



REPORT (2021) OF THE COMMITTEE ON TRADE AND ENVIRONMENT

In 2021, the Committee on Trade and Environment in Regular Session (CTE) held three meetings: a first formal meeting on 30 March¹, under the Chairmanship of Ambassador of Barbados Mr Chad Blackman; a second formal meeting on 23 June and a third formal meeting on 12 October² under the Chairmanship of Ambassador of the Philippines Mr Manuel A.J. Teehankee.³ The three meetings were hosted in person and virtually, due to COVID-19 restrictions.

The work of the CTE was organized in accordance with the mandate established by the Doha Ministerial Declaration, Paragraphs 32, 33 and 51.⁴ Discussions took place mainly on environmental requirements and market access issues under Paragraph 32(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"). Other items addressed by the CTE were item 1⁵, item 4⁶ and item 8 (DMD Paragraph 32(ii)).⁷

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

"The effect of environmental measures on market access, especially in relation to developing countries, in particular the least developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development."

1.1 Fossil Fuel Subsidy Reform

1.1. At the *March, June and October* meetings, New Zealand briefed delegations on the topic of fossil fuel subsidy reform (FFSR) and announced the renewed efforts to present a Joint Ministerial Statement on FFSR at the 12th Ministerial Conference (MC12) in November 2021. This renewed Statement was building on the Statement presented at the 11th Ministerial Conference (MC11) in Buenos Aires by a group of 12 developing and developed Members from many regions. New Zealand informed that the recently established Trade and Environmental Sustainability Structured Discussions (TESSD) discussions showed that Members recognized the significance of this issue, its relevance as a trade issue, and the role of the WTO in achieving meaningful and equitable reform of such subsidies given existing transparency mechanisms and subsidies disciplines. A revised version

¹ Available through WT/CTE/M/71, "Report of the Meeting held on 30 March 2021", Note by the Secretariat.

² To be circulated through WT/CTE/M/73.

³ Available through WT/CTE/M/72, "Report of the Meeting held on 23 June 2021", Note by the Secretariat.

⁴ The CTE Work Programme and the parts of the Doha Development Agenda that are relevant to the work of the CTE Regular are included in Annexes 1 and 2 respectively.

⁵ Item 1 of the CTE Work Programme reads: "The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements."

⁶ Item 4 of the CTE Work Programme reads: "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."

⁷ Item 8 of the CTE Work Programme reads: "The relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights."

of the Statement was circulated to WTO Members on 16 September 2021. Chile, Uruguay, Fiji and the European Union recently joined as co-sponsors of the joint Statement.

1.2. In reaction to the updates, several delegations acknowledged the importance of FFSR and welcomed efforts on a Ministerial Declaration at MC12. Some other delegations restated their objections to discussing FFSR in the CTE, noting that the issue of FFSR was dealt with in other fora such as the G20, whereby a voluntary phasing out of inefficient FFS that encouraged wasteful consumption, was done with two clear qualifiers: voluntary and in accordance with countries' national circumstances, priorities and needs. One delegation shared their experience in reducing inefficient FFS and signalled the potential political difficulties of reaching a consensus on the issue. Another delegation noted that other sectors needed to be included if the goal was to reduce emissions and that FFSR had to apply methods that did not undermine economic and social goals.

1.3. One delegation commented that while Members were free to discuss trade and environment issues of interest to them and share relevant information with the Committee, it was their view that certain proposals by Members are not under the purview of the CTE mandate.

1.2 Circular Economy and Plastics

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

1.4. At the *March* meeting, Morocco briefed the Committee on the second meeting of IDP held in March 2021 which focused on the topics of transparency and international cooperation. Morocco noted IDP's plans to work towards a Ministerial Declaration at MC12 based on a factual report to be developed throughout the year. To that effect, the co-sponsors shared with Members a draft "Roadmap and possible outcomes by MC12". Many delegations intervened to welcome the initiative. Some delegations highlighted the need for transparency, trade policies, and synergies to promote a global circular economy on plastic. Some other delegations expressed concerns about the increasing number of plastics in the oceans and highlighted the need to urgently preserve ecosystems. The following points were also highlighted: the importance of having a global agreement on plastics; the need for more effective waste plastic management to address the issue and encourage further knowledge and information sharing in this area; and the importance of adopting a trade-facilitative approach to support resource-efficiency, so that materials can be recovered, recycled, and returned to commerce.

