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**Committee on Technical Barriers to Trade**

**DDG PAUGAM'S REPORT TO TBT COMMITTEE ON THE TRADE FORUM  
FOR DECARBONIZATION STANDARDS EVENT**

COMMITTEE ON TECHNICAL BARRIERS TO TRADE – 21-23 JUNE 2023

1. Excellencies, ladies, and gentlemen. Good afternoon. Thank you, Madame Chair, and the TBT Committee, for welcoming me to report on the main takeaways from the [Trade Forum for Decarbonization Standards in the Steel Sector](#), an event we organized on 9 March, and a [follow-up session](#) held last week during WTO's Trade and Environment week.
2. We brought together WTO Members with standard-setting bodies and the largest steel making producers in a multi-stakeholder event to spur dialogue on the role of coherent and transparent standards in accelerating the global scale-up of low-carbon technologies and avoiding trade frictions. We had more than 500 participants in person and online from all over the world.
3. I committed that we report back to several WTO bodies and initiatives whose work relates to standards, regulations, and climate change. We have engaged the CTE and TESSD earlier this year. I understand the TBT Committee has been increasingly addressing challenges around sustainability, the environment, and climate change. So, I am pleased to be here with you today as the Committee plays a central role on the topic.
4. Our Trade Forum event helped us to identify three things – the main challenges and opportunities for the industry, the key considerations for international cooperation, and potential ideas on how the WTO could help.
5. On the main challenges, we need to make sure that standards are comparable and transparent. Today companies must respond to multiple decarbonization methodologies and verification processes, as there are no common standards to measure and verify carbon emissions. Too many inconsistent standards are becoming a source of confusion and creating market uncertainty, higher costs, supply chain inefficiencies, and transparency problems. Our Information Note published last December mapped out at least 20 different standards (and growing) – with different underlying methodologies, scopes, and boundaries. There is a need for co-existence of different standards, in different regions and for different purposes, but we need to make sure that, at the very least, these are transparent and comparable.
6. We identified opportunities, and I want to flag a "low-hanging fruit." We know many definitions of "green steel" and normative emissions performance thresholds will exist. But all stakeholders agree that all countries and all companies should count carbon emissions in the same way. If standard-setting bodies can make scope and boundaries interoperable between their measurement standards, this could be a win for trade and climate. The underlying methodologies must talk to each other, and data should flow seamlessly with a minimum of transaction costs.
7. Second, for international cooperation to work, we need to consider the perspectives of different upstream and downstream players in the iron and steel value chain and SMEs. Different regions will follow their unique decarbonization pathways considering national circumstances, Nationally Determined Contributions (NDCs), market requirements, and access to relevant low-emissions steelmaking inputs – like scrap, renewable electricity, or green hydrogen. So, for international cooperation to work, we need to consider the perspectives of different upstream and downstream players in the iron and steel value chain and SMEs. International collaboration must build trust and understanding around low-emissions steel definitions and labels to avoid false claims or greenwashing.

8. Finally, there is a role for the WTO and stakeholders identified a range of potential opportunities where the WTO could help support a level playing field for steel decarbonization.

9. The WTO, through its different bodies, was recognized as an important forum for multilateral cooperation and dialogue between Members on how steel decarbonization standards can impact trade. Members could discuss approaches and best practices and the technicalities of calculating embedded emissions. Members could also share information about their development and use of related standards, technical regulations, and conformity assessment procedures. To some extent, our information session last week, which included the participation of six Members sharing their national experiences, was an occasion to exchange along these lines.

10. Stakeholders also suggested that the WTO could promote further its framework amongst the various standards bodies and initiatives developing decarbonization standards in the steel sector. For instance, before our March event, bodies involved in developing decarbonization standards were unaware of the TBT Six Principles. Raising awareness of these principles could enhance transparency in standards development, strengthen growing developing country participation, and promote coherence while avoiding duplication of efforts.

11. We used the opportunity at both events to clarify that WTO is not a standard setting body, nor does it pick winners and losers amongst standards.

12. The broader industry also called for more coherence, equivalence, and mutual recognition in decarbonization standards to manage costs and provide certainty for green investment. From what we heard, they see the WTO's role as vital so that they can continue to simultaneously trade and decarbonize – whether in developed or developing markets.

13. The Secretariat will continue to promote strategic dialogue on trade in decarbonization standards in the steel sector and I want to flag two key milestones in the months ahead.

14. At the [WTO Public Forum](#), in September the WTO will organize a plenary session on "*Trade and Levelling the Playing Field for Steel Decarbonization*" bringing together our Director General with senior private sector leaders in what we aim to be another opportunity for public-private dialogue on the topic.

15. Looking towards COP28, hosted by the UAE in December, we are working with the UAE Climate Change Envoy's Office and the Ministry of the Economy to highlight steel decarbonization standards as part of the Trade segment of the COP28 Presidency program. In this context, we are working closely with existing initiatives, such as the Steel Breakthrough Agenda, that the COP28 Presidency is championing to ensure synergies and promote even greater inclusivity.

16. We would be happy to support further opportunities and occasions for Members to exchange on these topics, inside or outside of our committees, so don't hesitate to reach out to us.

17. Now, Madam Chair, based on these takeaways from our events, and subsequent feedback from stakeholders, I think I could by posing two questions for the WTO Membership to consider going forward.

- *First: How can we continue to mobilize the WTO's convening power most effectively in this area of decarbonization standards, especially with the private sector?*
- *Second: How can we best facilitate exchanges between Members on these issues?*

18. I will leave these questions with the Membership and look forward to hearing your views and feedback today and in the future.

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