



Committee on Trade and Environment

REPORT OF THE MEETING HELD ON 17 AND 21 OCTOBER 2022

NOTE BY THE SECRETARIAT¹

The Committee on Trade and Environment (CTE Regular) met on 17 and 21 October 2022, chaired by H.E. Mr. Simon MANLEY (United Kingdom). The Committee adopted the Airgram [WTO/AIR/CTE/19/Rev.1](#), dated 3 October 2022. The Report of the last CTE meeting, held on 2 June 2022, is contained in [WT/CTE/M/75](#).

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

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ACRONYMS

ACCTS	Agreement on Climate Change, Trade and Sustainability
AFT	Aid for Trade
APEC	Asia-Pacific Economic Cooperation
BRS (Conventions)	Basel, Rotterdam and Stockholm (Conventions)
¢	US dollar cents
CBAM	Carbon border adjustment mechanism
CDRI	Coalition for Disaster Resilient Infrastructure
CE	Circular economy
CNY	Chinese yuan
COP	Conference of the Parties
CTE	Committee on Trade and Environment
CTG	Council for Trade in Goods
EPR	Extended producer responsibility
ETS	Emissions trading scheme
EUR	Euros
FFS	Fossil fuel subsidies
FFSR	Fossil fuel subsidy reform
FLEGT	Forest Law Enforcement, Governance and Trade
GEA	Green Economy Agreement
GHG	Greenhouse gas
GW	Gigawatt
HS	Harmonized System
IDP	Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade
IEA	International Energy Agency
IISD	International Institute for Sustainable Development
IMF	International Monetary Fund
INC	Intergovernmental Negotiating Committee
IPCC	Intergovernmental Panel on Climate Change
ISA	International Solar Alliance
ITC	International Trade Centre
ITMOs	Internationally transferred mitigation outcomes
KLIK	Swiss Foundation for Climate Protection and CO ₂ Compensation
LDCs	Least developed countries
M&E	Monitoring and evaluation
MC	Ministerial Conference
MEAs	Multilateral environmental agreements
MMT	Million metric tons
MSME	Micro, small and medium-sized enterprises
MVA	Mega volt-amperes
NDC	Nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
OEWG	Open-ended working group
PV	Photovoltaic
R&D	Research and development
RE	Renewable energy
SCM	Subsidies and countervailing measures
SCM Agreement	Agreement on Subsidies and Countervailing Measures
SDG	Sustainable Development Goal
SIDS	Small, Vulnerable Economies, Small Island Developing States
SMEs	Small and medium-sized enterprises
SPS Agreement	Agreement on the Application of Sanitary and Phytosanitary Measures
TBT	Technical barriers to trade
TBT Agreement	Agreement on Technical Barriers to Trade
TESSD	Trade and Environmental Sustainability Structured Discussions
TPRs	Trade policy reviews
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEA	United Nations Environment Assembly

UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
USD	US dollars
WCO	World Customs Organization
WtE	Waste to energy

1 ADOPTION OF THE AGENDA

1.1. The Committee adopted the agenda contained in [WTO/AIR/CTE/19/Rev.1](#).

1.2. The representative of Canada delivered the following statement:

1.3. Canada strongly condemns Russia's unjustifiable and unprovoked invasion of Ukraine. This invasion is causing devastating humanitarian consequences and the senseless death of innocent people. The consequences of Russia's actions has already extended well beyond Ukraine's borders, making it a direct concern to every Member represented here. What Russia has done cannot be normalized. Holding Russian leadership to account, calling on it to abandon this path of war, and return to good faith diplomacy represents the best means of addressing what is not only an urgent humanitarian emergency in Ukraine, but also a growing global food security challenge and a threat to the very core of rule-based institutions.

1.4. The representative of the European Union delivered the following statement:

1.5. Let me first thank you, Chair, and the Secretariat, for organizing this year's Environment week. Let me also use the opportunity to stress that the EU resolutely condemns Russia's continued aggression in Ukraine and, in particular, the illegal annexations of Ukrainian territory and the indiscriminate attacks on civilians. The EU is deeply concerned about the global consequences of this war, relating to trade, food security, and the environment. Russia's war is causing widespread damage, in Ukraine and beyond, intensifying the triple planetary crisis. We urge Russia to stop its indiscriminate attacks and to immediately and unconditionally withdraw its troops and military equipment from the entire territory of Ukraine within its internationally recognized borders.

1.6. The representative of Norway delivered the following statement:

1.7. Norway joins others in condemning in the strongest possible terms the unprecedented military aggression of the Russian Federation against Ukraine. Let me express Norway's concern for the severe destruction and human suffering this illegal act of aggression is causing by its unprovoked unjustified and premeditated military actions. Attempting to annex the territory of another WTO Member, the Russian Federation is grossly violating international law, the core principle on which the international rule-based order is built, including the WTO, and the fundamental principles of the UN Charter that has prevailed since the Second World War. Let me conclude by reiterating that we stand in solidarity as long as it takes with Ukraine and the Ukrainian people.

1.8. The representative of New Zealand delivered the following statement:

1.9. At the outset of this morning's meeting, I would like to make clear that New Zealand joins other Members in condemning in the strongest possible terms Russia's unprovoked and unjustified attack on Ukraine. Russia's illegal invasion is an act of aggression under international law and has already caused thousands of deaths, a humanitarian crisis and widespread suffering. New Zealand continues to convey our support for Ukraine's sovereignty and territorial integrity.

1.10. Furthermore, we stand firmly against any steps by Russia that risk a further escalation in this conflict. We steadfastly support the collective action taken in response by the international community and we continue to call on Russia to act consistently with international obligations, cease its invasion of Ukraine, withdraw its troops, and return to diplomatic negotiations as a pathway to resolution of the conflict.

1.11. Our efforts, Chair, to advance trade and environmental objectives are critical to all people, but multilateral cooperation in this and other fora continues to be profoundly undermined by Russian action.

1.12. The representative of Australia delivered the following statement:

1.13. Thank you very much, Chair, and apologies absolutely not needed. First, let me say it is a pleasure to be here for Trade and Environment Week. This week highlights the importance of international cooperation and compliance with international law and those issues I have spotlighted are paramount if we are to tackle the collective challenges of environmental sustainability.

1.14. On that very note of international cooperation, let me say that Australia condemns Russia's unilateral, illegal and immoral aggression against the people of Ukraine. The invasion is a gross violation of international law, including the Charter of the United Nations. Australia also condemns Russia's illegal annexation of the regions of Luhansk, Kherson and Zaporizhzhia in Ukraine.

1.15. Russia's sham referenda in occupied areas of Ukraine are illegitimate and have no legal effect. The regions are sovereign Ukrainian territory and President Putin's annexation is illegal and dangerous escalation. Any claims that these territories are now part of Russia are baseless and false.

1.16. The representative of the United States delivered the following statement:

1.17. The United States continues to condemn Russia's unwarranted and illegal war of aggression against Ukraine. We reject the sham referenda conducted in the four Ukrainian provinces and Russia's fraudulent attempt to annex sovereign Ukraine territory and change Ukraine's internationally recognized borders. This act is a flagrant violation of international law, and it has no legitimacy. Russia tries to deflect Members' responses to its actions by saying that they have no place in this meeting. But Russia's actions contravene the principles and values of the WTO - respect for WTO Members' sovereignty is crucial to maintaining open and predictable markets and facilitating international trade. The United States will never recognize these purported annexations, nor the sham "referenda" conducted at gunpoint. We call upon all Members of this organization to condemn unequivocally Russia's war of aggression and its attempt to acquire territory by force.

1.18. The representative of the United Kingdom delivered the following statement:

1.19. As we meet here to discuss the environment and how the rules-based multilateral trading system can play its part in tackling climate change and other environmental issues, we cannot sit by and ignore the egregious violations of international law and the UN Charter committed by one WTO Member against another. Let us remember that the WTO is founded on respect for the rule of law. As such, the basis upon which this organization operates has been fundamentally undermined by Russia's illegal invasion of Ukraine. Putin's illegal annexation of regions of Ukraine constitutes a new low point in Russia's blatant flouting of international law. The United Kingdom unreservedly condemns this outrageous and illegal act.

1.20. What happens in Ukraine matters to the work of this Organization and it matters to us all. Russia's actions will prolong the impact on the global economy, have global consequences and jeopardize prospects for peace. The UK and the international community have made it clear to President Putin that his attack on the Ukrainian people must stop and that he must withdraw from Ukraine and restore regional and global stability.

1.21. The representative of the Philippines delivered the following statement:

1.22. Thank you, Mr. Chairman. May I just commend the Chair, yourself, and the Secretariat for organizing the high-level panel earlier this morning to kick off this year's Trade and Environment Week.

1.23. During the recent WTO MC12 last 17 June, our Ministers took the long overdue step of recognizing the importance of the trade and environment remit that we have in the outcome document. There is indeed an ever increasing acceptance that the various issues of environmental protection, sustainability, climate mitigation and adaptation must be fully integrated into the WTO economic and trade development agenda. The Philippines, in this context, continues to be firm in its belief that a triple win for trade, development and the environment is achievable and our conversations this week will help feed ideas into the WTO reform process with the vision of a truly responsive and action-oriented WTO as the end goal of the reform process and the goal of this Trade and Environment Week.

1.24. The Philippines stands ready to contribute to our discussions this week and commends the Chair and the Secretariat on the streamlining of our agenda and annotated advance agenda. This streamlining greatly assists many developing country delegations in preparing for our meetings. Finally, may we just extend our very best wishes to all the delegates in this important addition of Trade and Environment Week.

1.25. The representative of Ukraine delivered the following statement:

1.26. Good morning, dear colleagues. First of all, I would like to thank those delegations who made their statement in support of Ukraine. In this difficult time, such support is much needed. We would also like to commend the partners for their assistance in mitigating negative repercussions of Russia's war of aggression against Ukraine and the restoration of Ukraine's environments. Environmental damage caused by Russia's invasion has been already estimated at around EUR 36 billion, with EUR 25 billion needed to address air pollution and 11.4 billion needed to address damage to soil.

1.27. The seven months of war alone have caused 31 million tonnes of CO₂ emissions – roughly the amount produced by some countries annually and, according to current estimates, another 79 million tonnes of greenhouse emissions could be produced during the reconstruction of the infrastructure and buildings destroyed during the Russian-led war.

1.28. Saying all of this, we once again emphasize that worse negative repercussions for the environment specifically are not – and cannot – be contained just within Ukrainian borders. Any kind of heavy pollution will affect directly and indirectly stronger or lesser all WTO Members. Nuclear threats and consequences of such attacks concern not just Ukrainian people but the whole world. Russia's war against Ukraine has already significantly damaged international trade with the disruption of trade routes and supply chains, the creation of critical goods' and commodities' shortages, and forced changes in consumption habits. The bottom line is that to deal with acute challenges and prevent further aggravation of already devastating crises, we need to put an end to Russia's ability and desire to wage this war of aggression and to recognize human suffering.

1.29. We all know that trade can make a difference, can contribute to environmental sustainability, and help us to stop the aggressor and to prevent greater environmental degradation. Your assistance in this task is crucial. So we ask your support to deprive Russia of its ability to finance the war, to bring death and suffering, and undermine the multilateral trading system.

1.30. The representative of Switzerland delivered the following statement:

1.31. Switzerland joins others in condemning the Russian military aggression on Ukraine in the strongest possible terms. This is a serious violation of international law. Russia's actions violate the prohibition of the use of force and the territorial integrity and sovereignty of Ukraine as enshrined in international law. Switzerland calls on Russia to respect its international obligations and to reverse its actions as well as to withdraw its troops and contribute to de-escalation. Switzerland calls on all actors to respect international law, including international humanitarian law.

1.32. The representative of the Russian Federation delivered the following statement:

1.33. Since some Members insist on raising this issue and repeating unfounded allegations with regard to Russia, I am forced to reply. The political situation in Ukraine is not relevant to today's discussion. Moreover, positions of all parties have been stated numerous times and have not changed. Repeating them over and over during this meeting detracts from our joint work on mandated issues.

1.34. Moreover, attempts to pin on Russia the blame for bleak prospects for reaching SDGs and energy crisis are simply misleading. Energy crisis started emerging long before. One of its core causes lies in the forced "green transformation" pushed by certain Members accompanied by their propensity to subsidize this transition heavily. Excessive reliance on alternative energy sources and allocation of massive subsidies to renewables have led to underfunding and drop in output of conventional energy sources; while new legislative initiatives, being quite protectionist in their nature, rather than pursuing environmental cause, reduced the predictability both for energy producers and consumers. This has directly affected the price of fuel and gas energy with negative economic consequences.

1.35. This situation has been further exacerbated by illegal unilateral economic restrictions imposed by certain WTO on trade with Russia, including in energy products. As a result, everyone now has to pay much higher price for energy, food and other products. Everyone, including their authors. For

instance, some Members relaunch coal stations and ask third countries to increase oil exports to their territories despite their initial position in respect of these energy sources.

1.36. The sanctions affect industry, logistics, finance, and have respective consequences by disabling the smooth flow of goods, capital and technologies. Including low-emissions ones. Such policies, in our view, contradict with the slogans of respective Members for more active actions towards decarbonization and more environmentally sustainable trade

1.37. The representative of Congo, on behalf of the African Group, delivered the following statement:

1.38. Thank you, Mr Chairman. I am making this statement on behalf of the African Group. The African Group would like to welcome the discussions this week on trade and environment. The Group would also like to thank you and the Director-General for the efforts that you have been undertaking to advance the discussions in this Organization, in accordance with paragraph 14 of the MC12 outcome document, particularly with regard to the role of the CTE as the standing body for dialogue between Members on this issue.

1.39. The African Group believes that the world is currently facing increasing environmental challenges, for which we need to find appropriate solutions. The multilateral trading system can contribute to overcoming these challenges in the context of the mandates of our Organization. The Group appreciates the constructive engagement and the efforts to reach mutual agreements within the CTE as well as the informal discussion.

1.40. The Group takes this opportunity to draw Members' attention to the fact that discussions within this Organization should not cross over into the work undertaken in other specialized international organizations and should respect and, where necessary, complement commitments made by some developed countries in the context of environmental protection and climate change in other fora, and should not alter their substance or indeed nullify them. Therefore, it is important to distinguish between the specific objectives pursued by our discussions and those already taken into account by the various international instruments on the environment.

1.41. Furthermore, our discussions should fully integrate the principle of common but differentiated responsibilities and the primary responsibility of developed nations in the current environmental crisis. Finally, the Group remains particularly attentive that any conclusion of our work does not constitute an additional technical barrier to trade for market access of African goods and products. To conclude, the African Group looks forward to working in this Committee in order to advance our discussions and to fulfil the mandates given by Ministers, as stipulated in the Marrakech Agreement establishing the WTO.

1.42. The representative of the Republic of Korea delivered the following statement:

1.43. Russia's war in Ukraine is a blatant violation of the principles of the UN Charter and international law. Ukraine's sovereignty, territorial integrity, and independence should be respected. The Korean Government does not recognize the referenda conducted in the four Ukrainian provinces and Russia's attempt to annex southern Ukrainian territory last week. As the United States indicated, respect for WTO Members' sovereignty is crucial to maintaining open and predictable markets. Korea will continue to stand with Ukraine and the Ukrainian people.

1.44. The representative of Japan delivered the following statement:

1.45. Japan would like to echo other Members in respect to the recent announcement of referenda in four states by the Russian Federation. The purported incorporation of these areas that have been forcibly put under Russia's temporary control by Russia's aggression are nothing but attempts to require territory by force, and go against international law, including the United Nations Charter. Such attempts are invalid and go diametrically against the principles of the rule of law in the international community.

1.46. Japan also condemns the most recent missile attacks by Russia against civilian infrastructure and cities across Ukraine. Japan strongly urges Russia once again to stop the aggression and to withdraw its forces from the territory of Ukraine within internationally recognized borders

immediately. Japan will also continue to work firmly on the two pillars of imposing strong actions against Russia and supporting Ukraine in cooperation with the international community.

1.47. The representative of the Kingdom of Saudi Arabia delivered the following statement:

1.48. First, I would like to thank you and the Secretariat of the WTO for the tireless efforts to organize this third edition of Trade and Environment Week. We are all aware that sustainable development and protection of the environment are fundamentally linked to trade. The Kingdom of Saudi Arabia believes and supports the strong nexus between environment, trade and development, as it contributes to reducing trade barriers and eliminating discriminatory treatment in international trade relations. We also believe that organizing a week for trade and environment is essential to discuss ways to make global trade more sustainable, resilient, and inclusive and to discuss options of adaptation and mitigation of climate change risks and challenges. The Kingdom of Saudi Arabia is delighted to participate in the side events by organizing a workshop on circularity for a sustainable future on 19 October 2022. We will be happy to welcome you at our workshop.

1.49. The representative of the Russian Federation delivered the following statement:

1.50. I just wanted to say that my statement was dedicated to Korea and Japan too.

2 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".

2.1 EU Green Deal

2.1. The representatives of the European Union delivered the following statement²:

2.2. The EU Green Deal is now a consistent item on the agenda here to ensure that we show transparency on our measures. The European Union is continuing to implement the European Green Deal, which is the comprehensive plan to make our economy and society ready for a climate-neutral future. We have made a number of presentations over the last two years, including a deep dive into several Commission proposals. During the last CTE, we presented new rules to facilitate intra-EU waste shipments to promote circular economy and tackle the export of illegal waste and waste challenges to third countries; and, secondly, we presented the Eco-design for Sustainable Products, an initiative that aims to make sustainable products the norm in the EU. It does so by defining sustainability principles and requirements on the placing of products on the market and improving the application of the current eco-design framework. Earlier this year, we had a proposal for new rules to curb EU-driven deforestation; and around a year ago a proposal on a Carbon Border Adjustment Mechanism.

2.3. Today we will provide updates on the state of play on the Carbon Border Adjustment Mechanism and deforestation, but let me first give you an overview of what is coming up at the end of this year and next year.

2.4. There are a number of proposals that the EU is working on under the European Green Deal. Some of them are internal EU policy driven but others are of importance or interest to exporters to the EU. Selecting a few examples, in Quarter 4 of 2022, in the Zero Pollution Package, we have new emissions' standards for cars, vans, lorries and buses. In the Circular Economy Package II, there are rules on the substantiation of green claims; a policy framework for bio-based, biodegradable and compostable plastics; and a revision of rules on packaging and packaging waste. In 2023, there will be measures tackling micro plastic pollution; a revision of the EU chemicals legislation; and a review of CO₂ emission standards for heavy-duty vehicles. We are planning to provide a deep dive presentation on the circular economy initiatives in the next CTE meeting.

² See document RD/CTE/217.

2.5. On the carbon border adjustment mechanism, the Commission made a proposal on 14 July last year. Since then, both EU co-legislators have been working on it – the Council of the European Union adopted a general approach on 15 March; and the European Parliament adopted an opinion on 22 June. Both Parliament and Council confirmed the approach put forward by the Commission: that the carbon border adjustment mechanism (CBAM) is an environmental instrument, that it is building on the EU emissions trading scheme (ETS), that it aims at addressing the risk of carbon linkage and will replace the current instruments to address carbon leakage, and that it is focusing on carbon intensive industries.

2.6. The inter-institutional discussions are progressing well. There are a few elements that are being discussed on governance, on the scope of product, on the timeline and on the coordination with the ETS, but they are progressing well. The objective is to reach an agreement soon, possibly before the end of the year. At the same time, the EU is taking part in international discussions where the CBAM may be raised, for example, in the Organisation for Economic Co-operation and Development (OECD) inclusive framework on carbon mitigation approaches and in the G7 discussions on the possible climate club.

2.7. The last thing that I should report on is that we are also working on the implementation of CBAM and developing a methodology for reporting emissions. For this purpose, an expert group has just been set up. So we are progressing well on putting CBAM in place.

2.8. On the EU initiative on deforestation, I will just provide a short update given that we went into much more detail a couple of months back. As regards to timing, the Commission presented its legislative proposal last year in November and then the co-legislators, namely Council, got their "general approach" in June this year – "general approach" meaning their basis for inter-institutional negotiations. For its part in the system, the European Parliament got to agree on its report in September this year. Currently, we are in inter-institutional negotiations between the Commission, the Council, and the Parliament. Progress is rather good, but we are in relatively early stages so it is difficult to say how they will evolve. There is hope that there might be an agreement still this year. However, of course, since the timelines are quite strict, it could be that the negotiations go into 2023.

2.9. In terms of substance, and without going into any specific points because we did that at the last meeting, all the basic elements of the Commission's legislative proposal are kept in both the Council's general approach and the European Parliament report and this, in particular, includes the due diligence as one of the most important elements but also the cooperation with partner countries (both producer and consumer countries).

2.10. Building on what was mentioned by my colleague on CBAM, besides in this context in the WTO, we have been working very closely with other relevant multilateral fora such as the United Nations Forum on Forests (UNFF), but also the FAO and others, plus a number of plurilateral initiatives coming from our member states but also others, with a broad range of partner countries (both producer and consumer countries). On top of that, we have been engaged for a long time and currently we are stepping up bilateral talks with all interested partner countries across the globe in terms of moving together towards the best ways of addressing deforestation globally in order to meet the goals and the commitments that we have all subscribed to, namely, halting deforestation by 2030.

2.11. After this presentation, some delegations had the following reactions.

2.12. The representative of Bangladesh, on behalf of Djibouti, coordinator of the LDC Group, delivered the following statement:

2.13. Bangladesh will deliver this statement on behalf of Djibouti, coordinator of the LDC Group. The LDC Group thanks the EU for its presentation of the trade-related aspects of the European Green Deal and takes note of the discussions under this agenda item. The group is of the view that this issue requires time to be studied. Our group reserves the right to come back with comments and to participate in future discussions on this issue within the framework of the Committee on Trade and Environment. There is one preliminary remark: the group hopes that any discussion on trade and environment remains within a multilateral framework.

2.14. The representative of Thailand delivered the following statement:

2.15. Thank you very much for the reports on the EU Green Deal, CBAM, and deforestation. These

EU regulations are of the utmost importance to exporting countries such as Thailand and many other countries as well.

2.16. I have received the report on the progress of the EU Green Deal from my office in Brussels for the past 2-3 years. As a matter of principle, Thailand supports and understands the European Union's intention and objective to go forward in implementing their very lofty and ambitious goals to meet climate change goals and also to be environmentally friendly in any aspect that they can.

2.17. The thing I want to highlight here from my delegation is that, first, if you read the EU Green Deal in detail, plus CBAM and also the new deforestation regulation, you will see that all these things will have a lot of impacts on exporting countries. Of course, I have heard many times the EU saying that most of these regulations will have to be implemented by the importers, but of course importers will have to coordinate and pass on some of the burden of proof to the exporting countries. We are very worried that this will be pervasive and have a broad impact on everybody. We consider that the amount of time that the EU has allowed for consultation with other countries, WTO or non-WTO, has been very short.

2.18. I had consultations with my colleagues and the private sector on CBAM measures about three months ago and we talked with our Brussels office. The only thing that we heard was that nothing is finalized yet, so nobody can confirm any details to our exporters. With such an important measure, a lot of preparation is needed if we are going to be able to comply with exporting to the EU market. At this stage, nobody from the EU side can confirm any details and yet you are expecting us to be able to meet the regulation or the requirements within a couple of years. I know that an adjustment period will be allowed, which I think is contained in the EU regulation, but again that has not been confirmed. So, I just want to raise our concerns on all of these aspects. Many things in the EU Green Deal are coming out in the 'Fit for 55' that will require the existing mechanism to already exist to a certain extent in the exporting countries.

2.19. For Thailand, we have just started the 'Carbon Market' last month, but a lot of things need to be prepared and we do not have the time or the details. So while I would not like to contradict the EU's objective, you have to be mindful that what you are doing will affect a lot of people in the world and especially countries with a lot of exports to the EU in these sectors, such as Thailand.

2.20. My last point will be a question about deforestation. Before I went to work in my office in Brussels almost ten years ago, I was working on the EU Forest Law Enforcement, Governance and Trade (FLEGT) Regulation, which is also a sustainable forestry plan. So I would like to know the status of the FLEGT Regulation – is the new Deforestation Regulation something new in addition to FLEGT or how is the EU policy on deforestation evolving?

2.21. The representative of Guatemala delivered the following statement:

2.22. Guatemala would like to thank the European Union for updating the Committee on the relevant trade aspects of the EU Green Deal.

2.23. As a first point, we would like to refer to the proposal on certain commodities and products associated with deforestation and forest degradation. This issue was discussed at the February Committee meeting and, at that time, we asked preliminary questions. Since then, we have been able to look at these proposals and we would like to submit some questions now.

2.24. First, looking at the selection of products that are covered by the draft regulation, at the February meeting, my delegation asked questions about which criteria had been applied to select the commodities that would be included in the regulation. At that meeting, the EU representative referred us to the impact assessment that had been done. We looked at this and saw that the surveys that had been mentioned regarding the products covered only referred basic commodities that are imported into the EU, but no study used had looked at those commodities produced outside the EU. Could the European Union therefore confirm that this regulation is specifically aimed at products that do not originate from the EU? Could the European Union tell us if that is what you are trying to cover here? And will the EU apply these "deforestation-free" and due diligence obligations equally to commodities and related products originating in the European Union?

2.25. We would also like to ask questions about the country risk categorization and risk sectors for third countries. With regard to this system, we would like to know which criteria are being used for such categorization. Could the European Union tell us what scientific evidence has been used as a basis to establish these different categories? How will the European Union ensure that the measure will not provide less favourable treatment than that accorded to similar products of European origin?

2.26. Thirdly, with regard to the due diligence model used in this initiative, we would like to know why this is not based on the production model and management processes.

2.27. Finally, we would also like to know whether the European Union has any impact studies on the implications of this initiative for the countries to which it is addressed in terms of economic, production, export, employment and environmental impacts. Here, we would like to refer to the intervention by Thailand who noted the impact that this will have internationally.

2.28. Referring to the proposed regulation on eco-design for sustainable products, which was presented at the June Committee meeting this year, my delegation would like to raise the following questions. I note that the EU delegation said that we would be talking about the circular economy at the next meeting and these questions could certainly come under that heading.

2.29. Looking at the scope of the eco-design proposal, we would like to hear which specific categories are going to be covered by this and whether there are other specific categories of products which might also be taken into account. Could the European Union tell us whether "foods" will be exempted from the categories of minimum eco-design requirements? If yes, could they also tell us which regulation will cover "food" and whether they have any changes in the pipeline for existing regulations?

2.30. In addition, could the European Union indicate whether there are other products that will be exempted? We understand that the regulation would apply equally to producers within the EU. In this regard, we would like to know whether materials or inputs imported into the EU for the production of goods must also comply with the performance and information requirements set out in the eco-design proposal?

2.31. With regard to the "digital passport", we would like to know which products will actually be required to have such a passport, how it will work and how it will be granted. Looking at when goods enter the EU customs system, will they be asked to give that passport before they enter and what would be the process for bringing this into implementation? Will there be a phased entry into force of this strategy?

2.32. Alongside the eco-design regulation, there seems to be a strategy for circularity and sustainability of textile products being proposed alongside and my delegation also has specific questions on that. I believe a number of these questions could be taken up in the next presentation.

2.33. Looking at textiles, we would like to know how the digital passport will work for textiles – will it be a label on garments, a certificate or licence to be attached with export documents, or will it be a QR code or barcode on garment labels? Would the digital passport replace labelling on garments or will each garment or textile product have a code with information on its production process? How exactly would this code work – by model or according to design? How would textiles actually be covered with regards to the responsibility of the producer – would this responsibility refer to the producer or to the brand? We would also like to know what contacts the EU has had with stakeholders in the textile and clothing sector, for example, the Sustainable Apparel Coalition, Inditex Group, C&A, among others.

2.34. These are important points for us and I think it is important that they be discussed in detail in the Committee. As the Ambassador of Thailand said so cogently just now, without these fine details it is very difficult to respond. We would certainly look forward to receiving this information from the European Union.

2.35. The representative of [Japan](#) delivered the following statement:

2.36. Thank you to the European Union for its presentation on the EU Green Deal, which has been very useful. As for the CBAM, while it is a prerequisite that the measures be designed consistently with the WTO rules, we acknowledge that there are other challenges that need to be addressed. In specific terms, restrictions on trade should be kept to a minimum in order to achieve the objectives and we also would like to highlight the following four elements, among others, to be addressed:

- i. how to determine whether or not carbon leakage is actually taking place;
- ii. how the amount of carbon emissions per unit of product will be measured and assessed using the same international standards;

- iii. how to verify each country's efforts to reduce emissions while taking into account the burden of carbon costs that are effectively proportional to the amount of emissions; and
- iv. how to compare the strength of measures internationally, while keeping in mind the different circumstances of each country.

2.37. As we have just illustrated, there are many challenges to be considered. It would also be useful to discuss, as appropriate, the possible unintended effects on world trade if CBAMs were introduced. With these issues in mind, I would like to point out some observations about the current proposed carbon border adjustment measures. We are greatly concerned about the possibility that measures introduced for the purpose of environmental protection will be applied even in cases where there is no risk of carbon leakage. We are also concerned that measures can be designed to create trade barriers in a way that does not contribute to environmental protection.

2.38. As for deforestation, the European Union is planning to introduce forestry due diligence to ensure that certain commodities are produced on farmland that is not affected by deforestation in order to prevent the deforestation and degradation of the world's forests when these commodities are distributed to the EU market. In addition, we understand that the EU is planning to lower the maximum residual levels for the purpose of protecting pollinators, not for the original purpose of protecting human life or health.

2.39. When introducing any of these regulations, Japan requests that the EU should ensure consistency with WTO rules, obtain international consensus, provide sufficient information to third countries and engage in sufficient dialogue with them, and provide a sufficient transition period to minimize the impact on enterprises.

2.40. Regarding the draft eco-design regulation for sustainable products, we understand that the target products will be identified through public consultation. Since the products regulated by this regulation require a "digital product passport" in order for them to be placed on the market in the EU, prior and sufficient information sharing to manufacturers outside of the EU will be necessary in order to avoid the occurrence of trade barriers.

2.41. The representative of the Kingdom of Saudi Arabia delivered the following statement:

2.42. The Kingdom of Saudi Arabia would like to thank the European Union for the update on trade-relevant aspects of the EU Green Deal with a focus on CBAM and deforestation. We would like to reiterate our position: this issue has been addressed under the Agenda of the Committee on Market Access, where Members discussed, and will continue to discuss, in depth their views and concerns in this regard.

2.43. Furthermore, it should be noted that any trade aspect of climate change that will impact trade negatively would convert the spirit of cooperation among nations under the United Nations Framework Convention on Climate Change (UNFCCC) to confrontation. This is why the UNFCCC – as outlined in Article 3, paragraph 5 – warns against such approaches. It states: "Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade."

2.44. Moreover, measures taken to combat climate change, including unilateral ones, must not be accommodated, let alone be inconsistent with WTO rules and principles. To conclude, while the Kingdom of Saudi Arabia recognizes the urgent need to make trade more environmentally sustainable and to refrain from adopting unilateral, discriminatory and trade-restrictive measures to combat climate change, it supports multilateral, fair, inclusive and consensus-based solutions in line with the principle of common but differentiated responsibilities.