1.5. At the *June* meeting, Barbados and Ecuador reported on the third meeting⁸ of the IDP as well as on the next steps and work towards a Ministerial Declaration by MC12. The briefing generated a large number of positive reactions in the CTE, with significant interest expressed by delegations on the MC12 outcome and constructive elements presented by delegations on their perspectives and priorities. The importance of exploring synergies and ensuring supportiveness between the IDP and other environmental sustainability initiatives in the WTO (such as TESSD) was also a common sentiment among delegations.

1.6. At the *October* meeting, Barbados and Ecuador updated the Committee on the recent work of IDP. The two co-coordinators informed the Committee that the IDP currently had 18 Members latest being Costa Rica and the Russian Federation. The IDP had recently circulated its Factual Report. Co-sponsors of the IDP were working on a draft declaration for MC12 that would be further discussed later in October. They reiterated that the IDP was open participation to all WTO Members, and welcomed new co-sponsors. Australia noted that it would be chairing the next meeting and hoped that the Ministerial Declaration would be finalized then. Several delegations expressed their: (i) appreciation to the IDP co-sponsors for the efforts to tackle plastics pollution; and (ii) support for the progress made under the IDP so far, and encouraged concrete steps going forward.

1.7. One delegation commented that while Members were free to discuss trade and environment issues of interest to them and share relevant information with the Committee, it was their view that certain proposals by Members are not under the purview of the CTE mandate.

⁸ IDP's third meeting was held on 21 June 2021 and focused on the topics of policy coherence, capacity and technical assistance needs, and collective approaches. It was co-chaired by Barbados and Ecuador.

1.2.2 Briefings on national efforts related to plastics pollution

1.8. At the *March* and *October* meeting, the Central African Republic briefed the Committee on national efforts to combat plastic pollution. Under the department in charge for the environment, the Central African Republic had established national policies, decrees and laws which created a comprehensive environmental regulatory framework, which included a ban in June 2020 on non-biodegradable plastic bags and packaging, their storage and sale, to preserve air quality, land quality, water quality, and ensure people's quality of life, as well as a special unit created to monitor and enforce environmental violations. A sub-committee on trade and environment was established as a further step to support implementation of the import ban. One delegation noted that this concrete case perfectly illustrated the need to share information amongst Members on the issue of plastic pollution and encouraged the Central African Republic to join the TESSD and the IDP which may address the topics presented. The Central African Republic, consequently, at the *October* meeting, made a presentation on a private initiative in plastics recycling aiming at banning the production, import, commercialization, and distribution of non-biodegradable plastic bags.

1.9. At the *June* and *October* meetings, Canada briefed delegations on developments in trade and the circular economy. Canada hosted the World Circular Economy Forum 2021 (WCEF) with the Finnish Innovation Fund, Sitra, and in collaboration with partner organizations, virtually, from 13 to 15 September 2021. The Forum was a global event that brought together business leaders, policy makers, and experts to present circular economy solutions to accelerate the global transition to a circular economy.

1.10. At the *June* meeting, Norway informed the Committee that it had finalized the strategy for a green, circular economy and that Norway was finalizing and updating a revised strategy on plastics. The Kingdom of Saudi Arabia noted that the Circular Carbon Economy (CCE) framework, introduced by the Kingdom of Saudi Arabia and endorsed by the G20 leaders in 2020, was inclusive, integrated, and holistic. The CCE covered not only materials waste but also emissions by fully utilizing all technologies to address these challenges. Rather than top-down, it was an approach that captured national circumstances and needs and encouraged cooperation. Chad, on behalf of the Least Developed Countries (LDC) Group, noted that technical assistance, capacity building, and technology transfer would be vital for LDCs in the context of the circular economy.

1.11. At the *October* meeting, Morocco presented its national strategy "Littoral sans plastique", plastic-free coastline. The strategy was in line with the recommendations of the New Development Model adopted by Morocco, intended to privilege the logic of a circular economy integrating local specificities and potentialities. One member underscored that more effective waste plastic management along with the role of international cooperation and trade would be more beneficial to address plastic waste pollution and encouraged further knowledge and information sharing in this area. Another member commended Morocco's effort to tackle plastics pollution and underscored the need to address the issue together in the WTO while ensuring that there were synergies with the processes under the United Nations Environment Assembly (UNEA).

