waste challenges to third countries and to facilitate shipments of waste destined for reuse and recycling of waste in the European Union.

1.11. There were several measures in the proposals linked to exports outside the European Union. First, with regards to exports to non-OECD countries, it would only allow exports to those countries that notified the Commission of their willingness to import EU waste and their ability to deal with it sustainably. These countries would need to demonstrate that they had the legislation and control systems in place to manage waste in an environmentally sound manner. The Commission would verify this and include those countries in a list of countries authorized to import such waste. Second, concerning exports to OECD countries, the measures that had been proposed included monitoring

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the export of waste and launching a specific procedure towards an OECD country to mitigate environmental problems that might be caused by such exports. There was also another proposed measure on specific obligations for EU companies exporting waste outside the European Union. According to this measure, EU exporting companies would need to set up third-party audit schemes to ensure that the facilities treating their waste managed it in an environmentally sound manner. The fourth proposed measure to establish specific binding criteria to differentiate between used goods and waste for specific waste streams raised particular export challenges. The EU's rules on the shipment of waste were not in place yet and were under negotiations within the EU institutions. The European Union was hopeful that a conclusion of these negotiations could be reached by the end of 2023 followed by a three-year transition period for the entry into force of these rules.

1.12. The representative of Australia said that Australia condemned in the strongest possible terms Russia's unprovoked, unjust and illegal invasion of Ukraine. The invasion was a gross violation of international law, including the Charter of the United Nations. Australia strongly supported Ukraine's sovereignty and territorial integrity. His delegation called on Russia to immediately withdraw forces from Ukrainian territory, consistent with the legally binding decision of the International Court of Justice on 16 March. Turning to the presentation on the EU Green Deal, Australia thanked the European Union for its ongoing efforts and commitment to transparency and guidance to the Committee on its efforts to address important issues on the nexus between trade and the environment. Australia looked forward to continued engagement with the European Union on its EU Green Deal.

1.13. The representative of the United States reiterated his delegation's position on Russia's actions and referred delegations to the Joint Statement on aggression by the Russian Federation against Ukraine with the support of Belarus<sup>2</sup>, which condemned Russia's actions as a violation of international law, the UN Charter and fundamental principles of international peace and security. Russia's actions undermined the rules-based system and the United States reiterated its support for Ukraine during this difficult time.

1.14. Next, the representative of the United States thanked the European Union for its presentation on the trade-related Green Deal initiatives. He encouraged the European Union to further consult with Members in the spirit of transparency and minimizing any disruption to trade. The United States would welcome additional, detailed information and fulsome engagement by the European Union on these trade-related initiatives to prevent trade disruptions and restrictions. His delegation would welcome a better understanding of how several initiatives planned under the Green Deal would intersect with transatlantic trade to avoid any potential unintended disruptions. The United States remained concerned that, for example, the carbon border adjustment mechanism (CBAM) would unnecessarily penalize goods that were produced in countries without an explicit price on carbon, regardless of associated emissions intensity. His delegation was hopeful that the European Union would consider non-price-based approaches, so the CBAM did not lead to trade conflicts or disruptions of transatlantic trade. The United States was concerned that the proposed revisions to the EU's Waste Shipment Regulation might pose an unfair burden to international trade for both OECD and non-OECD members. The current draft language appeared to limit exports, and treat those EU permitted scrap exports more strictly than internal shipments. Reliable access to recyclable materials was essential to meet circular economy and decarbonization goals, particularly in the steel sector, and the language in the EU's proposal could restrict the international trade of these key low carbon inputs. An export restriction with respect to EU ferrous scrap would create a global distortion which, among other things, would put a strain on US and other steel producers' access to high-quality, low carbon inputs. The United States thanked the European Union for notifying its proposed revisions to the TBT Committee. The United States planned to submit a response to the notification and was interested to understand how the European Union planned to take into account WTO Member responses.

1.15. The representative of Argentina underscored the need for the agenda of the CTE to continue to reflect the agreed mandate for its work, through the analysis of the effect of environmental measures on market access, especially for developing countries. There was a need to ensure that environmental mechanisms and measures, such as certification and labelling schemes, were consistent with WTO rules and did not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Measures should be duly based on scientific evidence and consider the capacities and needs of developing countries. Initiatives should be designed

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<sup>2</sup> See document [WT/GC/244](#).

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inclusively, through a process of consultation with all interested and potentially affected parties, avoiding unilateral implementation without multilateral efforts. Efforts should also be made to avoid multiple certification requirements in different markets, as this would increase export costs, in particular for developing countries and Micro, Small and Medium-sized Enterprises (MSMEs). Her delegation thanked the European Union for the update on relevant aspects of the European Green Deal. She reiterated that some of the measures generated concern among the membership. The fight against climate change was a global challenge and actions to address it had to consider international commitments and neither restrict international trade more than necessary nor constitute a disguised restriction on international trade. The EU's intention to impose the same level of ambition at the global level, without considering the principle of common but differentiated responsibilities was a reason for concern. Argentina drew the EU's attention to the importance of avoiding unilateral actions without due legal support. Her delegation would closely follow the evolution of this initiative and looked forward to receiving detailed information on its eventual design, the methodology that would be used to calculate carbon, the sectors targeted, as well as the possible scope of the mechanism.

1.16. The representative of Norway joined previous speakers and condemned Russia's attack on its neighbour Ukraine. The attack was unjustified, unprovoked and irresponsible – a clear violation of international law. She reiterated Norway's unwavering support for Ukraine's sovereignty and territorial integrity within its internationally recognized borders. Her delegation thanked the European Union for useful information about the European Green Deal. Norway appreciated the continued effort to update the Committee in line with transparency.

1.17. The representative of Costa Rica joined other delegations in the expressions of support and solidarity with the people of Ukraine in the face of Russia's unjustified aggression. There were no winners in war. The human tragedy that millions of families were suffering was unthinkable for a country like Costa Rica, a democracy without an army and with a pacifist tradition. The environmental impact of this war was of great concern, as the contamination of soil, water and air would have long-term consequences, affecting human and animal life as well as crops and harvests. The impact on world trade was evident and therefore a matter for the WTO to address. Costa Rica was a fervent defender of multilateralism and an international architecture at the service of peace, security, sustainable development and the protection of human rights. Trade could and should contribute to the stability and peace of nations. Her delegation called for dialogue and cessation of hostilities, respecting the rule of law. Costa Rica thanked the European Union for the presentation noting that it continued to be interested in deepening its understanding of the different elements that comprised the European Green Deal as well as the possible effects it could have on producers and exporters. Costa Rica looked forward to continuing talks at the WTO and bilaterally.

1.18. The representative of India said that his delegation had been raising concerns about the proposed rules under the EU Green Deal in various WTO fora. Trade and sustainability policy needed to create a just and inclusive global green economy where all countries – developed and developing – had equal, competitive opportunities to supply goods and services. Trade and sustainability policy needed to avoid establishing a two-tier economy where developed countries had the resources and capacity to transition to a green economy while the rest of the world was left in a brown economy. The world was coming together in an unprecedented manner in addressing the challenges of environment and climate change. This had been demonstrated in COP26 in Glasgow and more recently in Nairobi at the United Nations Environment Programme (UNEP) summit. In Glasgow, the world had kept the goal of limiting global warming to 1.5°C above pre-industrial levels within reach. The Indian Prime Minister had announced India's net zero plans by 2070, had presented the five-point agenda called Panchamrit, which contained some near-term 2030 commitments, and stressed the importance of the acronym LIFE – Lifestyle For Environment. In Nairobi, members of the UNEP had adopted a landmark resolution launching negotiations of a legally binding international instrument to end plastic pollution.

1.19. The principles enshrined in international environment law had to be fully reflected in the measures proposed under international trade law. WTO Members should tackle transboundary environmental problems based on international cooperation. India continued to study the various provisions of the European Green Deal and the CBAM. These measures encroached upon the sovereign policymaking rights of Member. The proposed measures also violated the basic principles of international environmental law, namely the principle of common but differentiated responsibilities and respective capacities. India remained opposed to such externalization of domestic laws and continued to analyse the substantive aspect of the proposed legislations. India looked forward to

engaging with the European Union bilaterally to understand the details and the impact on trade of the presented measures.

1.20. The representative of the Russian Federation said that consideration of matters of global or regional security concerns, UN Charter enforcement, or compliance did not fall under the mandate of the CTE and the WTO. His delegation urged the CTE Chair to moderate the discussion accordingly and not allow interventions from delegations negligent to this consideration. He noted that there were environmental implications in relation to the situation in Ukraine due to unilateral measures that had been introduced. Fossil fuel prices had skyrocketed. In theory, this had to lead to a decrease in consumption, which also could have positive environmental implications. There had also been an effect on the level of prices across the full board of goods globally. As for the presentation on the European Green Deal, his delegation supported those delegations that saw the CTE as a tool that helped to avoid protectionist trade measures and ensured compliance with WTO obligations. Any environmental measures planned to be adopted by Members had to also be thoroughly explained and examined at meetings and over correspondence at the specialized WTO body. His delegation welcomed Members' efforts to contribute to this CTE task. As to specific elements of the EU Green Deal, the Russian Federation joined the concerns raised by several delegations and reiterated its statement made at the Council of Trade in Goods in respect of the initiatives envisaged by the EU Green Deal.

1.21. The representative of Switzerland echoed other Members in condemning Russia's military aggression against Ukraine in the strongest possible terms and called on Russia to deescalate the situation immediately, cease all hostilities, and withdraw its troops from Ukrainian territory without delay. This was a serious violation of international law. Russia's action violated the prohibition of the use of force and the territorial integrity and sovereignty of Ukraine as enshrined in international law. Russia's large-scale military aggression against Ukraine represented a massive security risk for the entire continent, which was a matter of deep concern for Switzerland. His delegation also called on all actors to respect international law including international humanitarian law. With regards to the European Green Deal, he thanked the European Union for the presentation. Switzerland followed with great interest the European Union's proposal and this contribution was very helpful for its ongoing internal consultations.

1.22. The representative of Brazil said the European Union was not only a major trading partner for Brazil but a Member with whom it shared a common perspective on the importance and future of the WTO. Brazil supported the adoption of policies that achieved legitimate environmental objectives but was concerned by the adoption of unilateral measures that resulted in an unnecessary negative impact on international trade. The European Green Deal needed to comply with core WTO rules but also with the fundamental principles of international environmental law. In both the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, the EU had agreed to take into account historical responsibilities and respective capabilities and not impose its standards on other countries. While these core principles had been fundamental to the environmental framework in the past 50 years, the European Union had consistently engaged in watering down any reference to its responsibilities. The claim that the European Green Deal and its subsequent measures would achieve an ambitious agenda had to be taken with a few grains of salt.

1.23. First, historical contributions meant that countries that industrialized first should bear a larger brunt of the cost of emission reduction. The European Union's fiscal capacity to invest in green technology and policies derived in good measure from the unsustainable activities that it had practiced in the developing world for over two centuries.

1.24. Second, access to finance was a fundamental aspect. A country with a debt to GDP ratio of more than 100% that could borrow at a very low cost was not necessarily more ambitious in its investments or policies than a country with a much lower debt to GDP ratio but facing the challenge of financing its investments in sustainability. Fiscal capacities were centred differently, and the European Union had a moral and legal obligation to consider that each country should contribute according to its capability. Therefore, although the European Union sought to advance in several fora that an agricultural model based on years of subsidies needed to be a benchmark for sustainability, its model was simply not replicable in developing countries with limited fiscal capabilities. It was, therefore, not sustainable per the European Union's commitments in MEAs.

1.25. Third, if each Member was to use criteria that were more advantageous to itself, Brazil could impose taxes on countries that did not match Brazil's ambition of having an electricity grid with 80%



renewables, or Brazil could classify countries according to how their demand for illegal drugs, minerals and timber were provoking violence and environmental degradation in the Amazon and tax and ban their products accordingly. This would be a legitimate concern and other Members could similarly choose other concerns. But unless the core principles and norms of the WTO were respected, the multilateral framework would be further weakened. Moreover, despite its high level of per capita income, the European Union could not overhaul its energy import sources in the short or medium term. It needed to have more consideration of the difficulties developing countries faced in overcoming challenges such as reducing deforestation. Fourth, with regard to CBAM specifically, despite having a large number of delegates, interns and experts from capital, the European Union had not been able to present an answer as to how the granting of free emissions trading scheme (ETS) allowances concurrently with the entry into force of CBAM would be compatible with WTO rules.

1.26. As a final comment, Brazil observed that many stakeholders had called for trade negotiators to work closely with environmental experts. In this context, Brazil believed that the best way to move forward in these discussions was through respect for not only WTO rules but also for the concepts, principles and commitments agreed in other fora. Measures such as the CBAM, due diligence requirements, non-tariff barriers in addition to SPS requirements, and the granting of more than 2,000 emergency authorizations for substances under Maximum Residue Levels (MRLs) and others suggested a very concerning pattern where the EU acted unilaterally and in clear opposition of the principles in both the trade and environmental regimes. Brazil was very proud of the constructive role it played in both regimes and urged the EU to consider the systemic impact of its unilateral actions.

1.27. The representative of Indonesia thanked the European Union for the update on the environmental measures, which were of concern to many WTO Members. Indonesia had been paying close attention to the European Green Deal. The European Union was a substantial market for Indonesia's agricultural products, namely, palm oil, coffee, as well as root and derivative products, whose market access could be highly affected by these policies. The centrality of the multilateral trading system and the WTO in driving resilient, inclusive, and sustainable growth in the post-pandemic era was unquestionable. It was important to maintain the contribution of the multilateral trading system to the UN 2030 Agenda and to support the UNFCCC and the Paris Agreement. Members increasingly relied on trade policy instruments to pursue many public objectives, including environmental and climate goals. To restore trust and build a stronger multilateral trading system, WTO Members had to ensure that the system was able to contribute to SDGs in the areas of poverty reduction, preventing hunger, health, education, job creation and environmental protection as well as reducing inequalities. Indonesia was committed to mitigating climate change. His delegation emphasized that any measures or policies to pursue environmental and climate goals should not create unnecessary trade barriers. It was pertinent to explore policies that served overall SDGs while leaving no one behind. Indonesia recalled the preamble to the Marrakesh Agreement, which stipulated that relations in the field of trade and economic endeavour should be conducted to raise standards of living, ensure full employment and a large and steadily growing real income. He underscored that the achievement of environmental and climate goals should go along with raising standards of living and real income. His delegation expressed its concern about the European Green Deal concerning those measures that potentially harmed and endangered the livelihood of thousands of farmers and were inconsistent with the WTO principle of non-discrimination. It was important to consider the different levels of development and the common but differentiated responsibilities when pursuing environmental and climate goals. Any measure should be based on scientific evidence and objective findings, otherwise, those measures were arbitrary and might become unnecessary trade barriers. Finally, Indonesia emphasized that trade measures pursuing environmental and climate goals should not create unnecessary trade barriers. Trade needed to be beneficial for all and contribute to achieving the SDGs. Hence, domestic policies had to respect the right to development of other countries.

1.28. The representative of Paraguay reiterated that environmental measures with a trade impact needed to conform to multilateral regulations to prevent them from becoming disguised barriers to trade, take into account common but differentiated responsibilities and not hinder the capacity of developing countries to export and develop. As a developing country, Paraguay was concerned about the extra costs that the provision of these measures would have on its exports. While some developed countries had gone through industrialization and had reached their level of development based on highly polluting methods contributing to climate change, it was the developing countries that had contributed to a lesser extent, and were now penalized and forced to comply with the same

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measures without having reached the same level of development. Paraguay shared the view of Brazil that the best way to advance the discussions on sustainable development in the WTO was through full respect not only for the WTO rules but also for the concepts, principles and commitments that had been agreed upon in other fora.

1.29. The representative of China encouraged the European Union to enhance transparency and ensure that the proposed Green Deal measures were compatible with WTO rules and MEAs. He noted that his delegation would continue to follow this issue.

1.30. The representative of Canada joined other delegations and condemned Russia's unjustifiable and unprovoked invasion of Ukraine. The attacks were causing widespread humanitarian consequences and resulting the senseless death of innocent people. This was not only an attack on Ukraine but an attack on international law, including the UN Charter, as well as democracy, freedom and human rights. Canada thanked the European Union for the presentation, noting that such exchanges enhanced transparency and increased the knowledge level of the membership. Her delegation encouraged all Members to engage in these sorts of presentations to enhance the work of the Committee.