2.45. The representative of Cameroon delivered the following statement:

2.46. The delegation of Cameroon would like to thank the European Union for the presentation they made, and would also like to welcome the European Union's engagement on environmental issues. It is always commendable when a country decides to be a leader in an area, especially in terms of international commitments that they have taken on, and even more so given that the environmental issue is one that is very important. We would therefore like to welcome the presentation and the ongoing efforts taken by the EU to share with Members the new measures that they have been

taking.

2.47. We should just simply like to make a few observations and to note some which have been made by previous delegations. We would like to call on the European Union to look at the impacts of these measures on trade globally with their traditional and classic partners, such as Cameroon in particular. The European Union is a dear partner with whom we have historic links. But, following these measures, there has been an increase in the rejection of products from a number of our countries by European customs, which means that there is an interest for both parties to continue their exchanges in order to facilitate market access to these products.

2.48. The standards which have been issued by the international institutions are perhaps not binding but are more or less accepted by all. When you have more ambitious standards and regulations, it is important that they be justified by scientific means and do not constitute additional obstacles to trade. For us, that is a very important point, even more so as the majority of our states are already significantly affected by the burden of trade, which has been brought about by the ecological transition. These are ever more difficult to take into account because of a lack or indeed an insufficiency of support from developed countries that have nevertheless committed to provide assistance to developing countries going through ecological transition under the principle of common but differentiated responsibilities, but also the 'polluter pays' principle.

2.49. We would also like to draw the European Union's attention to a number of different points. We think it is important to develop a response to this. The environmental issue should leave no one behind and so collective and united efforts are very important to us.

2.50. In terms of deforestation, we would perhaps like to raise a question to the European Union: we think that the increase in green zones is essential in terms of combatting climate change, but also in terms of improving the quality of air globally. We cannot talk about deforestation without talking about reforestation. Reforestation should be taken into account and the contribution of countries in reforestation efforts should be globally appreciated, as well as international efforts in that sense, and so we would like to look at the link between the two.

2.51. Also, on the international level, there is a collective understanding, which states that the obligation to protect green areas should be a right upheld by national states and that should be subject to specific attention. We do have reserves and they should be duly protected, but it is also the right of the country to declassify a zone if it wishes to and to be able to make use of it that is appropriate in the context of its international commitments. So there should not be any conflict between the regulations issued by the EU and international commitments which are common to all countries and which rule on the usage and the management of forests. If that were done, then that should of course not mean a blockage for us. We do however appreciate there is a collective interpretation of this that is yet to be matured so that it can then be translated into international commitments.

2.52. Once again, we should like to thank the European Union for their contribution to this area and we remain ready to work on this constructively.

2.53. The representative of the Russian Federation delivered the following statement:

2.54. We thank the European Union for its update on trade-related aspects of the EU Green Deal and its intentions to make the process of developing these measures more transparent. However, Russia shares the concerns raised by other Members in respect of the CBAM and the proposal on deforestation-free products.

2.55. These measures, as well as certain other elements of the EU Green Deal – such as the new battery regulation, or the sectoral strategies like "from farm to fork" and the chemical strategy for sustainability – are questionable from the point of view of WTO law and practice. Concerns are regularly raised during the meetings of the Committee on Market Access, the Committee on Technical Barriers to Trade (TBT Committee), and the Council on Trade in Goods etc., which are designated to discuss trade barriers and how to better address them. We hope that these concerns will be duly addressed and the Green Deal will not be a package of measures aimed to carry out the comprehensive import-substitution and localization policies under the pretext of environmental protection.

2.56. With regard to the CBAM, in particular, Russia is concerned with the plans to expand the measure. It seems that no opportunity will be provided for recognition of alternatives to carbon pricing internal measures aimed at decarbonization applied by third countries exporting to the EU.

It is not sufficiently clear how mutual recognition of the verification results can be applied in the proposed scheme.

2.57. Further clarifications are required in respect to mirroring the EU ETS for importers of the covered products. As far as we understand, the EU ETS implies effective financial contribution measures, while the EU State Aid Guidelines provide compensation for the reduction of indirect greenhouse gas emissions. In other words, the national authorities provide financial support to companies if they consume alternative energy sources, which are *de facto* manufactured in the territory of the EU, instead of traditional fuels usually imported. This scheme looks like specific import-substitution subsidy that is prohibited by the WTO agreements. Besides, the participants of the EU ETS have free allocation within this system and do not purchase any allowances. We would appreciate further clarifications on how the WTO-consistency is ensured in this regard.

2.58. As for deforestation-free products, first of all, as this is a trivial quantitative restriction measure, it must be compatible with Article XI of the GATT 1994. This measure should be subject to discussions in the respective WTO working bodies dealing with market access. Secondly, more clarity is needed on the implementation of the measure. For instance, import permits are to be issued if a number of criteria are met. Among them are if the production of the supplied products has not caused deforestation and forest degradation, the question is how will that be estimated and by whom? The second criteria is if due diligence expertise has been conducted by the importer. Are there any specific requirements in respect of due diligence? Who can conduct it so that the results of the expertise are accepted and within which timelines?

2.59. We are also concerned about the plans to add new criteria, which are also not sufficiently clear, such as the lack of the use of compulsory labour force. More clarity is needed on how the compliance with these new criteria will be estimated.

2.60. Besides, the draft regulation imposes benchmarks depending on three levels of risk. If the country of origin falls under the high-level risk group, its imports will be prohibited. How exactly is it planned to estimate which country falls under which risk group? We would appreciate more clarification on these issues.

2.61. The representative of India delivered the following statement:

2.62. We welcome the information sharing and the engagement that the European Union has carried out with respect to the provisions of the EU Green Deal. We remain concerned with the unilateral and transboundary application of domestic laws, which seem to be disguised restrictions to international trade and may be enacted to increase the competitiveness of the domestic industry.

2.63. In principle, we believe that international trade law and international environment law should exist in harmony and that the principles of international environmental law, like the principle of common but differentiated responsibilities and respective capabilities, should be respected in any design of international trade law.

2.64. We look forward to getting more information from European Union on how it believes that these laws under the EU Green Deal are compatible and consistent with the WTO provisions.

2.65. The representative of China delivered the following statement:

2.66. China would like to thank the Chair and the Secretariat for organizing this year's WTO Trade and Environment Week. China thanks the European Union for its continued efforts to update Members on the Green Deal related to environmental measures.

2.67. China would like to reiterate its concern over the EU's proposed carbon border adjustment mechanism. At this stage, the concept of carbon leakage is still questionable from both theoretical and practical points of view. We share the concerns of some Members that such measures and CBAM will create unnecessary barriers in the name of environmental protection, thus exacerbating international trade tensions and impeding the post-pandemic economic and trade recovery. China fully supports international efforts to fight against climate change. However, we believe that to effectively combat climate change we need to take collective actions, as has been mentioned by many Members, rather than introduce unilateral measures by individual Members. We also call for the full respect of basic principles, including common but differentiated responsibilities and respective capabilities and nationally determined contributions under the UNFCCC and Paris Agreements, as well as full respect of the WTO rules.

2.68. We encourage the European Union to further consult with Members in the spirit of transparency and ensure the proposed measures are fully compatible with WTO rules. We will closely follow the evolution of the initiative and look forward to further communication with the EU delegation.

2.69. The representative of Türkiye delivered the following statement:

2.70. As always, Türkiye thanks the European Union for their transparent approach and the constant information sharing efforts on the Green Deal. We welcome increased efforts at the global level to mitigate the impacts of climate change and we deem it important to discuss how cooperation at the WTO could help facilitate the transformation needed in attaining environmentally sustainable economic growth globally in an inclusive and just manner.

2.71. In this respect, Türkiye understands the climate-related motives behind the EU Green Deal and shares the EU's objectives of protecting the environment and tackling climate change. That being said, it is of utmost importance that climate mitigation efforts are built on constructive cooperation and a strong global response to the challenges we are all facing. In this process, access by developing countries and the Least developed countries (LDCs) to critical technologies and affordable financing mechanisms will be key for inclusivity and a globally coordinated climate response.

2.72. We are closely following the ongoing legislative processes under the EU Green Deal and the CBAM. There are certain questions at the technical level that will affect the implementation of the CBAM that remain to be fully answered, as voiced by certain Members before us. Also, while not today, we have been informed before that certain new aspects are being mentioned as a result of the discussions with the European Parliament, such as inclusion of indirect emissions to the mechanism and the possibility of free allowances for EU exports to countries without similar carbon pricing. These further increase our concerns with regard to its WTO-consistency, as well as the additional burden it may create on manufacturers in other countries.

2.73. We would like to underline that unilateral mechanisms such as CBAM should not create unnecessary barriers to trade, and undue burden to developing countries and LDCs. Proportionality of the measure as opposed to the perceived risk of carbon leakage and strict observance of the rules based in the WTO agreements, as well as adhering to the principles of the UNFCCC, will be needed to ensure the credibility of this mechanism.

2.74. Allocation of CBAM revenues to the financing of green transformation projects of developing countries and LDCs would also be more in line with the climate change mitigation objectives underlying this draft regulation. Otherwise, we are concerned that unilateral actions might risk creating trade barriers and could be used as an excuse for trade policy tools in international trade, which could lead to increasing barriers to trade, trade retaliations, as well as becoming a stumbling block in the international climate change negotiations and, consequently, give harm to both rules-based international trade and international climate change negotiations.

2.75. The representative of the United States delivered the following statement:

2.76. The United States thanks the European Union for its presentation on the trade-relevant aspects of its Green Deal. As noted by Members earlier this month and here, it is essential that we have transparency and engagement to advance our respective trade and environmental goals. We strongly encourage the EU, in the spirit of transparency, to engage with interested Members to ensure the measures under the Green Deal are no more trade restrictive than necessary.

2.77. Regarding the CBAM, we are supportive of using trade policy to drive climate ambition and recognize that a CBAM, when designed and implemented correctly, is a legitimate tool to address carbon leakage. We encourage the EU to take into account domestic regulatory policies that impose costs on producers, even if there is no explicit carbon price.

2.78. We also encourage provisions in the CBAM that would allow for exclusions based on other international arrangements that relate to carbon intensity. Members can and should pursue a mixture of policies to address climate change and, while carbon pricing is one tool, it is not the only tool available. Recognizing different choices governments make in response to their domestic realities is key to ensuring that climate measures do not lead to trade disputes in the future.

2.79. The representative of Australia delivered the following statement:

2.80. Australia thanks the European Union for the update on the EU Green Deal. The Australian Government is now more committed than ever to lowering carbon emissions. On 8 September 2022, Australia's Parliament passed government legislation enshrining a pledge to cut carbon emissions by 43% by 2030 and to net zero by 2050.

2.81. Australia intends to be part of the solution to tackle greenhouse gas emissions globally. We are conscious of the importance of tackling carbon leakage as a part of those efforts. Our preference remains to tackle carbon leakage through multilateral or plurilateral approaches, which would potentially have the greatest impact on emissions globally. Australia notes that the EU's draft CBAM policy, as part of the EU's Green Deal, aims to address the problem of carbon leakage. We welcome the consultative approach that the EU has taken in relation to CBAM to date. Australia encourages the EU to continue to share, to the maximum extent possible, details of its policy deliberations and any updates on the likely form the CBAM might take, consistent with the central WTO principle of transparency. We appreciate the EU's advice that it is committed to ensuring the consistency of its eventual measure with WTO obligations. Further clarity on how the EU will address the issue of WTO-consistency would be helpful for Members.

2.82. Australia would also welcome further information on how the CBAM policy could recognize different types of emissions reductions policy, including ones that do not include an explicit carbon price.

2.83. We look forward to collaborating with the EU as the CBAM policy is finalized. We are committed to working with the EU and all Members on these important issues where trade can assist in furthering our climate, environment and sustainability objectives.

2.84. The representative of Argentina delivered the following statement:

2.85. At the outset, Argentina would like to thank the Chair and the Secretariat for organizing this week's meetings on trade and environment and we would like to thank the EU delegation for the updated information on the Green Deal.

2.86. Argentina considers that it is necessary for the new regulations issuing from the European Green Deal to respect the EU's commitments to the WTO and to be based on scientific evidence in order to ensure that these measures do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

2.87. Argentina shares the European concerns about climate change and, in particular, shares the objective of sustainable food production, taking into account the current challenges of safeguarding food security under changing climatic conditions. At the same time, it should be taken into account that there are regional and national differences in terms of natural resources, environmental challenges, and the impacts of climate change, so the best practices of one region of the world may be different to those of another. Therefore, solutions must be adapted to local realities. Policies and initiatives proposed for the legitimate purpose of environmental protection must be flexible, pragmatic, fully implementable, realistic, as effective as possible in order to achieve the desired objective, and as least trade restrictive as possible.

2.88. Regarding the carbon border adjustment mechanism, Argentina has already expressed in this Committee, as well as in the Council for Trade in Goods, that this measure gives rise to increasing concern among the Membership, with some serious doubts about the consistency of such a mechanism with the WTO agreements, in particular with the provisions of the GATT 1994.

2.89. Combatting climate change is a commitment undertaken by all and the actions we enter into, as well as the instruments that we use, should respect international commitments and should not restrict international trade more than necessary in order to achieve legitimate objectives, and should not constitute a disguised restriction on international trade.

2.90. Regarding the draft regulation on deforestation, we are concerned that it does not consider measures that could be less restrictive in terms of trade in order to achieve the environmental objective sought, such as the recognition of forestry conservation programmes or certification undertaken by third countries. Similarly, by imposing mandatory and more onerous due diligence

requirements on countries classified as "high risk" than on others, the EU will apply more demanding and more trade-restrictive criteria to certain countries classified by the EU itself as "high risk", which could be inconsistent with WTO rules.

2.91. Furthermore, the proposed approach is not consistent with the historical responsibilities for environmental degradation of developed countries, including the EU, by setting a baseline of the year 2020 without taking into account land-use changes and deforestation which has occurred since the industrial revolution in these developed countries, thus effectively penalizing developing countries, inconsistent with the principle of common but differentiated responsibility.

2.92. In sum, Argentina would like to highlight the importance of avoiding any unilateral actions without due legal and multilateral basis and without the necessary scientific support. We will be closely following the evolution of these initiatives, in order to avoid disguised restrictions on international trade in the name of the environment.

2.93. The representative of Norway delivered the following statement:

2.94. Norway thanks the EU for its update on the Green Deal. The European Union and Norway share the view that a price on carbon emissions is in general the most cost-efficient way to reduce such emissions. Our common carbon pricing tool is the EU Emissions Trading System (ETS), which operates in all EU member states plus Iceland, Liechtenstein and Norway. If international partners do not share the same climate ambition, there is a risk of carbon leakage and our efforts to reduce emissions in Europe will not result in a similar reduction in global emissions.

2.95. However, it is crucial, as others have pointed out, that the CBAM be in compliance with WTO rules and that the implementation does not cause unnecessary friction in international trade relations. With regard to deforestation and the EU's proposed regulation 706 for import and export of commodities and products associated with deforestation and forest degradation, Norway is presently doing an assessment of this proposal to see its relevance to the European Economic Area (EEA) Agreement, which Norway has with the EU.

2.96. The representative of Egypt delivered the following statement:

2.97. Egypt thanks the European Union for its comprehensive update on the trade-related aspects of the EU Green Deal including the CBAM and deforestation. Egypt attaches great importance to the process of transition to a green economy, as we do to climate change adaptation. Nonetheless, we should be mindful of the possible negative effects embedded in this transition and its implications on international trade on the short and medium term. It is our conviction that, in pursuing those policy objectives, Members shall avoid the adoption and application of unilateral measures that would create unnecessary or disguised barriers to trade and avoid those measures that might have a detrimental effect on trade flows from all countries but especially developing countries and LDCs.

2.98. Trade-related measures pertaining to environmental and climate change and gas emission goals should be consistent with the rules of the WTO. They should be transparent and should take the special needs of developing country Members and LDCs into consideration before such measures are adopted or applied.

2.99. Egypt believes that, in order to preserve transparency and integrity within the multilateral trading system, all trade-related climate change measures, including the various forms of carbon pricing and associated taxes, should be subjected to deep and comprehensive discussions and analysis within the WTO in order to collectively figure out the best possible approach to achieve sustainable development in all countries. This should be done through measures that consider the special needs of developing countries and help them to increase their share in international trade, as recognized in paragraphs 1 and 2 of the Marrakesh Agreement, while catering for climate adaptation.

2.100. Egypt associates itself with the statements made by the Kingdom of Saudi Arabia on behalf of the Arab Group and Congo on behalf of the African Group.

2.101. The representative of Colombia delivered the following statement:

2.102. Colombia thanks the European Union for the presentations that have been made today. The world clearly is increasing a wave of national green regulations with significant trade impacts. These

unilateral measures affect mainly developing countries Members, particularly tropical countries, which applies to Colombia. We believe that it is not possible to have a "one size fits all".

2.103. It is essential to recall that the preamble to the Marrakesh Agreement recognizes the importance of the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development. Colombia believes that we need a green transition that is just and inclusive and that takes a holistic approach, for example, we should look at measures such as subsidies and energy inputs, which can be damaging to a good trade system.

2.104. Sometimes we find that environmental measures are hybrids with a foot in two worlds – one in the international trade camp and one in the international environment camp. These worlds should be relevant and complementary to each other, and neither can be forgotten. The principles that we have agreed upon in the environmental world are highly relevant and trade and environmental measures should be consistent with those. For example, this Committee should have a conversation about the sovereignty of natural resources; the principle of common but differentiated responsibilities; the principle of international cooperation, among many others; and how trade-related measures could be consistent with those for a fair and inclusive transition. We will have to look at the legal stance taken with regard to these at the WTO, such as Article XX of the GATT 1994 and similar provisions in the other similar agreements.

2.105. The representative of Indonesia delivered the following statement:

2.106. Indonesia wishes to thank the European Union for the update and the presentation on the EU Green Deal, specifically on CBAM and deforestation. Indonesia takes notes of the update and the report by the EU on these measures. Indonesia continues to pay close attention to the Green Deal, since the EU is one of Indonesia's substantial markets for agricultural products – namely, palm oil, coffee, as well as woods and its derivative products – which could be affected by those policies.

2.107. In line with the UN 2030 Agenda and SDGs, the multilateral trading system under the WTO needs to ensure that it is relevant and able to achieve the SDGs, mainly on areas of poverty reduction, hunger prevention, job creation, as well as reducing inequalities with development at its core. This is also in line with what is enshrined in the preamble of the Marrakech Agreement. In this regard, Indonesia would like to again express our serious concern on the EU Green Deal of which those measures would potentially harm and affect our farmers and threaten the livelihood of many small scale farmers in Indonesia. Moreover, Indonesia is of the view that the EU's policy is potentially inconsistent with the WTO principle of non-discrimination and results in unnecessary barriers to trade.

2.108. Trade measures related to environmental and climate change must not be counterproductive with the goals of achieving the SDGs. In this regard, the domestic policy to address climate change or the environment should not be punitive in nature to other Members, especially developing countries, or punishing other countries with certain market access measures based on a mere unilateral presumption that other countries have not fulfilled their respective environmental obligation. Every measure should be based on scientific evidence and objective findings, otherwise such measures may be arbitrary and become disguised protectionism.

2.109. Therefore, Indonesia requests the EU to carefully reconsider these measures and their potential effects on the global market and development. Indonesia also encourages the EU to undertake further consultations, particularly with developing countries, before entering the final stage of the legislation. We believe that a better approach can be reached through cooperative means that are in line with the WTO rules.

2.110. The representative of Costa Rica delivered the following statement:

2.111. Costa Rica would like to thank the EU for the update regarding the Green Deal and the actions which will be taken with regard to CBAM and the proposal on deforestation-free products. We believe that we can support the spirit behind this, but we believe that, as of yet, we do not have enough of a scientific basis on the environmental impact of carbon leakage and also how exporting countries to the EU will have to fall in line with these measures. Costa Rica believes very much in the multilateral trading system and we believe that the tenets on which it is based should predominate in any drawing up of global policies, particularly the application of environmental protection measures, which could become discriminatory trade barriers. We believe that good faith

will hold sway here and that this will be borne in mind when looking at these various issues in the discussions within this Organization.

2.112. The representative of the Republic of Korea delivered the following statement:

2.113. Korea thanks the EU for the update on the EU Green Deal and today's updated information on CBAM and deforestation. My delegation would like to reiterate our position that trade-related measures on protecting the environment should be carefully designed to advance environmental objectives in accordance with WTO rules and principles. At this stage, as other Members have pointed out, the principle of carbon leakage and the ways of designing carbon pricing are still questionable. In this regard, Korea encourages the EU to continue to share details of the CBAM in a transparent manner and to have consultations before implementing concrete actions.

2.114. The representatives of the European Union delivered the following statement:

2.115. In response to the questions on deforestation, I would like to thank all colleagues for their very relevant and interesting questions and I will try to address as many of those as I can at this moment going one by one.

2.116. Starting with the questions from Thailand, I would like to emphasize that the burden of proof in the case of this legislative proposal is actually on the EU operators, it is not on the third country, so we need to bear in mind that the burden of proof is really on the EU operators or on the EU industry. We also want to stress, not only as a reply to the questions from Thailand but also the questions from a number of other partner countries, that actually there have been long consultations with not only governmental bodies and authorities from partner countries, but also with the stakeholders from, for example, civil society and industry across many countries. This has taken the form of, for example, their participation in some of our stakeholder platform meetings but also in many others. We have been organizing meetings in third countries on this particular subject with the authorities and together with the representatives of civil society and industry as well – for example, in Malaysia, Cameroon, and also in other places. This is continuing to be the case and will continue also in the future because, for the EU, working with partner countries not only in terms of legislation but also in the broader fight in halting deforestation is a crucial element of the puzzle. We cannot work on this alone, we have to work together and we are working together with partner countries – both producers and consumers.

2.117. In terms of details not known at this stage, in the meetings that I have mentioned but also in our official replies to some of the questions from both authorities and other stakeholders, we have provided detailed answers to many of these questions. So, we cannot really say that details are not known. Of course, on some specific issues, the talks are still ongoing, and this will be clear only when we have the final results. However, many, many details are there and will not be changed.

2.118. I do wish to stress that once there is an agreement on the new regulation, which could be later this year but could also be next year as this will take some time, there will be a transition period as always, so it is not that the same day the rules will apply. This transition period goes for both industries in our partner countries but also EU industries. We have to have a transition period, which will be the time for industries both within the EU and in our partner countries to adapt and for the Commission and colleagues from the member states to work on supporting them in that process, especially in those countries that are producer countries and are in need of our support. We are already engaged in a number of programmes and projects in terms of cooperation and development, for example, in cocoa talks in Ghana, Côte d'Ivoire and Cameroon, but also many others like projects in Indonesia and Malaysia.

2.119. In terms of the question on FLEGT, the main difference here is actually that the studies that we had in terms of a fitness check of the previous regulations have shown that, in order to fight deforestation, we have to do it altogether if we are to reach the goals that we have set at a planetary level in terms of climate change and biodiversity loss, and we do need to cover many more relevant commodities besides goods. So, in this case, we will be looking at a number of commodities that are relevant in terms of deforestation. For further details on this, and also to answer some of the questions from Guatemala, we do need to refer back to the impact assessment, as was mentioned. So there is a jump from focusing only on illegal logging to focusing on broader deforestation, because that is what we need if we want to achieve any of the commitments that we have made on behalf of the EU, but also globally speaking, in terms of climate change and biodiversity.

2.120. The selection of commodities is explained in detail in the impact assessment and, on top of

that, we do need to mention that this would be a state-wide approach, so it is possible – and that is actually foreseen already – that there will be regular reviews to base ourselves on further analysis of the latest scientific data to possibly adapt the scope in terms of commodities but also products. A very important clarification – there was a question from Guatemala, "does this apply only to products not from the EU?" No, the answer is no, this applies to all products: those produced within the EU and outside of the EU. This is not about imported products, it is about placing on the EU market all products, both those produced within the EU and in other partner countries.

2.121. In terms of benchmarking, there have been a number of questions. I do wish to reassure everyone that all the criteria will be based on scientific data and, of course, one of the most important criteria that we will be looking at – or basically the most important one – is the deforestation rate. This will be based on the data that are internationally agreed upon and recognized, such as, for example, those from the FAO.

2.122. In terms of the questions from Guatemala on why due diligence was the way forward of the two that was selected and whether the impacts on partner countries but also the EU Member States were calculated, all this data can be found in the impact assessment. On the impacts, there are a number of tables there, which are extremely interesting in terms of looking at the trade flows and percentages in terms of relevance for specific commodities in specific countries, especially in terms of trade with the EU.

2.123. To answer some other questions: Cameroon, I do wish to emphasize that, for the EU, cooperation and development is crucial, so working with partner countries has always been a central element of our work and that will continue. As I mentioned, for example, there is the example of cocoa talks. In terms of reforestation, this particular initiative focuses on deforestation but of course working together on reforestation is also extremely relevant for us as well.

2.124. On deforestation, I will keep it at that, because there were a number of questions from other countries, but actually many of those that were already covered address the rest. We are more than open for answering any further questions you might have.

2.125. Regarding CBAM, I noted a number of comments and questions that we think are important to reply to on a number of issues such as WTO compatibility, multilateral engagement, the common but differentiated responsibility principle, taking into consideration the cost of mitigation in other countries, and the timeline for the introduction of the carbon border adjustment mechanism. I will reply in that order.

2.126. On the fact that we have designed CBAM as an instrument that has to be, and that needs to be, WTO-compatible, this is something that is essential for the EU and this is part of how we intend to deal with the issue jointly with our trade partners. The CBAM is an instrument that builds on the carbon pricing that we have in the EU, which is our main carbon mitigation instrument on industrial emissions and it aims at reinforcing this instrument and the effect of the CBAM will be on EU businesses and on EU businesses only. It applies the same rules on imported goods that it applies in the EU and it is designed to address the risk of carbon leakage in the areas where carbon emissions are significant and where the trade in goods is significant, leading to a risk of carbon leakage. So there is different treatment for imported goods than for EU production.

2.127. In terms of multilateral engagement, I have heard a number of calls to have international discussions and to address climate change together, and we totally agree with this approach. We are engaged in many fora here in the WTO, but also in the OECD, the G7, the G20, in the coalition of finance Ministers for climate action, and in a number of other fora in many areas in the EU and the UNFCCC. We know that these discussions will take time and, since these discussions take time, we think it is worth reinforcing the ETS, which is something that we do in the EU to make our share of reduction of emissions on production within the EU or related to the EU. In this respect, we have designed CBAM so that it can take into account the policies of our partners and it is designed for international cooperation.

2.128. In this respect, it is very important to outline that CBAM looks at the embedded emissions in the goods that are imported into the EU and that is the first principle of CBAM. CBAM looks at the emissions of the goods, so it is not at the policies of countries, it is not at the measures that are in place in countries, it is at the effects of these policies and measures, because these policies and measures have an effect on the carbon content and therefore have an effect on CBAM. That is the first way it takes into account the policies in different countries. If, in addition to having policies and regulations to reduce emissions, countries have a carbon pricing, this will also be taken into account

in CBAM, and this will reduce the amount of CBAM. But the first thing that reduces CBAM is reduction of emissions, either as a result of national policies or as a result of national efforts by a company.

2.129. The fourth element that was mentioned that deserves an answer is the question of whether CBAM is compatible with the principle of common but differentiated responsibility. The bulk of the impact of CBAM will be on the EU, it is there to reinforce the ETS and, as I outlined earlier, it fully takes into account the situation in other countries and the policies in other countries.

2.130. There were also questions on the possible extension of the scope of CBAM. What I can tell you about that is that it is being discussed in the inter-institutional dialogue between the Council and Parliament, but it is not possible at this stage to see what the result of these discussions will be. I cannot pre-empt the inter-institutional discussions in this respect.

2.131. The last point is the time to prepare for CBAM. In the Commission proposal, it was foreseen that CBAM would start on 1 January next year. Considering the stage that we are at in the inter-institutional dialogue, it will not be the case, it will start later. But, in any case, there will be time for traders outside of the EU to prepare because CBAM starts with a transitional period where it is only reporting basic information on the embedded carbon in the goods and the financial adjustment will only start later, in the Commission's proposal in 2026. So there will be time and there will be guidelines for trade. With that, I think that I have covered all the questions that were raised on Monday and thank you again for your interest.

2.132. Finally, I wanted to pick up on the other questions but first I would like to thank all delegations who intervened for their precious efforts to analyse and assess in detail the different EU regulations. To us, this shows the value of the work in this Committee, in particular, the transparency function and subsequent deliberations resulting from that. We are very keen to continue this exercise and dialogue.

2.133. In response to these questions, I would like to make some general remarks. First, our sole objective is to be able to deliver on the climate and environmental agenda and objectives to which we are all committed, not only the EU. It is a given that some of these will affect trade. Climate and environment does not stop at a border and plays a role throughout the supply chain. So the question is not whether one can take such measures but how. With so many measures in the pipeline, the EU has very carefully looked, in a systemic way, at the impact of measures. You can see all policy options that have been the subject of our analysis in the impact assessments of each measure and the justification of the selected option in there, as well as in the legislation. We have across the board applied our own guidelines to the selection and design of measures. This includes, for example, non-discrimination; it includes that measures have to have an environmental objective and justification; it includes the consideration that it should not be more burdensome than necessary to achieve the policy objective; and, of course, it should be based on international standards and accompanied by an international strategy of engagements with partner countries plus capacity building and technical assistance with those partners in need.

2.134. In effect and by means of illustration, Global Europe is the EU's main financial tool for promoting sustainable development, peace and stability across the globe. With an envelope of nearly EUR 80 billion for the period 2021-2027, the EU's external action supports partner countries in achieving SDGs, which includes the EU Green Deal. The EU is also the biggest donor in Aid for Trade.

2.135. As indicated, we have based ourselves on international standards. Our guidelines also include where we have not yet been able to reach international consensus on a specific standard. This should not withhold us from addressing the issue. Indeed, climate requires us to take urgent action. Still, where there is no full international standard yet, we have based ourselves on international work and are pursuing in parallel a strategy of cooperation with third countries to develop such standards. In a nutshell, these international guidelines have much in common with what I remember from a couple of years to go – an exercise of the WTO Secretariat who produced a checklist of what Members would need to take into account when developing measures – and we have topped this up.

2.136. All the way through, we have made a strong plea for transparency. We walk the talk. I would hope that, in future discussions, we move into a discussion on the various practices that other Members may also have developed to deal with the climate and environmental urgency. We could

do this, for example, by selecting some specific areas – deforestation or other areas – where several Members may have developed a project. We would bring in aforementioned internal guidance that we developed and discuss the policy options and maybe even best practices.

2.137. Let me now turn to the question about the proposal on Eco-design for Sustainable Products. The core of the proposal is to widen successful eco-design directives beyond energy-related products to make it applicable to the broadest possible range of products and deliver further on circularity. However, I can confirm that food and other types of product such as animal feed and medical products are excluded from the scope of the Commission's proposal.