1.2.3 Other briefings

1.12. At the *March* meeting, the United Nations Environment Programme (UNEP) presented its report "Trade in Used Vehicles"⁹ released in 2020. Based on an in-depth analysis of 146 countries, the report found that some two-thirds of countries had "weak" or "very weak" policies to regulate the import of used vehicles. This could have an impact on air quality, greenhouse gas (GHG) emissions and road safety, among other issues. A few delegations noted that UNEP's report contributed to a better understanding of global trends and issues related to trade in used vehicles.

1.13. At the *June* meeting, the WTO Secretariat presented the new WTO e-Learning course on Trade and Circular Economy. Some delegations highlighted the usefulness of this e-learning tool for explaining the links between trade and circular economy.

⁹ UNEP, Global Trade in Used Vehicles, 26 October 2020; available at: <https://www.unep.org/resources/report/global-trade-used-vehicles-report>.

1.3 Other

1.3.1 Trade Aspects of the European Green Deal

1.14. At the *March* meeting, the European Union (EU) updated delegations on trade relevant aspects of the European Green Deal. The European Union presented its new trade policy communication adopted on 18 February 2021, entitled "Open, Sustainable and Assertive Trade Policy"¹⁰. The European Union highlighted a series of critical areas where its trade policy would focus in the medium term, including seeking the adoption of WTO reforms focused on sustainability; supporting the green transition; promoting responsible and sustainable value chains; and setting up a Carbon Border Adjustment Mechanism (CBAM). The European Union also introduced its plan to minimize the risk of deforestation and forest degradation associated with products placed on the EU market and its Farm to Fork strategy, which aimed to support a sustainable food system by, among others, reducing the use of chemical pesticides, fertilizers and antibiotics.

1.15. Several delegations recognized the importance of the objectives pursued by the EU Green Deal. Other delegations encouraged the European Union to further consult with other Members. The following points were also highlighted: the importance of respecting the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) under the Paris Agreement on Climate Change; the importance of making sure that the CBAM was implemented in a manner that was compatible with WTO commitments and other international obligations; the need for the developing world to receive further assistance to ensure that it can develop while protecting biodiversity. Another delegation indicated that its CCE framework, which was endorsed by the G20, was a better approach than the one proposed by the European Union.

1.16. At the *June* meeting, the European Union informed that its relevant climate and energy legislation would be aligned with the target of reducing emissions by at least 55% by 2030. This would be brought together in a "Fit for 55" Package, which would be presented on 14 July 2021 and would include legal proposals on pricing, targets and regulatory standards. The EU Emissions Trading Scheme (ETS) would be strengthened and extended to maritime activity. A new system for emissions from road transport and buildings was being considered. Other instruments were the Energy Taxation Directive, aimed to align the fiscal policies with climate ambition, and the CBAM.

1.17. Many delegations took the floor in reaction to this presentation, some to recognize the importance of the objectives pursued by the EU Green Deal and some other to encourage the European Union to further consult with other Members and to provide additional information with respect to the trade-related initiatives in the European Green Deal. A few delegations requested further information on the EU's action plan for organic production. One delegation asked for elaboration on the methodology that would be used to measure the carbon content of products. Other points made included: a mention that concerns about the proposed CBAM had also been raised in the Council for Trade in Goods and the Market Access Committee; a reference to a paper outlining key issues that should be taken into account in designing the CBAM circulated by a delegation; the need to take into account different levels of development; and the importance of including a transition period.

1.18. At the *October* meeting, the European Union's focused on its proposed CBAM. The CBAM is one proposal in the Climate package and its objective is addressing the risk of "carbon leakage" if the climate ambition is not shared globally. In essence, pursuant to the CBAM, imports will need to pay a carbon adjustment, corresponding to the price they would have paid if the goods had been produced under the EU's carbon pricing rules (i.e. the EU ETS). Any differences between the CBAM and the EU ETS will remain minor and duly justified. Moreover, the CBAM is designed to avoid any "double pricing". Thus, if a non-EU producer can show that it has already paid a carbon price for the production of the imported goods in a third country, that amount can be deducted for the EU importer. In terms of sectoral coverage, the first phase of implementation would focus on a few carbon intensive sectors with high risk of carbon leakage (i.e. cement, iron and steel, aluminium, fertilizer, and electricity). In a second phase, authorities would consider expanding the scope to other sectors and indirect emissions. The CBAM will be phased in gradually starting in 2023 with a transitional phase during which only information on actual emissions would be collected. From 2026 onwards, CBAM would gradually replace the free allowances under the EU ETS.