1.31. The representative of Thailand shared the concerns expressed by other delegations regarding several measures under the European Green Deal, notably the CBAM, which seemed to be problematic in the light of international rules and principles, including those under the WTO and the UNFCCC. His delegation appreciated the updates by the European Union and urged it to continue to engage with all stakeholders and trade partners. Thailand strongly urged the European Union to pursue its environmental agenda based on cooperation, rather than coercion.

1.32. The representative of the Philippines thanked the European Union for its comprehensive briefing on updates related to the European Green Deal. The Philippines remained interested to learn how the CBAM regulation would interact with the EU Emissions Trading System (EU ETS), particularly concerning the existing policies to award free allowances. His delegation remained concerned about the narrow phase-in of the CBAM by 2030 and proposals to include a broader scope to its coverages. The Philippines was interested to hear whether there was an intention for revenues obtained from the CBAM to be used to support international climate finance.

1.33. The representative of the European Union responded to the questions raised by delegations. On the proposal on waste shipments, the representative noted that the objective was to ensure better guarantees that, when waste was exported outside of the European Union, it would be managed according to standards comparable to those in the European Union. The representative clarified that the measure would apply to all waste and the European Union would be building on international efforts on waste management and looked forward to coordinating with all Parties to the Basel Convention. The representative further noted that the measures aimed to tackle the triple planetary crises of climate change, biodiversity loss and pollution by contributing to a more circular economy and sustainable consumption and production. WTO computability was part of the considerations when developing them. The European Union sought to ensure there was full equality between the treatment of domestic and imported products from outside the European Union. The legislation was also based on internationally agreed standards, so it was easy for the EU's trading partners to comply. The legislation included transition periods so that markets and the EU's trading partners could adapt to them. To ensure transparency regarding these measures, the European Union was presenting them at the CTE as well as in the bilateral context of its Free Trade Agreements (FTAs). These policies had been developed based on a comprehensive assessment of environmental, social and economic impact and open public consultations.

1.34. Responding to questions about the EU ETS and the CBAM, the representative noted that the CBAM was designed in a way that would not penalize other countries' exporters. The EU ETS would be phased out while phasing in the CBAM in a way that one of the mechanisms would replace the other.

1.35. Concerning the final outcomes of the CBAM proposal, the European Union was going to have a final vote in the European Parliament, where it would make a final decision on its position. The European Council had adopted its position on 15 March. In September 2022, it was expected to negotiate the outcome of the agreement with legislators, including all the measures that had been presented at the CTE so far.

1.36. The representative noted that there had been several comments made by delegations that the EU had built its economy by polluting and now it was trying to impose its high standards on developing countries. The representative underscored that the European Union was engaged in working with partners at the WTO and in other multilateral fora to tackle global challenges and trade policy had a role to play in contributing to addressing them.

## **1.2 Fossil fuel subsidy reform (FFSR)**

1.37. The representative of New Zealand joined other Members in unequivocally condemning the unprovoked and unjustified attack by Russia on Ukraine. These actions were a grave breach of international rules – the use of force to change borders was strictly prohibited under international law. Russia's invasion had implications for global peace, security and economic stability. The efforts to advance trade and environment objectives were critical to all people, but multilateral cooperation in this and other fora continued to be profoundly undermined by Russian action.

1.38. As to this agenda item, New Zealand provided the Committee with an update on the joint Ministerial Statement on Fossil Fuel Subsidy Reform (FFSR)<sup>3</sup> issued in December 2021. New Zealand was pleased to welcome Samoa who had joined the 46 co-sponsors in calling for the rationalization and phase-out of inefficient fossil fuel subsidies (FFS) and committing to sharing information and experiences to advance discussions at the WTO.

1.39. New Zealand informed delegations that a high-level work plan was currently being consulted with co-sponsors to guide their efforts over the coming months. Following consultation, the intention was to circulate the high-level work plan ahead of MC12. Coordinators of the three trade and environment initiatives would look to provide stakeholders with an update on their efforts during MC12 to keep up the momentum and profile of these initiatives. As set out in the Joint Ministerial Statement, co-sponsors recognized that FFSR needed to take fully into account the specific needs and conditions of developing countries and minimize the possible adverse impacts on their development. A key focus of the high-level work plan would be on the development issues associated with FFSR and lessons learned from reform efforts to ensure a just transition. He reiterated that there was clear empirical evidence supporting the need for action on FFS to meet the climate change and sustainable development objectives.

1.40. The WTO was the appropriate forum to translate into concrete action the commitments on FFSR made by world leaders at COP26 and in the UN Sustainable Development Goals (SDGs). New Zealand looked forward to advancing this work under the Joint Ministerial Statement and contributing to other processes where relevant. He recalled that the Joint Ministerial Statement remained open to new co-sponsors and encouraged Members to sign it.

1.41. The representative of Switzerland reiterated her delegation's support for the intention of rationalizing and phasing out FFS that encouraged wasteful consumption. To achieve the goals set out in the Paris Agreement or the SDGs, action was needed now. In addition to being a member of the Friends Group on FFSR, Switzerland was engaged on this very important issue with New Zealand and four other WTO Members in negotiations on the Agreement on Climate Change, Trade and Sustainability (ACCTS), which aimed, among other things, to establish measures to eliminate FFS harmful to the environment. Her delegation welcomed Samoa as a co-sponsor. The FFSR initiative was essential to achieve the climate goals set by the international community. Switzerland was grateful to New Zealand for initiating the work programme for MC12 and supported any future projects under this initiative. Switzerland also supported the engagement of stakeholders who could move the work forward through their expertise. She reiterated that the WTO could play a central role in identifying the specific trade interest in discussing FFS in the multilateral trading system. Her delegation encouraged all other Members to join the FFSR initiative.

1.42. The representative of Venezuela reiterated the position that her delegation did not support the inclusion of this item on the WTO agenda.

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<sup>3</sup> See document [WT/MIN\(21\)/9/Rev.1](#).

### 1.3 Circular economy and plastics pollution

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

1.43. On behalf of the co-coordinators<sup>4</sup>, the representative of Ecuador briefed the Committee on the work of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP). Since the last CTE in February 2022, the IDP had held pre-plenary and plenary meetings spurring robust dialogues with stakeholders and other international organizations on its three workstreams: (i) crosscutting issues; (ii) promoting trade to tackle plastic pollution; and (iii) reducing plastic pollution and a circular economy for plastics.<sup>5</sup> Delegations, stakeholders and other representatives of international organizations had engaged in discussions to identify ways to improve the understanding of the global economy of plastics, sharing experiences of respective approaches to common challenges and deepening the understanding of trade-related technical assistance and capacity building needs for developing Members, particularly for LDCs and Small Island and Developing States (SIDS). Discussions had also looked at enhancing cooperation with other relevant international organizations.

1.44. On crosscutting issues, the IDP was identifying ways to include plastic considerations in the next Aid for Trade cycle. In this regard, it had launched the Aid for Trade Needs Assessment Survey<sup>6</sup>, which would provide substantive inputs for future engagements in the Aid for Trade process. A side event at the upcoming Aid for Trade Global Review in July 2022 was also planned by IDP coordinators and facilitators. Ecuador underscored that deepening the IDP's engagement with the United Nations Environment Assembly (UNEA) process on the negotiations of a new global instrument to address plastic pollution was another priority for many Members of the IDP.

1.45. Ecuador also informed delegations that the IDP had shared a communication<sup>7</sup> addressed to the World Customs Organization (WCO) which had included a call for the WTO Secretariat to enhance its cooperation with the WCO Secretariat, notably on plastics customs classification and implementation challenges. It had also included a pledge by co-sponsors to actively engage in support of efforts at the WCO to better identify plastics flows. This could include, *inter alia*, the organization of joint symposium or workshops with WCO and other relevant stakeholders; identification of relevant value chain actors and Trade-related Plastics Measures (TrPMs); identification of goods and services for customs officials to effectively identify plastics; and identification of customs implementation facilitation measures. The representative noted that cooperation between the WCO and the WTO could also contribute to the negotiations of the Intergovernmental Negotiating Committee (INC) in the UNEA process. She informed that delegations had welcomed the Aid for Trade Needs Assessment Survey, the WCO-WTO cooperation, and the IDP's active participation in the UNEA process. The importance of the IDP to engage in different processes such as UNEA, the Conference of the Parties (COP) of the Basel, Rotterdam and Stockholm (BRS) Conventions, the COP of the Convention on Biological Diversity (CBD) and the United Nations Oceans Conference had also been underscored by delegations.

1.46. On promoting trade to tackle plastic pollution, there was ongoing and robust work on plastic substitutes on HS codes and life cycle analyses (LCA). With respect to this workstream, the United Nations Conference on Trade and Development (UNCTAD) had briefed delegations about its work on plastics substitutes, HS codes, LCA and tariff considerations. UNCTAD had also presented information on plastic substitutes and alternatives and the importance of these areas for developing countries. She informed that the IDP, together with UNCTAD, would organize an exploratory workshop on plastics substitutes in the second quarter of 2022 to move discussions forward on a range of issues including, *inter alia*, working definitions, minimum criteria for LCA, an illustrative list of material substitutes, a material identification exercise, an HS code identification exercise, and trade-related measures enabling single-use plastics products substitution by sustainable materials.

1.47. The representative noted that Members had engaged in discussions based on the technical information that had been shared by different stakeholders during IDP meetings. Members and

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<sup>4</sup> Australia, Barbados, China, Ecuador, Fiji, and Morocco.

<sup>5</sup> See document [INF/TE/IDP/W/5](#).

<sup>6</sup> See document [INF/TE/IDP/W/8](#).

<sup>7</sup> See document [INF/TE/IDP/W/6](#).

stakeholders had suggested that the work on standards could be another point of consideration in the IDP as well as other issues such as non-tariffs barriers, financing and technology transfer.

1.48. On the workstream on reduction of plastic pollution and a circular economy for plastics, the IDP had put together a survey to identify Member's TrPMs.<sup>8</sup> The survey was intended to improve collective knowledge and outlined several questions regarding: (i) title and description of the policy or measure; (ii) the type of measures covered (providing some guiding options); (iii) the main objective of the policy; (iv) stage of the life cycle or value chain that the policy was intended for; (v) products and services covered; (vi) relevant HS/ICS codes; (vii) date of entry into force; and (viii) challenges identified in the implementation phase. The survey was voluntary and would help to improve the collective understanding, map policies and identify gaps and potential opportunities.

1.49. Ecuador noted that another key action for the IDP was contributions to other international processes of common interests such as the UNEA-5 negotiations and the work of the ad hoc open-ended working group (OEWG) that had met recently in Dakar. Finally, Ecuador informed delegations that the IDP would hold two plenary meetings in October and December 2022.

### **1.3.2 Briefing by the United Nations Environment Programme (UNEP) on the UNEA-5 resolution on negotiations towards an international agreement on plastics**

1.50. The representative of the United Nations Environment Programme (UNEP) briefed delegations on the UNEA-5 resolution on negotiations towards an international agreement on plastic. She recalled that UNEA had adopted resolution 5/14 in March 2022. The resolution requested UNEP to convene an Intergovernmental Negotiating Committee (INC) to develop an international legally binding instrument on plastic pollution, including in the marine environment. The resolution specified that the instrument would be based on a comprehensive approach that addressed the full life cycle of plastic, taking into account the Rio Declaration and national circumstances and capabilities.

1.51. By way of the resolution, member states had affirmed the urgent need to strengthen global coordination, cooperation and governance to take immediate actions toward the long-term elimination of plastic pollution in marine and other environments. UNEA gave guidance on what the INC was to consider, including, *inter alia*, the promotion of sustainable production and consumption of plastics (including product design, environmentally sound waste management, and through resource efficiency and circular economy approaches); technical and capacity means of implementation; finance mechanism to support the implementation; dedicated multilateral funds; data, monitoring, and reporting; compliance; National Action Plans; and scientific and socioeconomic information and assessment. While the word "trade" was not specifically mentioned in the resolution, it was clear that the plastics economy was transboundary. With 400 million tonnes of plastic estimated to be produced annually, producers and consumers around the world were connected through international supply chains and through international trade and investment that occurred across the life cycle of plastics. Therefore, solutions to the plastic crisis also needed to be transboundary and would require a system change approach.

1.52. To have a successful new circular plastics economy, there would be a need to encourage innovation and solutions. New business models would need to be fostered to respond to new market opportunities. There would also be a need to create new market opportunities for recycled plastic and products with recycled content, and investment opportunities would have to be generated that enabled waste to be collected, sorted, recycled and reused. The representative noted that the trade community was an important player in driving this change and its engagement in this process would facilitate the development of a strong instrument. She further underscored that the WTO Ministerial Statement sent a strong and important political message and that UNEP welcomed the IDP efforts. She urged delegations to continue to stay ahead of the curve to encourage voluntary cooperation at global and regional levels, share best practices and lessons learned, and support countries to build capacity.

1.53. The representative further informed delegations that the ad hoc OEWG to prepare for the intergovernmental negotiating committee process had been held in Dakar, Senegal, from 30 May-1 June. The group had agreed to a timetable for the negotiating process and that the first negotiating meeting would take place during the week of 28 November 2022 in Uruguay. The group

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<sup>8</sup> See document [INF/TE/IDP/W/7/Rev.1](#).

had deliberated on the rules of procedure for the INC and had forwarded its outcome to its first meeting in November. UNEP was grateful that the WTO was part of the OEWG multi-stakeholder dialogues, where trade was featured as a discussion topic. The OEWG had demonstrated the global level of momentum and had laid the foundation for work to start at the first INC meeting in November.

1.54. In moving forward to build a global instrument, it was needed to learn from what existed, build on this and be swift and efficient in the actions in order to meet the timeline that had been set. UNEP concluded by underscoring that, by working together, the ambitious timeframe for an agreement to end plastics pollution could become a reality by the end of 2024.

1.55. The representative of the United Kingdom (UK) condemned Russia's invasion of Ukraine. As the UN Secretary-General had said, such unilateral measures conflicted directly with the UN Charter. Russia's attack was resulting in immeasurable harm to the people of Ukraine and to the environment with damage to land, air, and water of wide geographical scope. As to the agenda item, she thanked the representatives of UNEP and Ecuador for their reports. The United Kingdom was working with China and Fiji to facilitate the workstream on crosscutting issues, which included discussions on the negotiations of a global plastics agreement – a key UK priority. The United Kingdom was pleased that the IDP had been represented at the OEWG meeting in Dakar. She encouraged all WTO Members to engage with the important and inclusive work taking place in the IDP. Plastic pollution and sustainable management of plastics across its life cycle was a challenge faced by all countries and there were key insights for trade policy measures and opportunities for collective action.

1.56. The representative of Japan echoed other Members and condemned Russia's aggression against Ukraine in the strongest terms as it infringed upon Ukraine's sovereignty and territorial integrity and constituted a serious violation of international law. Japan strongly urged Russia to cease the attack and to withdraw its forces immediately. As to the agenda item, Japan had been working on the issue of circular economic policy and plastic pollution both domestically and internationally. In April 2022, the "Plastic Resource Recycling Promotion Law" had been enforced to promote the recycling of plastics throughout their life cycle from design and manufacturing to the disposal of plastic products. Japan had proposed the "Osaka-Blue Ocean Vision" framework, which set the target of reducing additional pollution from marine plastic litter to zero by 2050. Japan had been actively working on measures against marine plastic waste to play a leading role in the new treaty negotiations scheduled to start later this year. As co-facilitator of the Working Group on Circular Economy – Circularity in TESSD, Japan looked forward to engaging constructively in the discussions.

1.57. The representative of Norway said that a milestone had been reached when UNEA had agreed to develop an international legally binding agreement to end plastic pollution. The UN Secretary-General had called this the most important global environmental deal since the Paris Agreement. This issue had been a Norwegian priority for several years. The resolution specified the mandate for this process and set a goal of completing the work by the end of 2024. A key to success in modern treaty-making was the early and effective involvement of the business community and voices in civil society. Norway was ready to support this work and saw the IDP's efforts as relevant input.