2.138. The design of the Eco-design for Sustainable Products Regulation resembles that of the existing Eco-design Directive. In essence, this means that detailed product rules are laid down in a second stage via measures dedicated to a particular product or to groups of products. Priority product in the value chains will be identified through a workplan on which public consultations will be launched at the end of 2022. Intermediate products, like iron, steel and aluminium, have high environmental impact and potential for improvement, and may thus be suitable candidates for inclusion in the first workplan for the categories of products to be selected under this initiative.

2.139. As regards information included in the digital product passport (DPP), the information to be included will be carefully examined on a case-by-case basis when preparing product-specific rules. It may include information such as the environmental footprint of a product, information useful for recycling purposes, the recycled content of a certain material, information about the supply chain, etc. Dedicated security and privacy protocols will be developed through the standardization process. Moreover, access to information will be granted on a 'need-to-know' basis. Different stakeholders will have access to different sets of information, based on access rights defined in the delegated acts for each product group regulated.

2.140. We also had a question on the EU strategy for sustainable and circular textiles, its Extended Producer Responsibility (EPR), and whether measures under the strategy are being consulted with sectoral stakeholders.

2.141. The Commission is considering EPR for textiles as part of the impact assessment on the revision of the EU framework legislation on waste. As part of this impact assessment, extensive stakeholder consultations took place, among which an open public consultation and two workshops on textiles for sectoral stakeholders. Third country stakeholders were invited to provide an input and 16 non-EU countries did. Responses to this consultation will be considered by the Commission in shaping up the revision of our waste framework legislation.

2.142. As a final note, I would like to stress that the EU has provided an unprecedented level of transparency in its regulatory processes but also in this group. Of course, it is clear and we have heard several Members saying that they do not know yet how to anticipate the measures, but that is the result of being transparent up front. It is clear that not all the details of the proposed measures are ironed out yet, because we are in an inter-institutional legislative process. But we are sharing this information even before the regulations are in place and we are providing you the opportunity to comment early on in the process, before legislation is adopted. Moreover, our proposals generally have incubation time before they enter into force allowing businesses to prepare for the regulation.

2.143. With this, thank you for all the comments and I would like to say that we have duly taken note of the latest intervention this morning by Bangladesh and we will be happy to continue to engage.

2.144. The representative of [Guatemala](#) delivered the following statement:

2.145. I would like to thank the EU delegation for the answers to our questions. I just had one follow-up comment based on the comments we received on the questions we provided in the last session on the deforestation measure. As I mentioned during my statement, the first time that this measure was presented, we asked the EU delegation how it chose the commodities that will be affected by the deforestation measure. At the time, we got the response that all of the details were included in the impact assessment, but in fact we looked at the impact assessments, in particular the area that explains how they chose the commodities affected, and there are references to three different studies. I wanted to make reference to the names of these studies, because it is relevant and important for us to understand the criteria that was used because, of course, there are other commodities that might be causing deforestation that are not necessarily the ones chosen by this delegation or by this regulation. We therefore want to understand the process of choosing one

commodity over another.

2.146. In fact, we looked at the names of the studies mentioned in the impact assessment and they say "Study on the demand-side measures to address deforestation, impact of EU consumption on deforestation", which only makes references to the consumption of imported food and non-food commodities and manufactured goods on deforestation, estimating the role of seven commodities in agriculture linked to deforestation – palm oil, soy, cattle, wood fibre, cocoa, coffee and rubber. This study, in particular, is focused on Latin American and Asian regions. So looking at the contents of these studies, we realise that the studies were actually already focusing on the commodities that were chosen but none of them give us any explanations as to what criteria were used and how the impact of these particular commodities are different from the impact of other commodities when we are looking at deforestation. So that is why we re-ask the question and we hope to have some answers on this.

2.147. The representative of the European Union responded:

2.148. Thank you Guatemala for the question. In fact, there were also previous elements that were considered and basically the basic criteria retained is what is most important from the viewpoint of the EU contribution to deforestation through these commodities. So, we want to take responsibility for what is linked to EU consumption, so the emphasis is on commodities for which the EU has a particularly important footprint in terms of contributing, or potentially contributing, to deforestation. So that is the basic tenet. We are not looking at all sorts of commodities, but rather the ones for which the EU can somehow be responsible.

2.2 Recent developments on fossil fuel subsidy reform

2.2.1 Update by New Zealand on recent developments on fossil fuel subsidy reform

2.149. The representative of New Zealand delivered the following statement:

2.150. Pursuant to the Joint Ministerial Statement and High-Level Workplan on Fossil Fuel Subsidies that was issued with co-sponsorship from 47 Members at MC12 in June, New Zealand convened a first WTO meeting on fossil fuel subsidy reform (FFSR) on 3 October 2022. This first meeting was well attended, with a good turnout of both Joint Statement cosponsors and other delegations.

2.151. In the first part of the session, we heard presentations from the International Institute for Sustainable Development (IISD), the WTO's Economic Research Division, the Asia-Pacific Economic Cooperation (APEC) Trade and Investment Committee and the UN Framework Convention on Climate Change (UNFCCC). These presentations covered current activities on FFSR, including in the G7, G20, APEC and in follow up to the Paris Agreement and COP26 in Glasgow.

2.152. From these presentations, it was clear that FFS levels are again on the rise – they are estimated to have rebounded to almost USD 700 billion in 2021 after a pandemic-induced lull in 2020. Taking into account the human health effects and other costs, some commentators at the session put the overall cost of FFS much higher and estimated that the removal of FFS could add 4% to global government revenue.

2.153. In the second part of our October session, the UN Environment Programme briefed on its work to develop a methodology for reporting FFS at the global level, in support of efforts to monitor the UN SDG 12(c) targets. The first phase of this work, covering 20 countries, will be online from March 2023, with the aim of having a reliable and comparable inventory of FFS measures completed by 2025. Speakers at the meeting acknowledged the challenging context of the current energy crisis, and pointed out that this underlined the importance of continued work to achieve FFSR. Several delegations also emphasized that short-term FFS relief measures should be extraordinary, temporary and time bound.

2.154. Participants at that meeting supported intensification of work on FFSR starting with increased transparency; sharing experience (both domestic experience and that derived from international processes such as APEC or G7 peer reviews); sharing of best practice on areas such as cross-government identification, examination and reform. There were also calls for further analysis of the social, economic and environmental impacts of FFS. In this context, the need to take into account equity issues and efforts towards 'just transition' were emphasized.

2.155. There was interest in understanding more about the incidence and effects of FFS across the value chain, including subsidies to fossil fuel production; the proportion of subsidies categorized usually as for 'consumption' but that actually usually went into industrial processes or further production; subsidies provided to or through state-owned enterprises; and subsidies at the sub-central level.

2.156. Existing WTO rules and experience on subsidies were seen as a good basis to build on. There was strong support for using Trade Policy Reviews (TPRs), the SCM Committee, and the TESSD discussions to advance Member understanding on this work. The connection with the work of the Informal Dialogue on Plastics (IDP) was also noted.

2.157. Finally, collaboration with other international organizations was also seen as key, particularly with UNFCCC to encourage inclusion of FFSR commitments in NDCs, as well as collaboration with the International Energy Agency (IEA), UNEP, the OECD and APEC on data collection. Participants were keen to keep up to date with developments in APEC on use of its voluntary reporting template. There was also interest in the work some delegations are undertaking to negotiate an Agreement on Climate Change, Trade and Sustainability, with a fossil fuel subsidies pillar. We will provide an update on that work later on.

2.2.2 Report by the Friends of Fossil Fuel Subsidy Reform (FFSR) on their event held on 18 October 2022 on "FFSR: challenges and opportunities in the context of an energy crisis"

2.158. The representative of New Zealand delivered the following statement:

2.159. Earlier this week, the 'Friends of FFSR' held a side event to examine the challenges and opportunities of FFSR in the context of the current energy crisis. It featured presentations from experts at the International Energy Agency, the International Institute for Sustainable Development and the OECD.

2.160. Key points coming out of this session were:

- the scale of this energy crisis and its effects on prices;
- the massive fiscal strain now entailed for governments in this context, particularly for developing country budgets;
- against this background, the importance of ensuring temporary relief measures were targeted, transparent and time bound (a common theme in the discussions that we have been having in the past month);
- the experience of past energy crises in acting as a driver for reform (the IEA spoke about the 1970 oil shocks as promoting major strides in reduction of fossil fuel dependency);
- the particular challenges faced by developing countries; and the importance of good communications and steady reform to achieve public support for achieving reform and to make sure that the incentive structure support a transition away from fossil fuel dependency and towards green energy alternatives.

2.161. Looking ahead to next steps, planning is now under way for the second meeting under the auspices of the Joint Ministerial Statement. As agreed in the High-Level Workplan, this will focus on the development and social issues associated with FFSR.

2.162. In closing, I would like to note that the cosponsors of the Joint Ministerial Statement continue to welcome new cosponsors. We would like to encourage those who have not yet done so to join us in cosponsoring this important work.

2.163. Following these presentations, some delegations had the following reactions.

2.164. The representative of Switzerland delivered the following statement:

2.165. We thank New Zealand for their leadership in this initiative and we were pleased to participate in the first very productive meeting of this initiative. We were also pleased to notice the presence of many Members in this meeting.

2.166. The three planetary crises require us more than ever to keep insisting on fossil fuel subsidy reform and having them on the global agenda. We need to collectively work to avoid the pressure to subsidize fossil fuels in the immediate term. The current energy crisis makes the case for a clean energy transition all the more urgent and important. I would like to reiterate that Switzerland is a very active Member on this issue and is part of the group of Friends of Fossil Fuel Subsidy Reform (FFFSR) and is working on this issue in the Agreement on climate change, trade and sustainability (ACCTS) initiative. Discussing the reform of FFS at the WTO is an important step towards progress.

2.167. The representative of the Kingdom of Saudi Arabia delivered the following statement:

2.168. The Kingdom of Saudi Arabia would like to thank New Zealand for continuing to share updates on their programme of phasing out fossil fuel subsidies. While we encourage the sharing of information, the Kingdom of Saudi Arabia would like to reiterate its position stated during previous meetings, namely, this issue is dealt with under a different forum whereby there is a voluntary peer review of inefficient fossil fuel subsidies that encourage wasteful consumption among some G20 Members in accordance with their national circumstances, priorities and needs. We believe that issues such as this one should not be addressed under the WTO.

2.169. The representative of Indonesia delivered the following statement:

2.170. Indonesia appreciates the update and the report from New Zealand on its recent development on the Fossil Fuel Subsidy Reform, including its first meeting. Indonesia shares the view on the importance of fossil fuel subsidy reform and recognizes the interests of some WTO Members to bring the discussion under the WTO. However, it is also important that the issue should be discussed in the right framework since WTO itself still has unfinished homework that needs to be resolved by Members.

2.171. Moreover, Indonesia also underlines that the implementation of this subsidy reform must take into account the capacity and capability of each Member at the national level and current global trade volatility.

2.172. The representative of the European Union delivered the following statement:

2.173. The European Union is one of the cosponsors of the Fossil Fuel Subsidy reform initiative. We are pleased with the first meeting on 3 October and thank New Zealand for having organized it.

2.174. The first exchanges were already fruitful and pointed to the need to increase awareness and enhance transparency on fossil fuel subsidies. We agree with the need to have more granular information to be able to differentiate amongst fossil fuel subsidies to start reforming the most harmful ones.

2.175. We consider that the CTE has an important role to play on transparency and we believe that conversation on the fossil fuel subsidies could also take place in the CTE. We agree on the importance of development and social dimensions of fossil fuel use and support for many countries. We would therefore encourage WTO Members to join the initiative and the discussion in the next meeting of the FFSR initiative that will focus on development and social dimensions.

2.176. The representative of the Russian Federation delivered the following statement:

2.177. We would like to thank New Zealand for the updates. However, Russia would like to join the statement made by the Kingdom of Saudi Arabia on FFSR.

2.178. It is true that fossil fuels are not as cheap and affordable as they were, with more than 136 countries relying on fossil fuel imports and with the poorest nations being hit particularly hard. However, this is a logical extension of the resurgence of energy demand after COVID-19 lockdowns and supply crunch, compounded with the excessive reliance on alternative energy sources, allocation of massive subsidies to renewables and significant neglect of conventional energy sources. This all has led to underfunding and a drop in supply on the market. While new legislative initiatives, being quite protectionist in their nature, reduced the predictability both for energy producers and consumers, rather than pursuing environmental goals.

2.179. Meanwhile, not all countries can afford to abandon the use of fossil fuels. Renewables, unlike fossil fuels, cannot provide sustainable power generation, low electricity cost and high power output, plus they are still less affordable than fossil fuels.

2.180. We do welcome collective and individual efforts to promote renewable and clean energy. Our first national policy in the field of increasing energy efficiency by means of renewable energy generation dates back to 2009 and we have been constantly upgrading it ever since. However, the promotion of renewables should not be done at the cost of trade distortions and discrimination of traditional energy sources.

2.181. In our point of view, we should focus on eliminating restrictions that prevent Members from a gradual and just transition, taking into account all national peculiarities, rather than on developing new potential restrictions aimed to push forced energy transition forward.

2.182. Concluding my intervention, I would like to note hereby that this energy transition should rest on a reasonable balance between environmental aspects and socio-economic development as promoting energy security.

2.183. The representative of the [Bolivarian Republic of Venezuela](#) delivered the following statement:

2.184. We would like to thank New Zealand for its presentation. Our delegation would like to point out that our countries are still dealing with the pandemic due to COVID-19, which has shown that the most vulnerable are the most affected, so the global concern is on how to access vaccines, medicines, and medical equipment to deal with the pandemic and save lives.

2.185. Venezuela notes what was said by Saudi Arabia and Russian Federation and we are also concerned that what is being addressed in other fora, such as climate change and other bodies, may be reversed by the duplication of approaches in other spaces that do not have the mandate to do so, and are not the most suitable for these purposes, such as the WTO.

2.186. The representative of [Norway](#) delivered the following statement:

2.187. Norway is a long standing supporter of the work to phase out inefficient and wasteful fossil fuel subsidies. We would like to congratulate the cosponsors with the upstart of this process and, in particular, New Zealand who has shown leadership on the issue for many years.

2.3 Circular economy and plastics pollution

2.3.1 Plastics Pollution

2.3.1.1 Update by the Coordinators on the work of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP)

2.188. The representative of [Ecuador](#), [on behalf of the IDP Coordinators](#), delivered the following statement:

2.189. May I first congratulate you, Mr. Chairman, on your excellent conduct of today's meeting. It is very satisfying to the Committee with so much energy and liveliness and we are very grateful to you for that. On behalf of the IDP coordinators, we would like to extend a welcome to Mexico, Samoa and Mauritius as new cosponsors of the initiative. We are now 75 Members working on the IDP here at the WTO. I would like to excuse myself in advance because I have a long and detailed report to give today on the various meetings that have been held in September 2022, in particular, the plenary

which was held this month and, furthermore, an event by the cosponsors held this week as part of Environment Week at the WTO.

2.190. The third out of four 2022 pre-plenary meetings of the Dialogue took place on 19-20 September and was chaired by Colombia, Fiji and the Philippines. It was open to all Members and we covered discussions on each of the Dialogue's workstreams through technical work and presentations by stakeholders and the WTO Secretariat. Members recalled the Dialogue's successful Ministerial Statement by coordinators at MC12 and the ongoing work on the two Dialogue surveys – the first one on trade-related policy measures and the second one on Aid for Trade.

2.191. On our work on tackling plastic pollution, our workstream facilitated by Ecuador and Colombia, the WTO Secretariat presented the survey on trade-related policy measures. Inputs have been received from a good number of Members so far. The ongoing survey was circulated in June 2022 and is available in the three languages in digital format. The Secretariat had already identified (and this is updated information) more than 250 trade-related policy measures and presented to the group the first sample analysis on measures related to single-use plastic bags. According to the analysis, 60 trade-related policy measures targeted single-use plastic, 35 of which specifically applied to single-use plastic bags. With the analysis presented during this pre-plenary and also the information that has been taken into consideration and the updated data up to today, it is clear that the transparency information generated by the survey and launched by the Dialogue is of great value and will be even more so once it has been completed by all Members.

2.192. Stakeholders and experts gave a series of technical and scientific presentations on their latest activities in reducing plastic pollution. I will not go into detail on all the presentations as they are available online. Briefly, the OECD presented their findings from the second part of the Global Plastics Outlook on policy scenarios to 2060 providing a roadmap for increasing policy ambition to tackle plastic pollution that addresses all elements of the full lifecycle of plastics. The Secretariat of the Basel, Rotterdam and Stockholm Conventions (BRS Conventions) provided an update on the plastics-related outcomes of the Conference of the Parties, a brief introduction on the plastic waste amendments of the Basel Convention and its implementation, and some Members have highlighted that some of our discussions have, for example, identified a need for technologies required to ensure the implementation of this plastics amendments. The Pew Charitable Trust presented its comprehensive assessment of pathways towards stopping ocean plastic pollution. The Consumer Goods Forum made a presentation on the Coalition of Action on Plastics Waste and its goal to eliminate unnecessary packaging. The MarViva Foundation, a stakeholder from the Latin American and Caribbean region, made recommendations to the Dialogue, among others: disincentivizing the export and imports of plastics waste in Latin America and the Caribbean; promoting transparency and control over trade in waste; tackling illicit trade in plastic waste; and encouraging the Dialogue to continue international cooperation efforts with processes such as those at the United Nations Environment Assembly (UNEA) and BRS Conventions.

2.193. Contributions were welcomed by all delegations and stakeholders. The importance of data was recalled and a reduction in the plastic production as the most attractive solution for the environmental, economic and social perspectives by some Members. Also Members welcomed the OECD report noting that it provides information that could directly support and inform the development of domestic and international approaches to plastics. The work that was carried out at the WTO and in other international organizations and fora in this regard was also acknowledged. Finally, some underscored that the reduction of harmful and unnecessary plastics and that limiting the single-use application of plastics were core policies for achieving the first pillar of a circular economy, as well as the importance of identifying common definitions and reviewing policies that were inconsistent in terms of plastic waste management.

2.194. On our second workstream – promoting trade to tackle plastic pollution – facilitated by Australia and the Philippines, we had presentations by the private sector. They shared experiences on using environmentally sound and effective alternatives and substitutes to plastics and plastics packaging. We had a presentation by the Yves Rocher Foundation on their cosmetics initiatives to replace plastic packaging by cellular fibres. The AptarGroup presented on perspectives on alternatives to conventional resin on the supply and customer side and challenges faced therein. Nestlé presented on trade-related challenges in using alternative packaging materials and how global compliance can be managed. The World Business Council for Sustainable Development presented on packaging sustainability framework to support companies in switching to sustainable packaging. All of these presentations are online. Finally, the World Bank underscored that the WTO can and

should contribute in bringing more transparency on both products trade and waste trade. UNCTAD and the WTO Secretariat briefed participants on preparations for the Dialogue's exploratory workshops on sustainable and effective alternatives and substitutes to plastic, which is scheduled to take place on 6 December. We invite all Members to participate in this workshop.

2.195. Delegations and stakeholders indicated the importance of regulatory measures to support and stimulate the usage of plastic substitutes or alternatives under trade and also that this must take into account the readiness of industry to switch to alternatives and the timing for such a transition, as well as the essential role of innovation and technologies and the need to take into consideration that alternatives and substitutes are environmentally friendly and fully circular and non-toxic.

2.196. On cross-cutting issues, which is facilitated by the Fiji, United Kingdom and China (I would like to highlight that Fiji is one of the Coordinators that was there from the inception of the Dialogue and whose Ambassador is here), Fiji indicated that since its inception the Dialogue had coherence and cooperation at its core of its work and therefore the session of cross-cutting issues is dedicated to bringing these conversations together and placing emphasis on international collaboration and avoiding duplication of efforts. In this session, Ms. Jyoti Mathur-Filipp, the Executive Secretary of the Intergovernmental Negotiating Committee (INC) Secretariat at UNEP, provided an update on the UNEA negotiation process and the outcome of the first meeting of the Open-Ended Working Group (OEWG), which was held in May and June 2022 to prepare for the work of the first INC that will take place in November this year in Punta del Este, Uruguay. The INC will work from the second half of 2022 to the end of 2024 on forging an internationally legally binding instrument on plastic pollution addressing the full lifecycle of plastics.

2.197. This was followed by a briefing from the WTO Secretariat on its participation in the OEWG and the contribution of the Dialogue to the UNEA discussion. The WTO participation, I am very proud to say, has been – and is – well received. There is genuine interest from the delegates and stakeholders in the plastic discussions at the WTO. The collaboration between UNEP and between the two communities, the trade and environmental community, has been key in having a successful process and of course in strengthening the collaboration, including technical collaboration, with UNEP.

2.198. Finally, the World Customs Organization (WCO) presented its main takeaways from the first WCO Global Green Customs Conference held in June and the Harmonized System (HS) reform efforts to better identify materials and material flows in plastics through trade and value chains. We provided an update on the WCO-WTO cooperation as requested by the Dialogue's communication that we adopted on 8 June and we shared potential areas of work for the two organizations. All of these presentations will be online as well.

2.199. The Ambassador of Portugal updated the Dialogue on the plastics-related outcomes of the UN Oceans Conference, which was held in Lisbon, Portugal, from 27 June to 1 July 2022. The Conference receives submissions of over 700 voluntary commitments towards the implementation of SDG 14, including several in relation to marine pollution, marine science and financial commitments. Ecuador provided a briefing on the Dialogue's side event that was held during the side event during the Eighth Aid for Trade (AFT) Global Review 2022, highlighting the perspectives of Small Island Developing States and LDCs. This was followed by a presentation by the Secretariat on the AFT Needs Assessment Survey.

2.200. There were comments from Members on what we can do from the analysis once we have the results of the Aid for Trade survey, as it will help to better identify plastic-related programmes, for example, a matchmaking on technical assistance and capacity building exercises between donors and needs identified. With donors, we had the presentations of the World Bank and the Global Environmental Facility and identified e-learning opportunities in trade-related technical assistance for interested Members. Finally, in this session, the World Bank presented on trade-related aspects of their programmes to address plastic pollution in the Asia-Pacific region, in particular in collaboration with ASEAN. Overall, this valuable experience sharing was welcome amongst participants and we were encouraged to go deep into specific topics to share experiences. Some delegations took the floor in support of the WTO's contribution to the UNEA process and welcomed updates provided by the UNEP Secretariat. Discussions highlighted that these joint efforts in the area of plastics will be very useful, particularly as there were Members participating in both processes.

2.201. Discussions also noted that the cooperation between UNCTAD and the WTO could bring different stakeholders and could contribute on behalf of the Dialogue to the INC negotiation process. Delegations and stakeholders welcomed the updates by the WCO and supported the work initiated under the partnership of the WTO and WCO. Discussions also put emphasis on the need to encourage national submissions for the revision of the WCO HS system that will take place in 2027 for which draft amendments will be finalized by March 2024. Discussions also impressed upon the importance of combining synergies between different international organizations as well as stakeholders and bringing the environmental community into these conversations. More generally, participants underlined that tackling plastic pollution could not be achieved in silence and welcomed the Dialogue's continuous leadership and commitment in terms of bringing inclusivity and encouraging stakeholders' contributions as well as civil society engagement.

2.202. The Coordinators – China, Morocco and Australia – on behalf of all of the Coordinators of the IDP, including Fiji, Barbados and Morocco, informed us on progress made with regard to the effective practical and meaningful outcomes at MC13 in keeping with the mandate provided by Ministers. We heard from China that the key elements of the next steps and initiatives setting out results expected at MC13 cooperating on other international processes and notably at the United Nations, with a legally binding treaty to slow plastic pollution and the increasing number of participants in the Dialogue. Morocco highlighted the importance of the Dialogue as we try to tackle plastics pollution, underlining the importance of having information from the OECD – they were warning that the quantity of plastics may almost triple by 2060, with half of which ending up in landfills, in other parts of the ecosystem, and with less than a fifth being recycled currently.

2.203. The Vice Minister of Ecuador addressed the participants underlying the importance of recycling plastics throughout its lifecycle and to look at it in this Dialogue because much could be contributed to this. The Philippines and Colombia presented their reports, which can be found on the webpage. We heard from the Secretariat with regards to the survey, which I have already referred to in my report. We would like to encourage the Dialogue coordinators and all Members to respond to this survey. We have had some responses from non-participants and we also look to bring more into this and we acknowledge that there are challenges still when it comes to consultations among ministries when it comes to finding the right information. At the plenary, there were more than a dozen Members taking the floor commenting on facilitators' reports, surveys and giving their points of view on the issues at hand. Australia, who was coordinating the Dialogue, highlighted the importance of significant participation with regard to plastic pollution and to bear this out the importance of ongoing commitment and the close cooperation of participants to meet the mandate that was handed down at the Ministerial.

2.3.1.2 Report by the Coordinators of the Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (IDP) on their event held on 18 October 2022 on "A stocktaking side event organized by the coordinators of the Dialogue on plastics pollution and environmentally sustainable plastics trade"

2.204. The representative of Ecuador, on behalf of the IDP Coordinators, delivered the following statement:

2.205. I will now report on the side event organized by the Coordinators of the Dialogue on Plastic Pollution and Environmentally Sustainable Plastics Trade, that took place this week. The event served as a stocktaking exercise organized by the Coordinators of the Dialogue in cooperation with the WTO, UNEP, UNCTAD, WCO, and the BRS Secretariat. It brought over 120 participants online and around 75 in person. The session showcased the relevance and contribution of international cooperation to tackle plastic pollution while avoiding duplication of work. It also provided an opportunity to look at the next steps required to further strengthen international trade cooperation in support of efforts to end plastic pollution. The event was moderated by Ms Ludivine Tamiotti, the Secretary of the CTE, and the high-level speakers included the DDG Jean-Marie Paugam, the Executive Secretary of the INC, Jyoti Mathur-Filipp, WCO Deputy Secretary-General Ricardo Treviño, Executive Secretary Rolph Payet from the BRS Conventions, the Director of the Office of the Secretary-General of UNCTAD, Pedro Moreno, and the Ambassador of Ecuador, H.E. José Valencia.

2.206. I will briefly go into the highlights of the event, because it was very important and really showcased the collaboration amongst organizations. I am very sorry again for being so detailed but Members have requested us to be very detailed in this session.

2.207. DDG Paugam suggested three points for the next steps towards MC13: increasing transparency to capture hidden plastic flows and increased and improved mapping of trade policies and related policies related to plastics and identifying trade-related technical assistance needs; capacity building to continue to identify to regional and bilateral financing mechanisms; and concrete action points such as identifying environmentally sound and effective alternatives and substitutes to plastics (and this will be an issue that will be tackled during our workshop in December). Executive Secretary Jyoti Mathur-Filipp underlined the importance of the mutual supportiveness between the INC process at UNEA and the WTO. She underscored the importance of the WTO process to improve data gathering on trade across plastic lifecycles from destruction up to waste management; trade flow databases that provide an important basis for the intergovernmental process; review of global plastic trade policies to ensure policy coherence; and enhancing engagement and collaboration with all stakeholders, including the private sector, NGOs and academics. Trade-related technical assistance, capacity building, information and experience sharing are relevant for the INC process. She also mentioned how the internationally legally binding instruments can play an active key role in achieving a framework, targets, guidelines, and focus for cooperation.

2.208. Jyoti Mathur-Filipp highlighted that the INC plastic pollution document refers very much to trade, even if it is not explicit. She called on WTO Members to discuss the documents produced by UNEP and see how they can interact and engage in the discussions on the plastics treaty. From the WTO, she requested specific guidance on how to gather relevant trade data and to reflect on how this can feed into the INC process. She underscored that the INC would like to collaborate and engage with the WTO and the IDP and its stakeholders.

2.209. Executive Secretary Payet of the BRS Conventions drew attention to trade in plastic waste. He highlighted that only 9% of the plastic waste produced to date has been recycled. That problem lies in recycling contaminated plastics or plastics containing hazardous chemicals and additives. He also shared insights about significant impacts of plastic waste amendments and the movement of plastic waste across international boundaries and he gave us on the information on the partnership on plastic waste. He touched upon the impact of plastic waste on SIDS and the lack of capacity in recycling plastic waste in an environmentally sound manner. He underscored the need to strengthen cooperation with shipping companies as work that can be done by the WTO in order to facilitate safe trade in plastic waste for those SIDS.

2.210. Mr. Treviño from the WCO shared three initial potential areas. I will not go into detail but I will mention better identification of problematic plastics, better identification of hidden flows of plastics embedded in goods or as packaging, and better identification and differentiation of preferable goods. So those are the three areas where the WCO and the WTO can contribute and work towards better identification of trade flows in plastics. He noted the key role that international cooperation plays in ensuring that capacity gaps are filled and shared about WCO global cooperation focusing on plastic waste and illegal trade. Addressing illegal trade in plastic waste is an area that has been mentioned by many Members and also stakeholders.

2.211. Finally, Chief of Staff Moreno highlighted the need for a new green deal. Such a deal could include multilateral trade rules, international regulations, ban and taxes that are done in a fair and non-discriminatory manner. UNCTAD also highlighted the need to consider the issues of fossil fuel subsidies, lowering tariffs and non-tariff barriers and eliminating non-tariff measures for plastics, alternatives and substitutes, and promoting market access initiatives, bilaterally, plurilaterally and multilaterally on substitutes. He underscored also the need for these substitutes to be environmentally sound and effective.

2.212. Ambassador Valencia concluded by underscoring the importance of this collaboration and highlighting how the Dialogue can feed into other processes and can contribute to the global response on plastic pollution but also the importance of maintaining constant dialogue with public opinion.

2.213. I will finalize my intervention by indicating that the next meeting of the IDP will take place for the pre-plenaries on 17-18 November and the plenary will take place on 7 December. As I mentioned, on 6 December, we will have a special workshop that is being organized by the WTO in collaboration with UNCTAD on alternatives and substitutes to plastic. We will showcase also in situ some of these goods and services around this area.

2.214. Following these presentations, some delegations had the following reactions.

2.215. The representative of Japan delivered the following statement:

2.216. Thank you to the Secretariat and all Members for organizing this important Trade and Environment Week with the participation of a wide range of stakeholders. Japan would also like to thank Ecuador for the comprehensive update on the IDP.

2.217. Japan attaches great importance to measures against plastic pollution. In order to reduce plastic waste, it is important to recycle plastic resources throughout their entire lifecycle from product design and manufacturing, including the reuse of plastic, to waste disposal. From this perspective, Japan has been promoting "3R + Renewable" initiatives based on the Act on Promotion of Resource Circulation for Plastics, which came into force in April this year.

2.218. Japan also actively contributes to supporting other countries. As one of the measures against plastic pollution in trade-related fields, we are implementing a plastic waste border control project in the Asia-Pacific through contributions to the World Customs Organization (WCO). Japan has contributed to the capacity building of customs officials in Southeast Asia and its neighbouring countries, by providing training that aims to improve the knowledge and response capabilities of the customs authorities of the target countries with regard to the illegal movement or transportation of plastic waste across borders.

2.219. In order to further promote the principles of these initiatives, at the G20 Osaka Summit in 2020, Japan announced the "Osaka Blue Ocean Vision", which aims to reduce additional pollution from marine plastic litter to zero by 2050, and this vision is now shared by 87 countries. It is important to aim for an effective measure against plastic pollution and to involve more countries in the negotiations on legally binding international instruments (or treaties) on measures against plastic pollution, including marine plastic pollution, which will begin in November this year. Japan is committed to actively participating in the negotiations at the Intergovernmental Negotiating Committee on this treaty.