¹⁰ Available at: https://trade.ec.europa.eu/doclib/docs/2021/february/tradoc_159438.pdf

1.19. A number of delegations encouraged the European Union to further consult with other Members and to provide additional information with respect to the CBAM's legislative process. Several WTO Members stressed the importance of the principle of CBDR-RC under the Paris Agreement and of ensuring that the CBAM is implemented in a manner that is compatible with the WTO. Additional points included: the importance of making sure that trade measures are fit-for-purpose and do not constitute a disguised restriction to international trade; and the need to ensure that the adoption of carbon prices do not increase distortions to competition or impose too many regulatory requirements. The following questions were also asked: ways, if any, would the CBAM take into account the strict environmental standards that it enforces; how the carbon pricing imposed by other countries would be taken into account. Finally, a few delegations expressed their support for further discussions on the liberalization of environmental goods and services.

1.3.2 National experience sharing

1.20. At the *March* meeting, the Maldives presented on Maldives' efforts to promote sustainable trade and green recovery. The Maldives Strategic Action Plan 2019-2023, incorporated goals to address environmental protection and preservation. The Maldives had taken steps to phase out single-use plastics and was expected to fully phase out single-use plastics by 2023. The Maldives had adopted policies to promote the trade of energy-efficient products and of environment-friendly products. Duties had been eliminated on several products including, electric vehicles integrated with renewable energy, energy-efficient lights, solar-powered products, and solar power systems. Furthermore, duties levied for non-biodegradable products such as plastic bags and polythene films had been increased. In addition, Maldives was encouraging the production of sustainably sourced produce. A few delegations welcomed the efforts by Maldives to promote environmentally friendly products and the transition to a circular economy.

1.21. Pakistan presented one of the early cases of successful transition to a sustainable business in Pakistan, in a presentation entitled "Clean Green Pakistan – A business perspective". As Pakistan was at high risk of the impacts of climate change, the Pakistani Government had launched the initiative "Clean and Green Pakistan". The Prime Minister had also undertaken a large and ambitious project known as the "Billion Trees Tsunami", which was a plan to plant a billion trees in the following three years. Pakistan's presentation highlighted that sustainability and growth were not mutually exclusive, however, there were numerous challenges that came with the opportunities that a green economy offered. It made perfectly good business sense for firms in developing countries to go green, provided they had the right set of incentives.

1.22. The United Kingdom provided information on activities related to making supply chains more sustainable. Key to this discussion of supply chain sustainability was how to tackle deforestation and land degradation, which was the second largest source of GHG emissions annually, a major driver of biodiversity loss and associated with heightened risk of zoonotic disease. Some delegations commended the United Kingdom's efforts to promote the development of sustainable supply chains and one delegation expressed support for discussions on this important area at the WTO.

1.23. At the *October* meeting, the United Kingdom further updated its recent activities, such as the Forest, Agriculture and Commodity Trade (FACT) Dialogue alongside Indonesia as co-chairs. FACT was an initiative launched by COP26 Presidency involving over 25 countries and aiming to develop a roadmap of actions to protect forests and other vital ecosystems, while promoting sustainable supply chains, trade and development. A central aim was to agree on principles for producer and consumer collaboration, develop a shared roadmap of actions and to break the link between commodity production and net deforestation globally by fostering a dialogue based on partnership. The participants had jointly identified a range of actions that, when taken together, could support protecting forests and other vital ecosystems, while promoting trade and development. The United Kingdom encouraged the wider WTO membership to support the FACT Dialogue's outcomes and aims. Looking forward to 2022, the United Kingdom emphasized its belief that the CTE was the appropriate forum for Members to share their existing best practices related to measures in place to support sustainable supply chains, particularly for commodities at high risk of causing deforestation.