1.58. The representative of Canada said plastic pollution was a global environmental issue that continued to gain momentum for action, with UNEA launching negotiations for a legally binding international instrument to tackle plastic pollution. Canada supported work by countries, organizations and other stakeholders to tackle the issue of plastic pollution and move towards a plastics circular economy, while work advanced on developing a new global agreement on plastics. Canada was of the view that any proposal or outcome of the IDP should support the WTO mandate and complement the global and regional initiatives underway, in particular recognizing the negotiation process for an ambitious new international agreement to end plastic pollution, without prejudging its outcome. It should be kept in mind that there were other environmental sustainability-related efforts underway at the WTO where discussions on the circular economy would also take place. In that sense, Canada encouraged increased cooperation between IDP and TESSD to avoid duplicating efforts and find synergy. On 2 March 2022, the international community had gathered, online and in-person in Nairobi, Kenya, at UNEA 5.2. Over 170 member states had agreed to a historic mandate aimed at ending plastic pollution globally. At UNEA-5.2, countries had agreed to launch an INC with the ambitious mandate of developing an international legally binding agreement on plastic pollution, including in the marine environment, based on a comprehensive

approach that addressed the full life cycle of plastics, by 2024. Canada was proud to have worked tirelessly in advance of, and during, the recent UNEA-5.2 meetings to help deliver this historic outcome, both as one of the co-facilitators guiding the UNEA negotiations and in its national capacity. Canada also recognized that ambition by governments alone would not be enough to deliver meaningful reductions in plastic pollution. Inclusive action by actors at all levels, including governments, industry, civil society, Indigenous Peoples, and youth, among others, was needed to tackle plastic pollution and help drive us toward a more circular economy. UNEA-5.2 was only the starting point – the process to determine what the agreement would actually look like, and what it would do, was starting now. It would be during these substantive negotiations that Canada would consult with partners domestically, including with provinces and territories, industries, Indigenous Peoples, youth, women, and civil society, among others, to help ensure the progress of ambitious action that reflected the diverse views across the entire value chain of the plastics life cycle.

1.59. The representative of Guatemala raised a question regarding the procedure of these negotiations. She requested details on how exactly these negotiations would take place and who could participate in them. She also enquired whether this was an open-ended meeting or whether the INC was going to prepare a document and send it to Members.

1.60. The representative of the European Union noted that there was another UNEA-5 resolution worth mentioning in this context related to "Enhancing circular economy as a contribution to achieving sustainable consumption and production". This included actions addressing resource use through the entire life cycle of products, from design to recycling and sound management of waste, focusing on keeping resources in the economy and limiting the extraction of raw materials. The resolution also recognized the importance of inclusive multilateral and multi-stakeholder dialogues on sustainable consumption and production, resource efficiency and the circular economy to promote sustainable development. This was also under consideration at the upcoming Stockholm+50 International Meeting. The European Union and its Member states supported the establishment of a sustainable consumption and production (SCP) forum or dialogue to accelerate the achievement of SDG 12 and related SDGs. The European Union was committed to transitioning to a climate-neutral, nature-positive and resource-efficient circular economy. The European Union wanted to move from linear plastic production and consumption to a circular plastic cycle. Changing the way plastics were designed, produced and used could greatly contribute to reducing plastic pollution and marine litter, by preventing waste or turning used plastics into secondary resources. The EU's actions had included measures on single-use plastics products and micro-plastics intentionally added to products, e.g. in cosmetics. The European Union was also working on micro-plastics generated by wear and tear in e.g. tyres and paints. Product design and product sustainability criteria were key for the European Union. The European Union focused on prevention and on tackling all sources and pathways of plastic pollution in an integrated way. It covered the whole value chain of a range of plastic products from product design, extended producer responsibility, market restrictions, and consumer information campaigns to waste management. In this context, engagement in negotiating a global plastics agreement was critical. The trade community was an important player and could bring contributions that would be important for the INC meetings, the first one of which had been held earlier this week in Dakar, Senegal. Trade policy and the work in the IDP and the CTE had to accompany the circular economy transition of the plastic sector by facilitating the adoption of measures on e.g. single-use plastic products and micro-plastics intentionally added to products, and related technical standards. He concluded by underscoring the need to facilitate the implementation of relevant MEAs, notably plastic-related decisions by the Basel Convention concerning the shipment of certain types of plastic waste.

1.61. The representative of Switzerland said that Switzerland was an active Member of the IDP and thanked the co-covenantors for their leadership and efforts in underscoring the need to take further action throughout the life cycle to combat plastic pollution, including through a circular economy approach. Switzerland strongly supported the UNEA 5.2 resolution to start negotiations on a binding instrument by 2024 to end plastic pollution and had been very much engaged in Dakar in this framework. In the negotiation process that would follow this resolution, the IDP would have a role to play in providing its expertise on plastics value chains. These value chains were complex and the IDP was ideally placed to provide the necessary data and answer the trade-related questions that would arise during the negotiations. The WTO needed to contribute to a future global treaty while not duplicating efforts. Switzerland saw a particular role for the WTO in the global effort to reduce plastic pollution. Focusing the work on the unique added value of the IDP would allow better contribution to the negotiation process. Switzerland encouraged all Members to join the IDP's Ministerial Declaration, which also supported the work in other fora such as the UNEA.

1.62. The representative of Colombia thanked Ecuador for the briefing on the IDP and UNEP for the update on the negotiations that were underway on a binding instrument for plastics. These were two very important initiatives for Colombia, which were participating in both discussions. Colombia invited all Members to participate in the completion of the voluntary surveys. Having more information and greater clarity about the measures that countries were adopting in these areas would allow for better decisions and more comprehensive work within this organization. She reiterated the importance for Colombia of the issues of circular economy and the reduction of unnecessary plastics, especially single-use plastics. These two issues required important work and the WTO had a particular role to play. She underscored that such briefings from UNEP and other organizations were important for the CTE as they allowed the WTO to be updated and coordinate efforts with other actors.

1.63. The representative of Korea said that his delegation was pleased that domestic efforts to reduce plastic pollution were being shared, as it would act as a stimulus for other countries to follow suit. Korea had also formulated a circular economy implementation plan and would share the results arising from the implementation of these measures at an appropriate time. His delegation supported the efforts the IDP was making with other international institutions. Korea would also make contributions in international fora to fight plastic pollution.

1.64. The representative of UNEP responded to the question raised by Guatemala regarding the rules of engagement in the INC process. She clarified that the OEWG had agreed to the rules of procedure for the INC with one outstanding issue that remained to be solved before starting the process. UNEP informed delegations that it would share this information with the WTO Secretariat so they could understand these rules and have access to them. The rules were also available on UNEP's website. Finally, she thanked the European Union for the reminder of the important link of plastic pollution to the UNEA resolution 5/11 on circular economy.

1.65. The representative of Ecuador thanked delegations for the insightful comments and suggestions. She also thanked the facilitators of the IDP workstreams, namely Australia, Philippines, United Kingdom, Fiji, China, and Colombia, for their work. Ecuador looked forward to engaging with all Members and invited delegations to join the IDP.

## 1.4 Other

### 1.4.1 Presentation by the United States on its discussion paper "Climate Change and Circular Economy"

1.66. The representative of the United States provided an overview of the discussion paper on Climate Change and Circular Economy<sup>9</sup> that his delegation had submitted, and which had been circulated to the Membership. The representative noted that the Biden-Harris administration had made combatting climate change a key priority and called upon the whole of the US government to contribute to this effort. As part of this effort, the United States continued to consider how trade tools could make a positive contribution to climate change objectives.

1.67. The United States had drafted this paper, in part, to outline the key questions regarding trade-related issues related to climate change, environmental goods, and circular economy. According to the United States, such questions were worthwhile for consideration and discussion among WTO Members together, not only in TESSD but also in the CTE regular. Some of these points had been elaborated within the submission, and the representative of the United States wanted to outline why they were thinking about these questions.

1.68. He noted that the themes and questions that were raised in the submission were not only questions that were relevant for the United States, but also for consideration by the full WTO Membership. Addressing climate change was not a siloed endeavour, and the topics of circular economy, preventing carbon leakage, and promoting trade in certain environmental goods and services all had a significant nexus to each other.

1.69. Turning to the paper, it started by asking policy and technical questions about trade and climate change. There were several ongoing efforts to promote low-emission trade. This concept had

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<sup>9</sup> See document [RD/CTE/207](#).



been broken down into fundamental questions, asking how emissions could measure, account for, and track emissions. The main theme of the paper was to "measure what mattered", which in this case was emissions since, without knowing what emissions were in trade, it was difficult to claim that an alternative was "lower emissions". This question lent itself to asking if there were pre-existing means of tracing and measuring emissions, and how such emissions could be measured. The paper also considered the broader policy questions of how to address emissions in trade. Border adjustments and carbon clubs had both been proposed or were under development. The representative highlighted some questions for consideration such as whether these concepts would effectively reduce carbon emissions or if other opportunities were yet to be identified that might be more effective or efficient in achieving the same objective. He underscored that it was essential to focus on alignment of the objective, which was to increase the ambition of the United States' climate change adaptation and mitigation goals and commitments and improve the respective approaches. The paper also stated that it was important to look at the embedded emissions of traded goods, and how to use trade policies to incentivize decarbonization, to tackle the issue of embedded emissions in trade, rather than focusing on the merit of each other's regulatory policies or whether a market explicitly priced carbon. Further, the representative of the United States also noted that questions about what it meant for a good and service to be "low-emission" or "climate-aligned" had also been teed up. The landscape of available goods and services had changed dramatically in the past decade. Asking key questions, such as what the new and emerging technologies were, as well as technologies on the market now, and if these were in fact "environmental" was an important first discussion point in reconsidering how to facilitate trade or investment in these technologies. Tariff liberalization had been relied upon as the default and primary mechanism for trade facilitation. The paper was making a concerted effort to first ask if there were other matters like non-tariff barriers and supply chains that were key to facilitating a transition to increase the uptake of environmental goods and technologies.

1.70. Finally, on the issue of circular economy, the United States noted that the transition to a net-zero future would continue to require access to critical minerals, recyclable materials, and a general re-think of how to move from a linear economic model to a model that enabled recovery, reuse, repair, refurbishment, remanufacturing and recycling with minimal barriers in international markets.

1.71. The representative of the United States concluded by noting that the opportunity to explore the potential existing and future trade barriers to this transition would be invaluable, as WTO Members recovered from the COVID-19 pandemic and focused attention on the sustainable economic transitions necessary to achieve a net-zero future.

1.72. The representative of Canada supported the United States' proposal to organize a roundtable with stakeholders and experts to consider trade policy measures that could positively contribute to addressing climate change. The representative noted that international collaboration on mitigating carbon leakage was critical to advance shared interests of raising climate ambition without merely displacing emissions to other jurisdictions. There were several ongoing initiatives in this space, including under the G7 Climate Mitigation Group, the OECD, World Bank and the International Monetary Fund (IMF). Ongoing and planned work to develop methodologies to assess the equivalency of climate mitigation actions and account for embedded carbon emissions in traded goods would be key for laying the foundation for any potential trade policy measures. New discussions and areas of work should align and fill in gaps as much as possible, and identify the unique role of the WTO. Addressing carbon leakage risks was important to ensure that WTO Members did not undermine ambitious climate policies for emissions reductions. Several of the questions proposed by the United States identified key considerations for exploring tools to address carbon leakage risks. Acknowledging that these questions could be complex, in particular when considered on an economy-wide basis versus a narrower sectoral basis, the representative noted that Canada would be interested in learning more from the United States on the range of trade tools that they considered could be used to address carbon leakage and requested the United States to elaborate on the tools that it was contemplating. Further, the representative noted that, in Canada's view, a greater understanding of the context and possible outcomes would be useful in assessing the questions that would guide further considerations.

1.73. The representative of Switzerland thanked the United States for their non-paper and noted that it could positively enhance discussions at the CTE. His delegation welcomed non-papers in general at this Committee and noted that this kind of discussion had not taken place at the CTE for a long time. First, concerning the proposal of the roundtable with stakeholders and experts,

Switzerland was open to discussing more with relevant stakeholders and experts. Nevertheless, the representative pointed out that such discussions should not duplicate the already ongoing process with other initiatives such as TESSD. The representative asked whether the United States could further elaborate on this roundtable and what would be envisaged. Second, Switzerland was open to discussing a border adjustment or anything similar as long as there was an existent carbon leakage. In this regard, Switzerland welcomed the question on the carbon club and asked for details regarding the kind of carbon club envisaged, the measures for decarbonizing that would be put in place, and who could be part of the club. Switzerland was ready to discuss this topic but also underscored the importance of having measures that were WTO compatible, more specifically that neither increased distortions in competition nor led to unnecessary administrative and regulatory costs or trade barriers.

1.74. The representative of India noted that it was studying the US discussion paper and expected to make comments and observations on it in the later meetings of this Committee after the WTO Ministerial Conference.

1.75. The representative of the European Union expressed his delegation's general appreciation for the US submission. He noted that the US non-paper had a clear focus on "Climate Change and Circular Economy" – two topics that were dear to the EU green agenda as reflected in this Committee on numerous occasions. The representative said that the European Union could support the idea of the workshop that, in addition to looking into climate measures, would also look into what could be considered as technologies, goods and services that would serve climate mitigation purposes. As to the idea of a carbon club, the representative noted the ongoing discussions in the context of the G7. These discussions should be delivering on ambitious emission reduction objectives in line with global goals. The representative further noted that carbon clubs should be consistent with international trade rules, non-discriminatory, and facilitate engagement with emerging economies, plus promote synergies and avoid overlaps with existing initiatives. Turning to the circularity aspects briefly addressed in the paper, the European Union welcomed the attention given to the nexus of "climate change – circular economy". The International Resource Panel defined remanufacturing, refurbishment, repair and direct reuse as "value-retention processes" because they favoured maintaining within the economy the resources and energy needed to produce the original product. The European Union fully supported value-retention processes as a way of achieving a circular economy. However, the European Union was of the view that WTO work on remanufacturing, refurbishment, repair and direct reuse should be cognisant and supportive of requirements laid down in relevant MEAs, in particular the Basel Convention.

1.76. The representative of Norway thanked the United States for their paper that encouraged discussions and exchange on different countries' experiences on several topics that would be discussed in TESSD in the future. Her delegation took note of the suggestions and questions on environmental goods and services in the paper. Norway agreed that it was important to ensure integrity to promote and facilitate trade in environmental goods. Also, the representative noted that it was important that trade and trade policies were supportive of and contributed to achieving a more resource-efficient circular economy. Norway looked forward to further discussions and work to follow up on this paper.

1.77. The representative of the Philippines noted that the United States' submission raised important technical considerations that needed to be addressed. Stating that his capital officials were reviewing this concept note, the representative made an initial observation noting that, while many developing Members had shown the political will to decarbonize and pursue green energy transition, developing countries were increasingly faced with limited fiscal space to support these shifts. In the case of the Philippines, while the Nationally Determined Contributions (NDCs) aimed to reduce greenhouse gas (GHG) emissions by 75% by 2030, 72% of that pledge would be contingent on external financing. In considering the definitional issues related to low carbon goods and services and methodologies concerning carbon accounting, an important consideration would be to evaluate what technical assistance, technology transfer and finance would make such a transition feasible.

1.78. The representative of the United Kingdom thanked the United States for their discussion paper on climate change and circular economy and informed them that her delegation had submitted some

comments in writing. The United Kingdom welcomed the United States' focus on limiting the risk of carbon leakage through trade-related actions such as incentivizing trade in low-emission goods and services and encouraging decarbonization in production. The United Kingdom also welcomed the idea of a roundtable with stakeholders and experts to consider trade measures that could contribute to addressing climate change and promoting a more circular economy. The representative noted that the United Kingdom would be keen to engage in the specifics of what this proposal would involve.

1.79. The representative of Colombia thanked the United States for sharing the non-paper, which was excellent and provided a detailed and in-depth analysis. She noted that, while there were many shared interests, there were also more questions than answers. WTO Members would be able to work towards a collective construction to address these issues. To answer these questions or to contribute to the debate, the representative noted that Colombia considered it important to take as a starting point and reference the concepts already developed and the obligations already agreed upon in MEAs. Her delegation also considered it relevant to analyse the measures that countries were already adopting internally to meet the challenges of climate change and sustainability. For Colombia, the discussion on mechanisms to favour reuse, repair, remanufacturing and recycling was also relevant. These concepts were of great importance as long as they did not become mechanisms to justify the trade of waste or used goods that could not be reused and would finally be disposed of in the destination countries.