2.220. The representative of Fiji, on behalf of the Pacific Group, delivered the following statement:

2.221. I am pleased to make this statement on behalf of the Pacific Group. The Pacific Group is pleased to note that Samoa recently joined the IDP joining Fiji, Vanuatu and Tonga. This underscores the importance of this issue for the Pacific Island states, who contribute less than 1.3% of the mismanaged plastics in the world's oceans, yet are one of the main recipients of plastics pollution and its impacts.

2.222. The Pacific Group welcomes the important progress made in the United Nations Environment Assembly mandating negotiations on a new global instrument to address plastics pollution and notes that the first negotiating session is due to be held in Uruguay next month (week of 28 November 2022). The Pacific Group encourages the IDP to actively engage with this process, noting that the trade community will be a central player in developing a robust and workable instrument.

2.223. The Pacific Group welcomes the concrete progress the IDP has made in key strategic areas of importance to the Pacific region, including:

- a. the Aid for Trade Needs Assessment Survey, which will help to identify financing needs to support countries to develop and implement appropriate policies in regard to plastics pollution and sustainable trade;
- b. the work being done in partnership with the World Customs Organization to ensure improved customs classification, which will be important to increase transparency and as a foundation for future measures; and
- c. the collaboration with UNCTAD looking at the vital areas of standards, non-tariff barriers, financing and technology transfer for developing countries.

2.224. The Pacific Group is of the view that strong progress through the IDP will be an important contribution to bringing the MC12 mandate on trade and environment to fruition through the multilateral track.

2.225. The representative of the European Union delivered the following statement:

2.226. The European Union thanks Ecuador for the updates. As stressed in previous meetings, the EU wants to move from linear plastic production and consumption to a circular plastic cycle. Changing the way plastics is designed, produced, used can greatly contribute to reducing plastic pollution and marine litter, by preventing waste or turning used plastics into secondary resources.

2.227. The EU maintains that engagement on a global plastics agreement is critical. The EU appreciated the recent update on the negotiation process towards a multilateral, legally binding instrument on plastic pollution provided by UNEP to the IDP last September. The EU has always maintained that it is important for the discussions within the IDP to be supportive of this negotiation process.

2.228. The exchanges in the IDP can provide important contributions to the negotiations on the plastics-related environmental impact of trade and on trade-related measures concerning plastics. The sharing of expertise and insights from national and regional case studies, including knowledge exchanges on trade flows and risks linked to trade, such as leakage points or shipments of concern, can help inform the delegations' chief negotiators engaging in the Intergovernmental Negotiating Committee.

2.229. While the discussions within the IDP should be supportive of the negotiation process, it is equally important to avoid duplicating the work of the Intergovernmental Negotiating Committee, particularly with respect to definitions.

2.230. The representative of China delivered the following statement:

2.231. China thanks Ecuador for its updates on the progress of IDP. First of all, we would like to also take this opportunity to welcome Mauritius, Samoa and Mexico who joined the IDP recently.

2.232. As Ecuador mentioned, in March of this year, 175 Members of UNEP endorsed a historic resolution at the UN Environment Assembly to end plastic pollution. We are pleased to learn that the first negotiation of the UNEA on an international legal binding instrument will be launched in coming November.

2.233. Plastic pollution is a global challenge. No single organization, single country or region can solve it on its own. In the IDP side event during this Trade and Environment week, Ms. Jyoti Mathur-Filipp, Executive Secretary of the INC, underlined the importance of the mutual supportiveness between the INC process and the WTO. As our environment colleagues from 175 Members have demonstrated their strong political will and ambition to tackle plastic pollution at UNEA, why not we, our trade colleagues, do the same at the WTO? As one of the six IDP coordinators, China would like to join other cosponsors to encourage all WTO Members to join the IDP discussion, to share your comments and suggestions on the IDP and to plan for next steps.

2.234. The Dialogue is a good platform to raise awareness. For past years, in this meeting room, we only have plastic cup. But recently, like today, I found that we only have this new cup. It looks like a paper cup. It is a good signal. It could be a sample that the Dialogue is changing our own awareness and behaviour. When I look closely to this new cup, there is a label "plastic in product". it reminds us that we still have a long way to go.

2.235. All meetings and workshops of the IDP and its three workstreams will continue to be held in an inclusive and transparent way, open to all WTO Members. We look forward to close cooperation with all member to achieve concrete results in the future, to show the relevance of the WTO to the global challenges.

2.236. The representative of Australia delivered the following statement:

2.237. I would like to thank Ecuador for the update on the Dialogue on Plastics Pollution and the event that was held this week, which may I say was an excellent event, made up of a panel of very esteemed figures from international organizations, including the WTO, UNEP, the World Customs Organization, and of course one of the key leaders of our work at the WTO, Ambassador Valencia of Ecuador. We would like to thank those presenters for their engagement at the event. The participation of this high-level panel highlights the complexity and the global nature of this problem and confirms that global cooperation is critical if we are to address it.

2.238. Australia is a proud coordinator of the initiative and we are pleased that discussions in the Dialogue have been progressing very positively. Plastics pollution requires global solutions and trade must be a part of our efforts to tackle plastics pollution: it is a powerful lever, a powerful tool. Plastic flows and plastic pollution flows are indeed a transboundary issue and require transboundary solutions, i.e. trade. We welcome the Dialogue's ongoing collaboration with other bodies investing in this issue, particularly the process underway in the UNEA resolution, which established the Intergovernmental Negotiating Committee (INC) to develop a legally binding instrument on plastics pollution.

2.239. We thank the broad group of 75 WTO Members for their participation and engagement in this initiative and we welcome the Dialogue's ongoing commitment to openness, transparency and inclusivity.

2.3.2 Report by the Kingdom of Saudi Arabia on its event held on 19 October 2022 on "Circularity for a Sustainable Future"

2.240. The representative of the Kingdom of Saudi Arabia delivered the following statement:

2.241. The Kingdom of Saudi Arabia is pleased to update the Committee about the workshop entitled "Circularity for a Sustainable Future" hosted on the side-lines of the Trade and Environment week. The session explored the aspects of Circularity and its role in creating a Sustainable future for us all, as well as the interdependency between global trade, environment, technology and innovation.

2.242. A diverse panel of experts from the Public and Private sectors, and Research centres discussed the relevant innovative technologies to address circularity of materials and emissions. Highlighting key facets of Circularity and its role in addressing key challenges in relation to trade and environment.

2.243. Providing on ground examples from Saudi Arabia's Circular Carbon Economy national program, launched in 2022 with the aim at delivering its climate change ambitions as well as VISION 2030. Utilizing all possible options and solutions, providing enabling mechanisms for investment & technology deployment. Once again, we thank you and the Secretariat for their support, and we look forward to further collaboration with all Members in the Committee.

2.244. Following this presentation, some delegations had the following reactions.

2.245. The representative of the Russian Federation delivered the following statement:

2.246. First of all, let me thank all engaged in the preparations of the related events during the Trade and Environment Week. There was a rich agenda on circular economy and plastic pollution, which once again demonstrates the relevance and importance of this issue.

2.247. I would like to express my gratitude to the coordinators of the Dialogue on plastics pollution for the stocktaking event they have organized at the beginning of the week. We are pleased to see the involvement of international organization into that issue. We share the views regarding necessity of effective waste management and circular plastic economy that were mentioned by some of the stakeholders during event.

2.248. I would also like to thank Saudi Arabia for their impressive presentations of circular carbon economy and the Saudi Green Initiative. It is nice to see that the whole energy ecosystem of Saudi Arabia is actively engaged in more than 260 circular initiatives and sustainability programs. For its part, Russia attaches high importance to topic.

2.249. As we stated during the sessions of the IDP, we attach high importance to building circular economy and combatting plastic pollution. We have shared our experience during the IDP session and submitted our inputs to the mentioned Trade-related Plastic Measures Survey.

2.250. What Russia aims in its policy is to ensure a comprehensive and balanced approach to plastic pollution and "trade-related reduction policies", in particular. We believe that an emphasis should be put on stimulating measures, rather than bans and restrictions. This, for example, include environmental labelling systems, economic incentives for the transition from refractory plastics to more environmentally friendly ones.

2.251. In case restrictive measures take place, they should be cost-effective and be based on scientific evidence. Moreover, we have to respond the following questions: Are there other alternatives available? Is industry ready to switch to alternatives and would the reasonable transition period be provided? What is the cost of the alternative and what are the consequences for consumers?

2.252. Before introducing any restrictive measures, all these questions must get clear answers. Besides, the scale of the problem largely depends on the efficiency of the waste management systems and recycling. This is especially relevant to the waste generation countries. Circular economy is not about excluding the use and trade of polymers; it is about creating an effective waste management system.

2.253. In this context, we strongly encourage efforts to reduce plastic pollution through improvement of effective waste management systems, and recycling. Russia is looking forward to constructively engage in the WTO work in this important area.

2.254. The representative of the Dominican Republic delivered the following statement:

2.255. The Dominican Republic would like to join the positive comments on the coordination of this meeting and, personally, I would like to congratulate you and the WTO on behalf of His Excellency Dr. José Sánchez-Fung for this creation of this great Trade and Environment Week, that is ending today. This is a very relevant topic for the Dominican Republic as a developing country. The Dominican Republic would also like to thank India for its excellent presentation, as well as Ecuador, represented by my colleague Daniela, for a very explicit and detailed intervention and, of course, many thanks to all the interventions that we have had the opportunity to listen to today.

2.3.3 Report by the European Union on its event held on 19 October 2022 on "Circular Design and Trade"

2.256. The representative of the European Union delivered the following statement:

2.257. The European Union would like to report on the event on circular design and trade. The panel provided perspectives from the EU, Chile and South Africa as well as presentations by the United Nations Economic Commission for Europe (UNECE) and Institute for European Environmental Policy. The discussions have shown that a transition towards a more resource efficient and circular economy has broad interlinkages with international trade, through cross-border supply chains, end-of-life value chains, and services trade. We heard several interventions about the importance of access to the relevant products and information, the role of standards, and transparency and traceability along the value chain. Along with these, the potential role of best practice was also highlighted as a possible area where WTO CTE/TESSD could further work on, in addition to offering a platform for deliberations and exchanges.

2.258. We also heard the importance of not leaving the developing countries behind and ensuring they are able to be part of circular markets – this is particularly relevant for the downstream part of the value chain. Moreover, the importance of Micro, Small and Medium-sized Enterprises (MSMEs) was underlined, as they may have a harder time participating in the circular economy.

2.259. In addition, the panel noted the importance that the product design can play in favouring value-retention processes, i.e. remanufacturing, refurbishment, repair and reuse. It is also quite relevant for increasing product durability and making recycling easier. The panel also noted the role for digital solutions (like electronic product passport, block chain technologies) in enabling the

circulation of goods worldwide. These digital solutions can facilitate transparency and traceability along the value chain.

2.260. Following our event, but also other presentations made this week, we would see a benefit in the WTO identifying where it can best contribute to facilitating the transition to circularity. We would encourage WTO Members to work jointly in this regard.

2.3.4 Report by the Organisation for Economic Co-operation and Development (OECD) on its event held on 20 October 2022 on "The role of trade in a circular economy transition"

2.261. The representative of the OECD delivered the following statement:

2.262. The session organized by the OECD on "The Role of Trade in the Circular Economy Transition" aimed to shed light on how a global transition to a circular economy can be supported by trade and how policy coherence between circular economy (CE) and trade policies can be fostered.

2.263. The first part of the session consisted of three presentations by OECD staff, highlighting the breadth and depth of relevant OECD work in recent years. Rob Dellink from the Environment Directorate kicked off the session with an introduction and a presentation on the narrow path for a CE transition to have environmental, economic and social gains. He highlighted how global materials use is projected to double by 2060, and how this links to economic activities such as construction for infrastructure development. He stressed how a switch to secondary materials and a transition to a CE more generally can alleviate severe environmental consequences and lead to job gains.

2.264. The second presentation, by Shunta Yamaguchi, showed how international trade and circular economy are interlinked through global supply chains, end-of-life value chains and services trade, and highlighted opportunities for cooperation towards a mutually supportive trade and circular economy agenda, such as on environmental goods and services, definitions and classifications, and regulations and standards.

2.265. The third presentation, by Evdokia Moise, gave an overview of the markets for re-using and recycling lithium-ion ("Li-ion") batteries for electric vehicles, the expected evolution of recycling capacity, related innovation and investments, and the role of international trade for current and future circular chains for lithium-ion batteries.

2.266. After these presentations, Olivia Cook, one of the co-facilitators of the informal working group on trade and circular economy at TESSD, moderated a panel discussion with Hugo Schally of the European Commission, Christophe Bellmann of the Forum on Trade, Environment and the SDGs (TESS) and the OECD speakers. The main conclusions from the discussions were four-fold: first, the CE transition needs an all-of-lifecycle approach. Downstream waste management is important but, as one of the speakers phrased it, "the problems and solutions start upstream".

2.267. Secondly, trade policy needs to accommodate two seemingly opposing objectives: trade that leads to environmental degradation, such as waste dumping, needs to be strictly regulated. But, at the same time, trade is essential to scale up circular business models and markets for recycling, secondary materials and second-hand goods. In loose terms, we need to facilitate the good flows, and regulate the bad ones.

2.268. Thirdly, the global international development and cooperation angle is crucial as only a global transition to a CE brings significant environmental and economic gains. Fourthly, the ongoing discussions at WTO, not least those taking place in TESSD and IDP, are vital to making progress and it is heartening to see so many countries actively engaged in finding ways to further reconcile trade and CE objectives.

2.4 Other

2.4.1 Presentation by India on its renewable energy and energy efficiency measures

2.269. The representative of India delivered the following statement:

2.270. Today I will be making a presentation on India's renewable energy and energy efficiency measures. India is committed to an energy transition to cleaner and more sustainable energy resources. India's energy transition goals include a reduction in emissions intensity of India's GDP by 45% by 2030 (from 2005 level) and the achievement of 50% of cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. These two are some of the various steps forward towards India's long-term goal of becoming net zero by the year 2070. Of course, renewable energy deployment is central to achieving this goal.

2.271. In the last decade, India has made remarkable progress in renewable energy sector and some of the key achievements include: presently, India has about 163 gigawatt (GW) of installed power generation capacity from renewable energy (RE) sources, which is more than two times the growth in installed capacity of power generation from RE sources, which was nearly 76 GW in 2014. We have been able to achieve about 10% year-on-year growth in the last eight years. Out of this 163 GW RE-powered capacity, we have been able to avoid ~1 billion tonnes of CO₂ emissions cumulatively. Presently, the share of electricity generation from RE sources in India is around 25% of the total electricity generation in the country. Through competitive bidding, we have been able to achieve power prices of around ₹3/kWh per unit for wind electricity and even lower at around ₹2.5/kWh per unit for solar electricity. There has been an investment of around USD 65 billion in the renewable energy sector in the country and we expect a future investment to also come in allied technologies including electrolysers, green hydrogen, energy storage, electric vehicles, biofuels processing units etc.

2.272. With regards to the break-up of the installed electric power generation capacity in the country, presently India's installed grid-connected power generation capacity is around 406 GW and, out of that, nearly 170 GW (approximately 42% of our total installed power generation capacity) is from non-fossil fuel-based sources, which primarily includes major contributions from solar, hydropower, and wind power. Apart from this 170 GW of total installed power generation capacity from non-fossil fuel-based sources, we have another 87 GW of non-fossil fuel-based power generation capacity under implementation and another 30 GW of non-fossil fuel-based electric power generation capacity under tendering. That makes the total of installed, plus pipeline, capacity of non-fossil fuel-based electric power generation as 287 GW.

2.273. India has a long-term vision for the year 2047 for the RE sector, which includes installation of 1,125 GW of power generation capacity from RE sources; an installed capacity of around 140 GW of RE equipment manufacturing in the country; avoidance 2.5 billion tonnes of CO₂ emissions; and increasing the share of electricity generation from RE sources from the present levels of around 25% to around 67% of total electricity generation. We expect the total investment in the RE sector in the country to reach around USD 600-750 billion by 2047. We also envisage making our top 1,000 corporations meet all their energy requirements from RE sources by the year 2047.

2.274. To achieve these by the year 2047, India is leveraging all its key strengths, which include: abundant RE potential. We have estimated our solar potential to be around 750 GW and wind potential to be 695 GW. Similarly, for bioenergy, we estimate a potential of 42 GW and for Waste to Energy (WtE) around 6 GW. We have a robust grid infrastructure to enable renewable energy power generation. We have 'One Nation-One Grid' and we are also implementing a programme for Green Energy Corridors to further strengthen the power transmission network to enable it to carry more renewable energy. India is a growing economy and there is a robust demand for energy and electricity with economic growth and that ultimately translates into robust demand for renewable energy as well.

2.275. We have a strong institutional framework for ensuring the deployment of new energy and we have a dedicated Ministry for new and renewable energy backed by strong regulatory bodies and implementing agencies who implement these renewable energy programmes on behalf of the central government.

2.276. Regarding renewable energy deployment, the Indian Government is implementing several programmes. First of all, the PM KUSUM project, which is primarily aimed at reducing diesel dependency in the agricultural sector by solarizing the agriculture sector and also increasing farmers' incomes. Under this plan, we have three components: component A targets the installation of 10,000 MW of small (up to 2 MW) solar power plants by farmers on their waste land; component B targets installation of around 2 million off-grid agricultural solar power pumps; and component C targets installation of around 1.5 million grid-connected solar power agricultural pumps.

2.277. We have another scheme called Solar Parks, whose primary objective is to support free access to public infrastructure like land and transmission of solar power on payment of applicable charges. Under this scheme, we have sanctioned 61 solar parks of a cumulative 40 GW of electricity, which includes parks for floating solar power projects as well. Many GW-scale solar power parks have been set up under this scheme, which includes a 2,000 MW solar power park, which is one of the largest solar parks in the world. We are also implementing solar photovoltaic (PV) rooftop programmes. Their primary objective is to promote decentralized generation of solar power by solarizing homes and buildings. It has a target installation of 40 GW and to date we have been able to achieve about 6.9 GW of solar power rooftop installation. We are also implementing programmes for tapping the potential in the wind and the WtE sectors. Under the wind energy programme, we have already installed around 42 GW of wind power plants and another 12 GW of wind power farms are under installation. Under the WtE programme, we have been able to set up around 5 million small domestic household-level biogas units and around 258 WtE plants, with a cumulative capacity of around 477 MW equivalent.

2.278. We are also working on strengthening our ecosystem. We are developing a complete ecosystem for the renewable energy sector to ensure that robust supply chains for renewable energy sector equipment are in place in our country.

2.279. Regarding our wind energy programme, we have potential of around 695 GW for wind energy. India also has a strong base of manufacturing wind turbines and associated components. We export nearly 500 MW per year of wind turbines and components. India is also working on tapping the offshore wind potential in the country. We have identified around 70 GW of offshore wind potential zones on the coasts of two of our states, Gujarat and Tamil Nadu, and a strategy and roadmap for offshore installation of wind projects in this area is being developed.

2.280. As I explained earlier, under the WtE programme, we have installed nearly 5 million domestic biogas plants owned by households. To date, we have been implementing off-grid and decentralized RE programmes to various small teams and now we are preparing a comprehensive "Decentralized RE Livelihood Applications Programme", which has four major components. It includes solar street lighting, off-grid solar PV power plants, solar study lamps, solar water heaters, Community Concentrated Solar Thermal (CST) Based Cooking, and distributed renewable energy Livelihood Applications. The programme is primarily aimed at providing the aforementioned components to marginalized sectors and areas of society, which include rural individuals and households, school going students, village councils, public service institutions, community cooking institutions and rural entrepreneurs. The programme envisages giving priority and enhanced support to women beneficiaries.

2.281. RE waste management is one of the identified focus areas for the circular economy. Preliminary estimates suggest 0.375 million metric tons (MMT) of solar waste in 2030 to 11.9 MMT in 2050. An action plan has been formulated for circular economy in RE waste management and a study has been commissioned on disaggregated forecasting and estimations. We give support to the circular economy sectors through research and development (R&D) programmes, pilot projects, reporting frameworks and business models.

2.282. We are also implementing a Green Energy Programme, which is primarily aimed at strengthening our existing grid infrastructure network to enable it to carry more renewable energy. Under the programme, presently cumulatively about 8,651 circuit kilometres (ckm) transmission lines and around 20,198 Mega Volt-Amperes (MVA) capacities have been set up. Recently, 10,750 ckm of transmission lines and 27,500 MVA substation capacities have been approved to be set up in the near future. India is also implementing a programme called "Greening of Islands", which is aimed at the deployment of renewable energy in the island regions of the country (namely, the Lakshadweep and Andaman and Nicobar islands).

2.283. India is also implementing a skill development and human resource development certification programme. Certification programmes of around 1.5-3 months are conducted for training young people in the areas of installation, operation and maintenance of solar PV projects, solar pumps, small hydro projects and wind power projects. Under our Solar PV development programme, we have been able to trained over 50,000 youth to date.

2.284. The Indian Government encourages the association of women in the RE sector and to recognize the contribution of women in the green energy sector it has launched a special portal in October 2022. The Indian Government is implementing distributed renewable energy solutions, which are being scaled up because these solutions provide multifarious growth opportunities for thousands of women by assisting women self-help groups (SHGs) and women entrepreneurship development programmes; increasing skill sets and employability of women from remote marginalized sections/areas; and also providing bank linkages; etc. The Government of India encourages the mentoring and training of women in technical, marketing and business skills with the aim of increasing their role and participation in the RE sector.

2.285. India has also initiated at the global level an International Solar Alliance, which was launched at COP21 by Prime Minister Shri Narendra Modi. It has 109 signatory member countries. The International Solar Alliance has the aim of unlocking USD 1 trillion of investment by 2030 and focus on LDCs and Small Island Developing States (SIDS) by programmatic interventions in grid-connected solar power, solar power for agriculture and Decentralized Renewable Energy. India has made to date a total commitment of USD 53 million until 2022-23 and the International Solar Alliance has a large pool of resources available made up of officers from the Indian public sector undertakings (PSUs) who have rich experience in RE sectors that can also be used as a resource for member countries.

2.286. India is also implementing a R&D programme whose focus areas include: high-efficiency PV; advanced chemistry batteries; smart grids; hydrogen storage and pipelines; offshore wind; wind modelling and simulation; advanced materials; electrolysers; and fuel cell vehicles. The programme is aimed at increasing the share of renewables in the energy mix. Recently, we have solicited new R&D proposals in this area and we have received around 1,468 research proposals, which are being shortlisted for help and support by the government. Our R&D partners include Indian Institutes of Technology and other prominent research labs and institutes of the Government of India.

2.287. After this presentation, some delegations had the following reactions.

2.288. The representative of Thailand delivered the following statement:

2.289. I would like to express my sincere thanks for the very interesting and informative presentation from the Indian delegation. It is very illuminating and encouraging to see a country such as India with such a very full ecosystem thinking about how to develop renewable energy. I have a lot of admiration for the things that the Indian delegation has just presented. I have a few questions to ask. If the Indian delegation cannot answer today, that is fine, maybe we will look forward to an explanation or information in the future from fellow developing countries who are embarking on such an ambitious target.

2.290. Firstly, I am very interested to hear about the source of technology for India's renewable energy sector. We saw many things – solar panels and stuff, electric vehicles, etc. You have thought of about everything – R&D, HR development etc. My primary interest would be the technology. I suppose with India being a very advanced scientific and engineering country, they have no problem with technology in this area, so is that the case – is most of the technology homegrown?

2.291. My second question is that I would like to ask whether India relies on any foreign investment in the sector. Towards the end of the presentation, the Indian representative talked about India being an investor in this area themselves, so my understanding is that India probably has sufficient money to invest in the area in the corridor. Still, if India can let me know if there are any limitations on foreign investment in environmental goods and services and manufacturing and related areas. What is the foreign investment regime in this area for India?

2.292. The third question is: does the representative of India believe or see that trade rules can contribute to India's lofty objective on the environment? Do you foresee any barriers to trade or barriers to investment that may hamper the implementation of India's policy that you have just presented? Since we are concerned about trade rules, I would like to see whether you think trade rules can contribute or can hinder India's efforts to the environmental objective.

2.293. Last but not least, in Thailand, when we started having policies on renewable energy, we used certain subsidies, I think, the jargon in the circle is called "adder" to be one of the tools to

encourage people to invest and manufacture more goods. Thailand has more goods than services. So what kind of subsidies or measures are there? Is there any help from the government to do this or any other support measures that the government gives to Indian manufacturers or service providers in this area? I am not asking to put India on the spot, because I suppose almost every country has certain types of subsidies to help their domestic players to move upward in the environment and climate measures, I am just curious to learn about India's experience. What has been the most important kind of support that the Indian Government has given to domestic players?

2.294. Finally, I have nothing but admiration that you even thought about women in renewable energy. One final question: there are some short-term problems that many countries are facing, which is a shortage of semi-conductors, rare earths and materials like that. In Thailand, where we are trying to develop our electric vehicles, we are debating whether, in the future, there will be a shortage of the necessary essential parts of the new technology to attain these kinds of materials. Is India facing similar challenges in the future, i.e. access to rare earths or to certain essential components? Or maybe India is so advanced in technology that it has no problem as it can produce everything it needs? For Thailand, it is a problem in the short term, but it can have long-term implications as to which road the developing country uses. As I said, I do not expect to have all the answers today, but please could India explain a little bit further on these trade and investment measures.

2.295. The representative of the Philippines delivered the following statement:

2.296. Just two very brief questions. One, could we perhaps get a bit more detail in terms of the regulatory regime. How are projects structured? Is there a feed-in tariff system in place or are they done through individual purchase power agreements? That is one question. The second is what is the general tariff regime on environmental goods? We understand that India did impose some safeguards on solar cells and modules. I am not entirely certain of the status of that, but for example with that example, how is it currently structured in terms of your tariff regime?

2.297. The representative of India responded:

2.298. We would like to thank the Ambassador of Thailand and the Philippine delegation for their questions. Chair, in the interests of time and so that we do not have to sit for this meeting tomorrow on a weekend and to ensure that we have the right answers with the right details, I propose that we come back to these questions from Thailand and the Philippines either bilaterally or perhaps at the next meeting. There are, of course, fairly structured regimes for investment, for local technology research capability and, of course, for the transmission and distribution, but it would be only fair that we respond in more detail and with more accurate information.

2.4.2 Presentation by India on its event held on 20 October 2022 on "An introduction to International Solar Alliance and Coalition for Disaster Resilient Infrastructure"

2.299. The representative of India delivered the following statement:

2.300. Chair, firstly we would like to congratulate you and the Secretariat for the organization of Trade and Environment Week 2022. India has organized two sessions this week. In this agenda of the CTE, I will speak about our first presentation, which took place yesterday on 20 October.

2.301. Two international organizations – the International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI) – presented on their work programmes and organizations. Both of these organizations are headquartered in the Indian national capital region. The ISA was formed with the joint sponsorship of India and France after COP21. Its mandate is to catalyse global solar growth by helping reduce the cost of financing and technology for solar. It aims to create universal and affordable last-mile electricity connectivity towards facilitating economic development.

2.302. The ISA assembly has India as the President and France as the Co-President. The eight Vice Presidents currently come from four different regions – Fiji and Nauru from Asia-Pacific, Mauritius and Niger from Africa, Cuba and Guyana from Latin America and the Caribbean, and the United Kingdom and the Netherlands from Europe. The organization has 110 members, including most of the countries represented here today in the CTE.

2.303. The CDRI was launched at the UN Climate Action Summit in September 2019 and is a relatively new organization. Despite being hit by the COVID-19 pandemic soon after its formation, the CDRI has made giant strides in the short period it has existed. It is structured as a multi-stakeholder partnership of national governments, UN agencies and programmes, multilateral development banks and financing mechanisms, the private sector and knowledge institutions.

2.304. The CDRI has 31 members with a strong presence in North America, South America and Western Europe and evolving interest in other regions. India, Australia, the United Kingdom and the European Union are the main donors, while the United States, Japan and France are providing technical know-how and capacity building support. The first flagship initiative of the CDRI is called the Infrastructure for Resilient Island States (IRIS).

2.305. India provides human capital support for both the organizations in addition to hosting them. Through these two initiatives, India seeks to influence positive and impactful outcomes on mitigation, adaptation and resiliency measures required to combat the climate crisis.

2.306. We thank the countries working together on these initiatives. The membership of the two organizations remains open. Finally, the ISA has applied for Observer Status at the WTO Committee on Trade and Environment and they will reach out to missions in Geneva to seek support for their application.

2.4.3 Presentation by China on its policy framework and progress regarding achieving peak carbon dioxide emissions and carbon neutrality and concepts for international cooperation

2.307. The representative of China delivered the following statement:

2.308. It is my pleasure to take this opportunity to share information on progress made on China's policy framework regarding carbon peak and carbon neutrality and China's concepts for international cooperation.

2.309. On 22 September 2020, at the General Debate of the 75th Session of the United Nations General Assembly, President Xi Jinping formally announced the aim of having carbon dioxide emissions peak before 2030 and to achieve carbon neutrality before 2060.³ On 12 December 2020, at the Climate Ambition Summit, President Xi announced some further Nationally Determined Contributions targets: China will lower its carbon dioxide emissions per unit of GDP by over 65% from the 2005 level, increase the share of non-fossil fuels in primary energy consumption to around 25%, increase the forest stock volume by 6 billion cubic metres from the 2005 level, and bring its total installed capacity of wind and solar power to over 1.2 billion kilowatts.⁴

2.310. Peaking carbon emissions and achieving carbon neutrality is a major strategic decision of the Chinese Government. It means that, as the world's largest developing country, China will make the biggest reduction in carbon emission intensity in the world and move from carbon peak to carbon neutrality in the shortest time span in world history. It demonstrates China's resolve to promote the green and low-carbon transition, and represents an important contribution made by China to the global efforts to respond to climate change.

2.311. In recent years, China has been fully implementing the new development philosophy and has written the goals for carbon peak and carbon neutrality into the master plan for building ecological civilization. The Report on China's Policies and Actions to Address Climate Change is published every year, and the White Paper on Responding to Climate Change: China's Policies and Actions was released in 2021.

2.312. First, establishing high-level coordination and implementation mechanisms. The central government set up the Leading Group on Carbon Peaking and Carbon Neutrality, headed by Vice Premier Han Zheng and comprised of 28 ministerial departments, with a view to strengthening overall planning, coordination and effective implementation. Provinces (autonomous regions and

³ http://english.scio.gov.cn/topnews/2020-09/23/content_76731466.htm.

⁴ https://en.qsttheory.cn/2020-12/14/c_573223.htm.

municipalities directly under the central government) have each established their own leading group, so as to strengthen vertical and horizontal coordination and synergy.