1.24. At the *June* meeting, the Maldives presented some of the main obstacles it faced while pursuing sustainable fisheries. Industrial and unsustainable fishing could result in overfishing and depletion of fish stock. Obstacles faced included labelling requirements in the main export markets with certification costs and requirements that were unrealistic for small and artisanal fishers engaged in pole and line fishing - a sustainable form of fishing practiced in Maldives. Market access for

sustainably fished tuna in the Maldives was also a challenge with high tariffs (and no preferences) for the tuna exported from Maldives. Some possible options to tackle these obstacles was also presented, including tariff preferences for sustainable fish and fish products in GSP schemes to provide the requisite incentives to sustainable fisheries. One delegation noted that coordinated, coherent, and collaborative action was required to address sustainable fisheries management and mentioned the ongoing WTO fisheries subsidies negotiations.

1.25. Paraguay, on behalf of Argentina, Brazil, Chile, Paraguay, and Uruguay, introduced the submission "Principles and Values of the Region for Food Production in the Framework of Sustainable Development at the XLII Regular Meeting of the Southern Agricultural Council (CAS)"¹¹. Paraguay noted that food production systems were vulnerable to the adverse effect of climate change. The international community needed global agreements and mechanisms to ensure food security, sustainable development, common but differentiated responsibilities, just transition and respect for local diversities, payments for ecosystem services, gender and indigenous peoples and international trade and cooperation. Paraguay also stressed that countries with primary responsibility for GHG had to provide adequate economic and technological tools that allow developing countries to produce sustainably. Brazil said that this declaration illustrated Brazil's efforts to ensure that the policies and practices of other Members did not undermine the right and ability to foster agribusiness with social and environmental responsibility. Some delegations highlighted the importance of promoting sustainable development, food production and food security. One delegation underscored the importance of reducing trade distorting domestic support in agriculture and to look closely at subsidies aimed at making the agriculture sector more sustainable. Another delegation expressed interest in exploring how the WTO could help the transition to sustainable supply chains. One delegation recognized that agriculture, fisheries and sustainable forestry were critical to achieve net zero emissions and supported the nexus between agriculture and sustainability.

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

"The relationship between the provisions of the multilateral trading system and trade measures for environmental purposes, including those pursuant to multilateral environmental agreements."

"The relationship between the dispute settlement mechanisms in the multilateral trading system and those found in multilateral environmental agreements."

2.1 The United Nations Framework Convention on Climate Change (UNFCCC)

2.1.1 Presentations by the UNFCCC

2.1. At the *March* and *October* meetings, the UNFCCC briefed delegations on preparations for COP26 and most pressing issues to be addressed. CoP26 in 2021 was especially important and most importantly, Parties had to agree on the rules to implement the Paris Agreement, table robust NDCs and continue to build climate ambition. In Glasgow, Parties would have to: fulfil promises previously made – especially on Nationally Determined Contributions (NDCs) and finance; wrap up outstanding negotiation items; raise ambitions in mitigation, adaptation and finance; and bring State and non-State voices together to continue building climate ambition. There would be four priority areas for discussion at COP26: (i) ambition in terms of mitigation of GHG emissions and adaptation to climate change; (ii) climate finance to meet the goal of providing USD100 billion annually to developing countries; (iii) transparency to lay out the ground for implementing the Enhanced Transparency Framework by all Parties; and (iv) the negotiations under Article 6 of the Paris Agreement that seek to engage the private sector through cooperative arrangements and carbon markets. One delegation committed to working with other Members to deliver on the USD100 billion climate finance goal. Another delegation stressed the vital imperative from the Pacific perspective of addressing climate change in the WTO.

2.2. At the *March* meeting, Switzerland noted that under the Paris Agreement, Switzerland had confirmed its target of 50% emissions reduction by 2030, while adjusting its target for 2050 to net

¹¹ See document [WT/CTE/GEN/24](#).

zero. Switzerland noted it had concluded bilateral agreements with Peru and Ghana in 2020 to allow the implementation of foreign offsets in full integrity.