1.80. The representative of Guatemala stated that her delegation's capital officials were still evaluating the US paper and hoped to come back with more comments. Guatemala supported this type of conversation at the CTE and believed that the Committee had a broad mandate to discuss these issues. In particular, the representative noted that Guatemala was very interested in discussing at the CTE the impact of trade-related measures for environmental purposes or objectives. Guatemala would also be evaluating the different questions that had been proposed. Guatemala saw the usefulness of having a conversation in which all WTO Members participated.

1.81. The representative of the United States thanked those delegations that had provided their comments and inputs to the paper. The United States would certainly take note of the interest in the roundtable and looked forward to further elaborating those ideas moving forward. Similarly, on questions and ideas on the carbon club, the United States looked forward to having more discussions.

#### **1.4.2 Update by the United Kingdom on activities related to making supply chains more sustainable**

1.82. The representative of the United Kingdom updated delegations on the work of the Forest, Agriculture and Commodity Trade (FACT) Dialogue. The FACT Dialogue had been established as a COP26 presidency initiative and was co-chaired by Indonesia and the UK. It brought together over 28 major consumer and producer countries of internationally traded agricultural commodities to deliver on an agreed roadmap of actions to protect forests and other vital ecosystems while promoting sustainable trade and development. The FACT Dialogue was the only government-to-government forum solely dedicated to this purpose. The FACT Roadmap for action, launched by world leaders in Glasgow, contained 14 actions grouped into four themes: trade & markets; traceability and transparency; smallholder support; and research, development and innovation.

1.83. The FACT Roadmap for action, which was endorsed by 28 countries at COP26, provided an ambitious path to break the link between forest loss and the production of, and trade in, agricultural commodities over the coming years. Now that the roadmap had been agreed upon, attention had turned to delivering the actions within it. In March 2022, the United Kingdom and Indonesia had convened FACT senior officials to agree on a work plan for how countries would make progress over the next 9-12 months. The work plan included priority deliverables and a suggested approach to delivery for each of the four themes.

1.84. Across the four themes, small, informal, and time-limited action groups, made up of self-selected groups of countries were being set up. The groups would endeavour to meet two to three times per year for technical discussions and would be time-limited to the delivery of FACT Roadmap actions.

1.85. For the purposes of the CTE, the United Kingdom focused on the trade and markets theme (T&M). Discussions under the T&M theme aimed to reach a collective understanding of how global markets could better incentivize sustainable agriculture and forest commodity production and trade, including how supply and demand-side policies could be mutually reinforcing to better incentivize sustainable production and consumption.

1.86. Two small, country-led action groups would sit beneath the T&M forum and concentrate on key focus areas. One action group would seek to build a collective understanding of common factors of sustainable production. The other would seek to strengthen and broaden international market recognition of national approaches to assure sustainability.

1.87. The FACT represented a policy incubator space, convening meetings both on the political level to set ambition as well as technical discussions on how to take forward specific challenges. It had recognized that multilateral institutions like the WTO were relevant to these discussions and could play a key role in considering these technical challenges and how they might be addressed. As such, it would become increasingly important to build linkages between the two fora, understand if there would be any WTO workstreams that FACT T&M discussions should be docked into, and which WTO structures and fora would be suited to strengthen the cooperation and joint action envisioned in the FACT Dialogue.

1.88. The representative of the United Kingdom stated her delegation's willingness to understand how to build bridges between activity in FACT and the WTO. The United Kingdom welcomed further discussions on what might be required to lay the groundwork for more substantial engagement between the WTO and FACT.

1.89. The representative of Japan said that forests played an essential role in the agricultural supply chain through their multifunctional role in the natural environment. Japan valued the importance of due diligence measures to build a sustainable food supply chain that separated agricultural production from deforestation. On the other hand, especially for forests, it was difficult to set uniform regulations or other principles. This was because each country had its unique circumstances, in terms of different environmental conditions and different industries, based on geographical location. The representative further noted that 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, efficient cooperation between organizations should be promoted to avoid the duplication of functions of existing international organizations and treaties. For example, the International Tropical Timber Organization (ITTO) had been working on building a sustainable supply chain for timber and timber products as one of its priorities. Therefore, there was a need to keep in mind that it was also effective to cooperate with these institutions and make use of the services they provided.

1.90. The representative of Brazil stated that Brazil supported the adoption of legitimate policies with environmental objectives but was concerned about the possible adoption of unilateral environmental measures that resulted in unnecessary negative impacts on international trade. Environmental measures related to trade adopted by the United Kingdom needed to be fully compatible with WTO rules, including the most favoured nation principle and national treatment, to avoid any potential protectionist bias or the adoption of discriminatory measures. Furthermore, the representative urged the United Kingdom to take into consideration the many challenges Brazil faced in reducing deforestation. Finally, Brazil kindly requested the United Kingdom to take into consideration the concerns raised by the Embassy of Brazil in London in the bilateral dialogues on these issues.

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

### **2.1 Overview by the WTO Secretariat of the preparations for the Aid for Trade Global Review (27-29 July 2022)**

2.1. The WTO Secretariat provided an overview of the analysis of the Aid for Trade (AFT) monitoring and evaluation (M&E) self-assessment exercise, in particular the questions related to the environmental dimension of sustainable development. The Secretariat also updated delegations on

the preparations AFT Global Review that would be held from 27-29 July 2022 on the theme of "Empowering connected, sustainable trade".

2.2. The Secretariat began by contextualizing the topic from a climate dimension. It was well understood that GHG emissions were at the highest levels recorded in history, and immediate and deep emission cuts were required to ensure that the 2°C increase threshold was kept until 2050. A lot of progress could be seen in this regard. For example, COP26 had been held in November 2021 and the Glasgow Climate Pact had been signed by 197 countries. Particularly, in the context of AFT, development finance and climate, the Pact had emphasized "the urgency of scaling up action and support, including finance, capacity building and technology transfer to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change ... taking into account the priorities and needs of developing country Parties". This was precisely what the Secretariat had endeavoured to do in the monitoring and evaluation exercise and this urgency had been reflected in many of the responses to the exercise.

2.3. Next, the Secretariat gave a brief overview of what the questionnaire tried to do and the structure of responses. The AFT work programme was on empowering connected sustainable trade and the objective of the exercise was to ensure that there was a general harmonization between the different AFT stakeholders in the objectives and to make sure that donors and developing country partners were aligned to these objectives. To this end, the current iteration of the M&E exercise had received around 96 responses, with a 60:40 ratio split between developing country respondents and donors. The number of responses was slightly lower than in previous years, as the responses were received during the height of the omicron COVID-19 variant, which had an impact on response rates. On observing a regional breakdown of responses received, a lot came from developing countries in Asia and Africa.

2.4. One of the preliminary questions was whether the environmental strategy was mainstreamed in developing strategies of AFT stakeholders. It was noted that 51 of the 53 developing country respondents (i.e. 93% of the sample size) indicated that environmental objectives were indeed present in their domestic strategies. There was consistency across income groups – all LLDCs in the UN system responded positively, as well as 93% of LDCs. Equally important, all donors observed that environmental objectives were included in their development donor AFT strategy as well.

2.5. The questionnaire next tried to see how the environment was mainstreamed into these development strategies. It was noted that climate change was indeed a spurrier of action, but a lot of the strategies were being enveloped within a broader environment-specific domain, particularly in the context of SDGs and environment-specific SDGs. More than 70% of all donors and developing country partners indicated the presence of SDGs 7, 12, and 13 in their domestic strategies. This was quite important in their climate context and was also quite visible in the 6th Report released by the Intergovernmental Panel on Climate Change (IPCC) this year, in which SDGs 7, 12, and 13 were also explicitly mentioned.

2.6. Next, the analysis sought to understand how trade played into this nexus. Here, progress was also noted. Forty-five developing countries (88%) indicated that national strategies did cover environmental objectives. When examining the responses granularly, country respondents were often aligned with domestic factor endowments, in that countries dependant on forestry, fisheries, and agricultural exports particularly linked trade and sustainable development as integrated objectives. Broadly speaking, while everything sounded quite positive, some evaluation points were noted in this regard – in particular, most references were structured as statements of intent and lacked specificity. In addition, there was a lack of clear measurable targets that could be used to ensure that objectives and strategies were complied with, and this was quite consistent across the board, and could perhaps be an avenue for further exploration.

2.7. The analysis also tracked a sense of what some of the factors holding back the mainstreaming could be. Access to finance was a pressing issue in the context of the sustainable development transition. Again, this was something that was echoed by donors and AFT developing partners alike. Other factors such as lack of technology enhancing infrastructure were also listed as key challenges and, interestingly, even in granular responses, escalating debt concerns caused by the pandemic were highlighted. To showcase one response to the exercise, the respondent from the Democratic Republic of Congo noted that it was in the process of setting up an institutional framework for climate change, but there was a deficit, which was primarily driven by a lack of funding capacity, a lack of

scientific knowledge and expected effects of climate change. Therefore, this demonstrated that access to finance was one of the principal issues, but several other issues hindered the transition.

2.8. With regards to how the circular economy was integrated into this process, it was noted that circular economy was developing into an emerging area of focus, with 43% of developing country partners and 63% of donors indicating that circular economy strategies were present, and 10 LDCs, or 30% of the LDC sample group, indicating that they had circular economy strategies in place. When observing the regional breakdown of this assessment, it was noted that progress remained at the formative stage for analysis, and that responses indicated that most circular economy strategies were observed from a waste management perspective. Other important aspects such as product life extension, products and services also needed to be further investigated in this context.

2.9. AFT stakeholders also appeared to understand the opportunities that a transition could provide. On a sectoral level, agriculture was highlighted by more than 97% of donors and partners as the sector with high economic and export diversification potential. Again, the perception aligned with factor endowment countries that had had a comparative advantage over the years in agriculture and therefore seemed to better understand the opportunities.

2.10. Regarding some of the sectoral challenges at play, it was noted that industry, mining and agriculture were pointed to by 37 developing countries as potential hindrances to sustainable development. On granular examination of the responses, two streams of thought emerged: first, there seemed to be a difficulty in reframing the contextual boundaries of sustainable development to assess the sectoral activities in a sustainable manner that was positive concerning the value chain; and, additionally, the high primary product dependency was another role at play and the figures that were provided illustrated that perspective. Here, more than 48% of LDCs were still primary product dependent in 2020, which pointed to potential issues at play.

2.11. The Secretariat provided a few trends that were indicated through responses. Common topics indicated as challenges included environmental regulations, standards, certifications etc. required from an export perspective. Additionally, FTI or investments in a sustainable development transition were also observed to be a challenge.

2.12. Looking forward, it was observed that climate finance was intrinsically linked to AFT financing. As of 2020 AFT estimates, around 48.5-49 billion worth of AFT had been dispersed and, of that, 24% (about 12 billion) was for energy generation and supply. Therefore, it was easy to observe a general alignment between AFT and climate financing. Over the years, there had been an increase in climate financing. In COP15 in 2009, many donors had come together to set a 100 billion dollar target and, clearly, this had not been met last year. The WTO Director-General had indicated on 25 May in Davos that development finance was increasingly important from a development perspective. However, there was positive momentum. Late last year, just before COP, there was an OECD declaration to align development and coordination with Paris Agreement goals that would hopefully provide acceleration in resource mobilization. Additionally, the climate finance delivery plan, which was a roadmap for many donors, if complied with, could help meet the 100 billion dollar target by 2023.

2.13. There had been no shortage of interest in the AFT Global Review, which would be held on 27-29 July. Nearly 50 requests had been received in the past few months. Initially, the idea had been to restrict the Global Review to a 30-session event, but the Secretariat would try to ensure that all views were included. The Secretariat was still in the process of working with the Chair of the Committee on Trade and Development to finalize the set of events and expected her to announce it in the coming weeks. Needless to say, sustainability was an important part of the Global Review, and all sessions on the second day would be focused on this topic.

2.14. To conclude, the responses to the exercise revealed a growing awareness of the risks associated with climate change, and this awareness was causing a spur of change and effort to integrate the objectives into the domestic framework. The process remained at a formative stage, with limited specificity and objectives, but there was a greater understanding of the opportunities and challenges in play, and the circular economy was an important area of focus. Finally, climate finance and AFT were increasingly intertwined and it was hoped that the AFT Global Review would provide more understanding of this nexus.

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## **2.2 Briefing by the WTO Secretariat on the ongoing joint webinar series with the World Bank that focused on the developmental dimension of the nexus between trade and climate change**

2.15. The WTO Secretariat briefed delegations on the ongoing joint webinar series with the World Bank that focused on the developmental dimension of the nexus between trade and climate change. In March 2022, the WTO Secretariat and the World Bank launched a "Webinar Series on Trade and Climate Change" intending to reach out to wider audiences on this topic. Based on a common fundamental value shared by the two institutions, "inclusivity", the overarching theme of the series was the developmental dimension of the dialogue on trade and climate change, bringing in some lesser-known narratives on trade and climate change.

2.16. In its inaugural webinar in March, entitled "The low carbon transition – how can LDCs demonstrate carbon competitiveness?", the discussion evolved around several issues including technical complexities of carbon measurement; building carbon competitiveness of SMEs; and private sector competitiveness challenges.

2.17. The second webinar, "How to unleash trade and scale-wide adoption of environmental goods and services in developing countries", would take place on 7 June. This session sought to illuminate the various ways in which developing countries could benefit if they participated in this sphere of global rulemaking. Using three case studies – Botswana, Bangladesh, and Uganda – the session would present findings on the challenges faced by firms in accessing environmental goods and services, particularly from the field perspectives. The Secretariat had widely shared the information for registration and Members were encouraged to contact the Secretariat if they had not received it. Finally, delegations were invited to share their views and ideas on topics of interest for future webinars to shape this webinar series.

2.18. The representative of the United Kingdom thanked the Secretariat for the two reports. As highlighted in the United Kingdom's response to the Aid for Trade Monitoring and Evaluation questionnaire, developing countries and emerging economies needed to be supported to participate in the global trading system and reap the benefits of sustainable growth. The United Kingdom was working with partners, including least developed and developing countries, to host sessions at the AFT Global Review around the theme of empowering connected and sustainable trade. The United Kingdom believed that trade could be part of the solution and that well-designed trade policies could be a powerful tool in addressing the challenges of climate change, supporting green growth and incentivizing the uptake of green goods, services and technology. The representative noted that climate and environmental considerations were important in its Aid for Trade work. The United Kingdom was adapting its programmes to support the green transition, including its partnerships with developing countries and its overseas development assistance.

## **2.3 Briefing by the United Nations Climate Technology Centre and Network (CTCN) on its contribution to the transfer of climate technologies**

2.19. The representative of the United Nations Climate Technologies Centre & Network (CTCN) briefed the Committee on its work on transferring environmentally sound technologies. As a background, it was noted that the UN CTCN was one of two mechanisms of the UNFCCC, the other being the finance mechanism. Its mandate, as described in the UNFCCC, was to facilitate the transfer of environmentally sound technologies to developing countries. It had two arms – the implementation arm, which did the operational implementation at the country level, and the policy arm – the Technology Executive Committee – which was made up of experts that provided the policy and normative guidance to the COP based on the work that was being done in countries. The CTCN also actively contributed to many of the constituent bodies of the UNFCCC.

2.20. The CTCN reported directly to the COP each year on its work supporting the transfer of environmentally sound technologies. Based on the report given to the COP, member states provided guidance that formed the COP decisions on technology. For a sense of how the CTCN was structured, it was hosted by UNEP and serviced by 13 consortium partners, which were 13 international organizations that it worked with to disseminate environmental technology. In addition, there were 700 network members, i.e. organizations and institutions that were actual technology service providers. These were organizations willing to work with the CTCN to disseminate the technologies

required by developing countries. The CTCN's services were mandated to cover both mitigation and adaptation.

2.21. Following the coming into force of the Paris Agreement in 2015, member states had created a technology framework under the Paris Agreement that would focus on support that targeted innovation; implementation, including technical assistance; and support for enabling environment and capacity building. Therefore, despite the CTCN working with technology, in fact a large part of its work was supporting countries to set up policies, regulatory standards, and a whole range of incentive frameworks that countries needed to access the technology. In addition, there was collaboration and networking, because the CTCN required companies to voluntarily join the network and share their available technologies with developing countries. Lastly, the CTCN gave support, which required it to work with the finance mechanism of the UNFCCC, principally the Adaptation Fund, the Green Climate Fund, and the Global Environment Facility, to enable developing countries to access these funds to leverage the climate technologies that were environmentally sustainable and would allow them to meet their Paris Agreement goals.