2.313. Second, constructing the "1+N" policy system. Here, the "1" refers to the over-arching design for peaking carbon emissions and achieving carbon neutrality, as reflected in two policy documents: the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy⁵, and the Action Plan for Carbon Dioxide Peaking Before 2030⁶; the "N" refers to relevant implementation and support plans, including implementation plans for such key sectors as energy, industry, urban and rural development, transportation, agriculture and rural affairs, reduction of pollution and carbon emissions, as well as implementation plans for such key industries as iron and steel, non-ferrous metals, petrochemical and chemical industries, and building materials, as well as supporting plans covering technological support, financial support, statistics and accounting, human resource development, etc. All provinces (autonomous regions and municipalities directly under the central government) have also formulated their own implementation plans for carbon peaking. The "1+N" policy system is well put in place.

2.314. Third, keep improving relevant policy measures and mechanisms. Efforts include: optimizing and refining the policy for controlling both the total amount and intensity of energy consumption, and establishing a unified and standardized statistics and accounting system for carbon emissions; launching instruments supporting carbon emission reduction, special re-finance programs for clean and efficient use of coal, and the China Carbon Emission Trade Exchange (CCETE); improving the innovation system for green technology, with an emphasis on the training of professional talents; strengthening the regime for energy conservation, whereby a system of laws and regulations promoting energy conservation has been formed, with the Energy Conservation Law on the top, and with underlying regulations for energy conservation in buildings and public institutions, regulations for energy conservation inspection and supervision, and the rules for the administration of key energy users; and, last but not least, promoting the Green life, including encouraging green consumption, and advocating the simple, moderate, green and low-carbon ways of life.

2.315. First, the transition to green and low-carbon energy advanced steadily and orderly. Based on its national condition of coal as the dominant source of energy, China vigorously promoted the clean and efficient utilization of coal, upgrading coal-fired power units in a three-pronged way: energy efficiency, heating optimization and more flexibility in peak load regulation capacity; and planned to build 450 million kilowatt large-scale wind farms and solar farms in deserts and Gobi areas. Since 2020, the annual newly installed wind and solar power capacity in China has exceeded 100 million kilowatts for two consecutive years, and in 2021, the electricity generated by new energy exceeded 1 trillion kilowatt-hours for the first time.

2.316. Second, the energy efficiency has been greatly improved, effectively promoting high-quality development. Since 2012, China has advanced energy conservation through technological and managerial means as well as structural transformation. The GDP grew by 6.6% year-on-year while energy consumption grew by just 3% on average per year. The energy consumption intensity has decreased by 26.4% accumulatively, and energy consumed by industrial units above the designated size has decreased by 36.2% accumulatively, equivalent to saving about 1.4 billion tonnes of standard coal. This has effectively alleviated gaps in the energy supply and demand, and laid a solid foundation for getting off to a good start for carbon peaking and carbon neutrality.

2.317. Third, the industrial structure is being vigorously optimized and upgraded. China actively promoted the development of strategic and emerging industries, promoted energy conservation and carbon reduction in key industries, and resolutely curbed the dis-organized development of energy-intensive, high-emission and low-end projects. In 2021, China's national carbon emissions intensity decreased by 34.4% compared to 2012, water consumption intensity down by 45%, while the output rate of major resources up by 58%.

2.318. Fourth, the construction and transportation sectors are undergoing the low-carbon transition. China actively developed green buildings and renovated existing buildings to make them greener by reducing their carbon emissions. By 2021, the newly built green building area in urban areas had reached more than 2 billion square metres. China also stepped up efforts to promote the

⁵ https://en.ndrc.gov.cn/policies/202110/t20211024_1300725.html.

⁶

use of energy-efficient and low-carbon means of transportation, produced and sold more new energy vehicles than any other countries in the world for seven consecutive years, and run more than half of the world's new energy vehicles.

2.319. Fifth, the ecosystem's carbon sink capacity has increased. China took an integrated approach to the protection and restoration of mountains, forests, farmlands, lakes, grasslands and deserts, and scientifically promoted large-scale land afforestation. Our forest coverage and forest stock volume have continued to grow for many years in a row, with the highest growth in forest coverage in the world. In 2021, China reported a forest coverage rate of 24.02% and forest stock of 194.93 cubic metres.

2.320. Sixth, the China Carbon Emission Trade Exchange (CCETE) had a solid start. The exchange was officially launched on 16 July 2021. After the first compliance period, it had established an integrated management framework consisting of "quota allocation, data management, transaction supervision, law enforcement and inspection, and supporting platform". Measures for the Administration of Carbon Emissions Trading (for Trial Implementation) was issued.⁷ Quota allocation plan based on carbon intensity were adopted. China also established the carbon emissions statistics, accounting, reporting and verification management system, issued a series of technical regulations, and clarified the technical requirements for accounting and verification. The basic framework of the national carbon market has started to take shape. The price discovery mechanism has begun to manifest itself. Enterprises are more aware and capable of cutting their emissions. The market-oriented mechanism has started to play an increasing role in urging enterprises to reduce greenhouse gas emissions and accelerate green and low-carbon transition.

2.321. Seventh, significant achievements have been made in curbing carbon dioxide emissions. In 2020, China's carbon dioxide emissions per unit of GDP was 48.4% lower than that in 2005, over and above the 40%-45% target previously committed. In 2021, carbon intensity fell 3.8% year-on-year and 50.8% compared to 2005, arresting the trend of rapid growth of carbon dioxide emissions.

2.322. South-South cooperation on climate action is one of the important measures to actively respond to climate change. So far, China has earmarked over CNY 1.2 billion for such efforts and signed 43 cooperation documents with 38 developing countries on climate action. For example, China is jointly building low-carbon demonstration zones with Laos, Cambodia and Seychelles, and carrying out 40 mitigation and adaptation projects with more than 30 developing countries, including Ethiopia, Pakistan, Samoa, Chile, Cuba and Egypt. Meanwhile China actively carried out capacity building training projects, having hosted 45 training sessions on South-South cooperation in response to climate change, and trained about 2,000 government officials and technicians from more than 120 developing countries in the area of climate change mitigation.

2.323. More milestones have been hit since 2021, marked by the release of The Declaration on China-Africa Cooperation on Combatting Climate Change, the launch of China-Africa three-year action plan on climate change, the establishment of China-Pacific Island Countries Climate Action Cooperation Centre, and China-Pacific Island Countries High-end Dialogue on Climate Action, in order to help other developing countries actively respond to climate change.

2.324. On multilateral economic and trade cooperation platforms such as BRICS and G20, China has long been actively promoting green and sustainable development, sharing best practices of promoting green development and reducing energy consumption intensity, and urging other member states to effectively implement the 2030 Agenda for Sustainable Development. As the BRICS Chair of 2022², China held the 14th BRICS Summit which endorsed the Initiative on Trade and Investment for Sustainable Development in the economic and trade fields. This is the first economic and trade outcome document reached by BRICS countries in this field, and marks a breakthrough in promoting sustainability among BRICS countries. Focusing on creating a favourable trade and investment environment for sustainability, the Initiative aims to strengthen policy communication, information exchange and capacity building, proposes 16 cooperation measures, and maps out a roadmap toward green and sustainable development.

2.325. In his keynote speech, at the Opening Ceremony of the 4th China International Import Expo, President Xi Jinping said that "China will take an active and open attitude in negotiations on issues

⁷ http://www.gov.cn/zhengce/zhengceku/2021-01/06/content_5577360.htm.

such as ... trade and the environment ..., uphold the position of the multilateral trading regime as the main channel for international rules-setting".⁸ China opposes unilateralism, protectionism and barriers to green trade, and supports discussions on climate change-related trade policies within the WTO framework. Specifically:

- First, China supports the efforts of Members to address climate change through trade and investment liberalization and facilitation measures, and support in-depth discussions on the liberalization of environmental products and services at the trade and environmental sustainability structured discussions (TESSD).
- Second, China supports the coordination of Members' trade policies and measures in response to climate change based on WTO rules, so as to avoid unilateral measures and disguised trade barriers. China supports thematic discussions on trade measures adopted by Members to address climate change under CTE and TESSD, with a view to strengthening cooperation and ensuring that such trade policies are aligned with the obligations specified in the WTO Agreement and the basic principle of respecting "common but differentiated responsibilities and respective capabilities" and the institutional arrangement for "nationally determined contributions" stipulated in the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.
- Third, we support the provision of technical assistance and capacity building support in relevant areas to developing Members in the WTO, with a view to understanding Members' needs in specific trade policies and providing targeted assistance.

2.326. In the Report on the Opening Conference of the Twentieth National Congress of the Communist Party of China, President XI Jinping emphasized that China will accelerate the green transformation of the development mode, implement the comprehensive conservation strategy, develop green and low-carbon industries, advocate green consumption, and promote the formation of green and low-carbon production and lifestyle. China will further promote the prevention and control of environmental pollution; improve the diversity, stability and sustainability of the ecosystem; actively and steadily promote carbon peaking and carbon neutralization, and implement carbon peaking action in a planned way. China is also willing to strengthen coordination and expand cooperation with other WTO Members, and actively participate in global governance, to jointly respond to climate change.

2.327. After this presentation, a delegation had the following reaction.

2.328. The representative of Thailand delivered the following statement:

2.329. My question would be similar to that raised to the Indian delegation so I will send my questions to both delegations with a copy to the Secretariat and hopefully the Secretariat can pass it on to the two delegations. I am sure that other delegations would be interested to hear their responses.

2.330. With respect to the Chinese delegation, thank you very much for the detailed explanation. China's report is of a broader scope than India's. I would like to make an observation to the Chinese delegation in capital, which is regarding the rare earths issue. I mention this again because it is vital for the further development of the green economy in many countries.

2.331. China is not the largest country that has rare earths, but is the largest producer – China produces 60% of important essential rare earths, which are vital for many green industries. I hope that the idea of export restrictions or anything like that would not be in China's future policy regarding the green economy. Just my observation and a note for the Chinese delegation, but other questions I will send to the Secretariat.

⁸ https://en.qsttheory.cn/2021-11/05/c_678942.htm.

2.4.4 Presentation by India on its concern over the increasing use of environment as a non-tariff measure

2.332. The representative of India delivered the following statement:

2.333. Sustainable development and environmental protection and to enhance the means for doing so in a manner consistent with the respective needs and concerns of countries at different levels of economic development are critical concerns for each country. There are, however, serious concerns as regards the trends and manner on the increasing use of unilateral measures impacting trade, which are sought to be justified as environmental measures. The implications of such measures for the rules of the WTO need to be reflected upon. The underlying concern is that of systemic implications for international law as a whole and the impact any unilateralism would have for the multilaterally negotiated rights and obligations of countries.

2.334. We would like to highlight three types of measures which we foresee are being used as non-tariff measures but classified as environmental measures. Firstly, border adjustment measures are effectively nullifying the tightly negotiated balance of rights and obligations under the multilateral environmental agreements. The Paris Agreement under the UNFCCC, guided by the principles of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances adopted the principle of nationally determined contributions (or NDCs). Using NDCs, each country – both developed and developing – notified its emission reductions with the overall goal being to achieve net zero emissions over a period of time. There are no sector-specific targets and the overall threshold is determined on the basis of economy-wide emissions.

2.335. Secondly, proposed regulations relating to the ban on imported products relating to the determination of land-use patterns or deforestation and country of origin have a potential to severely impact global agricultural trade. Such outcomes would be a travesty at a time that the world faces severe food and security challenges. Conservation of biological diversity and ensuring adherence to principles of forestry are at the heart of international environmental law. However, proposals in this area include unrealistic compliance burdens on importers as well as exporters. Thirdly, arrangements on tariff quotas or equivalent measures based on carbon content of the products being traded have the potential to severely fragment global trade flows.

2.336. Such arrangements seem to effectively use environmental measures to bypass foundation principles and design of the global trading system. Chair, it is important to recollect the outcome document of the recent MC12, which is document [WT/MIN\(22\)/24](#), which recognized global environmental challenges, including climate change, and the importance of the contribution of the multilateral trading system to promote the UN 2030 Agenda and its SDGs in each of its dimensions, which are economic, social and environmental, insofar as they relate to the WTO mandates and in a manner consistent with the respective needs and concerns of Members at different levels of economic development.

2.337. We would urge the WTO membership to ensure that environmental measures should be carefully designed so as to only advance environmental objectives, and in full accordance with WTO rules and principles as well as fully incorporating the principles of international environmental law. We will continue to work with like-minded WTO Members to highlight these concerns on rising trade protectionism, which is thought to be justified in the name of environment.

2.338. After this presentation, some delegations had the following reactions.

2.339. The representative of Paraguay delivered the following statement:

2.340. Paraguay thanks the delegation of India for having raised this item on today's agenda. This is a very relevant debate given the mandate of this Committee. We think it is very important and absolutely necessary to avoid the responses of Members to the challenges faced by pollution, climate change, and biodiversity loss generating new barriers to trade and boosting protectionism, and that we do so in such a way that it is in line with the aim of this Organization. We must study how the measures which have environmental goals can be seen from the point of view of strengthening the Organization's rules with a view to meeting its legitimate objective and not through a lens which sets out to establish a narrative that rules are a bad thing and that we must therefore, in response, act unilaterally.

2.341. International cooperation and collaboration are fundamental if we are to move forward together to meet the global challenges. Once again, may I thank the delegation of India for this very relevant contribution to today's discussion.

2.342. The representative of the Russian Federation delivered the following statement:

2.343. We would like to thank India and China for the valuable overviews of their climate policies. In our view, this kind of information sharing is very helpful and should be continued. We would also like to thank Indian colleagues for raising an important issue of non-tariff measures. Russia shares concerns regarding the increased use of environmental objectives to disguise protectionist measures.

2.344. Possible improvement of the WTO rules to make them better address environmental challenges is a considerable option. We clearly lack a common understanding on trade-related aspects of green policy measures, but it is always better to first agree upon common rules and then implement them, rather than to invent our own individual measures focused on specific economic elements and then impose them on others. Unfortunately, this is what we have been witnessing from some Members recently.

2.345. For instance, the introduction by countries of individual standards and requirements is a measure of technical regulation and must also comply with the requirements that are laid down in the Agreement on Technical Barriers to Trade (TBT Agreement). If the provisions of these norms are not enough to combat climate change, we should discuss how such norms could be adjusted.

2.346. The representative of South Africa delivered the following statement:

2.347. We thank India for putting this item on the agenda and for its remarks. We share India's view and believe that, if we are to address the effects of climate change, global cooperation and solidarity is critical. This is an issue of global commons and cannot be addressed through unilateral measures. We need to ensure that trade measures do not undermine coherence in multilateral trade and climate policy making.

2.348. Carbon border taxes that close off export markets will shift the burden and penalize already resource and financially constrained economies, making the move toward lower carbon emitting economies even more challenging. There is therefore a need for a multilateral dialogue on the impact of these measures, including how they comply with WTO rules. Trade measures should be carefully calibrated and sequenced with green technology transfer and financing for developing countries to effect the green transition. In other words, measures should not be punitive but should rather encourage countries to meet their national greenhouse gas reduction targets. We therefore need a transition that is just and equitable and promotes climate resilient development and it must be based on common but differentiated responsibility.

2.349. Africa is an important source of critical minerals and metals that are vital for the new technologies needed for renewable energy sources. Global solidarity and international collaboration, as well as access to affordable finance and technology, can provide a platform for African industrialization in a manner that supports global efforts to reduce carbon emissions. This is the reason we are calling for a cooperative rather than a punitive approach to climate change.

2.350. The representative of Argentina delivered the following statement:

2.351. Argentina shares the concern expressed by India about the growing trend in the use of environmental measures as non-tariff barriers. In this regard, environmental measures with trade effects should be consistent with WTO rules, and should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Any measures should be based on scientific evidence and take into account the needs and capacities of developing countries. Initiatives should be designed in an inclusive manner, through a process of consultation involving all stakeholders and those potentially affected, and avoiding unilateral implementation without multilateral efforts. Furthermore, the application of uniform, undifferentiated measures that do not take into account the differences between production systems and are not adapted to the production and development realities of the different countries should be avoided. Instead, they should foster

the recognition of equivalences in environmental programmes and consider the scope and legitimate purposes of protecting the environment.

2.352. The representative of Brazil delivered the following statement:

2.353. Brazil thanks India for raising this timely topic and wishes the Indian delegation very warm Diwali celebrations. At MC12, WTO Members all committed to seek ways of how trade can support the UN 2030 Agenda and Brazil supports the adoption of policies with legitimate environmental objectives. We are, however, concerned about the adoption of unilateral measures that result in unnecessary negative impacts on international trade, and that may violate core principles of both the trade and environmental regimes, thus impairing the capacity of these regimes to provide global solutions to global problems.

2.354. Let us be clear about what we are talking about. In recent days, a high EU authority gave a speech entitled "Should the international order be based on rules or on the law of the jungle?" While we will refrain from commenting on the great choice of metaphor that was employed, the title of his speech is very suitable to our present discussions. Time and again, in recent years, we have discussed in this house how EU policies with alleged environmental purposes clearly violate articles of the GATT 1994, the Agreement on Agriculture, the Agreement on Subsidies and Countervailing Measures (SCM Agreement), the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the TBT Agreement, as well as Codex norms and UNFCCC and Paris Agreement rules. Additionally, we have heard this week the EU saying that it will basically respect principles and standards only insofar as they are suitable for their own particular vision of sustainability.

2.355. When a Member judges itself in a position to select which commitments and rules it wants to abide by, this is a textbook definition of the sort of "law of the jungle" behaviour we all want to avoid. Additionally, if, after 20 years of negotiations, the EU signs a trade agreement with Mercosur and the next day it starts to adopt measures with alleged environmental purposes that impair the balance achieved in terms of negotiations, this is hardly behaviour we would expect from a Member that seeks to promote a rules-based international order and regain influence it has been losing in some parts of the world.

2.356. Finally, let us note that, while possible environmental benefits of measures such as CBAM and other border carbon adjustments (BCAs) being mooted have been estimated as being nearly negligible, this constant and across the board violation of norms will ultimately lead to a fragmentation of trade rules, which, as our Director-General recently argued, will leave everyone worse off. To quote her remarks, "a fragmented world will be a very costly world". We therefore commend all WTO Members seeking to deploy measures based on environmental purposes to fully abide by WTO rules and by commitments assumed in the relevant multilateral environmental agreements (MEAs) and to duly consider the consequences of their measures.

2.357. The representative of the European Union delivered the following statement:

2.358. Thank you for the presentation of India. I think we have addressed some of the comments in our previous presentation, notable on why EU carbon border adjustment is an environmental measure and how it interlinks with the common but differentiated responsibilities. For the EU, it is important to address climate change and deliver on the Paris Agreement goals. I think we all agree here, including as we have recognized in the Ministerial Statement in June, each country will need to design and implement policies that will deliver on our NDCs. Therefore, it is only normal that the number of environmental policies are growing and we have seen quite a few presentations here today by other Members.

2.359. We believe that we should not oppose them but see how they can be designed in the least trade-restrictive way and encourage dialogue and cooperation. The EU believes that the WTO and the CTE can play a particular role by providing space for transparency and deliberations among its Members on trade-related climate and environmental measures so they do not lead to conflicts or lack of coherence. This should provide a basis for a dialogue on how such measures can be designed to achieve climate goals while limiting unnecessary impact on trade. We should focus these deliberations on improving understanding of the design of the measures, policy choices and the concerns of third countries. These discussions could also lead to the identification of means to

support developing country compliance with requirements linked to trade-related climate and environmental policies.

2.360. The Chair noted the relevant statements made under this item.

3 TECHNICAL ASSISTANCE AND CAPACITY BUILDING – PARAGRAPH 33 OF THE DOHA MINISTERIAL DECLARATION

3.1 Third Trade and Environment Week reports

3.1.1 Report by the WTO Secretariat

3.1. The WTO Secretariat delivered the following statement:

3.2. I am delighted to report to you on the third WTO Trade and Environment Week. This has been the biggest edition of Trade and Environment Week. We had 16 side events and 83 speakers, and very active engagement from across the WTO membership. Events were hosted by a number of Members and regional groupings including the United States, the Pacific Islands Forum, the European Union, India, the Kingdom of Saudi Arabia, and the United Kingdom. Think tanks, like Silverado and the IISD, and international agencies, like UNECE and the OECD, also participated. We also learnt about developments in two of the new environment initiatives at the WTO: the Dialogue on Plastics and the Fossil Fuel Subsidy Reform.

3.3. On the attendance side, 738 people registered to attend online and 280 in person. These participants government officials, business representatives, international organizations, academics, and civil society interacted on subjects of relevance to the CTE such as traceability of supply chains; plastic pollution; climate and development; circular economy transition; climate adaptation and resilience; and environmental goods and services. All from the vantage point of finding solutions through trade.

3.4. For the first time, we also brought artworks and visual displays on the theme of environmental sustainability and climate change to the WTO. The artworks in the atrium sent provoking messages about each aspect of the triple planetary crisis: from the devastating wildfires caused by climate change inducing huge damage on biodiversity and human life; through the perils of melting glaciers and rising waters impacting lives of innumerable people around the world, like the inhabitants of the island of Kuna Yala in Panama; to the plastics waste that we are leaving behind to the next generation to clean up.

3.5. We in the Secretariat are grateful to the artists and organizations for sharing their work. The art in the atrium and discussions in the meetings rooms share a common thread. They have all come together to discuss ways to make global trade more sustainable, resilient, and inclusive. They have all outspokenly demonstrated to us how trade and trade policies can and should be part of the solution in the fight against climate change.

3.6. Let me underscore a few highlights of the week. We started with a high-Level panel on multilateral trade and environmental cooperation with WTO DDG Jean-Marie Paugam and UNEP Deputy Executive Director Sonja Leighton-Kone speaking of the strong institutional collaboration between the two organizations and MEAs, as well the international cooperation that is needed to confront the climate crisis and how trade can be part of the sustainability solution.

3.7. Following the opening remarks, distinguished speakers from the Multilateral Environment Agreements: Ivonne Higuero, Secretary-General of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); Rolph Payet, Executive Secretary of the Basel, Rotterdam, and Stockholm Conventions; and David Cooper, Deputy Executive Secretary of the Convention on Biological Diversity, collectively welcomed the event in showcasing how the trade and environment communities can work together for the coherent nexus of trade, environment, and sustainable development.

3.8. In his concluding remarks, the chairperson of the CTE, Ambassador Simon Manley of the United Kingdom, highlighted the need for shared solutions by all WTO Members and support for the vulnerable.

3.9. Moving on now to the events organized by NGOs, the session by the IISD on Fisheries Subsidies Agreement implementation had presentations from the Rules Division, The Pew Charitable Trusts, the Permanent Mission of the Gambia, and the IISD. The event provided: an overview of the Fisheries Subsidies Agreement; its possible impact, which is contingent on the approach that WTO Members will take towards implementation. National experiences were also shared with the Gambia highlighting some of the concrete domestic policy steps that are needed to implement the Agreement, including which ones could prove more challenging and require technical assistance or capacity building support.

3.10. The IISD presented their forthcoming Self-Assessment Tool to support WTO Members' efforts to implement the Agreement. The Tool allows Members to collect key information and data for implementation; assess if current domestic policies are in line with the Agreement's provisions and, if not, what steps are needed; and determine whether Members have domestic mechanisms in place to enable ongoing policy alignment with the Agreement and, where these mechanisms are absent, identify where they may need technical assistance or capacity building support.

3.11. An event was held by the Grantham Research Institute on Climate Change and the Environment at the London School of Economics with the Ecologic Institute of Berlin on 18 October on "A Win-win Agenda for Climate, Development and Trade – How an Inclusive Climate Club and Trade Policy Can Be Part of the Solution". The objective of the event was to discuss how international cooperation and an inclusive Climate Club can accelerate climate action and how trade can be part of the solution. It was emphasized that a stronger policy agenda at the intersection of climate, development and trade is crucial to ensure a credible transition towards net zero. The discussion built on the report prepared by the Grantham Research Institute under the German G7 Presidency.

3.12. The session had a presentation from the Grantham Research Institute on their report on Climate Clubs commissioned by the German G7 Presidency, which was followed by a panel discussion involving the European Commission DG-TRADE, the WTO Trade and Environment Division, Bruegel, University of Edinburgh and the Indonesia Research Institute for Decarbonization. The panel discussed how to achieve coherence between climate change policy and trade policy; what climate change objectives can be achieved within existing WTO rules and which ones require adjustments; how to rethink the trade legal framework in a way that supports investments and transfer of low-carbon products to developing countries; the importance of agreement on common standards, definitions for green materials and methodologies for measuring the carbon content of goods; and how a Climate Club and the WTO could support these efforts.

3.13. Silverado Policy Accelerator – a Washington-based think tank focused on trade and environmental policy – organized the session, "Practical Trade Solutions to Facilitate Circular Economy". US Ambassador María Pagán opened with a statement on using trade to facilitate the circular economy to reduce life cycle impacts, to keep goods and materials in productive use for as long as possible, and to minimize waste generation. The panel, moderated by Silverado Co-Founder Maureen Hinman, included Crispin Conroy of the International Chamber of Commerce, Jack Barrie of Chatham House and Amy Burk of HP, Inc. The panel examined reverse supply chains, especially how to help keep precious materials in continuous productive use and help achieve positive environmental outcomes. The importance of transparency – both in the reverse supply chain as well as regulatory notifications to the WTO; international standards for products and materials; trade facilitative measures for customs clearances; and considerations for regulatory coherence and convergence, were highlighted by the panel and many participants.

3.14. The event was concluded by Ambassador Sofía Boza of Chile. She noted that her government has included circular economy into Chile's national strategy for sustainable development, including on extended producer responsibility, targets for recycling and resource efficiency and the role of trade to meet these goals. The work of TESSD and IDP were also noted.

3.15. In closing, let me just recall that in paragraph 14 of the MC12 outcome document, you Members reaffirmed the special role of this Committee as a standing forum dedicated to dialogue among Members on the relationship between trade and environmental measures. You have shown this week that you want to keep this momentum and sustain this unique platform to maximize synergies, by hearing from leading experts, by gathering successfully implemented good practices, and by connecting with international partners to enhance collaboration.

3.16. We thank you for your support for Trade and Environment Week, which is your week, and we hope that it will help you in your deliberations and work in this body.

3.1.2 Report by the United States on its event held on 18 October 2022 on "Supporting More Circular Economies through Trade Policy for Climate Change Solutions"

3.17. The representative of the United States delivered the following statement:

3.18. On 18 October 2022, the United States hosted a side event at the WTO's 2022 Trade and Environment Week. Assistant US Trade Representative for Environment and Natural Resources, Kelly Milton, and Ecuador's Deputy Permanent Representative, Daniela Garcia, co-moderated the session, which was focused on how we can support a more affirmative trade policy to enhance circularity for climate change solutions.

3.19. Three expert speakers from the OECD, the Rochester Institute of Technology, and the Smart Prosperity Institute described areas and opportunities where trade policy can be proactively utilized to support more circularity for goods and technologies relevant to climate change mitigation and adaptation efforts.

3.20. They highlighted priority trade-related actions and considerations, including suggestions for how to support an inclusive, environmentally sustainable, and just transition to greater circularity for primary resource producers (often developing countries), and to increase transparency and traceability throughout each stage of the value chain of relevant technologies to help improve their environmental footprints.

3.21. The panelists also raised a number of important questions that WTO Members could consider taking up for discussion, including analysing what materials will be required to meet low energy carbon demand, where these materials are sourced from and where there are risks in supply chain reliability, and identify financial, regulatory and technical barriers that may exist.

3.22. They also identified the need for more engagement from practitioners and stakeholders, and for more data to develop evidence-based trade policy, such as conducting deeper analysis within relevant sectors and markets to develop a stronger understanding of the emerging demand for more circularity across value chains, as well as the associated risks.

3.23. It is clear that we will need a lot of increasingly scarce resources to produce the technologies that are critical to help us reach our climate goals. However, circular economy approaches can increase efficiencies, keep them in productive use for longer, and reduce their life cycle greenhouse gas emissions as well as the need for mining of primary materials.

3.24. As mentioned during the session, we hope that this can be just the start of a longer-term discussion among WTO Members to support more circular economies for climate change solutions.

3.1.3 Report by India on its event held on 20 October 2022 on "Lifestyle for Environment (LiFE) – Building a Community of Pro-Planet People"⁹

3.25. The representative of India delivered the following statement:

3.26. India has organized two sessions in this Trade and Environment Week. In this agenda of the CTE, I will speak about our second presentation which took place yesterday, October 20 in the latter part of the morning.

3.27. As we fight the climate and environment battles, Indian Prime Minister H.E. Shri Narendra Modi launched the Lifestyle for Environment or LiFE initiative earlier in the year. While there is a lot of discussion on production related carbon footprint, we don't hear much about consumption side changes or improvements possible.

3.28. LiFE is an attempt to address this latter topic. The UN Secretary-General H.E. Mr. António Guterres attended an event on this initiative just yesterday along with Prime Minister Modi. Leaders

⁹ See document RD/CTE/216.

of Argentina, Estonia, France, Georgia, Guyana, Madagascar, Maldives, Mauritius, Nepal and the United Kingdom addressed the gathering through video messages.

3.29. The objective of the LiFE mission is to create a global mass movement to trigger simple actions that everyone around the world can take to protect the environment. It nudges responsible production and consumption. The most important part of this conceptualization is that the LiFE actions are not targeted towards negatively impacting any economic activity.

3.30. India will be working on creating awareness on 75 LiFE actions in seven sectors: transport, electricity, food and solid waste, agriculture, water, healthy lifestyle and reuse and recycle. We will share more information on the initiative as it evolves. We welcome discussions on this subject and stand ready to engage bilaterally with interested WTO Members.

3.1.4 Report by the United Nations Economic Commission for Europe (UNECE) on its event held on 17 October 2022 on "Environmental, social and governance (ESG) traceability of supply chains"¹⁰

3.31. The representative of the UNECE delivered the following statement:

3.32. On behalf of the UNECE, I would like to start by thanking the Secretariat for this session as part of WTO Trade and Environment Week and I congratulate you for the many super interesting discussions that were held during this week.

3.33. The UNECE's session was entitled "Environmental, Social and Governance Traceability of Supply Chains" and took place on Monday afternoon. What we focused the session around is we had a great line up of speakers, we had to open His Excellency, Mr. Ulugbek Lapasov, Ambassador of Uzbekistan, providing the perspective of a country acceding to the WTO. We then had speakers, Mr. Christian Hudson, lead EU G7/20 on environmental diplomacy of the German Agency for International Cooperation (GIZ), as well as colleagues from UNCTAD, UNEP, and the Clean Clothes Campaign. When we designed our session, we really built it around the UNECE framework initiative for transparency and traceability for sustainable value chains in the textile sector, so that is an outcome product of UNECE's intergovernmental machinery and it is something that really focuses on the textile sector that has been mentioned in your discussions here many times during the various interventions.

3.34. What does the UNECE framework do? We have a policy recommendation, we have a call to action, we have a traceability and transparency information exchange standard, implementation guidelines, and we are currently doing block chain pilots, where we are trying to trace the environmental and social implications of textiles value chains throughout from the field to the shelf if you are buying a cotton shirt with cotton made in Uzbekistan so that you can trace what the environmental and social implications are all along the value chain until the shop in Geneva. So that was a little bit the background of the session we had here in Geneva.