2.1.2 United Kingdom's updates on COP26

2.3. At the *March, June* and *October* meetings, the United Kingdom provided an update to delegations on the planning and logistics for COP26, and the calendar of events leading up to the Conference in November. The United Kingdom noted that the shifts required to meet COP objectives would have implications for trade policy and the multilateral trading system. That included direct links, such as through the FACT Dialogue on sustainable land use and trade in forest risk commodities, as well as the wider impacts of changes such as the energy transition and the shift to zero emission vehicles. All such changes would impact how Members traded and the United Kingdom looked forward to continued dialogue in the WTO. National commitments were at the heart of the outcomes of COP26, including in the form of NDCs. The United Kingdom urged WTO Members to sign up to priority sectoral commitments in the area of: (i) Energy Transition by signing the Coal to Clean Power statement; (ii) Finance by mobilizing resources to achieve the USD100 billion climate finance goal; (iii) Transport by aiming to sign the Joint Statement on the Transition to Zero Emission Vehicles; (iv) Nature by signing the Glasgow Leaders' Declaration on Forests and Land Use; and (v) Adaptation by urging countries to come forward with an Adaptation Communication ahead of COP26.

2.1.3 Update from New Zealand on the Agreement on Climate Change, Trade and Sustainability (ACCTS)

2.4. At the *March, June* and *October* meetings, New Zealand provided an update on the negotiations under the "Agreement on Climate Change, Trade and Sustainability" (ACCTS) initiative, which is being negotiated by Costa Rica, Fiji, Iceland, New Zealand, Norway and Switzerland.¹² ACCTS covers four key pillars: the removal of tariffs on environmental goods; the establishment of new and binding commitments for environmental services; the establishment of disciplines to eliminate harmful fossil fuel subsidies; and the development of guidelines for voluntary eco-labelling programmes and institutional mechanisms to support their implementation. New Zealand provided updates on progress across the four working groups.

2.5. On environmental goods, drawing on extensive discussions under other fora such as the Asia-Pacific Economic Cooperation (APEC) and the WTO Environmental Goods Agreement (EGA) negotiations, participants had further expanded the list of consensus environmental goods, which was largely derived from HS chapters 84 and 85, while including nominations across other NAMA HS chapters. This had allowed participants to develop a comprehensive environmental goods "long list". On services, participants were seeking to expand the definition of environmental services beyond CPC 94, in particular services that increase the output and efficiency of environmental goods and infrastructure. On eco-labelling, the development of guidelines for voluntary eco-labelling programmes is well-advanced, alongside the institutional mechanisms to support their implementation. Finally, on fossil fuel subsidies, participants had discussed scope and definitional questions in detail, seeking to balance ambition with effective implementation of disciplines to eliminate harmful fossil fuel subsidies. Positive steps were taken for developing disciplines on the elimination of harmful fossil fuel subsidies. New Zealand undertook to keep the Committee updated on the progress of negotiations, noting the agreement will remain open to other WTO Members wishing to join.

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

2.2.1 BRS Conventions briefing on recent activities

2.6. At the *March* meeting, the Basel, Rotterdam and Stockholm (BRS) Conventions (UNEP) briefed delegations on latest developments. On 1 January 2021, the new entries introduced in the annexes to the Basel Convention following the "Plastic Waste Amendments" had become effective for 186 Parties. A few delegations welcomed the entry into force of the new rules on plastic waste under the BRS and invited all WTO Members to implement them. One delegation noted the different entities

¹² See document [RD/CTE/196](#).

dealing with plastic pollution all had comparative advantages and there was a need to avoid duplication, and to work towards establishing added value for informed decision-making.

2.2.2 WTO Matrix on Trade-related Measures Pursuant to Selected MEAs

2.7. At the *March* meeting, the WTO Secretariat introduced the updated Matrix on Trade-related Measures Pursuant to Selected Multilateral Environmental Agreements (MEA Matrix).¹³ One delegation noted the MEA Matrix was a very useful tool to understand the nexus between trade and environment and encouraged the Secretariat to continue updating the tool.

2.8. At the *March* meeting, UNEP introduced the InforMEA¹⁴ initiative, a collaboration between several MEAs, co-chaired by UNEP's Law Division and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). It involved 25 Secretariats within five United Nations organizations and the International Union for Conservation of Nature (IUCN). The main objective of InforMEA was to provide a centralized searchable database linking all MEA databases and websites and ensuring their interoperability. A recent InforMEA Steering Committee meeting had approved a recommendation to explore a solution to integrate trade information in the platform. Two options had been devised: linking the InforMEA to MEA information available in the WTO MEA Matrix; or identifying where environment was reflected in trade agreements. UNEP had decided to start with the MEA Matrix as a first pilot solution.