2.22. At the country level, the CTCN's work to date had enabled the transfer of over 360 technology solutions to over 107 countries, so climate technology projects existed in over 107 countries. Such statistics gave a sense of its coverage – they were all developing countries, but also a large percentage of those countries covered were SIDS and LDCs. The CTCN equitably supported countries in Africa, Asia-Pacific and Latin America.

2.23. In Africa, the CTCN had supported 43 countries with requests for environmentally sound technologies. It had provided 116 technology solutions based on those 43 requests and had worked with 77 network members, which were the technology service providers, i.e. companies, SMEs, large multinationals, think tanks and research institutions that worked with these countries to develop their policy, regulatory environment, as well as standards that were required for different sectors. The CTCN was conducting several technology needs assessments in Africa. In this region, the majority of requests covered the circular economy, especially in relation to supporting them develop circular economy roadmaps. A lot of African countries requested technology to help them use photovoltaic in the context of the energy-water-food nexus and several requests were for e-mobility regulations and incentive frameworks, as well as to understand their technology requirements.

2.24. In Asia, the CTCN had supported 37 countries, provided 86 technology solutions through its technical assistance, and worked with over 220 technology service providers as part of its network. Based on the work done in these 37 countries, the majority of the requests focused on energy efficiency and low carbon transport. The Asia-Pacific region was also interested in adaptation and cross-sectoral technologies, as well as green hydrogen and carbon capture technologies. Increasingly, in Asia, there were requests for decision-support tools for their policymaking as well as early warning systems based on forecasting. Here, the CTCN was using a lot of digital technologies and Apps developed specifically for easy access to information on early warnings. In Asia, the CTCN was also working in extremely high numbers on issues relating to sustainable urban cities as well as roadmaps for circular economy and e-mobility.

2.25. In Latin America, the CTCN had supported 25 countries and provided over 54 technology solutions. It had worked with 80 companies that were technology service providers that had supported these countries with their technology solutions. In the Latin American and Caribbean region, countries were interested in technologies that helped them with better nature protection, whether that was conservation or restoration. Here, the CTCN was experimenting with a combination of the latest digital technologies to support nature-based solutions. These countries were also interested in technologies that helped them monitor their adaptation measures and water resilience technologies.

2.26. Countries in the Caribbean region were very interested in e-mobility and resilient infrastructure systems as well as capacity building to help them create sustainability. The circular economy was a huge request from the Latin American region. The CTCN had worked with countries there to set up, together with UNEP, the first large circular economy network in the region. It had also worked on another one in Africa. Latin American countries also requested technology transfer for the energy sector and, increasingly in the last two years, with the focus on green hydrogen.



2.27. The CTCN was working on several flagship projects. As mentioned, the CTCN was mandated to work with the finance mechanisms of the UNFCCC. With the Adaptation Fund, it had a 'Climate Innovation Accelerator' focusing on adaptation technologies. With the Global Environment Facility, it had a pilot programme focusing on innovation financing for small and medium cities. Finally, the CTCN was now the largest user of the Green Climate Fund (GCF)'s "readiness" funds; it spends 75% of the GCF's portfolio under readiness.

2.28. The CTCN was increasingly working with the private sector to leverage more resources for countries' climate actions and the West African Development Bank, which it had worked with to develop a multi-country programme for the GCF for around USD 250 million to leverage additional climate financing for their member states on climate-resilient agriculture. It was also working with the Kenyan Development Bank to develop its USD 250 million climate-smart entrepreneurial and job creation programme for SMEs in that country.

2.29. With regard to services, in addition to the technical assistance provided, the CTCN also held several technology fora and events across the region. Additionally, the CTCN worked with the private sector, for example, the Kenyan Development Bank, on the aforementioned USD 250 million project for the GCF to create green jobs by working with SMEs in that country and providing capacity building.

2.30. Another active workstream was women in technology. The CTCN ran a "Gender-Just Climate Solutions Award and Mentoring programme" at the COP where it called for submissions of innovative technological solutions for climate-smart investments from women's groups from around the world. Other work included youth engagement and focused on working with digital technologies that enhanced climate action. The CTCN also worked very closely with local communities and indigenous people.

2.31. Capacity building was one of the areas it was required to provide to countries and a lot of the technologies the CTCN transferred required retraining, reskilling, or even just simply upgrading the skills of the government entities it worked with. This was accompanied by a large website of information, which was close to the largest online source of climate technology solutions in the world. Capacity building was provided for national focal points that were established under the UNFCCC and the finance mechanism to ensure that they worked together to design technical assistance, as well as resource mobilization strategies from both the finance mechanism and the private sector that met their national targets. The CTCN also provided capacity building on innovative approaches, for example, it had run a series of webinars on blockchain technologies for climate action that covered energy, agriculture, and carbon markets in order to introduce to developing countries the potential of such technologies and how they could integrate them in their climate action.

2.32. In concluding the presentation, the speaker presented key figures which showed the CTCN at a glance. She noted that, on the CTCN website, by searching by country or region out of the 107 countries that they worked in, people could see the kind of support that the CTCN had provided, as well as which companies and government ministries that the CTCN had worked with. In the last 10 years, the CTCN had leveraged over a billion dollars working with these countries.

#### **2.4 Briefing by the WTO Secretariat on recent activities related to the 19th annual review of the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) Article 66.2: incentives for technology transfer to LDCs**

2.33. The Secretariat began by noting that Article 66.2 of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement specifically obliged WTO developed country Members to provide incentives to enterprises and institutions in their territories to promote and encourage technology transfer to LDC Members and to enable them to create a sound and viable technological base.

2.34. In 2021, eight developed country Members, including Australia, Canada, European Union, Japan, Norway, Switzerland, the United Kingdom, and the United States, had submitted their 7th set of new detailed reports under the Council's 2003 Decision. They had reported 449 technology transfer incentive programmes, which had benefitted 43 WTO LDC Members and observers. The top three technology transfer programmes were environment/climate change, public health/pharmaceuticals, and agriculture and food.

2.35. In 2021, 102 transfer technology programmes were environmental programmes, which had benefitted 41 LDC Members and Observers. The European Union, together with the United States and Norway, were the top three providers, having provided 75% of programmes. The vast majority of programmes were in the category of climate change mitigation, followed by biodiversity and ecosystem, climate change adaptation, and waste management.

2.36. Noting the cumulative count of LDCs in different environment sectors, eight LDCs had benefitted from more than 15 programmes, including Uganda, Tanzania, Bangladesh, Zambia, Cambodia, Nepal, Madagascar, and Mali. Uganda had benefitted from 21 related to climate change mitigation, and Cambodia had benefitted from eight in biodiversity/ecosystem. At the other end, 16 LDCs had only benefitted from fewer than five: Burkina Faso and Sudan had each benefitted from four related to climate change adaptation.

2.37. As for the cumulative count of LDCs by reporting Members, Bangladesh, Nepal, and Madagascar had each benefitted from six provided by Switzerland, while Ethiopia, Tanzania, and Zambia had each benefitted from five provided by the EU. For instance, the programme by the Swiss Platform for Renewable Energy, Energy Efficiency and Resource Efficiency Promotion in International Cooperation, which focused on the transfer of knowledge and technology for developing renewable energy and energy efficiency, had been of long-term duration and had benefitted at least 15 LDCs. Japan's Project for Strengthening Solid Waste Management in Bangladesh focused on developing a master plan for improving the waste collection and management system in several areas of Bangladesh. The Project also included medical waste, an important issue during the COVID-19 pandemic.

2.38. Regarding the survey questionnaire, the Secretariat had conducted its first survey in 2020. This year, it continued this practice by conducting a more sophisticated survey questionnaire based on last year's experience. In the updated survey, LDC Members were not only requested to identify priority technology sectors but also the specific types of technology relevant to the priority technology sectors for their countries. The Secretariat had circulated the survey questionnaire among all LDC Members and observers. It received 19 responses from 13 LDC Members, all of which identified agriculture/food and environment/climate change as priority technology sectors, followed by health, and Information and Communication Technology (ICT) sectors. The results were very close to the 2021 survey results. The environmental technology needs were almost equal in three categories: climate change mitigation, climate change adaptation and waste management. The priority was climate change adaptation.

2.39. Regarding the 2022 Workshop, the structure and format had been improved by providing an overview of the broader development and policy context of technology transfer to LDCs. The Workshop was attended by more than 75 capital- and Geneva-based experts from 21 LDC Members and seven developed country Members. Several international organizations were invited to report their current works on national technology needs assessments and technology transfer programme in LDCs – UNFCCC, UNEP, the CTCN, and the UN Technology Bank for LDCs, along with colleagues in the Trade and Environment Division. Experts from both reporting countries and LDCs, including European Union, Japan, Norway, and Bangladesh, also took part in the Workshop as speakers. Their active participation significantly enriched this year's programme.

2.40. All capital-based participants attended the TRIPS Council meeting on their national delegations and made contributions to the Council's review process. In the meeting, the LDC Group made four concrete proposals for future work, including requesting the Secretariat to compile a list of priority technologies as identified in the Workshop, as well as in the survey questionnaire and to report this to the next TRIPS Council meeting. They also had requested that the information provided should be used by the Secretariat in designing future technical assistance programmes and to the reporting countries for their attention.

2.41. Regarding next steps, the Secretariat would prepare the compilation of survey responses, as requested by the LDCs, and would continue to work with LDC Members, reporting Members and colleagues from partner organizations to further cooperation and coordination. It would continue to organize the Workshop that was tentatively scheduled for March 2023. The Secretariat expressed its gratitude to its colleagues in the Trade and Environment Division, as a valued traditional partner in its work.

2.42. The representative of India welcomed discussions on technical assistance and capacity building with respect to the Doha Ministerial Declaration, Paragraph 33. In its view, the CTE was an ideal forum to discuss not just ideas but also to create a better tracking mechanism of how such ideas on technical assistance and capacity building were being implemented. In the recently held meeting of the Working Group on Trade and Technology Transfer, several Members, including India, had spoken about the need to focus more on this aspect of trade. India would work on proposals to concretize this discussion within the CTE and other relevant formal WTO bodies with like-minded Members.

### **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) presidency year**

3.1. The representative of the United Kingdom provided an update on the progress made toward the outcomes of COP26 and the historic Glasgow Climate Pact. At COP26, all 197 Parties had agreed to the historic Glasgow Climate Pact to take concerted and urgent action in this critical decade to keep the 1.5°C goal within reach. The Pact had called on countries to phase down unabated coal power and phase out inefficient fossil fuel subsidies. It requested countries, by the end of 2022, to revisit and strengthen their NDCs. It urged developed countries to scale up climate finance, and to double finance for adaptation by 2025. It also underlined the central importance of adaptation, the dangers of loss and damage, and the need to boost action and support for both.

3.2. Much had happened in the seven months since COP26. The geopolitical landscape had shifted dramatically, not least because of Russia's unprovoked and illegal invasion of Ukraine and rising global energy prices. These crises underscored the need to accelerate the global transition to clean, reliable sources of power. Renewables and energy efficiency provided the quickest, cheapest, most reliable route to long-term climate and energy security, and long-term prosperity. Now was the time to double down on the actions agreed at COP26 to tackle climate change and reduce our economies' dependence on fossil fuels.

3.3. In May, the COP26 President, Alok Sharma, and COP27 President Designate, Egypt's Foreign Minister Shoukry, had co-chaired a meeting of Ministers and representatives from over 40 governments. This had focused on delivering on the commitments made as an international community, and there was a high degree of consensus on what must be delivered.

3.4. On mitigation, there were positive signals from countries considering how they could strengthen their NDCs, including by underpinning headline targets with sectoral action. The United Kingdom continued to urge countries to submit any outstanding NDCs and to revisit and strengthen existing NDCs in 2022, especially where they were not currently aligned with the Paris Agreement temperature goal. The United Kingdom asked all countries that had not already done so to submit long-term strategies aligned with net zero, and urged that all new submissions, including updates to NDCs, be communicated to the UNFCCC before the Synthesis Report deadline of 23 September.

3.5. On finance, the German and Canadian governments would coordinate a Progress Update ahead of COP27 on the USD 100 billion Delivery Plan published in 2021. The Taskforce on Access to Climate Finance had launched trial projects in Bangladesh, Fiji, Jamaica, Rwanda and Uganda. Alongside the Egyptian incoming COP27 Presidency and the UN Climate Change High-Level Champions, a new, independent High-Level Expert Group on investment in climate action, to be co-chaired by Vera Songwe and Lord Nick Stern, had also been announced. The Group would develop policy options to encourage and enable the investment and finance necessary for the delivery of the Paris Agreement and the Glasgow Climate Pact.

3.6. On adaptation and loss and damage, Parties had submitted their views on the Glasgow-Sharm el-Sheikh work programme on the Global Goal on Adaptation (GlaSS), which would help make progress on the Global Goal on Adaptation in advance of the first mandated workshop in June 2022. More countries had submitted adaptation communications and national adaptation plans,

following a push to do so throughout the Presidency. The United Kingdom had commenced work to kickstart the Santiago Network, to provide technical assistance on loss and damage. The Glasgow Dialogue on Loss and Damage would also begin their work in June to discuss the arrangements for the funding of activities to enhance action to address loss and damage, concluding in 2024.

3.7. On road transport, the United Kingdom announced that over 100 signatories, including Canada, Mexico, BY Autos, and GM, to the Zero Emission Vehicle Declaration, which committed to rapidly accelerate the transition to zero-emission vehicles so that all new cars and vans were zero-emission globally by 2040 or by 2035 in leading markets. Since COP26, momentum had continued to build, with a further 22 signatories to the Declaration.

3.8. MC12 was an important moment. Not only would it be the largest in-person gathering of Trade Ministers since 2017, but it was an opportunity to re-affirm the importance of the rules-based international system in finding solutions to the planet's greatest challenges. Climate and environmental issues needed to be front and centre of the multilateral trade agenda.

3.9. The COP process was only as strong as the sum of its parts. The representative concluded by underscoring that every country had to pick up the pace, increase ambition, and deliver together. The United Kingdom would remain resolutely focused on working with its international partners, and the incoming Egyptian Presidency, to realise the promises made in Glasgow.

### **3.1.2 Update by Egypt on the preparations for the 27th session of the Conference of the Parties (COP27)**

3.10. The representative of Egypt updated delegations on the preparations for the 27th Session of the UNFCCC Conference of the Parties (COP27). Egypt was keen to ensure the balance in messages coming out from the 27th session of the UNFCCC conference between mitigation and the legitimate aspiration of developing and least developed countries, especially African countries, to adapt to the current and short-term adverse impacts of climate change, achieve sustainable development, and build resilience with the transition as a core principle.

3.11. During COP27, to be held from 6-18 November 2022 in Sharm El-Sheikh, Egypt would ensure that the outcomes established in Glasgow were in line with the upcoming mandate, especially the one on finance adaptation technology transfer and capacity building. In addition, several substantive initiatives and priority areas were being formulated in cooperation with relevant international organizations which would be addressed during separate thematic sessions on the side lines of the Conference.

3.12. Egypt had always shown commitment and seriousness toward climate change issues by approving and ratifying the UNFCCC, the Kyoto Protocol and the Paris Agreement. Egypt was keen to highlight the related challenges and the importance of exchanging visions and experiences on aspects of implementing international climate action in various fora, the latest of which was a high-level ministerial meeting co-chaired by Egypt and the United Kingdom and held in Copenhagen, Denmark, in May 2022.

3.13. Despite the negative impact of climate change on strategic sectors in Egypt, such as agriculture, water resources, health, cultivation and infrastructure, and noting that the percentage of emissions issued by Egypt did not exceed 0.6% of global emissions, Egypt was making efforts to contribute to emissions reduction by taking many steps, including the launch of its National Climate Change Strategy (NCCS) 2050. The NCCS 2050 would enable the Egyptian government to plan and manage climate change on different levels, in addition to supporting the sustainable development goals of Egypt Vision 2030.