3.35. Now, what were the key takeaways from the discussion in the room? On the one hand, it was clear that traceability about the environmental and social implications along the value chains are key to providing information on what actually happens in these value chains and what are the many different steps of what are frequently opaque and very complex value chains. Traceability can really help to respond to consumers' needs for consumers wishing to buy environmentally sound products but also respond to the needs and requests of investors. Traceability can also mitigate risks. Ultimately, it was also felt that traceability can help to move to a future of trade that is green, digital and inclusive.

3.36. In the session, we looked a little bit at the block chain pilots and the experience there in terms of tracing the cotton from Uzbekistan. However, we did not only look at cotton but also at other sectors that have quite a "hotspot nature", such as, for example, chemicals. Our speaker from UNEP in particular discussed the respective regulatory and governance frameworks in the context of the different BRS Conventions, which were also mentioned by many speakers here today.

¹⁰ See document RD/CTE/218.

3.37. Now what did we discuss in terms of the interaction between trade policy and traceability and transparency in supply chains? Here one of the key findings that came up was that research at the moment is very limited and maybe more research is needed by both academic and think tanks to shed more light on what is the relationship between traceability of supply chains and trade policy. Each speaker emphasized that there is clearly a link between supply chain traceability and trade but it is not yet fully explored. We discussed sustainability certificates and standards and the risk of fragmentation there. We looked into different approaches to open data solutions and the many challenging questions that are raised in terms of data governance and inclusiveness. We looked a little bit at the incentives – both financial and non-financial incentives – that can be used to phase out unsustainable behaviour, but we also emphasized the importance of maintaining a level playing field. Last but not least, very importantly, we looked at the needs of SMEs and at the specific needs of developing countries and, from the UNECE's perspective, countries with economies in transition.

3.38. On the minds of all speakers was the need to ensure that traceability of supply chains acts as an enabler of trade and does not turn into a trade barrier, so we really tried to look at what the risks and opportunities are in this regard.

3.39. To close, we felt that we looked at a lot of challenges in the discussion and we summarized that the challenges could only be addressed by breaking down the silos and bringing together the communities. The community looking at supply chain traceability is a very different community to the one looking at trade policy, so there is maybe a need for more interaction there, but there was clearly also a need to bring in business, governments, investors, academia and all the different actors in the countries around the globe both from a developed country perspective and from a developing country perspective and, importantly for UNECE, from countries with economies in transition. Thank you again for the opportunity to hold our session and also to report about it here today.

3.2 Aid for Trade Global Review

3.40. The WTO Secretariat delivered the following statement:

3.41. I would like to report on the Aid for Trade Global Review held on 27-29 July 2022 on the theme of "Empowering connected, sustainable trade". I shall cover three points in my briefing for the Committee: some "headlines" from the Global Review; a brief overview of the discussions that touched on environment issues at the Global Review; and a look ahead to the next Aid for Trade work programme. Some points to highlight:

- Environmental sustainability is being included as a priority in the national development strategy (96% of 53 developing country partners).
- Trade objectives are increasingly common in these national sustainable development strategies (e.g. sustainable/green export strategies, standards).
- More attention to environment issues in AFT programming by donors and south-south partners (Paris alignment) and also women's economic empowerment.

3.42. These results are from the monitoring and evaluation (M&E) by WTO. Additionally, the OECD monitors flows reported to their database on aid flows. Some highlights here to bring to your attention:

- USD 48.7 billion was disbursed in 2020.
- 51% of Aid for Trade commitments included climate-related objectives (with more going to mitigation activities, notably renewable energy).
- Intersection with climate finance (e.g. renewable energy). It's something that was discussed at the Global Review itself and which we'll need to look at in more depth with OECD.

Global Review: "Empowering connected, sustainable trade": 27-29 July

3.43. There were a total of 53 sessions organized. So forgive me if I cherry pick some to bring to your attention:

- On day two the focus was on sustainable trade.
- Session looking at green hydrogen organized by Germany and the United Nations Industrial Development Organization (UNIDO) looked at the investment needs to develop this industrial activity in Namibia. With turbulence in gas markets, this is very much a topic in public eye. Useful perspectives on development dimension.

3.44. I would also like to highlight the session organized by Ecuador on "Plastics, the circular economy and options to mainstream trade-related cooperation to tackle plastic pollution in Aid for Trade". The title gives a very good idea of what was discussed.

3.45. It is useful also to note that 23 developing country respondents to the 2022 M&E questionnaire highlighted that they have circular economy strategies – and a similar number of donors also circular economy objectives in their strategies.

Next Aid for Trade work programme

3.46. The Global Review is the not quite the end point, but certainly the high point of the biennial work programmes. The current work programme runs to the end of this year. New work programme for the period 2023-24. Expect environmental dimension to sustainable development actions to be a major focus of the new work programme. In parallel, there will be consideration of the DG's suggested pivot to "Invest for Trade" approach or even an "Invest for sustainable trade".

3.47. This discussion began with a briefing at the CTD A4T meeting on 11 October. It will continue at informal CTD A4T meetings on 1 and 29 November chaired by Ambassador Dwarka-Canabady of Mauritius.

3.48. In the context of the Aid for Trade Global Review, the Clean Cooking Alliance and the Trade and Environment Division co-hosted an outreach session, "Unlocking Sustainable Development with Clean Cooking" on 28 July, under the co-sponsorship of the Kingdom of The Netherlands and the United Kingdom. The objective of the session was to raise awareness that trade can be part of the solution and facilitate the affordability of modern stoves and fuels that would enable clean cooking for vulnerable and poor communities around the world.

3.49. The session was opened by Ambassador Manley of the United Kingdom, followed by a presentation on "Clean Cooking – Benefits, Opportunities and Barriers" by Jillene Connors Belopolsky, Chief of Staff and External Affairs, Clean Cooking Alliance. A panel discussion followed highlighting the realities in Ghana and Kenya, led by community leaders of clean cooking, and a policy maker.¹¹

3.50. The Clean Cooking Alliance is currently looking for possible WTO Members partners to facilitate the use of appropriate trade policies and international standards to reduce costs to consumers and accelerating access to cleaner solutions and technologies.

3.51. Following this presentation, some delegations had the following reactions.

3.52. The representative of Fiji, on behalf of the Pacific Group, delivered the following statement:

3.53. On behalf of the six WTO Members that make up the Pacific Group, we wish to reiterate that our Group includes SIDS, Small and Vulnerable Economies (SVEs) and one LDC. The region is particularly vulnerable to climate change disruption as many of our island nations are low lying and susceptible to sea level rise as well as extreme weather. Indeed the 2021 World Risk Index assessment for disaster risk found that three Pacific Island states (Vanuatu, the Solomon Islands

¹¹ Michael Akurang Opoku, Team Leader, Policy, Planning, Monitoring and Evaluation, Ministry of Trade and Industry, Ghana; Mariam Karanja, Programme Manager, Clean Cooking Association of Kenya; and Sophie Odupoy, Group Head of Public Affairs, KOKO Networks.

and Tonga) are the three most at risk countries in the world, with Papua New Guinea ranking 9th and Fiji 14th.

3.54. Add to this acute economic and environmental vulnerability, the ongoing impacts of the COVID-19 pandemic and the growing global food security and energy challenges and it is clear that our small economies lack the necessary finance and scientific know-how to tackle these multiple and overlapping crises. In this context, assistance in the form of Aid for Trade and increased climate finance are absolutely critical and it is vital that there is greater alignment between the two.

3.55. The representative of South Africa delivered the following statement:

3.56. We would like to emphasize that making adjustments to address climate change is a serious undertaking and requires deep structural changes in developing country economies who are not the major contributors to climate change. Adjustments require time and resources for adaptation and mitigation measures to realise the goals of sustainable development.

3.57. In this regard, there are several areas where technical and capacity building assistance can help developing countries. For instance, in building and maintaining systems of environmental monitoring. However, technical and capacity building assistance must also be accompanied by the requisite technology transfer and environmental finance to developing countries, to build capacity for resilient economies and to help them meet their economic development and environmental protection needs. We therefore believe that positive measures and incentives such as financial and technology transfers and technical assistance are more efficient and effective ways of ensuring a global response to environmental challenges. The CTE will need to explore within its mandate effective solutions that can be implemented in this regard.

3.58. The representative of Panama delivered the following statement:

3.59. Panama would like to thank the Committee and the Chairperson and the Secretariat for their outstanding organization and the coordination of WTO Trade and Environment Week. Panama also thanks the speakers and participants in the various sessions and activities that have been held this week. I would like to take this opportunity now, if I may, to share with you some of our national experience in this area.

3.60. For Panama, the role it may play in international trade and the combat against environmental pollution is very important and that is why we have joined the various initiatives and cosponsored them within the WTO.

3.61. We are the first country in Latin America to see the humanitarian displacement of the indigenous people on the Guna Yala archipelago because of the consequences of global warming, which has raised the sea level. These islands are now threatened with disappearance within the next few decades. Their population has been forced to leave their lives behind in order to find firm ground. This has affected tourism, which is the main source of revenue for these populations, in addition to changing their traditions and way of life. In order to mitigate situations like this, Panama is focusing on initiatives and national programmes to strengthen the legal framework when it comes to environmental trade issues by promoting sustainable trade with a better impact on the environment.

3.62. Panama was the first country in Central America to ban the use of plastic bags in its law of 19 January 2018. In addition, to Law 187 of 2 December 2020, which regulates production and the progressive substitution of single-use plastics, coming into force on 1 July 2021.

3.63. In terms of the Panama canal, these activities have reduced approximately 16 million tonnes of CO₂ because it offers a shorter route for vessels compared to alternative routes. Also, in relation to this, we have a decarbonization programme for these operations, the objective being to become carbon neutral by 2030. We have an emissions calculator enabling operators to measure their greenhouse gas emissions, which also strengthens the analysis we carry out of the daily emissions of produced through the Panama canal. The data from these emissions calculated enable us to develop and improve the incentives as part of the environmental classification incentive programme – this rewards clients that have high standards of environmental efficiency. Incentives are given in terms of points that people can accumulate in terms of how clients are classified and, if you have a high level of classification with many points, you can move up in the queue for transit. Criteria are

not just in environmental efficiency, but also in terms of engineering, the structure of the vessel, the route chosen, and also whether the vessel has technology to make its operations more efficient and it reduce its carbon footprint.

3.64. In April of this year, we set up the national plan of gender and climate change, which seeks to promote the role of women in various sectors of the country like political participation, by diversity, energy, agriculture, sustainable livestock and the circular economy. At the end of September of this year, Panama presented a good practice guide for corporate sustainability as part of our national objective to foster sustainable development throughout the country.

3.65. In terms of the circular economy, the guide is a benchmark for the efficient use of water, electricity, emissions, and the comprehensive management of solid waste and green business.

3.66. The guide was developed because the corporate sector was concerned about how to transit to the circular economy if Panama does not yet have a special national plan for this. On this note, the country is still making progress in terms of transitioning towards a circular economy and this guide is a first step, if you like, towards our transition phase. Also we are holding preparatory meetings for a "cooling plan" with technical assistance from the United Nations Development Programme (UNDP). This programme seeks to consolidate strategic programmes for the refrigeration, air conditioning, and cooling systems to make them sustainable and competitive, facilitating the linking of public policy in line with global commitments in combatting climate change, seeking sustainable energy, protecting the environment inter alia. This plan is complimented by our existing chlorofluorohydrocarbon programme and a future plan to eliminate hydrofluorocarbons altogether and broader plans for climate mitigation and to seek energy efficiency in the short, medium and long term.

3.67. To conclude, we would like to take this opportunity to reaffirm our commitment to continue working with WTO Members to respond appropriately to the challenges that we all face and, in particular, developing countries, and ensuring that in negotiating fora like the WTO that special efforts are made for sustainable trade and progress in our countries.

4 MULTILATERAL ENVIRONMENTAL AGREEMENTS AND WTO – CTE WORK PROGRAM ITEMS 1 AND 5

4.1 United Nations Framework Convention on Climate Change (UNFCCC)

4.1.1 Update by the United Kingdom on the COP26 presidency year

4.1. The representative of the United Kingdom delivered the following statement:

4.2. The United Kingdom is pleased to provide this final update on the progress made during our Presidency of COP26, before shortly passing the baton to our Egyptian colleagues, hosts of COP27 in Sharm El Sheikh.

4.3. We are now into the final weeks of our Presidency of COP26. This represents nearly three years of hard fought and won achievements on the part of all those parties involved in this process. The COP process is only as strong as the sum of collective efforts and without every country and partner working together, delivering together, we could not have reached this point.

4.4. While there is still more we must do, we can take this moment to reflect on what we have achieved collectively over the past year. At COP26, all 197 Parties agreed to the historic Glasgow Climate Pact to take concerted and urgent action in this critical decade to keep the 1.5°C goal in reach. The gap in ambition has narrowed and 1.5°C thankfully remains alive.

4.5. However, as the UK's Presidency comes to an end, we must increase our efforts and demonstrate that the promises made as part of the Glasgow Climate Pact have been kept. We therefore implore international partners to formalise pledges and strengthen efforts to implement initiatives, ensuring that they are embedded and delivering across commitments made on mitigation, adaptation, finance, and loss and damage.

4.6. Should we fail to take action now, we will run out of time to avert catastrophe. The reality is that if we do not bend the curve of global warming downwards in this critical decade, we will go beyond the limits of our ability to adapt. The scientific evidence on this is clear and unequivocal. Around the world, we are already seeing what the future could look like.

4.7. We recognize that the challenges facing us are great and these have only been exacerbated by recent international events. Countries around the globe are now facing perilous economic and geopolitical conditions due to rising energy prices, and threats to energy security. While governments are taking action to deal with immediate supply issues, they are also accelerating the global transition to clean, reliable sources of power. Renewables and energy efficiency provide the quickest, cheapest, most reliable route to long-term climate and energy security, and long-term prosperity.

4.8. Ahead of COP27 and beyond, we will continue to champion further progress. On mitigation, since COP26, we have seen 24 countries, including the UK, submit new or updated NDCs. We continue to encourage countries to submit updated NDCs and new Long-Term Strategies, particularly those who have not significantly increased their ambition since Paris. Countries should also make efforts to deliver on the sectoral commitments they signed up to at COP26. The Breakthrough Agenda Report has now been published by the IEA and the International Renewable Energy Agency, which provides independent recommendations to make progress on global transitions for power, hydrogen, road transport, steel and agriculture.

4.9. On adaptation, at COP26, countries committed to producing an Adaptation Communication by COP27, if they had not already done so. We encourage all countries to deliver on this commitment, and to also consider developing a National Adaptation Plan to prepare for current and future impacts and risks from climate change. To ensure effective adaptation action on the ground, we also urge countries and organizations to endorse the Principles for Locally Led Adaptation.

4.10. On finance, the UK has driven progress to rebuild trust as a result of the missing of the USD 100 billion climate finance goal. This includes working with Canada and Germany to coordinate the USD 100 billion Delivery Plan and, since COP26, to produce a progress report on this to maintain transparency and trust in our commitments, especially in the new goal to double adaptation finance. We know that public finance alone will never be enough to achieve the scale of mobilisation required for the transition to clean energy. We will therefore continue to focus on the broader financial system and encourage private firms to step-up their efforts to mobilise more finance and transition the whole global economy.

4.11. On loss and damage, at COP26, parties made a collective strong statement on loss and damage in the Glasgow Climate Pact and committed to enhance action and support. Parties set up the Glasgow Dialogue to discuss how funding arrangements for loss and damage can be enhanced, and all agreed on the functions of the Santiago Network. We encourage governments and technical agencies to make progress at COP27 on loss and damage through operationalising the Santiago Network.

4.12. The UK stands ready to support the incoming Egyptian Presidency to realise the promises made in Glasgow and build upon them in Sharm El Sheikh and beyond.

4.1.2 Brief by the UNFCCC on the preparation for COP27

4.13. The representative of the UNFCCC delivered the following statement:

4.14. From recent meetings, including those at ministerial level such as the pre-COP meeting in Kinshasa (DRC), it is clear that climate change remains high on the political agenda in 2022, despite the well known challenges of the current international situation, which require high political attention and engagement at the moment. It is well understood that the importance of addressing climate change urgently does not diminish with time but rather increases, in particular because of the latest findings from the Intergovernmental Panel on Climate Change (IPCC) and the World Meteorological Organization.

4.15. Despite the current tension in international relations, or maybe exactly because of that tension, it is critical to uphold the value of multilateralism in addressing global issues, such as climate

change, based on values and principles of the United Nations. This relates not only to climate change but to many other issues, often linked to climate change, such as biodiversity or food security.

4.16. For the climate change agenda, COP26 in Glasgow last year resulted in parties' agreement on the Glasgow Climate Pact, along with a number of other key decisions and also outcomes beyond formal negotiations, such as many important initiatives and pledges – bilateral or multilateral. This year, we see clearly from the discussions that the decisions taken last year in Glasgow were the correct ones and were timely. But the challenge now is in the delivery on these decisions: ambition needs to be shown, credibly, in the implementation of the Glasgow Climate Pact, especially with regard to the objective of limiting global warming to 1.5°C. That is what the world will be watching for at COP27 in Sharm El Sheikh.

4.17. The climate change conference in Sharm El Sheikh, Egypt (COP27, CMP 17, CMA 4) will be the first annual UNFCCC conference fully focused on the implementation of climate action under the Convention, the Kyoto Protocol and, following the completion of the remaining implementation rules at COP26 in Glasgow in 2021, now the Paris Agreement as well. The decisions taken in Glasgow, especially those with regard to "keeping 1.5°C alive", reflected and emphasized the sense of urgency in climate action, and the critical role of this decade in that respect. That sense of urgency in action will need to be maintained in Sharm El Sheikh, given that the current level of ambition in reducing emissions is far from a path consistent with the 1.5°C goal of the Paris Agreement.

4.18. To be successful, COP27 should result in a balanced package of decisions across all key topical areas: adaptation, loss and damage, mitigation, and means of implementation, including, notably, finance. It is known that for some issues, like the mitigation work programme, full outcome is expected in Sharm El Sheikh whereas for others, like the global goal on adaptation, the outcome of work needs to be reported only in 2023 or, for some other issues, even later. But even for those issues which cannot be completed at COP27 achieving tangible, credible and visible progress will be important to ensure a balanced outcome and demonstrate that implementation of climate action is unfolding swiftly and with the ambition required. This will not be easy, and the recent controversy in the relations between China and the United States, two key players in the international negotiations on climate change, makes the task even more challenging. But climate change is a global emergency, which requires urgent and ambitious action at COP27 in Sharm El Sheikh and we must deliver on that action under the leadership of Egypt as the COP27 Presidency.

4.19. We are about to publish our NDC synthesis report, which shows the impact of the existing NDCs on the global emissions trajectories, and compares the projected emissions with the emission pathways identified by the IPCC as compatible with keeping the temperature increase to below 1.5 or 2°C. Without citing the numbers of the yet unpublished report, I can say that the report shows, once again, that the current trends, based on the existing NDCs, are far from what is needed to stabilize global temperature at those levels. We need stronger action, urgently. The same message can be found in the new UNEP report, which will be also published in the coming days.

4.20. Last but not least, at COP26 in Glasgow, we saw a high number of forward-looking initiatives pledged, undertaken or strengthened by non-State actors outside the formal negotiations framework. Examples are the Glasgow breakthrough agenda, the Global Methane Pledge or the Glasgow Leaders Declaration on forests and land use. Knowing what happened to these initiatives is important for understanding the potential of action by non-party stakeholders and for the credibility of that action. The incoming COP27 Presidency pays much attention to action by non-party stakeholders, and we expect that an assessment of past initiatives will be part of the discussions in Sharm El Sheikh, along with possible new initiatives.

4.21. Following this presentation, a delegation had the following reaction.

4.22. The representative of the [European Union](#) delivered the following statement:

4.23. The European Union would just like to react on the briefing on COP27. We believe that COP27, like every COP, is a moment for accountability. As mentioned by the speaker of the UNFCCC, we must maintain political momentum to keep 1.5°C alive. We call for further ambition and implementation in this critical decade.

4.24. The European Union is ready to demonstrate how we are staying the course in Sharm El Sheik. The EU's energy security will not be achieved to the detriment of climate action. By the end of this year, the EU aims to agree on new and binding targets under our emissions trading system, on renewable energy, energy efficiency that will demonstrate how we will reach our NDCs and be on the pathway to net zero by 2050. This is not only a commitment towards the decisions taken in Glasgow but also a continuous sign of the EU's leadership in addressing the climate crisis.

4.1.3 Update by the International Trade Centre (ITC) on its participation in the UNFCCC's COP27

4.25. The representative of the ITC delivered the following statement:

4.26. The Executive Director had planned to be here but unfortunately due to timing she sends her regrets and asked me to deliver her statement on her behalf. She extends her congratulations to Ambassador Manley for successfully chairing the CTE so far. You are leading an important Committee at an important time.

4.27. Thank you so much for giving me the opportunity to brief you on ITC's participation at COP27 taking place in Sharm El Sheikh in a few weeks. I do not have to tell you what you know already: COP27 is going to be a very big deal – or at least I hope there will be a big deal happening – especially after the summer of crazy weather we had, which I think brought home the reality of climate change for a lot of people. Countries like my own (Jamaica) knew it was happening for a long time, but now that recognition is global.

4.28. Let me first tell you what motivated me when I told my staff that I wanted our COP participation to be as important as our involvement in any other global platform.

4.29. I genuinely feel that there are missing voices at COP and that lack of inclusivity means that the ambition of the Paris Agreement – the need to meet commitments under NDCs – all these things will be that much harder, particularly in the four-C crisis we are living through of COVID, climate, conflict and cost-of-living.

4.30. One of those missing voices are the small developing countries that suffer the greatest from climate change. I was once one of those SIDS delegates, sitting for hours in Room W when environmental issues were first brought into the multilateral trade agenda. I remember how contentious these issues were way back in the early 90s. I remember feeling that big-power politics were determining outcomes on an issue where my country could suffer disproportionately.

4.31. Another missing voice is that of ITC's core constituency – small businesses, especially those that engage in trade. They make up 90% of all businesses, are very much aware of what is about to hit them, but our research shows that they are – to be frank – very unprepared. Our business surveys make it clear that they need training, finance, and the right policy environment not just to make the green transition, but to see it as a business opportunity. A chance to become even more competitive, more resilient, and more inclusive. All this at a time when so many small businesses and many small and least developed countries are simply struggling to survive. A time when the geopolitical landscape is really very difficult. I am just back from G20 and saw how multilateralism is facing – to put it very mildly – some strong headwinds.

4.32. So the more people, the more countries, and the more businesses we can bring to COP convinced that the green transition is an opportunity and not just a cost, the better chance we have for landing a deal.

4.33. That why I am happy that the Egyptian Presidency wants to make COP27 the first "implementation COP". They have made it clear that they want to move from negotiations and planning to action on the ground. This fits perfectly with ITC. For 60 years, we have maintained that you can craft the best agreements and the best policies, but if you do not support your businesses to make trade happen, then you won't implement a single sentence.

4.34. At COP in November, we will be bringing a delegation of small businesses to Sharm El Sheikh to voice the perspectives of the small business community. At our pavilion in the blue zone, we will host discussions with small businesses. We will showcase the role of trade in supporting climate

action through case stories, tools and projects. We will give a sneak peek of our forthcoming Climate Competitiveness Assessment Tool or C-CAT, which provides data, analysis and recommendations to "climate proof" value chains.

4.35. For ITC, COP27 will also be about highlighting partnerships. We will launch a joint project with the US State Department, through their Special Presidential Envoy for Climate, John Kerry, which will connect climate smart small businesses in developing countries with international buyers. We will help small businesses at the forefront of climate change to connect, compete and change.

4.36. We will also be co-organizing an official UNFCCC side event entitled "Accelerating the Low-Carbon Transition Through Sustainable and Inclusive Trade". I am thrilled that the WTO is among the organizers for this session, alongside UNEP, UN-OHRLS, and the World Intellectual Property Organization (WIPO). Let me conclude by inviting all of you to join us. If you are not going to be in Sharm El Sheikh, then please do watch online at our ITC at COP27 page on our website (www.intracen.org) and our social media channels, which we will be regularly updating in the lead up to and at the event.

4.37. Following this presentation, some delegations had the following reactions.

4.38. The representative of Vanuatu delivered the following statement:

4.39. As we know, climate change is the defining challenge of our time, posing a great threat to humanity as a whole and an existential threat to the most vulnerable. Sea level rise, in particular, threatens to render low lying island nations uninhabitable, while climate-induced weather events and other impacts have already resulted in immense suffering throughout the world.

4.40. While the international community has recognized the urgency of the climate crisis, in our view, progress to date has fallen short of achieving the level of climate action necessary to prevent environmental catastrophe. In the context of the slow-moving UN negotiations, including what we expect in COP27, the Prime Minister of Vanuatu launched a campaign to seek, through a vote at the UN General Assembly, an advisory opinion on climate change from the International Court of Justice. Since then, the initiative has been endorsed by a number of countries.

4.41. We hope that those who are attending COP27 will engage with the events that will be taking place in Egypt to support this initiative by the Government of Vanuatu and the core group of countries who are taking some lead role in this. This initiative, which will help in our discussions and those in other multilateral regimes, is to provide an opportunity to clarify the legal obligations of all states to prevent and redress the adverse effects of climate change and to raise awareness about the impact of the climate crisis, while recognizing that climate change is disproportionately felt by persons in vulnerable situations. We ask for your support.

4.42. The representative of Egypt delivered the following statement:

4.43. Egypt thanks the UNFCCC, the ITC and the United Kingdom for their statements. We would like to recall our statement made at the previous CTE meeting where we provided an overview of the preparations of COP27 to be held in Sharm El Sheikh from 6-18 November 2022. We look forward to making a clear and detailed statement on COP27 in the next CTE meeting after the event has been concluded and we look forward to welcoming you in Sharm El Sheikh. We are counting on your support and cooperation to ensure a successful COP27 that achieves its desired goals.

4.1.4 Presentation by Switzerland on bilateral cooperation under Article 6 of the Paris Agreement¹²

4.44. The representative of Switzerland delivered the following statement:

4.45. I will be referring to Article 6 of the Paris Agreement, which is an interesting Article because it enables governments to exchange emission certificates made abroad and to involve the private sector. Article 6.2 refers to bilateral arrangements and Article 6.4 to multilateral arrangements.

¹² See document RD/CTE/220.

4.46. The rules that govern implementation of Article 6.2 were agreed upon in Glasgow last year at COP26 and, according to those rules, countries are now expected to implement the arrangements.

4.47. Before the rules were set in Glasgow, Switzerland reached bilateral agreements with a number of countries. Switzerland has been at the very forefront of implementation of Article 6.2. In a way, it had to invent how to implement the Article. A number of conditions are set in the Article but it remains fairly vague, so there is quite a lot of leeway for what is understood as environmental integrity and the negotiations bilateral agreements fleshed out the provisions. There are also aspects relating to the permanence of the emission reduction commitments and Switzerland had to develop provisions on that because there was no agreement at multilateral level. That was reached in Glasgow, but Switzerland had already begun the process before that.

4.48. Within these bilateral agreements, there are a number of conditions governing the transfer of Internationally Transferred Mitigation Outcomes (ITMOs) from partner countries to Switzerland. There are also provisions regarding the implementation of those transfers, which national authorities are responsible, what the regulations and processes are for the transfer of ITMOs and how this works with the transfer of emissions. So all of this is contained in the bilateral cooperation agreements.

4.49. In these agreements, there are two parties. One allowing for financing private investment, in other words for the implementation of these emission transfers, which is the Swiss Foundation for Climate Protection and CO₂ Compensation (KLiK). This foundation is the main buyer of ITMOs from partner countries. There is also a section in the agreement allowing for public stakeholders, like the Swiss Federal Administration, to buy ITMOs. We are in favour of this as a national body because we compensate all of our emissions in building, travel, and everything that entails a cost for our administration, through these agreements by offsetting them and buying a certain number of ITMOs from partner countries allows us to do this. We also cooperate with the UNDP.

4.50. How does it actually work in practice? The programmes that are implemented under these aforementioned agreements can be proposed by private entities and organizations or by public operators. This is done through an e-submissions through KLiK. Then those programmes of a certain quality and that inspire trust and confidence are authorized by the partner country and that is essential because all programmes and projects are not supposed to substitute the NDC in the country itself. The country has to agree, in other words, that this programme will allow the transfer of ITMOs to Switzerland and will not damage or injure in any way the interests and efforts of emission reductions of the country itself. This also gives us the certainty that these transfers will actually take place subsequently.

4.51. Then, the programme also has to be authorized by Switzerland. In Switzerland, it is the Federal Office of the Environment that does this and it is up to them to give the green light. As I said, the programme has to be complementary to the NDC-related policies in the partner countries and should not be an obstacle to the NDC obligations under the Paris Agreement.

4.52. We have signed a number of bilateral cooperation agreements with partner countries in this area. Even before, we signed with Peru, Ghana, Senegal and other countries and we are just about to sign some extra agreements with the Kingdom of Morocco, the Republic of Malawi and Uruguay. In principle, this should be done in Sharm El Sheikh at COP27.

4.53. We will not go any further than that because that is already a number of agreements that we have to manage and under each of these agreements there are a great number of programmes that need to be implemented, which entails a great amount of portfolio management. However, it is still possible that we extend these arrangements to Chile.

4.54. Some examples of programmes that are not yet authorized are e.g. Bangkok E-Buses, Solar Eco-Minibuses in Senegal, and a National Clean Energy Programme in Ghana. These are submissions that we have received that need to be evaluated by us, partner countries and KLiK, but nevertheless we do have a number of pending projects e.g. electric buses in Bangkok, Thailand and renewable energy in Peru, for efficient stoves in Ghana etc. A lot of projects have to do with clean energy, renewable energy sources and energy efficiency, which are common themes. So there is a large amount of work to be done.

4.55. In terms of our procedures, we have authorization prior to this process. We do not know how many ITMOs will be transferred at the end, we will only know this in 2030; we cannot plan or forecast this, but the authorization is given straight away by the partner countries and by Switzerland. We think that this gives a certain legal certainty to the project, despite the fact that most of the funds are private – millions of dollars are invested to pay for the compensation of emissions abroad.

4.56. As a reminder, the objective is to cut emissions by half by 2030, have carbon neutrality by 2050, and for 25% of emissions more or less to be, so to speak, "earned" abroad. This gives you an idea of the reduction that we need to finance and fund. These agreements will enable us to do this. We also hope that partner countries will also contribute to sustainable development projects and ultimately increase this venture with additional investment.

4.57. For more details about the various programmes set up and those in the pipeline, you can go to the text of the bilateral agreements on the webpage of the Federal Office of the Environment or the KLiK website.

4.58. Following this presentation, a delegation had the following reaction.

4.59. The representative of Argentina delivered the following statement:

4.60. First and foremost, we should like to thank the UNFCCC, the ITC, the United Kingdom and Switzerland for the various presentations and comments. Argentina would like to make a general comment, if we may, under this item on the agenda in line with that established in the work plan. Argentina encourages the Committee to reinforce the link between trade agreements and international environmental agreements.