3.14. Egypt's Sustainable Energy Strategy 2035, which was adopted in October 2016, aimed to raise the share of renewable energy to up to 43% of total electricity generation produced in 2035. As a result, many energy projects and solar energy projects had already been launched such as the Benban Solar Park project in Aswan. Egypt had also launched sustainable transport and construction projects, such as the new high-speed rail line, the monorail, and others. In addition, Egypt had recently signed several agreements and Memorandums of Understanding (MoUs) with international companies to start producing green hydrogen in the Suez Canal economic zone.

3.15. Egypt was working impartially on building the appropriate space for dialogue and confidence-building as well as for incorporating gender equality and women's empowerment in climate-related action. Egypt was keen to coordinate and mobilize the necessary support for African countries to ensure their urgent adaptation to the economic and social effects of climate change. In preparation for COP27, Egypt held discussions at the end of March 2022 with several African countries to assess the continent's needs. Egypt stressed the importance of building trust between the various parties and enhancing a common understanding of the challenges of others, especially developing and LDCs, to ensure that no one was left behind.

3.16. She concluded by saying that Egypt was prepared to work with all international partners to achieve the desired goals in a fair way that considered the differing development abilities of countries.

### **3.1.3 Briefing by the UNFCCC on COP26 and COP27**

3.17. The representative of the UNFCCC briefed delegations on its COP26 and COP27. The UNFCCC had been supporting the United Kingdom in its leadership role for COP26, and had been now putting in place, in close cooperation with Egypt, arrangements for supporting Egypt as the incoming COP27 Presidency. He underlined that COP26 in Glasgow was held at a moment when the urgency of upscaling action on climate change was clear and confirmed by the recent IPCC, the World Meteorological Organization (WMO), UNFCCC, and UNEP reports. On the other hand, the intergovernmental climate change process had been delayed because of the constraints and challenges introduced by the global pandemic.

3.18. There was a clear sense of urgency in taking action, in particular concerning keeping the temperature goals of the Paris Agreement, the 1.5°C goal, within reach. The motto of the Conference, "keeping 1.5°C alive", selected by the COP26 Presidency, was well chosen in that context and it provided a forceful leading motive underpinning the negotiations.

3.19. There was therefore no wonder about the record numbers of participation at COP26 compared to any other COP. There were almost 40,000 participants, more than 4,000 media representatives, and more than one million visitors to the UNFCCC website during the COP. Moreover, 208 million people were reached across social media platforms, such as Twitter, LinkedIn, Facebook, Instagram, and YouTube. There was also a broad media coverage: 891,000 online news mentioned COP26.

3.20. COP26 in Glasgow had delivered substantive positive outcomes on several key priority areas of the international climate change regime: finance, adaptation, loss and damage from climate change, mitigation, transparency, and Article 6. Success in these areas was needed for scaling up climate action in mitigation and adaptation, along with the related support, and for closing the pending chapters of the "Paris rulebook" to enable full implementation of all parts of the Paris Agreement.

3.21. Looking forward to COP27, to be organized and convened under the leadership of Egypt, discussions at all levels showed that the decisions taken last year in Glasgow were right and timely. But the challenge now was in the delivery of these decisions. Ambition needed to be shown in the implementation of the "Glasgow Climate Pact", especially concerning the objective of limiting global warming to 1.5°C.

3.22. As the implementation rules for the Paris Agreement were largely completed in Glasgow, COP27 would be the first annual UNFCCC Conference fully focused on the implementation of climate action. The role of support needed for implementation would be part of the discussions, especially as this COP would be taking place in a developing country, for the first time since 2016.

3.23. 2022 was different from 2021, in particular because of the well-known change in the international situation, with its high tension and the related political, economic and social challenges. But the global threat of climate change was still there and, as noted by the United Kingdom and Egypt, climate change remained high on the political agenda in 2022. The importance of addressing climate change urgently had not diminished but rather increased, in particular because of the very latest findings from the IPCC and the WMO.

3.24. The mid-year session of Subsidiary Bodies to the UNFCCC would start in Bonn soon. This was an important milestone on the road to COP27 in Sharm el-Sheikh. The session would be a key opportunity to advance work in all areas of implementation – for adaptation, loss and damage, mitigation, technology, capacity building, finance and quite a few others. This session would also see the start of technical assessment in the framework of the global stocktake. The UNFCCC Secretariat stood ready to support Parties in advancing the deliberations as much as possible.

3.25. To be successful, COP27 should result in a balanced package of decisions across all topical areas: adaptation, loss and damage, mitigation, and means of implementation, including, notably, finance. For some issues, such as the mitigation work programme, the full outcome was expected in Sharm el-Sheikh whereas for others, such as the Global Goal on Adaptation, the outcome of work needed to be reported only in 2023 or, for some other issues, even later. But even for those issues which could not be completed at COP27, it was important to achieve tangible, credible and visible progress to ensure a balanced outcome and demonstrate that implementation of climate action was unfolding swiftly and with the ambition required. Science showed that a deep and swift transformation of the whole of society was required for adequate global climate response. International cooperation and multilateralism, in line with UN values, remained the key principles to help achieve such transformation, with the UNFCCC and the Paris Agreement being the guiding and enabling instruments. But the transformative action had to come from both Parties and non-Party stakeholders and it needed to accelerate and expand. He concluded by underscoring that COP27 would be an opportunity to achieve that.

3.26. The representative of Canada said that COP27 was a key opportunity to deliver on global climate ambition and for countries to demonstrate how they were implementing their commitments to achieve the goals of the Paris Agreement. Canada was working hard to support a successful COP27 and was taking action to implement the ambitious commitments, including through, *inter alia*, the 2030 Emissions Reduction Plan, which outlined how Canada would meet its NDC; developing Canada's first National Adaptation Strategy; and delivering on Canada's five-year USD 5.3 billion climate finance commitment. Canada's engagement at COP27 would be guided by the twin objectives of highlighting Canada's ambitious domestic climate actions and advocating for ambitious and concrete global action by all, particularly major emitters. In the lead up to COP27, Canada had been pleased to host the 6th Ministerial on Climate Action (MoCA6) on 31 May 2022, co-convened with the EU and China in Stockholm, Sweden. MoCA6 had convened 35 Ministers and/or their representatives to discuss issues that would feature at COP27. In this critical decade of action, the MoCA could help further shape the international agenda toward climate implementation, without losing focus on ambition.

#### **3.1.4 Update on negotiations towards the Agreement on Climate Change, Trade and Sustainability (ACCTS)**

3.27. 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 developments.

3.28. He recalled that the ACCTS negotiations were initially concentrated on 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.

3.29. Since the update to the CTE in February, ACCTS partners had held two further negotiating rounds in March and May, with multiple sessions across each of the Working Groups and further intersessionals in key areas. This uptick in negotiating tempo responded to the urgency of the climate challenge, as reinforced by the latest IPCC Assessment Report, and the seriousness with which ACCTS partners sought to respond.

3.30. Solid and constructive progress had been achieved including during rounds eight and nine. There were real efforts to work towards consensus text across the working groups, alongside the establishment of frameworks for environmental services commitments and a growing environmental goods list. This work remained complex, challenging and rewarding. It continued to be informed by relevant ideas and expertise to ensure it was as up-to-date as possible. For example, the Asia-Pacific Economic Cooperation (APEC) work on environmental services continued to be a useful input and,

in the Fossil Fuel Subsidy working Group, the ACCTS partners had received helpful briefings from a range of international organizations and domestic experts. ACCTS participants continued to carefully evaluate the needs of Members to ensure that the ACCTS was fit for purpose. The group would continue to elaborate on specific and targeted flexibilities which might need to be incorporated into the ACCTS provisions. He noted that the initiative welcomed interest from WTO Members on the Agreement and that they would be kept informed on developments. The objective was for the ACCTS to evolve into an 'open plurilateral' agreement, available for other WTO Members to join if they were able to meet its obligations. The diversity of the ACCTS membership demonstrated that a diverse range of economies, geographies and systems were motivated to proactively look at how trade and climate change issues could be taken forward. It was hoped that, once concluded, this diverse membership would also be a powerful tool for encouraging the agreement's expansion.

## **3.2 Convention on Biological Diversity (CBD)**

### **3.2.1 Update by the CBD Secretariat on recent meetings and activities**

3.31. The representative of the Convention on Biological Diversity (CBD) Secretariat provided an update on the process under the Convention, in particular concerning the development of the Post-2020 Biodiversity Framework.

3.32. The representative recalled the decision to establish a dedicated open-ended working group (OEWG) to develop the Post-2020 Biodiversity Framework as a successor to the current strategic plan for biodiversity 2011-2020. That process was led by two co-chairs (Mr. Francis Ogwal (Uganda) and Mr. Basile van Havre (Canada)).

3.33. At COP14, it had also been decided to develop a range of "complementary products", global policy guidance to be developed by the subsidiary bodies of the Convention, e.g. the Subsidiary Body on Scientific, Technical and Technological Advice (SBSTTA) and the Subsidiary Body on Implementation (SBI), and, of course, these complementary products were supported or linked in one way or another to the post-2020 biodiversity framework.

3.34. As an overview of the process so far, in 2019-2020, there had been extensive consultations in online fora, but also a range of global, regional, and thematic workshops. There had also been a meeting of the OEWG to discuss the emerging draft of the 2020 framework. The meeting had taken place before the pandemic physically in Rome and then there had been significant delays due to the pandemic.

3.35. To keep up the political momentum and to further advance the discussion of the framework, it had arranged informal virtual meetings, including of the Subsidiary Bodies, during 2020-2021. Formal virtual meetings of the subsidiary bodies and OEWG had also taken place in mid-2021 to start negotiating. There had been a lot of discussions and concerns vis-à-vis negotiating in an online format but discussions were started on the relevant agenda items and the draft of Post-2020 Global Biodiversity Framework that had been developed by the co-chairs. The first phase of the meeting of the COP15 had taken place in October 2021 in Kunming, China, in a hybrid format. Once the pandemic conditions relented, a physical meeting had taken place in March 2022 in Geneva to make progress on the framework. Two major upcoming meetings were mentioned – the forthcoming meeting of the OEWG to be held in Nairobi in June 2022; and the second phase (the actual working phase) of COP15 that would see the final consideration and adoption of the framework. COP15 was planned for the third quarter of 2022 and the dates would be announced soon.

3.36. Regarding the first part of COP15, which comprised the high-level segment, the ministerial segment and also the ecological civilization forum organized by the incoming presidency of China, the COP decided on several administrative measures, such as the budget, which was by then a pressing issue. A particular highlight was the Kunming Declaration, which was adopted by more than 100 countries. Of particular interest to the CTE, the Declaration contained a reference to cross-governmental groups to promote the mainstreaming of biodiversity in decision-making and strengthening cross-sectoral coordination mechanisms on biodiversity and that, of course, could also apply to trade policies and whenever there was an intersection with biodiversity. On the global level, there was also a recognition of the need to further enhance collaboration and coordinate action with related international and multilateral processes to promote biodiversity.

3.37. In terms of implementation mechanisms, COP15 saw several important announcements: the Kunming Biodiversity Fund was announced by the Government of the People's Republic of China with an envelope of around USD 230 million; the Japan Biodiversity Fund, which supported the implementation of the Convention, was extended by another USD 17 million; the Global Environment Facility (GEF), the United Nations Development Programme (UNDP), and UNEP announced a collaboration to support governments in the development of National Biodiversity Strategies and Action Plans (NBSAPs) and associated national financial plans. Finally, several countries announced increased international funding to support biodiversity.

3.38. Regarding what was referred to as the "Geneva Meetings", these saw the second part of the OEWG of SBI-3.2 and SBSTTA-24.2 in an integrated manner. In terms of outcomes, work on the agenda of the SBSTTA and SBI was being finalized. There was a range of recommendations including draft decisions for consideration by COP15-2 and there was still considerable work to be done by the COP given that many of the decisions were heavily bracketed. To further progress on that, several intersessional workstreams were foreseen, for instance, workshops on the monitoring framework. Informal consultations were being held on resource organization and several other issues. Specifically, concerning the OEWG, the group task was the development of a Global Biodiversity Framework. Perhaps, the most important progress that parties to the Convention took ownership of was the draft. Before the current draft, drafts were going back and forth and then there was an update by the co-chairs. Now, following the meeting in Geneva, the ball was in the court of the parties. Similar to the recommendations of the subsidiary bodies, there was still considerable work to be done and the current draft was heavily bracketed.

3.39. There was a general broad agreement on the current structure of the framework as presented but there were several new targets that were being proposed. A couple of them had not been negotiated but one contentious issue was the issue of milestones, i.e. whether to have interim targets before 2030, where exactly to have them and how to formulate them. Then there was the issue of numeric targets. There were several targets where numbers or quantified targets were being proposed, so the discussion was whether to have these numbers in the first place and, if so, what kind of numbers should be there. There were still quite divergent views on that.

3.40. The next issue on which there was divergency was packaging and granularity. The issue was not so contentious but there were several proposals and divergent views on where to position it and in what level of detail. Then there were important horizontal issues, for instance, savings clauses, recognition of work in other international conventions/agreements, how to phrase them, and where to put these considerations. Several new targets had been proposed and some segments of the framework had not yet been negotiated. There was still a lot to do and hence the decision had been made to convene another meeting of the OEWG, which would take place in Nairobi later in June.

3.41. Ongoing work was being undertaken in the form of an OEWG contact group on digital sequence information related to genetic resources. He recalled that, in the last presentation, COP14 had mandated this work. The OEWG contact group had made significant progress in the sense that it now had a clear recommendation, but the draft decision still contained a considerable amount of brackets. Again, there was much work to be done. The contentious issues revolved around the fundamentally divergent views concerning whether the digital sequence information fell under the scope of genetic resources (the third objective of the Convention). As a reminder, the third objective of the Convention foresaw the cause for access to genetic resources and equitable sharing of benefits rising out of the utilization. The fundamental question was therefore whether digital sequencing information related to genetic resources fell under the scope of objectives and then, of course, the scope of the Nagoya Protocol on Access and Benefit-sharing.

3.42. He focused on two concrete and specific technology transfer-related activities that were being pursued: the first was the Biodiversity Technology and Innovation Expo which would highlight opportunities that could be offered by technology and innovation to achieve the objectives of the Convention and also give visibility to specific technologies to create approaches more broadly. The expo aimed to provide access to state-of-the-art technology and innovation solutions for monitoring, identifying, and protecting from destroying biodiversity and its focus was on the five drivers of biodiversity loss. The Biodiversity Technology and Innovation Expo provided 30 complimentary booths that could be manned by different exhibitors, technology producers, and innovators each week (60 in total) and these exhibitors came from the public/private sector, academia, research institutions, indigenous people, local communities, women and youth, etc.



3.43. The Bio-Bridge Initiative (BBI) was another initiative under the Convention, which had existed for several years and was financed by the Republic of Korea. It promoted and facilitated technical and scientific cooperation among Parties to help them implement the Convention and its Protocols. The BBI enabled countries to effectively harness science, technology and innovation for the effective implementation of the Convention as a whole while also looking at the implementation of the post-2020 Biodiversity Framework over the next decades. So far, the BBI had supported 39 projects, four out of which were in the pilot phase, while other projects had had subsequent rounds. Over 100 countries had been involved in this technical and scientific cooperation (TSC) projects.

3.44. The representative of the European Union noted that the science was clear and that urgent actions were needed for emission reduction, the protection of biodiversity, and the restoration of degraded ecosystems. COP15 offered a key opportunity to the international community to agree on measurable goals and targets, addressing both direct and indirect drivers of biodiversity loss. These should be complemented with strong mechanisms for the monitoring of implementation and review of ambitions. High and aligned climate and biodiversity ambitions were also needed and it should be ensured that investment in nature-based solutions respected social and environmental safeguards. The package should also cover the means of implementation in a broad sense. Financing from all sources, including domestic financing, was key. The representative noted that European Commission President Von der Leyen had announced in September 2021 the doubling of the European Union's international financing for biodiversity to developing countries. The European Union hoped that others would follow its example. International finance institutions and multilateral development banks needed to also play their part by improving the way they tracked and reported nature-positive spending. The EU welcomed concrete pledges in view of COP15 that would build upon synergies with climate finance. He concluded by stressing the importance of stepping up action to redirect or phase out incentives, including subsidies, that were harmful to biodiversity. According to the OECD, these ran to some USD 800 billion per year. This undermined policies to halt biodiversity loss and restore ecosystems. The European Union believed that bold action was needed to set this right and such action was needed soon.

### **3.2.2 Presentation by the United Kingdom on "Biodiversity and Nature Positivity"**

3.45. The representative of the United Kingdom gave a presentation on "Biodiversity and Nature Positivity". She noted that, as work on trade and climate at the WTO intensified, nature and climate should stay high on the agenda. To meet the long-term goal of the Paris Agreement, that was, to keep global warming well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C, it was essential to protect, conserve and restore nature and ecosystems. The Glasgow Climate Pact adopted by nations at COP26 had highlighted the critical importance of protecting, conserving, and restoring nature and ecosystems, which acted as sinks and reservoirs of GHG and protected biodiversity. Trade could play an important role in incentivizing the actions necessary to support delivering these essential outcomes.

3.46. In addition to the Glasgow Climate Pact, an unprecedented variety of commitments on environment and land use had been made at COP26, including the Glasgow Leaders Declaration on Forests and Land Use, where over 140 leaders had committed to working together to halt and reverse forest loss and land degradation by 2030. This Declaration included an action to facilitate trade and development policies, internationally and domestically, that promoted sustainable development and sustainable commodity production and consumption, that worked to countries' mutual benefit, and that did not drive deforestation and land degradation.

3.47. At this year's Convention on Biological Diversity Conference of the Parties, COP15, the world would go even further for nature, working to adopt an effective Post-2020 Global Biodiversity Framework that bent the curve of biodiversity loss. This was a chance to agree a 'Paris moment' for nature by adopting a high ambition Global Biodiversity Framework which it hoped members party to the CBD would support.

3.48. The UK was committed to ambitious action on nature and, in 2019, the UK commissioned the Dasgupta Review on "The Economics of Biodiversity". The Review argued that nature was the most precious asset and that significant declines in biodiversity were undermining the productivity, resilience and adaptability of nature. This, in turn, had put our economies, livelihoods and well-being at risk. The United Kingdom wished to draw Members' attention to some key insights of the report.

3.49. First, increased international trade could have both beneficial and detrimental effects on biodiversity. Trade and trade liberalization could facilitate the spread and adoption of environmentally friendly technologies, such as those that enabled more efficient production processes. Conversely increased production from trade expansion could increase demands for natural capital and could lead to specialization in some commercial activities which significantly depleted local ecosystems and enabled the spread of invasive non-native species, pests, and pathogens.

3.50. Second, over the last few decades, global trade had grown in parallel with global GDP growth. This had considerably expanded our ecological footprint. To make the transition to more sustainable consumption and production habits, we must address environmental factors throughout the entire supply chain and this information should be reliable and support environmental due diligence. The United Kingdom was pursuing this in various ways including through multilateral initiatives with partners such as the Traceability and Transparency branch of the Forest Agriculture and Commodity Trade Dialogue (FACT).

3.51. Third, sustainability clauses and measures in Regional Trade Agreements had also shown potential, with a promising indication that the number of such agreements had grown over time. Impact evaluations of trade agreements, which looked at environmental impacts, could help improve understanding and transparency of potential implications, inform trade agreement design, and promote trade's positive impacts on biodiversity and the environment.

3.52. Similarly, financial commitments to environmental objectives as part of assistance expenditure geared at facilitating trade had expanded, accounting for almost a third of total aid today.

3.53. The United Kingdom encouraged all policymakers to consider the findings of the Dasgupta Review and the OECD paper, "Biodiversity, Natural Capital and the Economy: A Policy Guide for Finance, Economic and Environment Ministers", prepared by the OECD for the UK G7 Presidency, which the UK would circulate among Members. Delivering a nature-positive future required integrating the natural environment into our economic and financial decision-making, and into the institutions and systems that underpinned and drove those decisions. As trade officials, we should be exploring how the multilateral trading system could help, rather than hinder, this transition.

3.54. The United Kingdom was interested in working with CTE Members to further examine the opportunities and challenges international trade presented in tackling biodiversity loss alongside climate change. It hoped that it could explore with Members the opportunities to mainstream nature and create a nature-positive economy through trade.

3.55. Finally, the representative mentioned the event on "Financing the Transition to a Nature-Positive Economy" held in association with Stockholm+50 on 1 June, which had brought together senior leaders from governments and the private sector to set out a vision for the strategic action needed to achieve our environment and development goals. The governance and equitability of the trade in nature's goods and services had been recognized as critical to creating better incentives and increased investment in sustainable production and consumption practices. Doing so would be essential if we were to successfully align with and deliver the outcomes of COP15. The United Kingdom looked forward to continued discussions on trade, the environment, and creating a nature-positive economy for present and future generations.

### **3.2.3 Presentation by Portugal on the UN Ocean Conference June 2022**

3.56. The Ambassador of [Portugal](#) updated the Committee on the upcoming UN Ocean Conference in June 2022. He began by noting that the ocean was essential even for countries without a coastline, since the ocean produced over half of the world's oxygen, absorbed 50 times more carbon dioxide than our atmosphere, and had a vital role in climate regulation throughout the whole world. The ocean was also vital to the world's economy, as more than 90% of trade used sea routes; as a direct source of jobs for millions of people; and for a growing range of new ocean-related economic activities and innovations, for instance, renewable energies. The ocean provided not only food but also ingredients that helped fight cancer and Alzheimer's disease, to name a few. However, the ocean was in danger. It was now known that warming waters could alter the currents; the rise of sea levels would affect the lives of tens of millions of people; and the ocean's biodiversity, 80% of

all life on earth, was being harmed by acidification. Portugal's relationship with the ocean was a long one. With about 2,500km of coastline, Portugal was home to 48% of all marine waters of the European Union. Counting its exclusive economic zone and the extension of its continental shelf, Portugal was 43 times more ocean than land. Promoting sustainable management of the ocean was a strategic priority for Portugal. It was therefore honoured to co-host, with Kenya, the 2022 UN Ocean Conference, which would take place in Lisbon from 27 June-1 July. The Conference theme was "Scaling up the ocean action based on science and innovation for the implementation of Goal 14: stocktaking, partnerships and solutions".

3.57. This was the second UN Ocean Conference; the first took place in 2017. The Conference would include several plenary sessions and eight Interactive Dialogues on a wide range of issues, such as marine pollution, sustainable fisheries, science and marine technology transfer, as well as sustainable ocean-based economies. These eight Interactive Dialogues would follow up on the issues, gaps, challenges, opportunities, and partnerships identified and discussed at the 2017 Conference. They would also recommend further innovative, tangible, and measurable action to achieve all targets of SDG14. Given the work of this Committee, he drew attention to the interactive dialogue on marine pollution, which would address the new challenges related to marine litter, including macro and micro-plastics, among others. He also highlighted three other dialogues that may be of interest to the CTE, namely (i) "Making fisheries sustainable and providing access for small-scale artisanal fishers to marine resources and markets"; (ii) "Strengthening sustainable ocean-based economies, in particular for SIDS LDCs"; and (iii) "Increasing scientific knowledge and developing research capacity and transfer of marine technology". All these events would include the participation of national governments, the UN and other specialized organizations, NGOs, civil society, industry, and academia. The triple nexus of ocean-climate-biodiversity would be at the heart of the discussions, supporting ambitious actions to minimize and mitigate the adverse effects of climate change. It was key to ensure complementarity and coherence between the results of the different international processes underway, such as the UN Biodiversity Conference, UNEA 5.2 and the UN Climate Change Conference. It was expected that the UN Ocean Conference would contribute to COP27 taking place later this year.

3.58. In total, 72 virtual side events and 78 in-person side events were taking place in Lisbon. In addition, four special events were planned. The special event for "Local and Regional Governments" would be an opportunity for governments and their networks, and other stakeholders, to exchange good practices and discuss opportunities and initiatives to support sustainable adaptation for coastal cities, including financing innovation and scaling up ocean protection. The "UN Ocean Conference Youth and Innovation Forum" would mobilize youth participation in the implementation of SDG14, promote innovation, and facilitate the sharing of knowledge among new generations. The "High-Level Symposium on Water" would explore interlinkages between fresh and salt water, promoting an integrated vision of the water cycle and discussing the link between SDGs 14 and 6. The "Sustainable Blue Economy Investment Forum" would launch a process to design a framework global standard for sustainable blue economies to be used in financial instruments, investment decisions, and business. It would also be an opportunity to establish a common language for a sustainable ocean economy and explore synergies between integrated Ocean Management Plans, trade finance, marketing and value chains, and the private sector.

3.59. As for outcomes, the expectation was the adoption by consensus of a concise, action-oriented declaration based on science and innovation to support the implementation of SDG14. A report with summaries prepared by the co-chairs of the Interactive Dialogues would also be adopted. Finally, a list of all voluntary commitments submitted toward the implementation of SDG14 would also be prepared. So far, over 1,700 commitments had been submitted by national and local governments, civil society, NGOs, academia, and the private sector on the topics of plastic and blue economy, in particular, on the topic of fisheries. Signs were encouraging but everyone needed to be on board. The Conference was a "call to action". With the deadline set by Agenda 2030 fast approaching, countries needed to redouble efforts, seek partnerships and make ocean management policies more efficient and science-based.

3.60. The Ambassador invited delegations to check the "Geneva Blue Talks". Given that Geneva was a major hub for global environmental governance and trade, with the sustainability of the ocean addressed in many processes and negotiations, the Geneva Environment Network had collaborated with Kenya and Portugal in the organization of three Blue Talks, including one on "Science and Decision Making"; another on "Fisheries Subsidies and Ocean Governance"; and, finally, the

"High-Level Briefing on the 2022 UN Ocean Conference". Videos of these talks were available on the Geneva Environment Network website.

3.61. In conclusion, the Ambassador quoted the inspiring words of Secretary-General António Guterres and asked all delegations to "bring a plan, not a speech". Portugal looked forward to welcoming everyone in Lisbon at the Conference.

3.62. The representative of Ecuador thanked the Ambassador of Portugal for the presentation. The UN Conference on Oceans was very important for Ecuador and the Ecuadorian President would be participating together with Ecuador's Minister of Environment and Vice-Chancellor. Ecuador thanked the work of Portugal, along with Kenya and other developing countries in the framework of UNCTAD, in feeding information on matters related to trade and sustainable development goals towards the Conference of the Oceans.

3.63. The representative of Colombia joined in thanking the Ambassador of Portugal and the Permanent Missions of Portugal and Kenya for organizing the Conference of the Oceans, which was of great importance for everyone. She reiterated the invitation to all Members to commit to the negotiations on fisheries subsidies so that the Oceans Conference would be an opportunity to present a positive result by the entire WTO Membership.

## **4 MEMBERS' SUGGESTIONS AND PROPOSALS**

### **4.1 Update on the Trade and Environmental Sustainability Structured Discussions (TESSD)**

4.1. On behalf of the TESSD co-convenors, the representative of Costa Rica provided an update on the work undertaken at TESSD over the past few months, since the last CTE meeting. TESSD had presented a Ministerial Declaration in December 2021, with the co-sponsorship of 71 WTO Members, in which Ministers set the path for the work that needed to be undertaken during 2022. The Ministerial Declaration had highlighted priority areas raised by Members, such as: holding dedicated discussions on trade-related climate measures and policies; promoting and facilitating trade in environmental goods and services; achieving a more resource-efficient circular economy; promoting sustainable supply chains, and addressing challenges and opportunities arising from the use of sustainability standards and related measures, in particular for developing Members; the challenges and opportunities for sustainable trade – capacity building and technical assistance (Aid for Trade); and the environmental effects and trade impacts of relevant subsidies.

4.2. The identification of these areas had allowed the co-convenors to establish four thematic working groups to advance the discussions in a more efficient and targeted pace, based on the feedback and input provided by Members, co-sponsors and non-co-sponsors. These working groups would be expected to hold intersessional meetings in between TESSD's regular meetings and might include participation and support of external stakeholders with expertise in the different areas, which were: (i) Environmental Goods and Services (EGS); (ii) Trade-related climate measures (TrCMs); (iii) Circular Economy – Circularity; and (iv) Subsidies.

4.3. During the first session of the working groups, held on 17-18 May 2022, Members were able to present first hand their priorities regarding the objectives, specific areas of interest, challenges and opportunities. For EGS, the International Renewable Energy Agency (IRENA) had provided an overview on the facilitation of trade of renewable technologies, the need to ensure that certain complimentary services were also available, and the role of trade and trade policy in the implementation of these technologies to foster job creation. On TrCMs, the World Bank had presented on carbon pricing and the mechanisms through which it was measured and provided views for developing countries. The United Nations Industrial Development Organization (UNIDO) had followed with a presentation of the challenges and opportunities for developing countries in decarbonizing their economies. The Circular Economy working group offered interesting perspectives from the private sector and the World Economic Forum (WEF). It was generally agreed that aspects such as traceability, financing, regulatory barriers, standards and technology transfer had to be part of a holistic approach to the circular economy and the full life cycle of value chains. In the fourth working group on subsidies, both fossil fuel and agricultural subsidies had been discussed. Presentations from the OECD and UNEP had provided a broader understanding of the environmental impacts of these subsidies. It was also encouraging to see how Members consider that TESSD could

be a space to discuss the environmental angle of these issues, without duplicating existing work in other WTO bodies.

4.4. The representative of Costa Rica further noted that the work programme for the Structured Discussions was intended to incubate and foster topics of interest to the Members. It was an inclusive, forward-looking and open platform, where all angles and perspectives were welcome. Being a co-sponsor and participating in the discussions would not imply an endorsement of all the topics. Rather, it would allow each Member to add value and enrich the exchanges with their realities and experiences. TESSD was a space for transparency and dialogue among participants, a place to learn more – not only from experts and stakeholders but from each other – by asking questions and trying to answer them collaboratively. The representative also reminded Members that in TESSD no new disciplines were or would be discussed. TESSD hosted exploratory talks and let the Members decide the speed and the track they wished to give to those talks.

4.5. The representative of Costa Rica announced that Tajikistan had joined TESSD, becoming co-sponsor number 72, and hoped that the road towards MC12 would allow for welcoming even more Members to the group. It was also noted that the Ministers of Canada and Costa Rica, as TESSD co-convenors, would hold a press conference on 13 July 2022 providing the state of play and views on the future work. The dates for both upcoming regular and working group meetings were also mentioned: regulars to be held on 19-20 July 2022, and 26 and 27 October 2022; informal Working Groups to be held on 27-28 September 2022; and the high-level stocktaking event to be held on 1 or 2 December 2022.

4.6. The representative of Switzerland welcomed Tajikistan as the 72nd co-sponsor of the initiative. The representative noted that Switzerland was an active member of the TESSD initiative and strongly believed that TESSD complemented and strengthened the work of this Committee. The representative further noted that, since the beginning of the year, there had been high-quality discussions between Members and stakeholders that provided a better understanding of what was at stake and how trade should and could contribute. This enhanced dialogue also made it possible to understand the priorities of the Members as well as the private sector. The representative noted that Switzerland also welcomed the rich exchange that took place during the inaugural meetings of the informal working groups on the following themes: TrCMs, EGS, circular economy – circularity, and subsidies. Switzerland strongly encouraged all WTO Members to join this initiative.

4.7. The representative of Japan said that, at the TESSD informal working group meeting held last month, Japan and Chile had co-facilitated the discussions on circular economy. Through sharing domestic policies from each country and presentations by WEF and companies, the importance of trade's role in promoting the circular economy had been highlighted. Japan would like to continue discussions in TESSD on environmental issues such as EGS, TrCMs, circular economy, and environmentally harmful industrial subsidies.

4.8. The representative of the Maldives stated that, in the pursuit of sustainable supply chains, incentivizing the market access to sustainable and environmental goods was crucial. In this regard, the Maldives had taken measures to ensure its important fishing industry had a sustainable supply chain by incentivizing the practice of intrinsically environmentally sustainable fishing methods like pole and line and hand line fishing. These methods had a significantly lower impact on the environment than indiscriminate methods of fishing such as drift netting but were not given any preferential market access. The representative further drew attention to the current status of the Environmental Goods Agreement (EGA), which focused on manufacturing and not on sustainable production methods. The inclusion of sustainably sourced fish products into the EGA would greatly benefit SIDS like the Maldives. Additionally, as the expiration of the current GSP regulation of the Maldives in December of 2023 approached, Maldives was thinking of ways the new GSP could contribute to environmental efforts and believed it could do so through the prioritization of sustainably produced goods. The representative concluded by underscoring that the Maldives stood ready to work with others to further the trade and environment agenda and in particular in finding ways to promote goods that were sustainably sourced.