4.61. On this note, Argentina would like to register its interest in including, at the next Committee meeting, the other conventions that came out of the 'Cumbe de la Tierra' UN Conference in 1992 in Rio de Janeiro; the UN Convention to Combat Desertification; and the Convention on Biodiversity. We have a broadly recognized need to implement joint actions in the framework synergy in line with these three conventions to achieve their respective objectives.

4.1.5 Update on behalf of participants on negotiations towards the Agreement on Climate Change, Trade and Sustainability (ACCTS)

4.62. The representative of New Zealand, on behalf of ACCTS, delivered the following statement:

4.63. I am delivering this statement on behalf of Costa Rica, Fiji, Iceland, New Zealand, Norway and Switzerland, who together continue to lead trade and climate action through the negotiation of the Agreement on Climate Change, Trade and Sustainability (ACCTS). This innovative agreement will encompass four key pillars that demonstrate how trade policy can contribute to addressing climate and other environmental and sustainable development policy challenges.

4.64. As many of you will recall, the ACCTS negotiations are initially concentrating on: the liberalization of environmental goods; new and binding commitments for environmental services; binding disciplines to eliminate harmful fossil fuel subsidies; and best practice guidelines to inform the development and implementation of voluntary eco-labelling programmes and mechanisms.

4.65. Since our update to this Committee in June, the ACCTS Trade Ministers met to consider progress in the negotiations and issued a Joint Statement in the margins of MC12 in Geneva on 15 June. Ministers emphasized the importance of the ACCTS in leading a path forward on important trade and environmental sustainability issues for multilateral action, and highlighted their commitment to conclude the ACCTS negotiations as swiftly as possible.

4.66. Subsequently, ACCTS partners have held their tenth negotiation round in September, with multiple sessions across each of the Working Groups. We achieved our goal of advancing the construction of the environmental goods and environmental services list in an ambitious manner, while also ensuring text continues to be progressed. We are pleased that the environmental goods short list is now over 200 products.

4.67. Concurrent with our negotiations, we continue to welcome interest from WTO Members on the Agreement and will continue to keep Members informed on developments. The objective is for the ACCTS to evolve into an 'open plurilateral' agreement, available for all other WTO Members willing to join if they are able to meet its obligations.

4.68. We believe the diversity of the ACCTS membership demonstrates that a diverse range of economies, geographies and systems are motivated to proactively work on how trade and climate change issues can be taken forward. It is hoped that, once concluded, this diverse membership will also be a powerful tool for encouraging the agreement's expansion. I would now like to pass to my fellow ACCTS member, Fiji, to provide some comments.

4.69. The representative of Fiji delivered the following statement:

4.70. From our perspective, as a small island developing country in the South Pacific, the ACCTS is an important initiative because it is a practical manifestation of our commitment to addressing climate change. As Prime Minister Bainimarama said at COP26, together we can "keep 1.5 alive, keep low lying island nations above water, keep erratic and severe weather from devastating us all and keep the trust between nations so we can keep faith that our children and grandchildren will have a future."

4.1.6 Report by the United States on its event held on 3 October 2022 on "Roundtable Discussion on trade and Climate: Trade Approaches to Climate Mitigation and Adaptation"

4.71. The representative of the United States delivered the following statement:

4.72. On 3 October 2022, the United States convened a trade and climate small group roundtable to discuss non-price measures to address climate change. In the interest of transparency and inclusiveness, the following is a report of the discussion during the roundtable.

4.73. To set the stage for the discussions, the WTO Secretariat presented an overview of non-price approaches that are available within trade policy to address climate change. The Secretariat noted the need for similar metrics of measuring carbon emissions across products, and the role that aligned measurement and metrics play in international trade facilitation.

4.74. Second, the Secretariat also noted that noted the TBT Agreement decision on use of international standards and the role of the TBT Agreement code of good practice in how standards are developed.

4.75. Finally, it noted the development context and challenges that smaller economies can face when verifying information and considering limitations of developing countries.

4.76. Participants were then invited to share experiences and views on opportunities for the WTO to address climate change through trade, based on the following guiding questions:

- First, what are the non-price approaches, including voluntary and regulatory actions, that Members are taking or identify as opportunities for addressing emissions and/or pollution?
- Second, what are the potential trade implications of trade-related climate measures? Are there actions that Members can take to facilitate trade through addressing barriers to trade that would yield a positive environmental and economic outcome?
- Third, taking into account the following topics, what are the opportunities for the WTO Membership to address climate change through trade?

4.77. A number of themes emerged over the course of the discussion. For example, some Members noted the need to recognize diversity of country priorities related to climate change adaptation and mitigation approaches, the need for strategies to engage across income levels, and to ensure that standards are relevant for countries at different stages of development.

4.78. Several Members also noted the importance of incorporating the needs of MSMEs and ensuring those businesses are not overlooked or excluded from international trade. Participants also noted

the importance of non-pricing measures to complement other technical and financial support, including the role of carbon pricing to reach net zero.

4.79. Likewise, challenges were noted in measuring carbon emissions, and there was recognition that a sectoral approach could help focus attention on the question of carbon measurement and considering divergences across standards. Relatedly, a sense that WTO Members should continue to track climate policy discussions in other venues such as UNFCCC, the OECD, the International Monetary Fund (IMF)/World Bank should be used to inform our discussions.

4.80. Finally, Members expressed interest in considering how the CTE and TBT Committees could contribute to more transparency, for example through notifying climate-related technical regulations and allowing sufficient time for member comments; and to build a common understanding on climate-related regulations recognizing that measures should be least trade restrictive and countries should seek to limit distortions in competition or increased regulatory costs.

4.81. At the close of the roundtable, the United States, as roundtable convener, noted the role of the TESSD forum to provide a venue to elevate these issues and bring energy to the conversation. We suggested future informal conversations, in various configurations, may be useful to explore key questions and move work forward. We acknowledge the extensive efforts by governments to take measures to address climate change and that Members should seek opportunities to share information and discuss measures at the WTO.

4.82. The WTO Secretariat concluded by noting that focusing on sectors that are highest emitting and most fragmented by regulatory requirements and/or standards the WTO could contribute by bringing conversations on those sectors under the CTE or TBT Committees or through a joint Committee meeting.

4.83. Following this presentation, a delegation had the following reaction.

4.84. The representative of [Australia](#) delivered the following statement:

4.85. Australia would like to thank the United States for hosting the roundtable discussion, which we were pleased to engage in. Trade has a critical role to play in addressing climate change and we encourage Members to continue discussions. We welcome initiatives and workshops like this to foster discussion and deepen engagement on these important issues.

4.1.7 Report by the United Kingdom on its event held on 17 October 2022 on "View from the ground: Exploring the business experience of trade in environmental goods and services"

4.86. The representative of the [United Kingdom](#) delivered the following statement:

4.87. We would like to thank Members, stakeholders, international organizations and the WTO Secretariat for a diverse and fruitful series of discussions at WTO Trade and Environment Week. The UK hosted two events this week, and we would like to provide a short summary of the key messages from them.

4.88. On Monday, under the theme "The view from the ground: Exploring the business experience of trade in environmental goods and services", we heard directly from the private sector what the benefits and challenges are of green trade, and how the WTO can support the transition to green economy. Our speakers from Africa, Asia and Europe all highlighted the opportunities from the transition to net zero in enabling sustainable development, economic growth and energy security. Developing countries in particular, are in a unique position to leapfrog the transition and become net zero producers and consumers from the onset.

4.89. Mansoor Hamayun, Chief Executive Officer of BBOX, spoke about the potential of Africa as the hub of innovation and about the path to reducing poverty being access to goods and services to allow opportunities for growth – particularly by enabling access to ever-cheaper renewable energy.

4.90. Esther An, Chief Sustainability Officer at City Development Limited, spoke about the rapid population growth and urbanisation in Asia providing an opportunity to reconsider our buildings and

construction to move towards low-carbon materials. In countries like Singapore, which are reliant on imports, trade incentives for green materials and technology could hugely increase their uptake.

4.91. Tania Kumar, Deputy Director for Decarbonization at the Confederation of British Industry spoke about the difficulty of measuring emissions across the supply chain and the need for global standards to ensure consistency of approaches and sharing of best practice. There was a lot that the global community could learn from Africa on solar power or from the UK in terms of offshore wind policy.

4.92. The panel agreed that there was an important role for the WTO and the trade community to support the green transition, particularly in providing trade incentives, preferential access, promoting the development of global standards and supporting developing countries to adapt.

4.1.8 Report by the United Kingdom on its event held on 19 October 2022 on "Spotlight on International Collaboration to Accelerate Decarbonization"

4.93. The representative of the United Kingdom delivered the following statement:

4.94. On Wednesday, we hosted an event titled "Spotlight on International Collaboration to Accelerate Decarbonization." The session focused on industrial decarbonization, and the value of international initiatives such as the COP26 Breakthrough Agenda, and the Industrial Deep Decarbonization Initiative.

4.95. Stephanie Edwards from the Breakthrough Agenda outlined the progress made from COP26, including how the Breakthrough Agenda will help achieve new, ambitious commitments in the most emissions-intensive sectors.

4.96. Will Hall from the International Energy Agency explained how a huge increase in Near-Zero Steel production will be needed to meet our shared climate goals. He highlighted the need for a strategic dialogue on trade in near-zero emission steel, for common standards, and for scaling up funding commitments in research and innovation.

4.97. Rana Ghoneim from UNIDO spoke about the Industrial Deep Decarbonization Initiative which is working to stimulate demand for low-carbon industrial materials. She also laid out the importance of harmonized standards and reporting mechanisms for enabling trade in zero emission steel. We also heard about how the Industrial Deep Decarbonization Initiative (IDDI) is creating a 'pull' in the market through government procurement, including the Green Public Procurement Pledge.

4.98. We then heard from our panel: Mattias Frumerie from Sweden, and Michael Buechl from Germany. Mattias outlined the case for collective action, and described how the 'green industrial revolution' in Sweden is reducing emissions and creating new jobs and growth Michael stressed the urgency of international collaboration in decarbonization and how international standards and definitions are key to future progress.

4.99. Overall, this event aimed to reinforce the need for increased climate ambition and to encourage countries to join these world-leading initiatives. It also reinforced how the multilateral trading system can support coordinated decarbonization, which can therefore reduce the trade-related risks of carbon leakage. We would like to thank all the speakers and panelists for their time and their valuable contribution to this event.

4.100. Finally, the UK would also like to highlight some conclusions from the event that we hosted at the Public Forum, given its relevance to the work of the CTE.

4.101. Together with the Missions of Ecuador, Paraguay, Switzerland and Uruguay, the United Kingdom hosted insightful discussions amongst panelists on 27 September which explored how trade measures and supply chains can contribute to the sustainable production of agricultural commodities.

4.102. In the discussions, we heard a diverse range of views about how trade policy can incentivize trade in sustainably produced goods and help support the transition to more sustainable production that meets environmental, social, and developmental aims. The conversations also covered ideas

from panel Members on how trade can support sustainable production, including bespoke approaches for different commodities; the links between agriculture and climate change, and how the liberalization of agricultural trade may be one way that can incentivize and support sustainability efforts within developing countries.

4.103. We would like to thank esteemed colleagues Ambassador Cancela from Uruguay; Mr. Franco from Paraguay; Ms. Däppen from Switzerland; Ms. Bonzom from UNDP; Mr. Hurd from the Tropical Forest Alliance; and Mr. Wickerham from the ISEAL Alliance who contributed to our fruitful discussion.

4.104. We look forward to continuing discussion on sustainable supply chains for agricultural commodities, and developing a shared understanding of the complexities involved. We hope this can become a regular feature of the CTE agenda moving forward.

4.1.9 Report by Samoa on its event held on 19 October 2022 jointly by the Pacific Islands Forum Secretariat and the International Institute for Sustainable Development (IISD) on "Trade and climate change adaptation"

4.105. The representative of Samoa delivered the following statement:

4.106. On behalf of Ambassador Toleafoa Nella Levy, I am delighted to provide a report on the Trade and Environment Week session organized by the Pacific Islands Forum Secretariat together with the IISD on 19 October 2022, in which Ambassador Levy was invited to deliver the keynote speech. The session addressed the linkage of trade and climate change adaptation, which reflected on the fact that 'while climate change will clearly drive changes in international trade, international trade also has a role to play in efforts to adapt to climate change.'

4.107. Ambassador Levy, Mr. Joel Richards from the Organisation of Eastern Caribbean States (OECS) Mission in Geneva, as well as Dr. Fahmida Khatun representing the Centre for Policy Dialogue (CPD) based in Bangladesh, shared the perspectives of the Pacific region, Caribbean region and LDCs, respectively. Ms. Anne Hammill, the Senior Director of the IISD Resilience Program, also joined others in sharing how trade could support the adaptation efforts of countries.

4.108. The session highlighted the climate change adaptation planning process, as well as the key adaptation challenges and needs emerging in developing countries, particularly the distinctive vulnerabilities of SIDS and LDCs to climate change, some of those vulnerabilities were mentioned by Ambassador Antas of Vanuatu a moment ago. It was pointed out that the matter of climate change adaptation for SIDS is not the question of new scientific evidence or new pledges but rather the one of survival. While the emergency facing regions such as the Pacific and the Caribbean has been recognized by the international community and at the leaders level, the links between the climate adaptation track and the trade track have so far been missing.

4.109. The intervention by Ms. Hammill focused on three key pathways through which trade can leverage the efforts of climate change adaptation: domestic trade policy measures enhancing access to adaptation goods and services; access to trade-related financing mechanisms; and the international collaborative frameworks on trade in support of climate adaptation. It was also noted from her presentation that 129 countries are currently undertaking their national adaptation planning process and such efforts can provide an important insight into goods, services or technologies that can help countries address the widening gap in adaptation needs.

4.110. Mr. Chairman, there were many valid and good points made at the session on how the WTO could contribute solutions to the climate change adaptation issue. One noteworthy, but not new to our discussions, is the need to recognize the difficulties faced by SIDS who are on frontlines of climate change impacts. Thirteen of the 38 UN Small Island Developing States (SIDS) are in the Pacific. We recall, in 1993, the UN recognized SIDS as special case with regard to both environment and development, that SIDS are ecologically fragile and vulnerable; and SIDS small size, limited resources, geographic dispersion and isolation from markets place SIDS at a disadvantage economically and limit the economies of scale; and that for SIDS, the ocean and coastal environment is of strategic importance and constitutes a valuable development resource. This recognition should be institutionalized at the WTO, integrated in the negotiations and reflected in the outcomes and texts of WTO agreements as well as all other international disciplines that impact human lives.

4.111. We hope to continue to engage on the discussions on trade and climate change in the hope that tangible actions are taken to support the adaptation plans and enhance economic resilience of Members, especially those who are most vulnerable such as the LDCs and SIDS.

5 TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES – CTE WORK PROGRAMME ITEM 4

5.1 Presentation by the WTO Secretariat on the WTO Environmental Database (EDB)

5.1. The WTO Secretariat delivered the following statement:

5.2. Just to note that the full presentation has been circulated to Members in room document.¹³ In the interests of time, I will just present the main salient highlights, but you can see the full presentation in the room document itself.

5.3. The Environmental Database is well known to all of you in the CTE as we have presented this before, including the online version, but just in case you have missed it in the past, the URL address for the online version is www.wto.org/edb. We of course continue to rely heavily on our Members to both continually improve and upgrade the database itself, for example, we have just recently improved the free text search in the database, but also we rely on Members for the data itself in the database – this is a database of your official information drawn from WTO Members' notifications across all WTO agreements and, of course, the TPRs of Members (both the Government and Secretariat TPR reports). The purpose of this update this afternoon is to share with you the highlights of the 2021 update. Year-on-year, we update the database and we have now finished the 2021 update of both notifications and TPRs.

5.4. So what are the headline numbers? Well, the first thing to say is that we have had a bumper harvest as far as environment-related information is concerned in 2021. A record number of environment-related notifications in fact: 931 (almost a thousand) notifications and some 2,250 measures, so one notification can have multiple measures. Both of these numbers are records for us, especially when you start seeing the journey from where we have come: in 1987, we had 165 notifications, which was roughly about 8% of all WTO notifications, so 1 in 12 or 1 in 10 notifications were environment-related. Last year, in 2021, the number was 931, but also importantly about 19% of all WTO notifications are now environment-related, so 1 in 5 notifications now is environment-related. Therefore, both in terms of absolute numbers but also importantly in the case of the share of notifications, we are seeing a trend towards more environmental-related notifications across all WTO agreements. In terms of types of measures and, of course, it is important to say that we do have year-on-year fluctuations, partly driven by the SCM Agreement, I might add, because the SCM Agreement notifications are done on a biennial basis (once every two years), so last year was of more Article 25, subsidy notifications, so we did see a large number of SCM Agreement measures as the top type of measures and that was followed by the TBT Agreement, which is also consistently an important chunk of the dataset. Of course, we do have more granularity thereafter, so we do break down support measures into different types (grants, direct payments, loans and financing, non-monetary support, and so on). Grants, in fact, were almost a third of all notified measures in the database last year followed by technical regulations and specifications stemming mainly from, of course, the TBT and SPS Agreements.

5.5. In terms of type of sectors, we again harmonize categories for both type of measures and type of sectors so there are 25 types of measures and 11 harmonized sectors, so agriculture was last year the top one, followed by manufacturing, chemicals and energy. I should add that the residual category, which is called "other", is also an important one as far as the dataset is concerned, mainly because we also club together stuff like waste or wildlife in this "other" category. Some further topic-specific analysis is perhaps warranted under this "other" category, especially when it comes to biodiversity or wildlife, and that is something that we can perhaps look into for the purposes of the EDB 2021 report, which will of course follow at the next meeting.

5.6. In terms of types of objectives, last year, chemicals and toxic substances management still is the most important one as far as the types of objectives and the notified measures, followed by energy conservation and efficiency, and sustainable agricultural management. We are, of course,

¹³ See document RD/CTE/214.

talking about a large number of environmental notifications, but an even larger number of environment-related measures. In fact, last year there were 2,250 – it has almost gone off the scale as far as this chart is concerned because it was a 62% increase from 2020. Last year, we saw a large jump and the main factor behind this was the SCM Agreement as it had over 1,000 environment-related measures in about 50 notifications.

5.7. Overall, 116 WTO Members had one or more environment-related notifications in the database in 2021. The EU was the most with 115 notifications, and EU member states have some of their own notifications as well under the SCM Agreement, Trade Facilitation and so forth. It is important to mention that the notifications are coming from all regions of the world and from all levels of development as well, so developing countries and LDCs are also notifying environment-related measures in the dataset, so you can see that in addition to the EU and the US, which are the top two, you also have Brazil, India, China and others who spoke this morning as well. Another important factor is that there are also LDCs (Rwanda and Uganda, for example, have been in the top ten over the last few years, particularly Rwanda).

5.8. I will not go into a breakdown of the type of measure, type of sector or harmonized type of objective as that is there in the room document, but we can of course discuss it later. Just to say that last week we published all the TPR entries so now we have the full dataset, which is why we are presenting the 2021 results to you today. In terms of TPR entries, last year was also a big chunk as well because there were actually 18 TPR reports done last year. There may be a backlog from COVID-19 because in 2020 there were fewer TPRs done, but last year it was more than business as usual and we had about 1,500 entries from these TPRs.

5.9. Following this presentation, some delegations had the following reactions.

5.10. The representative of Paraguay delivered the following statement:

5.11. Paraguay wanted to make a few quick comments regarding the database and the notifications and collection of agricultural measures in the database.

5.12. We have been trying to use the database for what it was intended for, that is, to be able to look at environmental measures and we have found that the database not including the amount of subsidies that are reported is not necessarily helpful for Members when they are trying to visualize the level of support. We would encourage the Secretariat to include the actual level of subsidies when we are looking at environmental measures that are related to the Agreement on Agriculture.

5.13. Further, we have found to our surprise that some of the information that has been correctly notified by Members as non-product-specific Amber Box support when extracted from the database that was compiled by the Secretariat is reclassified as Annex II Green Box support. We are looking forward to hearing the Secretariat's explanation as to why they are reclassifying the measures in the database. They may be environmental matters or with environmental objectives, but if they are trade-distorting that does not make them Green Box. I think there is confusion as to what "Green Box" means in agriculture and what it means in environment, so I would also encourage the Secretariat to take a very close look as to why this is happening in the database and to consult with their colleagues in the Agriculture Division to make sure that this can be fixed. We will approach the Secretariat on a bilateral basis to share the specific examples that we have found where measures have been reclassified from the original notification to Annex II Green Box measures.

5.14. The representative of Brazil delivered the following statement:

5.15. Regarding the issue raised by Paraguay, we hope the Secretariat is not seeking to reclassify as "Green Box" measures that Members classified as non-product-specific Amber Box, only because it was directed to environment purposes.

5.16. As there is a lot of "greenwashing" being seen in notifications by other Members, we request clarification regarding the reason why the Secretariat is seeking to label such measures as "green".

5.17. Let's also undo confusion for those here that are not part of the agriculture community: when we are talking about Green Box, we are referring to agriculture measures that have no or minimal

trade and production-distorting effects. We are in the World Trade Organization. Let's not leave trade aside from our discussions.

5.18. This referred reclassification risks creating a system in which only developed countries with large fiscal space will have their agriculture considered sustainable. Additionally, the listing can be seen as arbitrary. For instance, almost every domestic support measure in Brazil is contingent on the producer respecting our forest code which has the most restrictive rules regarding land retirement in private property without any compensation being paid for the producer. If the same criteria were applied, all this support has environmental conditionalities and should be in this list.

5.19. Let us stress that repurposing must not be "greenwashing". Rather, it must be tackling trade-distorting domestic support and redirecting efforts to transforming food systems into more sustainable ones, without introducing new kinds of distortions and without losing sight of the three dimensions of sustainable development and Common But Differentiated Responsibilities.

5.20. This is particularly serious when we consider that domestic support subsidies have amounted to more than USD 800 billion per year, being thus more than one hundred times what is being granted to the Global Environment Fund.

5.21. Let us all imagine what the world would look like if a highly subsidizing member had, over the past two decades, dedicated just 10% of its agricultural subsidies for real environmental initiatives, and not for things such as mechanical tillage, which is a subsidy for a practice that entails fossil fuel usage and is hardly sustainable.

5.22. If a real re-purpose had taken place, we would certainly be in a much better position in achieving our SDGs globally, we would have seen significant development in LDCs and developing countries, each with enhanced capacities to push for sustainability goals, less migration push into northern countries, and we would have a more diversified source of food systems, with larger offers and thus reduced inflation.

5.23. Members, particularly the developed ones, have, thus, within their power, the ability to make significant contributions to our common efforts for social, economic and environmental sustainability.

5.24. However, putting Amber and Green Box measures in the same basket may indirectly support behaviour such as what we see related to greenwashing, and this will diverge us from the path we should be commonly pursuing.

5.25. The representative of India delivered the following statement:

5.26. We wanted to thank the delegation of Paraguay for raising this issue and we will reach out bilaterally to understand the discrepancies that they have found.

5.27. The representative of the United States delivered the following statement:

5.28. Thank you to the Secretariat for its presentation on the environmental database. The database demonstrates the clear nexus of the environment and environmental measures to trade, and it is a useful resource for Members seeking to understand the breadth of trade policy issues that intersect with environmental concerns. We note not all Members have notified relevant measures to the WTO, and we encourage Members to meet their transparency and reporting obligations under the WTO so that databases like this one can be fully utilized.

5.29. The WTO Secretariat delivered the following statement:

5.30. Thank you Members for raising the good, the bad and the ugly in the database. First of all, just to say thank you to Paraguay, Brazil, India, and the United States for their pointed comments and also their suggestions. We had two specific points to make, and Brazil mentioned them as well. On agriculture, we have around 599, almost 600, agricultural notifications between 2009 and 2021. These 600 agricultural notifications amount to about 3,150 environment-related agricultural measures, so 600 notifications and about 3,000 plus environment-related measures within them. These include support measures notified under Annex II, the Green Box, but also many of the other

provisions. Yes, this database was earlier done in Excel and now is done online and this has reduced the human error to an extent, but it has not eliminated all human errors of course.

5.31. We will reach out to Paraguay and other Members bilaterally to understand what is the quantum or scale of this oversight, if I may call it that, because there is no intention to change the nature or the substance of the notification. We are trying to basically transpose that information from the notification to the dataset. We are using, of course, humans to do this, so there are sometimes human errors in that, but having said that I would be interested in knowing if out of these 3,150 odd measures this is a small or big problem and to correct it as soon as possible.

5.32. There were some other points from Paraguay particularly on the amount of the grant being mentioned in the dataset. I think we had a similar discussion a week or two ago in a useful meeting on subsidies itself. We had a dedicated discussion on subsidies when we talked about it and we were saying that we can of course keep improving the dataset by adding new filters or new elements of information. The database itself has links to the notification, but of course when we developed the electronic version of this database in 2009, the criteria we used covered everything from TBT/SPS notifications (which at that time was the most dominant part of the database) to subsidies. Now, TBT and SPS, for example, has HS codes, whereas subsidy notifications do not have HS codes. So if you download the data into Excel you will see that from A to M (we can go on from A to Z also) but we don't cover the whole notification, we cover parts of the notification, and the parts which we thought were the most relevant and usable in WTO, of course, was the HS, for example. Information on grants does not make sense in other agreements, whether it is quantitative restrictions, import licencing, TBT or SPS, and that is why the amount of grants was not itself put into the database, but that information is available because we identify the specific programmes and, of course, if a Member then goes back to the notification itself, they will be able to extract the amount of the grant. But, of course we are in Members' hands and will continue to improve the database in whatever direction you lead us.

6 MEMBERS' SUGGESTIONS AND PROPOSALS

6.1 Trade and Environmental Sustainability Structured Discussions (TESSD)

6.1. The representative of Canada, on behalf of the TESSD Co-convenors, provided an update on the TESSD discussions.

6.2. Congratulations on a highly successful Trade and Environment Week to the entire team. It is a pleasure to be here today to provide an update on the discussions that have been taking place in the TESSD since the last meeting of the CTE. Since the last meeting, cosponsors have continued their engagement to expand their knowledge about the linkages between trade and environment, to share experiences and to discuss how cosponsors can further strengthen and deepen our discussions on trade and environment.

6.3. At the last TESSD plenary in July, cosponsors heard a range of presentations on various areas of interest. Firstly, cosponsors heard about how technical barriers to trade can have significant impacts on the trade in environmental goods. Part of the meeting was also dedicated to a transparency section on some intersessional dialogues on the four areas being discussed by cosponsors. These are: trade-related climate measures; environmental goods and services; circular economy – circularity; and subsidies. A large portion of the meeting was also dedicated to three exchanges on regional experiences. The aim of these sessions was to allow Members and cosponsors to hear from different cosponsors and also non-cosponsors about their experiences in addressing trade and environmental challenges in their specific regions.

6.4. The first session covered Asia-Pacific and heard amongst other things about specific experiences and implementing solutions to advance sustainability and green competitiveness, as well as broader experiences of regional economies and engaging in trade in environmental goods and services. The second session focused on Africa, where participants heard presentations on African perspectives on the circular economy, environmental sustainability perspectives from the shea industry, and an example of specific technological solutions in the building industry. The third session focused on South and Central America and the Caribbean touching on the importance of considering needs and challenges in the agricultural sphere when discussing environmental and

climate goals, discussions on ocean bio trade and an example of a business success story from an organic chocolate company, which also brought samples, which was nicely to end that day!

6.5. We very much encourage Members to take a look at the Member's section of the TESSD website. All of the presentations are available and some of the videos as well, so you can take a look at some of the specific areas that were discussed.

6.6. TESSD cosponsors have also continued discussions through intersessional meetings on specific areas of interest, including meetings that took place earlier this month. As mentioned before, under our work plan, Members engaged on trade-related climate measures; environmental goods and services; circular economy – circularity; and subsidies. In the area of trade-related climate measures, the most recent discussions had Members hear presentations touching on a range of issues related to carbon accounting, as well as pricing and non-pricing measures related to climate change. The cosponsors heard from ISO, the IMF, a presentation from the Secretariat, and the OECD on different work that is ongoing in the area. Members also had the opportunity to discuss some of the challenges associated with carbon pricing and one Member noted the important role that the WTO can play in providing for transparency and dialogue in this area.

6.7. On environmental goods and services, Members had the opportunity to discuss non-tariff measures and the significant impact that they can have in hindering trade in goods that are critical to the achievement of environmental goals. Cosponsors noted the importance of transparency and dialogue in minimizing barriers. Members also discussed services, touching on discussions taking place in the CTE-SS and highlighting some national experiences in addressing services in the environmental sphere. A number of cosponsors have indicated an interest in continuing discussions regarding environmental goals, the goods and services that can aid Members in achieving those goals, and the role of the WTO in facilitating trade in these goods and services. In the near term, discussions will continue on climate change and mitigation and adaptation.

6.8. In the area of circular economy – circularity, cosponsors heard updates on various elements impacting the creation of sustainable circular economy circularity systems. A presentation by the WCO touched on challenges and distinguishing between used goods and recyclable materials from waste and customs procedures. The BRS Secretariat touched on the identification of used goods, prior informed consent procedures and updates regarding e-waste. The OECD presented on cross-border reverse supply chains and the Secretariat presented some information about trade-related policy issues and elements that may serve as a basis for a mapping exercise, as Members have expressed an interest in looking more closely at the trade-related aspects that can support the development of effective circular economy circularity systems.

6.9. Finally, in the session on subsidies, cosponsors heard a range of presentations, including one by the Secretariat on the Environmental Database, a presentation by the OECD on environmental impacts of industrial subsidies and by the IISD on some of the discussions surrounding the fisheries subsidies. The aim is to continue to find opportunities to expand Members' knowledge and continue discussions in this area and, again, I will make a pitch for taking a look at the website, which has a lot of presentations and excellent information to do a deep dive.

6.10. The next plenary meeting of the TESSD will take place on 11 November. Originally, we were meant to have a two-day meeting, but a completing event has requisitioned all of the larger rooms on 10 November, so we will be holding only a one-day meeting. During that time, we hope to provide an update to Members on plans for a high-level stocktaking event in December. Unfortunately, the one-day meeting means that we will not be able to continue with our planned second session on regionally focused discussions, but we will aim to continue with that format in the next calendar year.

6.11. As always, our plenaries are open to all WTO Members, as it allows us to ensure transparency and an opportunity for Members who may not have time to attend all of the meetings to hear a bit about the discussions that have taken place intersessionally. With that, I will leave it there.

6.12. Following this presentation, some delegations had the following reactions.

6.13. The representative of Japan delivered the following statement:

6.14. In order to achieve carbon neutrality by 2050, it is necessary not only to eliminate tariffs on products that are already widely used, but also to remove barriers and to promote its diffusion at various stages, not only from the development of new products and technologies but also to the stages of production, distribution, and trade.

6.15. Based on this awareness of the problem and reflecting on the Environmental Goods Agreement, one idea would be to first narrow down the definition of "environmental goods" to products that use technology that directly contributes to the reduction of greenhouse gas emissions.