4.9. The representative of Ukraine commended the TESSD coordinators and facilitators for their unwavering commitment and dedication to making trade, environment and development mutually supportive, and for the work undertaken in this regard. She noted that, since the very establishment of the WTO, its Members had agreed that sustainable development and the protection and preservation of the environment were fundamental goals of the organization. WTO Members had

consented to join forces to make trade policies more environmentally friendly and ensure the achievement of the SDGs. Ukraine emphasized that the common actions of all WTO Members were important to guarantee sustainable development and mutual supportiveness of trade and environmental policies. There could be no discrepancy between one's declared objectives and actions. It was important to ensure that all our measures, particularly within the international trade framework, were beneficial for the environment and promote sustainability.

4.10. The representative noted that, regrettably after 24 February 2022, evidence of the differences in approaches to advancing sustainability and environmental protection had been provided among Members. She further stated that with every passing day it became more evident that the Russian Federation's idea of ensuring its sustainable development included infliction of horrendous damage to the other Member's environment, threats of use of nuclear weapons, energy blackmailing, and others. She stated that, since the first day of the Russian Federation's full-scale invasion of Ukraine, Russian troops had been causing extreme damage to Ukraine's environment endangering global ecological security and leading to trade distortions. The Russian Federation continued to destroy Ukrainian infrastructure, health facilities, fuel depots and gas lines, factories, agricultural enterprises, oil refineries and munitions depots, which had already resulted in the destruction of trade routes and rattled supply chains, price growth and artificial food shortage. Yet all these dreadful acts of aggression would have even more terrible and long-lasting impacts as they caused pollution of water, soil, and air by chemicals, including heavy metals, asbestos, etc.

4.11. The representative stated that the consequences of such pollution to the environment would last for years and would be transboundary. The representative further noted that WTO Members were engaged in discussions regarding trade-related measures aimed to protect the environment. She noted that ignoring trade-related actions intended to harm one's environment was not an option. It would only lead to further escalation of this situation. The representative emphasized that the WTO Member that intentionally damaged the environment should not take part in the development of environmentally sustainable trade, should not reap benefits from the facilitation of trade in environmental goods and services, and that this Member should not be a part of the WTO environmental initiatives at all.

4.12. The representative thanked those delegations who had stated their support for Ukraine. Her delegation hoped that WTO Members would continue to support Ukraine and reiterate their commitments to such fundamental goals of the WTO as sustainable development, and protection and preservation of the environment.

4.13. The representative of the United Kingdom welcomed Tajikistan, the most recent member of TESSD. The United Kingdom also thanked Costa Rica for the report and commended the co-convenors and the facilitators for all the work being done in organizing TESSD. The United Kingdom considered this forum to be very important in helping understand the role of trade in delivering the shared environmental and climate objectives and thus complementing the work of the CTE. The representative also informed delegations that, during the recent informal working group on environmental goods and services, the United Kingdom had presented findings from the stakeholder workshop that had been held with relevant experts earlier this year. The United Kingdom was very interested in continuing to work toward deepening collective understanding of how trade in goods and services could help achieve shared environmental and climate objectives in TESSD and in the CTE.

4.14. The representative of Türkiye said that within the framework of the discussion topics in this working group, a better understanding of the multifaceted link between trade and the environment was developing. Her delegation valued discussions on technical specificities in this area, to formulate common principles and globally accepted calculation methods, which would in return guide the design of Türkiye's policies in a manner that would pursue sustainability in general. The representative noted the importance of examining the implicit carbon pricing policies implemented by countries under different national conditions, as well as the explicit carbon pricing policies, which had also been emphasized in the presentation made by the World Bank at the previous meeting. Considering that countries carried out different climate policies within the context of their national conditions and development levels, a holistic perspective and a transparent basis should be created in which global heterogeneous climate policies could be compared regarding carbon pricing policies.

4.15. The representative joined other delegations in saying that trade-related climate measures, including CBAM, should comply with the WTO Agreements and the basic principles of MEAs, especially the principle of common but differentiated responsibilities. In this respect, it was essential that such unilateral measures, which would directly affect international trade and competitiveness, did not harm the level of development of developing countries and LDCs, and did not have a trade-distorting effect. Therefore, one of the issues to be worked on within the framework of this group was the environmental benefits of these measures, as well as their impact on the competitiveness of countries in international trade. It was necessary to present solutions to minimize the negative effects of such measures on international competitiveness during the implementation process. In this sense, the issues that had been covered so far within this group had helped to deepen perspectives on trade-related climate measures and had created an atmosphere for an exchange of views on how this issue could be addressed in more detail. For the work ahead, as stated by co-facilitators, the representative noted that it was valuable to cooperate with organizations such as the OECD and the IMF at the next meeting. The studies there could feed discussions here. In addition, Türkiye had considered that the information-sharing planned with the International Organization of Standards (ISO) at the next meeting would enrich views on the characteristics of possible globally accepted carbon standards that could be used in the design of trade-related climate measures. The representative underscored the importance of the work on internationally accepted standards that were compatible with climate targets.

#### **4.2 12th WTO Ministerial Conference (MC12)**

4.16. The representative of Canada said that, over the past two years, WTO Members had intensified discussions on trade and environmental sustainability at the WTO CTE, through informal groups like TESSD, IDP and FFSR and in other discussions and workshops. These discussions showed the potential that international trade and trade policy could play in support of efforts to address climate change. At the last General Council meeting, the European Union had proposed a paragraph on the CTE for inclusion in the MC12 Outcome Document. Canada supported the proposal and encouraged other WTO Members to also do so. In Canada's view, the text reflected the current state of play at the CTE by recognizing the role that trade policy could and must play to address issues like climate change and biodiversity loss. More importantly, the text also recognized that the needs of developing countries should be considered. Beyond MC12, Canada encouraged WTO Members to maintain momentum and continue to identify and consider concrete ways to advance trade and environment goals within the WTO.

4.17. The representative of Switzerland noted that the challenges posed by climate change and other global environmental problems were broad and all policy areas, including trade policy, had to contribute to the solution. This was a difficult task that the WTO had to address at MC12. Despite the current geopolitical situation, the triple planetary crises – climate change, pollution and biodiversity loss – required the commitment of all and the multilateral trading system had to make its contribution. It was essential that the WTO sent a strong signal on the international scene and that it was relevant to address global challenges. Therefore, Switzerland supported the reference in the MC12 Declaration to the WTO's work on trade and environmental sustainability issues, including in the CTE, and the importance for the WTO to intensify its work on these issues after MC12.

4.18. The representative of the United Kingdom said that, in view of MC12, in the context of the unprecedented and interdependent crises of climate change, environmental degradation and biodiversity loss, pollution, and the existential threat they posed to nature, people, prosperity and security, there was a critical role for the WTO to play in sharing experiences, promoting best practice, and providing recommendations in the transition to net zero emissions. The United Kingdom was therefore proud to co-sponsor the three plurilateral ministerial statements on trade and environment launched in December 2021. As expressed throughout discussions on the ministerial outcomes document, her delegation was keen to agree on language which recognized the role that the WTO and its Members had to play in addressing climate change and environmental issues. Her delegation continued to engage and encourage Members to work collaboratively on achieving this.

4.19. The representative of the Philippines thanked those Members who had worked to refine a paragraph on the environment for inclusion in the political declaration which would be the first clear reference to trade and the environment since the WTO Hong Kong Ministerial Conference. The Philippines was supportive of the content, which demonstrated WTO's increased prioritization of

environmentally sustainable trade. As other delegations had pointed out, the successful conclusion of the fisheries subsidies agreement would be an example that the WTO was prioritizing sustainable development as part of its core agenda.

4.20. The representative of the European Union said that MC12 had to give a strong indication that sustainability considerations should continue to feature on the WTO agenda, despite the current geopolitical situation. WTO Members needed to continue to show determination in tackling the triple planetary crisis of climate change, biodiversity loss and pollution, which was compounded by unsustainable consumption and production. Trade policy had to support the transition to a climate-neutral, nature-positive circular economy in which resources were kept in the economy for as long as possible, emissions were minimized and impacts on ecosystems were reduced. The European Union invited Members to support a paragraph on the environment in the Outcome Document at MC12.

4.21. The representative of Norway underscored that MC12 should give a strong indication that sustainability considerations should be a part of the WTO agenda. WTO Members had to continue to show determination in tackling the triple crisis of climate change, biodiversity loss and pollution. Norway, therefore, supported sustainability as a part of the statement from MC12.

## **5 RELATIONS WITH INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS, ITEM 10**

### **5.1 Briefing by Thailand on the Asia-Pacific Economic Cooperation (APEC) 2022**

5.1. The representative of Thailand briefed delegations on Asia-Pacific Economic Cooperation (APEC) 2022. Thailand was honoured to be the host of APEC 2022. Established over 30 years ago, APEC's 21 member economies had long aimed to create greater prosperity and economic well-being for the people of the Asia-Pacific region. In the now-extended COVID-19 era, APEC had had to grapple with unprecedented challenges confronting the region and the world economy at large. Against this backdrop, a document called the Putrajaya Vision 2040 was adopted in 2020 setting out APEC's vision for "an open, dynamic, resilient and peaceful Asia-Pacific community by 2040" and, in 2021, APEC member economies had developed the Aotearoa Plan of Action to implement the Putrajaya Vision.

5.2. These recent documents, which reflected leaders' level guidance, reaffirmed APEC's important role in supporting global efforts to address environmental challenges through promoting economic policies, cooperation and growth. This presented Thailand with a solid foundation to build upon and leverage APEC's strong track record as an incubator of ideas to advance the work on environmental sustainability, which was indeed a key thread that ran through Thailand's host year theme of "Open. Connect. Balance."

5.3. Under the theme of "Balance in All Aspects", Thailand hoped to accelerate APEC's efforts toward sustainability through the concept of a Bio-Circular-Green (BCG) economy. In a nutshell, this concept encompassed bio-economy as the production of renewable biological resources and their conversion into value-added products, the circular economy as the reuse and recycling of resources, and the green economy as keeping the economy, society and the environment in harmony, resulting in sustainable development.

5.4. On 21-22 May 2022, APEC Ministers Responsible for Trade (MRT) had met in Bangkok under the chairmanship of Thailand's Deputy Prime Minister and Minister of Commerce, H.E. Mr. Jurin Laksanawisit, with the virtual participation of the WTO Director-General. After the meeting, the Chair had issued a statement reflecting his assessment of the prevailing views of all APEC member economies as expressed during the course of the two-day meeting.

5.5. He pointed out some key elements from the Chair's statement that might be relevant to the CTE's work. First of all, the MRT meeting had recognized the important role that trade played in advancing sustainability and welcomed efforts at the WTO to intensify work on trade and the environment. As for the work within APEC, the meeting had taken note of ongoing efforts, including the development of a standalone statement for leaders' consideration, to support the BCG economy concept as an approach for achieving an inclusive, balanced and sustainable recovery from COVID-19, long-term resilient economic growth, and environmental and climate objectives. Given



the urgency of tackling environmental challenges such as climate change, biodiversity loss and plastic pollution, there had been recognition of the need to promote economic policies that enabled ambitious and concrete actions aligned with global efforts, such as the achievement of the 2030 Agenda for Sustainable Development and the goals of the Paris Agreement, as well as the need to provide international support including capacity building, technological and financial support, which were key enablers in this regard.

5.6. Next, in light of the current global energy situation, the meeting had underscored the need to promote energy resilience, access and security, and it was noted that the achievement of sustainable economic growth and climate objectives significantly relied on clean energy transitions that were sustainable and inclusive. Furthermore, there had been reaffirmation of APEC commitments on rationalizing and phasing out inefficient fossil fuel subsidies that encouraged wasteful consumption while also recognizing the importance of providing those in need with essential energy services as well as capacity building initiatives.

5.7. On environmental goods, the meeting had welcomed the progress made in connection with the 2012 APEC List of Environmental Goods and updating the list to the Harmonized System 2022 for reference purposes. In addition, the meeting had noted the progress in discussions to develop recommendations for potentially producing a voluntary, non-binding reference list of emerging environmental goods that would inform future discussions, and there had also been recognition of the importance of further discussions on the impact of non-tariff measures on trade in environmental goods.

5.8. Last but not least, the meeting had also stressed the importance of advancing work on enhancing trade in environmental services. He encouraged delegations to have a look at the full APEC MRT Chair's Statement, which was available on the APEC website.

## **5.2 Update by the United Nations Environment Programme (UNEP)**

5.9. The representative of the United Nations Environment Programme (UNEP) provided an update on its work on trade and the environment. UNEP was pleased to hear the updates today from the European Union on the European Green Deal, and from the WTO Secretariat on the preparations for the Aid for Trade Global Review and the joint webinar series with the World Bank on trade and climate change. UNEP commended Members on their efforts to advance important discussions and work at the nexus of trade and environment, fossil fuel subsidy reform, climate change, circular economy and plastics.

5.10. UNEP updated the CTE on the latest relevant activities. On the circular economy, in March 2022, the United Nations Environment Assembly (UNEA) had adopted a resolution aimed at enhancing the circular economy as a contribution to achieving sustainable consumption and production. Aligned to this UNEA resolution, UNEP was undertaking a project to assess the role of trade policy in supporting circular and sustainable textile value chains, with two national case studies – in Thailand and Kenya – aiming to bring national and international trade and environment stakeholders in these countries. This project built on the flagship report on Sustainability and Circularity in the Textile Value Chain, published by UNEP in 2020, which identified environmental and socioeconomic hotspots and impacts along the value chain, identified a plethora of initiatives to address these impacts, and outlined priority action areas. This project was also part of UNEP's overarching work on how trade and trade policy could support the 'greening' of high-impact value chains such as textiles, plastics and electronics. Two main activities were undertaken in this project: (i) identify environmental hotspots in textile value chains linked to the triple planetary crises; and (ii) identification and evaluation of trade policy and trade-related measures to support textile value chains.

5.11. UNEP also updated delegations on trade and biodiversity-related work. The representative first informed about a global project titled the "Trade, Development, and Environment Hub", funded by the UK Research and Innovation Global Challenges Research Fund. Working with over 50 partner organizations and focused on countries across Africa, Asia and Latin America, the project had initiated global dialogues and cooperation and delivered knowledge products, studies, and tools aimed at reducing trade impacts on biodiversity and people while enhancing positive economic development. UNEP collaborated with public sector stakeholders on making trade in agricultural commodities more sustainable, in close communication with the Convention on Biological Diversity.

As a project partner, UNEP had produced research-based policy briefings on the trade linkages with biodiversity, sustainable agriculture and deforestation-free supply chains, and this year UNEP would launch a series of Regional Dialogues on Trade, Environment and Biodiversity, which would convene key stakeholders from public and private sector, international trade organizations, academia and civil society to discuss, share and explore priorities, challenges, and opportunities to advance agendas at the intersection of trade and biodiversity. In light of the ongoing negotiations of the currently proposed Post-2020 Global Biodiversity Framework and the Biodiversity Conference COP15 this year, the TRADE Hub project contributed to how trade and the WTO could play a role in the Global Biodiversity Framework and its objective to secure nature-positive commitments to halt and begin reversing biodiversity loss by 2030 and ensure fulfilling its vision to "live in harmony with nature" by 2050.

5.12. Second, UNEP was undertaking work aimed at enhancing biodiversity-related trade policies and rules through digital transformation. This included connecting transparency schemes in nature, value chains and the global trading system, and translating information-related governance challenges into questions of data science.

5.13. Currently, the initial research had revealed the opportunities of further operationalizing biodiversity provisions in trade agreements and ways of improving trade disciplines on harmful incentives and strengthening the green trade market. The resulting paper from this work would be available after this summer and UNEP would share it with Members.

5.14. UNEP looked forward to continuing to support Members with environmental science, data, technological information, and initiatives arising from UNEP's related work, to support the CTE efforts going forward.

## **6 DATE OF THE NEXT MEETING**

6.1. The Chairperson of the CTE informed Members that the next meeting of the CTE was scheduled to take place during the week of 17 October 2022 together with the WTO Third Environment Week.

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## 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. The outcome of this work as well as the negotiations carried out under paragraph 31 (i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least developed countries.

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

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

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