6.16. In this regard, APEC is taking new initiatives to liberalize trade in environmental goods and services, using the existing APEC Environmental Goods List as a foothold. Last year, based on Japan's proposal, a workshop was held on non-tariff measures related to the environment, and this year research and analysis of related measures are being conducted as well. We would like to utilize the results of these efforts in discussions at the WTO

6.17. Regarding environmental services, the APEC Ministerial Meeting, held in November 2021, adopted the Reference List of Environmental and Environmentally Related Services as an annex to the Ministerial Statement. In addition, following this adoption, APEC is moving forward with a project to create a template for a positive list of environment and environmentally related services. We believe that these can contribute to future discussions in TESSD.

6.18. The representative of the Maldives delivered the following statement:

6.19. Let me first of all congratulate the Chair and the Committee on holding a successful WTO Trade and Environment Week. I am confident that the discussions that were held during this week will improve the output of the CTE's work.

6.20. Paragraph 14 of the MC12 outcome document recognizes Committee on Trade and Environment as a standing forum dedicated to dialogue among Members on the relationship between trade measures and environmental measures. We believe more can be done in this Committee to incentivize the market access of sustainable and environmental goods to achieve sustainable supply chains.

6.21. Excellencies and Colleagues, the development of Small Island Developing States are clearly outlined in the SIDS Accelerated Modalities of Action Pathway. The SAMOA Pathway states that Small Island Developing States have extraordinary marine and terrestrial biodiversity that in many cases is fundamental to their livelihoods and identity and it supports the efforts by SIDS to export sustainably produced products. In this regard, Maldives has taken measures to ensure our important fishing industry has a sustainable supply chain by promoting the practice of intrinsically environmentally sustainable fishing methods like pole and line and hand line fishing. These methods have zero by-catch and thus have a significantly lower impact on the environment, and serves to protect marine biodiversity unlike indiscriminate methods of fishing such as drift netting. In order to enhance the potential of the blue economy and harness its positive trade impact, it is imperative to incentivize these activities including through preferential market access.

6.22. Excellencies and Colleagues, the effect of environmental measures on market access is an important area of CTE for SIDS. In the pursuit of sustainable supply chains, CTE should look at incentivizing the market access of sustainable and environmental goods and assist developing countries especially SIDS to identify products, and develop export markets for environmentally friendly products including sustainably sourced products, in areas where SIDS can enjoy a comparative advantage. I believe such actions would lead to concrete outcomes that would enhance the potential of the blue economy and the development of SIDS as outlined in the SAMOA Pathway.

6.23. Before I conclude may I once again thank the Chair and the presenters for the updates and information provided today. We stand ready to work with WTO to further the trade and environment agenda, in particular, to find solutions to promote sustainably sourced products.

6.24. The representative of the Russian Federation delivered the following statement:

6.25. Russia attaches great importance to environmental issues. We are constantly improving our respective national legislation and are actively engaged in international efforts to tackle climate change and its consequences. We recognize that trade policy and the WTO can play a role in this task, too.

6.26. Following this logic, Russia has joined the format of Structured discussions last year. To us, its main value was in enhanced information sharing and exchange of views with an aim to further explore how we can better use the WTO tool kit to support environmental objectives and what do we need for that. This task cannot be achieved if the basic principles of inclusivity and transparency are neglected, and the discussions are primarily held in small groups. Unfortunately, this is what we are witnessing today.

6.27. We agree that the WTO rules need improvement in certain areas. However, that must be done collectively, taking into account interests and concerns of all Members. The need to follow an inclusive multilateral approach is dictated by the very essence of trade and environment issues. Be it climate change or loss of the biodiversity – these are the global problems, which cannot be solved by efforts of one or a group of Members.

6.28. Without doubt, every WTO Member shares the view on the necessity of environmental protection and fighting against climate change. With that, the methods differ in various countries depending on geography and nature conditions, as well as economic models and available technologies. It is necessary to assess the impact of different national methods, not follow the path of their exclusion. Only in this way, our joint efforts will be truly synergized, helping us to achieve common environmental goals.

6.29. We hope that the abovementioned concerns will be duly addressed in the future organization of the work within the TESSD, especially, by the coordinators.

6.30. The representative of the United Kingdom delivered the following statement:

6.31. The United Kingdom supports the ongoing efforts of the TESSD to share ideas and evidence on trade and environment, and to try and carve a path towards concrete outcomes.

6.32. The UK has been active across the four workstreams, particularly in the Environmental Goods and Services workstream – where we see natural overlap between our shared environmental objectives and the trade tools available to us. We would like to highlight one point that we were not able to raise at the most recent TESSD working group meeting.

6.33. The UK has been participating in recent discussions at the World Customs Organization, looking at how customs and the Harmonized System can help Members meet their environmental objectives. The Greening of Customs Conference hosted in June, together with the current Green Symposia series, underlines the importance of working across the trade policy and customs communities to ensure trade and environment policies can be implemented effectively at the border.

6.34. In our view, the WCO has an especially important role to play in distinguishing environmental goods: helping us to obtain data about the movement of these goods through supply chains, target trade policy measures that facilitate their movement, and by harmonizing the relevant codes. Recent revisions of the Harmonized System demonstrate this, with new 2022 codes being created for products such as electric cars and motorcycles separate from diesel and petrol vehicles.

6.35. However, time is short to influence the next cycle concluding in 2027, and it takes time for Members to build robust proposals for consideration. The UK has submitted two proposals to the WCO Review Sub-Committee for consideration in November, covering heat pumps and solar powered water pumps. This has been achieved through a close and focused collaboration between trade and environment policy makers and customs officials in capital.

6.36. With the pace of development of environmental technologies, and the growing importance of discussions about how trade supports environmental outcomes in practice, we would like to encourage other Members to look carefully at the current work of the WCO and the HS2027 and

consider whether they have capacity to make proposals. We would be willing to discuss our process and views with any interested member.

6.37. The representative of Australia delivered the following statement:

6.38. Australia welcomes the updates provided by the coordinators and we value the efforts being taken on sustainability, trade and the environment across the four Working Groups, including trade-related climate measures, circular economy – circularity, subsidies and environmental goods and services. We underline the importance of trade as a tool as a policy lever to address environmental issues. We would encourage other Members to engage in these structured discussions and thank the TESSD conveners for the transparent way that they have been convening these important discussions including open meetings, the publishing of agendas and reports on the WTO website, and of course the report to this esteemed body as well.

6.39. We are looking forward to the high-level TESSD event in December, which will be an important opportunity to stocktake the work that has been done and to set out our priorities for the membership's ongoing work on the important issues relating to the nexus of trade and the environment. At the start of this week, we heard a call at the high-level event for the WTO to take action. We echo that call and look forward to continuing to engage positively and inclusively with Members on these very important issues.

6.40. The representative of the United States delivered the following statement:

6.41. The United States thanks the coordinators for their hard work to coordinate the TESSD and its Working Groups. We also thank the co-facilitators for their efforts to build robust programs of work to advance implementation of the Ministerial Statement, and to deepen Members' understanding and consideration of issues on trade-related climate measures, environmental goods and services, circular economy, and environmental related impacts from subsidies.

6.42. We look forward to continuing to our work under the TESSD and considering how we can work within the framework of the WTO expand opportunities for environmentally sustainable trade in an inclusive and transparent way.

6.43. We view the TESSD as a valuable forum to explore emerging trade-relevant environmental policy issues at the WTO. We hope the work by Members through the TESSD forum will lead to revitalizing the work under this Committee, as the standing Committee responsible for trade and environment issues in the WTO.

6.44. The representative of the European Union delivered the following statement:

6.45. We believe that TESSD had some useful discussions this year. High-level meeting in December will be an important stocktaking moment in order to give a vision for the next year.

6.46. We welcome sectoral approach and focused discussion on facilitating environmental goods and services. We believe that more deep dive sessions should be organized next year particularly trying to unravel the development dimension of this works stream.

6.47. The need for more transparency on the trade-related climate measures has been a recurring comment from many Members. We would welcome deeper understanding on how this could be achieved. Similarly, we can support the idea by the group to develop a checklist of for designing trade-related climate measures.

6.48. We would welcome mapping work on how trade policy can contribute to the transition to circular and resource efficient economy. We would encourage to deepen the understanding how trade policy can contribute to value-retention processes or supporting trade is second-hand goods.

6.49. The subsidies work stream includes several items that would merit considerations also in the Committee on Trade and Environment or in other Committees. For example, we see strong interest of WTO Members to engage on sustainability aspects of agricultural support – this discussion would benefit of the expertise from this Committee as well as the Committee of Agriculture to be able to address its multifaceted nature.

6.50. Another important topic that emerged from the exchanges and important to flag here is the environmental effects of subsidies. This covers both the potential environmental harm of subsidies as well as the best practices of designing positive, green subsidies that aim to advance climate and environmental policy objectives.

6.2 12th Ministerial Conference (MC12)

6.51. Members were invited to express views and comments on the CTE and trade and paragraph 14 of the MC12 outcome document. In particular, the Chairperson of the CTE would like to ask delegations to assess the sufficiency of the current output of the CTE in light of global challenges. Suggestions to improve the relevance and reactivity of the CTE would be welcome.

6.52. The representative of Switzerland delivered the following statement:

6.53. Switzerland is very happy to see your commitment and that of the Secretariat in having a successful Trade and Environment Week, which shows that there is great interest and there was a good turn out from Members. You, Chair, have asked Members to look at the sufficiency of the current work done by this Committee given the challenges we face, and I think that simply we can say it is not enough. We have seen that there has been a paradigm shift and we had seen that the WTO is not able to make a headway without looking at environmental sustainability. In fact, thanks to the MC12 remit, climate change is now recognized as a part of the WTO's agenda and a number of discussions have already taken place as part of various initiatives within the WTO.

6.54. We agree that climate change, the loss of biodiversity, and pollution should not simply be recognized as challenges to the world but that we should also have a commitment that will tackle them. These are the three reasons to justify that: first, we believe that international trade policy has to make a real contribution to resolving the environmental and climatic challenges and sustainable development in all countries; secondly, climate change is a threat for development, peace and prosperity, and this is something that we have to tackle urgently and it has to be taken on by all Members, that is to say this means we need a global and urgent response; thirdly, if trade of itself cannot deal with the threat of climate change, then viable economic solutions need multilateral governance of trade. Therefore, we believe that this is a real opportunity to strengthen dialogue with this Committee, and that we find matters of interest to all Members. Members could do this by submitting non-papers for discussion, as Switzerland has done in the past, on subjects that are linked to the remit of the Committee so that we can trigger discussion. This means that we have to work on this so that we can build trust between Members and we can favour constructive discussions so that we can boost transparency, which goes beyond our regular remit.

6.55. It goes without saying that we have to look at synergies with other organizations, particularly when looking at the environment. We are always in favour of close collaboration between the WTO and other multilateral agreements. Finally, and I will finish by saying this, as was said on Monday, this is an inspiring age and we have to make sure that we work to maintain the importance of this Committee.

6.56. The representative of South Africa delivered the following statement:

6.57. Paragraph 14 of the MC12 Outcomes Document recognizes global environmental challenges including climate change and related natural disasters, loss of biodiversity and pollution. However, the paragraph does not speak to the CTE mandate.

6.58. The CTE mandate is reflected in the Doha Ministerial Declaration. Given the importance of global environmental challenges, this is an opportune time for the CTE to refer to its mandate and work programme and to review any progress it has made to date on the Doha environment mandate. Where there has been no progress, it must be understood why.

6.59. Now is also the time for the CTE to invigorate the necessary political will amongst Members to move forward on the more difficult environmental issues based on the CTE mandate and work programme, and in a manner that fits countries' needs and priorities, and this includes discussions taking place within a sustainable development framework that better suits the long-term interests and needs of developing countries.

6.60. The CTE should not be used as a platform for the discussion of non-mandated issues. Nor should it be used to expand the potential for the use of environmental measures to restrict market access of goods from certain countries. Inclusion of non-mandated issues in the CTE means an expansion of the mandate and effectively a change in the work programme. Only mandated issues should be discussed in the CTE. These are important issues that must be addressed and remain of critical importance to a developmental agenda of the CTE.

6.61. Importantly, WTO seminars and discussions on the environment under the CTE must be balanced if we are to make inroads, including balance views on institutions and panelists invited to address the issues. Otherwise, this risks polarization of the discussions which is not helpful. We need a Member-driven process that takes into account the interests of all Members.

6.62. The representative of the United Kingdom delivered the following statement:

6.63. At MC12, all WTO Members recognized the role of the multilateral trading system to address global environmental challenges including climate change, biodiversity loss and pollution. The challenge now is working out what is possible – the levers available to use as trade officials and trade policymakers – and where there is fertile ground for cooperation, because global problems require collective global solutions.

6.64. No single member can solve these problems alone – and in attempting to do so, we might create unintended adverse impacts on both trade and development. Therefore, as countries work tirelessly to meet their climate and sustainability goals, it is vital that we work together to find policy solutions that reduce the risk of a patchwork of unilateral actions. To reach these mutually beneficial solutions, Members must be willing to work together at the WTO.

6.65. Trade and climate change do not exist in vacuums. Climate change will catastrophically disrupt supply chains on a scale even greater than that seen during the COVID pandemic. And without concerted and coordinated action, international trade risks propagating the problem by relocating polluting activities rather than helping eliminate them.

6.66. The good news is that, with the emergence of new and dynamic industries and sectors, there are opportunities for trade facilitate the green transition, and help achieve the sustainable development goals in all three of their dimensions – economic, social and environmental. Constructive dialogue is key to achieving this.

6.67. On what that might look like in practice, and how the CTE can play a role, the UK offers the following ideas and suggestions for Members to consider:

- a. While there are constructive dialogues taking place in other joint initiatives at the WTO, the CTE offers a valuable forum to enhance transparency and even publicise best practice on the measures Members are taking to address environmental challenges. We thank the Members who continue to share their experiences, and we encourage continued engagement on reducing trade frictions and maximizing positive environmental impact.
- b. The CTE can also support principled discussions on the trade and environment nexus. For example, finding common ground on what constitutes sustainable trade is imperative to supporting Members consider how best to advance policies that support both trade and the environment. This requires the trade community and the environment community coming together, not only between international institutions, but domestically too, we should all be speaking inter-governmentally to try and understand the principles of sustainable trade
- c. Furthermore, as being discussed in other fora such as the TESSD, we know there are trade tools at our disposal which can help advance environmental objectives, including by facilitating the uptake and lowering costs of key environmental goods and services. We also know that developing countries will need additional support to realise some of these opportunities and participate in global value chains – particularly in accessing cheap, reliable, resilient, and clean energy. The CTE could be a forum to understand and coordinate technical assistance and capacity building needs, alongside other international organizations like the ITC and the UN Climate Technology Centre and Network and offer a

space to consider how tools ranging from trade facilitation to technology transfer can support this uptake- perhaps through dedicated workshops for developing Members.

- d. From a more practical perspective, the CTE could also help coordinate greater join-up with the work of other committees. This will help ensure that sustainability is embedded across the work of the WTO, help upskill delegates on trade & environment issues, and ensure that information, evidence and progress achieved in the CTE is shared across platforms.
- e. Finally, we might also consider where the CTE could provide updates and recommendations to other bodies or committees outside of the WTO – for example, where there is a lack of harmonized environmental standards, could these be identified and presented by the CTE for consideration by policymakers outside the trade space?

6.68. All of the suggestions we have outlined, may require us to rethink the current standing agenda and work programme of the CTE, which is still reliant on the 1994 CTE work programme, and 2001 Doha Round Ministerial Declaration. We have a new commitment in the 2022 Ministerial outcome document from MC12, so perhaps we should be rethinking the Committee's mandate. We suggest that at the next CTE meeting, Members could bring forward proposals on what a new work programme and mandate might look like, reflective of the 2022 Ministerial Declaration.

6.69. The representative of the United States delivered the following statement:

6.70. The United States remains committed to the CTE as the standing Committee at the WTO for discussing trade and environment measures. We continue to see benefit to Members to utilize the TESSD to discuss the evolving nature of trade and environment and timely and current issues through that dynamic forum.

6.71. We view the TESSD as an opportunity to workshop ideas and discuss topics, but we should remain committed to bringing work back to the CTE for engagement and transparency purposes. We could consider providing opportunities for more dynamic discussions and presentations during the CTE meetings, on emerging policy choices relevant to climate change and other environmental challenges. We are open to considering how we can bring energy back into the CTE so we can fully utilize its role as the Committee dedicated to environment at the WTO.

6.72. The representative of New Zealand delivered the following statement:

6.73. I would like to also swell the chorus of thanking the Chair and the Secretariat for all the hard work and the excellent organization during this week. I think we, like others, have found it a very full, engaging and stimulating environment week, and that is not just our view, we have heard that also from stakeholders and NGO colleagues too, so thank you again, it was very worthwhile.

6.74. For us, also the MC12 outcome document and the important references in paragraph 14 and the important acknowledgment in paragraph 14 of the global challenges of climate change, biodiversity loss, and pollution was a singularly important outcome. We do, as others have remarked, we are very aware that this Committee is the multilateral forum dedicated to the dialogue on those important issues. From that perspective, we are very open to ways to maintain and strengthen the functioning of this Committee in that role and we have three practical ideas also to contribute to the food for thought.

6.75. First, we, too, have been very struck by the extent of the cross-cutting dialogue that reaches across other areas of work in this Organization. Like the UK, we see a very useful role for this Committee in joining us up in terms of what is happening on environment-related work elsewhere and we could potentially invite the Chairs of other Committees to brief the CTE on some of this work, for example, the work of the Government Procurement Committee on green procurement issues. This would be really helpful in continuing to break down the silos across the WTO's environment-related discussions and work and also to promote the role of the CTE in supporting coherence across the Organization.

6.76. A second practical thought is that we think that it is very useful that we continue to hear back on other environment initiatives that are taking place. We see this as an important contribution to transparency. From a practical perspective, it is also very helpful for smaller delegations to

understand what is going on in initiatives that they cannot necessarily get to. As a matter of good practice, we would like to encourage those reports to also be circulated as room documents and we will be taking note that work for our own two contributions in that regard this week so that they can be circulated as CTE documents and are able to be accessed through the central repository of the CTE.

6.77. Lastly, we thought that potentially arranging some thematic discussions may also be a way to encourage a deeper and more meaningful exchange on policy objectives and design options of various measures. Our sense is that, through the course of the week, we have seen a bit of an appetite for that, and some of our meatier discussions this week have seen us get into deeper exchanges on particular policies and objectives and design, so potentially some thematic discussions might be a way to strengthen that role.

6.78. The representative of the European Union delivered the following statement:

6.79. The EU appreciates all the hard work done by the CTE Chair, as well as by the Secretariat, in order to improve the working of our Committee and to streamline conversations. In the last few years, the Committee has clearly developed and the engagement and involvement of the membership has significantly increased. This past environment week clearly demonstrates the membership's interest in the topic and its relevance.

6.80. The EU is also very pleased that the membership was able to overcome differences and recognize the challenges we are facing with a paragraph on environment in the outcome document. That said we believe that climate change, biodiversity loss and pollution should not only 'recognized' as global challenges, but that MC13 should commit to addressing them.

6.81. We should ensure that trade contributes to climate-neutral, nature-positive and clean economies and help achieving sustainable consumption and production, including through resource efficiency and circular economy. To achieve that and in line with the outcome document, the EU is of the view that we need to further review and continue improving the work of this Committee.

6.82. Since we have noticed the interest in the updates of the EU Green Deal, we started considering if and how we can improve the transparency and deliberation functions of the CTE. Can we broaden the dialogue by focusing on individual topics, where Members could volunteer to share their approaches. The thematic discussion could be based on factual background paper with guiding questions, which the WTO Secretariat could provide in advance. We are aware that this would require more work from both the Secretariat and membership. Nevertheless, we hope such a focused approach could enable Members to have a deeper, more focused conversation on policy decisions of relevance to the nexus of trade and climate. We would welcome a discussion with the membership on how we can improve the functioning of the Committee on Trade and Environment in the next CTE meeting.

6.83. The representative of Australia delivered the following statement:

6.84. I would like to welcome the inclusion of this agenda item in today's Committee meeting and we welcome the MC12 outcome document paragraph on the environment, which was agreed by our Ministers and highlights common interests and topics of focus for Members, including climate pollution, natural disasters and biodiversity. We urge all Members to up efforts to do more than just discuss these issues but to also address these issues. We welcome the ongoing efforts to improve the functioning of the CTE and congratulate you, Ambassador Manley, the Secretariat, and indeed all the participants in this week's Committee and Trade and Environment Week for the fantastic conversations and discussions that we have been having.

6.85. The CTE, as the standing Committee on these issues, is the place for multilateral discussions on trade and environment, and we should continue our efforts to develop the role of the CTE, including the transparency functions and the deliberative functions of this body, but also recalling the need to be laser-like focused on the nexus of trade and the environment. We welcome the many suggestions that have been put forward by others today and would be happy to participate in a discussion to develop those.

6.86. We welcome the collective efforts of this body to further articulate how we can undertake efforts at the WTO to address environment issues. We have further thinking to do on what can be done both individually, but also collectively, and so we look forward to further discussions on how we can improve the functioning of the CTE. Frankly, Chair, this is not something that we can simply ponder, it is something that we must do if this house is to have an effect on the environmental challenges that face our global community.

6.87. The representative of Norway delivered the following statement:

6.88. Norway would also like to congratulate the Chair, the Secretariat, and all participants for a successful WTO Trade and Environment Week and a very substantial meeting of the CTE.

6.89. Norway is pleased that the link between the Multilateral Trading System and the SDGs was recognized in paragraph 14 of the MC12 outcome document. Now, Members must find ways to strengthen the contribution of the WTO to solve the environmental challenges. In our view, this is best done in a combination where we both strengthen our common, mandated work here in the CTE, while also pursuing the new initiatives that were launched by groups of Members last December.

6.90. Norway participates in all the three initiatives – TESSD, FFSR and IDP. We thank the respective coordinators of the initiatives for their updates earlier today. We see good progress.

6.91. At the same time, it must be underlined that the CTE remains a valuable forum where the whole membership participates. This week has truly demonstrated the high interest of Members. The information exchange on relevant national policies, ongoing negotiations, as well as technical assistance and capacity building, has been very useful. And as you noted on Monday, Chair, the CTE also remains an incubator for ideas. Norway would support a further strengthening of the transparency and deliberation functions of the CTE. We think the EU's and other speakers' ideas in this regard merit further consideration.

6.92. The representative of Bangladesh delivered the following statement:

6.93. Bangladesh welcomes the inclusion of this item in the agenda. With regard to paragraph 14 of the MC12 outcome document, Bangladesh emphasizes that the Ministers reaffirmed the importance of providing relevant support to developing countries, especially the LDCs, to achieve sustainable development, including through technological innovation. Bangladesh suggests the CTE to discuss this issue in fuller length in its next sessions. The delegation of Bangladesh stands ready to work constructively with Members.

6.94. The representative of Indonesia delivered the following statement:

6.95. In line with working on the MC12 outcome document, we need to carefully identify what issues are acceptable to all to be followed up given the principles of common but differentiated responsibility and respective capability with a view to promoting the UN 2030 Agenda and the SDGs. At the same time, differences in the level of economic development should also be taken into account. We should be mindful that the discussions under the WTO should not disturb the carefully balanced commitments achieved under the UNFCCC. Therefore, Indonesia is of the view that, substance-wise, some issues would be better discussed under the framework of the UNFCCC.

6.96. The representative of Colombia delivered the following statement:

6.97. Colombia has been actively participating in the TESSD discussions and in the structured discussions on specific topics. We consider the CTE as a very important Committee; it is a place where we can jointly decide on very important environmental matters. We believe it is very important to work together with other Committees of the Organization. We need complementary agendas and we need to find areas in which we can act jointly. My delegation, for instance, finds that we could work with the TBT and the CTG because there are many important synergies that we could examine. We are committed to taking practical measures to carry out the remit that is in the ministerial document of the CTE and we believe that this is the right place to do so. Therefore, we are very grateful for including this item on the agenda.

6.98. The representative of Ecuador delivered the following statement:

6.99. Ecuador is actively participating in the discussions on trade and the environment within this Committee and also in the context of other initiatives, for instance, the initiative on plastic pollution and the environmental sustainability discussions. Our country has not perhaps made practical proposals but we, as other groups of vulnerable economies, have emphasized the importance of this topic. Ecuador is very much interested in these topics and we consider that there is an important moment at which we will be able to reactivate or promote the exchange of experiences on trade and the environment in a much more active way.

6.100. Looking at the link between sustainable trade and development, we recognize the importance of this and the importance of the SDGs and the Ministerial Declarations and the outcome document. As mentioned by Bangladesh, we believe that technical assistance is also extremely important and that we should also address this. We consider that the work that has been carried out to have a paragraph on trade and sustainable development in the document is one that we can work on together. We are currently thinking, together with Australia, about this. We are thinking about it both individually and in groups and we believe that this is something that matters to all of us. I just wanted to add, Chair, that I believe we must continue this conversation and, as we mentioned during the discussions on the outcome document, despite not having made concrete proposals today and even though we are a small and vulnerable economy, Ecuador is greatly committed to all of these topics.

6.101. The representative of the Philippines delivered the following statement:

6.102. At MC12, Ministers took the long overdue step of recognizing the importance of climate action in the outcome document. There is an ever increasing acceptance that sustainability, particularly climate mitigation and adaptation, must be fully integrated into the WTO agenda moving forward. The Philippines continues to be firm in its belief that a triple win for trade, development and the environment is achievable and discussions during the Trade and Environment week have provided important ideas that could be integrated into how the CTE's work may evolve under the WTO reform process.

6.103. The CTE will continue to play a central role as the WTO's standing forum on trade and environment and we remain supportive of efforts to strengthen transparency through the Environment Database and expanded analytical research on trade and environment issues. In particular, while we have heard from certain Members about their evolving environmental regulations, we recommend that under the auspices of the CTE, we undertake a comprehensive mapping of carbon pricing regulations and its impact on trade.

6.104. As consumers' preferences are increasingly prioritizing sustainability, the CTE may wish to re-examine its role in examining labelling requirements for environmental purposes, with a particular focus on various regional initiatives on eco-labelling.

6.105. While the Philippines is not a co-sponsor of the Trade and Environmental Sustainability Structured Discussions (TESSD), the Philippines supports revitalizing work on environmental goods and services. The Philippines support a high level of ambition on this front, which should also take into account intermediate products that are used to produce green goods, applications for disaster risk reduction and climate adaptation, as well as new technologies like green hydrogen and energy storage. As we move towards MC13, we may wish to consider how to further mainstream these discussions within the CTE and CTE-SS.

6.106. The current overlapping crises are providing us with strong tailwinds to collectively move to a clean energy transition and the WTO must play a complementary role by facilitating energy and environmental services, reducing non-tariff barriers, and individually providing supportive regulatory regimes. And given that developing Members will increasingly have to develop trade policy within the context of environmental regulations and other measures, we foresee greater demand for technical assistance. The Philippines would therefore recommend that WTO Secretariat's Environment Unit work with the Institute for Training and Technical Cooperation (ITTC) in developing a model training programme on the design and implications of trade-related environmental measures.

6.107. The Philippines stands ready to further contribute to sustainability discussions in the WTO and looks forward to harnessing the complementary mechanisms to transition to a circular economy.

7 RELATIONS WITH IOS AND NGOS – CTE WORK PROGRAMME ITEM 10

7.1. Due to a lack of time, the OECD¹⁴ and UNECE¹⁵ agreed to circulate their presentations as room documents.

8 OTHER BUSINESS

8.1 Update by Singapore and Australia on the Singapore-Australia Green Economy Agreement

8.1. The representative of Australia delivered the following statement:

8.2. It is a privilege to advise the Committee on Trade and Environment, particularly during this seminal trade and environment week, that Australia and Singapore have now finalized the Singapore-Australia Green Economy Agreement (GEA). This landmark agreement was signed by Australia's Minister for Trade and Tourism, Don Farrell, and Singapore's Minister for Trade and Industry, Gan Kim Yong, in Canberra on 18 October 2022.

8.3. The GEA is a first-of-its kind agreement that builds on existing cooperation between Australia and Singapore to take action on climate change, to strengthen trade and investment in clean energy across our region and assist in advancing our net zero ambitions. The agreement demonstrates our joint commitment to an ambitious climate change agenda that promotes and supports trade.

8.4. The agreement will catalyse economic growth and create jobs in green sectors by building skills and technology capabilities in new green growth sectors, and strengthen trade and investment in clean energy, including renewable electricity and hydrogen, across our regions while promoting decarbonization.

8.5. It will also build on the Singapore-Australia Free Trade Agreement by promoting greater trade and investment in environmental goods and services and exploring ways to tackle non-tariff barriers to advance our mutual decarbonization agendas. The Agreement includes a non-binding and ambitious list of 372 environmental goods and 155 environmental services which can be adapted and enhanced over time.

8.6. We believe this list could contribute to multilateral discussions on liberalizing trade in environmental goods and services, including in the WTO. The GEA identified seven key areas of cooperation for future work:

- Trade and investment;
- Standards and conformity;
- Green and transition finance;
- Carbon markets;
- Clean energy, decarbonization and technology;
- Skills and capabilities; and
- Engagements and partnerships.

8.7. The GEA also includes a set of 17 joint initiatives as part of our initial efforts to pursue cooperative projects in emerging areas. Implementation has already begun including on:

- work to develop the necessary architecture to facilitate cross-border electricity trade;
- cooperation to promote and facilitate business opportunities and collaborations between Australian and Singaporean businesses, especially SMEs on activities in green growth sectors; and
- cooperation on R&D to strengthen collaboration on science, technology and innovation.

8.8. The GEA is a model for international cooperation in the green economy space that we envisage could contribute to progressing discussions on trade and environmental sustainability at the WTO.

¹⁴ See document RD/CTE/215

¹⁵ See document RD/CTE/219

Should Members wish, we would be happy to share more details on the GEA or provide a further update to the Committee at a later date.

8.9. The representative of Singapore delivered the following statement:

8.10. The GEA will also build on the Singapore-Australia Free Trade Agreement by promoting greater trade and investment in environmental goods and services and exploring ways to tackle non-tariff barriers to advance our mutual decarbonization agendas. The agreement includes a non-binding and ambitious list of 372 environmental goods and 155 environmental services, which can be adapted and enhanced over time. We believe that this list could contribute to multilateral discussions on liberalizing trade and environmental goods and services, including at the WTO.

8.11. The GEA has identified seven key areas of cooperation for future work, including on trade and investment, standards and conformity, green and transition finance, carbon markets, clean energy, decarbonization and technology, skills and capabilities and engagements and partnerships. The GEA also includes a set of 17 joint initiatives as part of our initial efforts to pursue cooperative projects in emerging areas. Implementation has already begun, including on how to develop the necessary architecture to facilitate cross-border electricity trade, cooperation to promote and facilitate business opportunities, and collaboration between Australian and Singaporean businesses particularly SMEs on activities in green growth sectors and cooperation on R&D to strengthen collaboration on science, technology and innovation.

8.12. The GEA is a model for international cooperation in the green economy space and we envisage that this will contribute to progressing discussions on trade and environmental sustainability at the WTO. Should Members wish, we will be happy to share more details on the GEA and provide further updates to the Committee at a later date.

9 DATE OF THE NEXT MEETING

9.1. The next meeting of the CTE is scheduled to take place on 14-15 March 2023.

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

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