3 TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES (ITEM 4 OF THE CTE WORK PROGRAMME)

"The provisions of the multilateral trading system with respect to the transparency of trade measures used for environmental purposes and environmental measures and requirements which have significant trade effects."

3.1 WTO Environmental Database

3.1. At the *March* and *October* meetings, the WTO Secretariat informed delegates that the Environmental Database (EDB) report for 2019 had been circulated in document WT/CTE/EDB/19. Data collection for 2020 was under way using a new EDB data entry platform. The WTO Secretariat also informed that the keyword "plastic" has been added for purpose of data collection. Additionally, it was explained that the new EDB platform allows now data to be published in a more efficient and timely way.

4 TECHNICAL ASSISTANCE AND CAPACITY BUILDING, PAR. 33 OF THE DOHA MINISTERIAL DECLARATION

"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."

4.1 Trade and Environment-related Back-to-Back Sessions

4.1. At the *March* meeting, Barbados reported on a high-level panel discussion on "Trade, the Environment and Sustainability: A Focus on Green Recovery in a COVID-19 Era". The high-level event, co-hosted on 29 March 2021 by the Permanent Missions of Barbados and Maldives, was aimed at expanding the policy dialogue on trade and its nexus with the environment and sustainability as well as green recovery in the aftermath of the COVID-19 pandemic and placed a specific focus on the issues of food security, promoting global and regional supply and value chains. Guatemala briefed the CTE on the joint event co-hosted by the Permanent Missions of Guatemala and Finland on "Sustainable business and circularity- why does sustainability make business sense", which was organized in collaboration with the International Chamber of Commerce (ICC).

¹³ WT/CTE/W/160/Rev.9, TN/TE/S/5/Rev.7.

¹⁴ The tool can be accessed at: www.informe.org.

4.2. At the *June* meeting, Barbados reported on an event entitled "COVID-19 and green economic recovery: What role for sustainable tourism?", which was co-hosted by Barbados and the Maldives in collaboration with the WTO Secretariat on 22 June 2021. The event aimed at exchanging knowledge on "building back better" in the tourism sector.

4.3. At the *October* meeting, New Zealand reported on a side event¹⁵ organized in partnership with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to launch the Asia-Pacific Trade and Investment Report 2021. The report underscored the urgent need for economies in the Asia-Pacific region to reduce GHG emissions, and the opportunity to align trade and investment policies in pursuit of climate action.

4.2 Update on Other Seminars and Webinars

4.4. At the *March* meeting, Canada reported on a webinar hosted on 4 March 2021 and entitled "Border Carbon Adjustments (BCAs): Issues, Options and Impacts". A key takeaway from the webinar was that dialogue, transparency and coordination were important, as efforts on BCAs progressed, especially from a trade policy perspective. Effective coordination also meant a dialogue with stakeholders as this issue moved forward. One delegation appreciated the diversity of technical expertise and the detailed consideration of the technical, legal, and other issues that needed to be addressed during the design and implementation of a BCA.

5 RELEVANT PROVISIONS OF THE TRIPS AGREEMENT, PARAGRAPH 32(II) OF THE DOHA MINISTERIAL DECLARATION – ITEM 8 OF THE CTE WORK PROGRAMME

The relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights.

5.1. At the *June* meeting, the WTO Secretariat gave a presentation on the 2021 WTO Workshop on the Implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Article 66.2: Incentive for Technology Transfer for LDCs in the Area of Environment. One delegation noted that the implementation of Article 66.2 remained a priority for LDCs in their work at the WTO. A few delegations highlighted their involvement in the workshop.

6 MEMBERS' PROPOSAL ON TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD)

6.1. At the *March* meeting, Canada informed that the co-convenors would circulate a draft work plan for the year with a view to guiding the work of TESSD towards MC12. Canada indicated that MC12 would likely allow TESSD to articulate the vision for work in the post-MC period in the form of a ministerial statement. The following comments were made: cooperation was essential to address trade and environmental sustainability issues and provide deliverables at MC-12; negotiations on environmental goods and services had to take place in the "Special Sessions" of the Committee on Trade and Environment (CTESS); the risk of proliferation of initiatives outside of the WTO's formal structure to address issues that should be considered within the WTO's formal structure was outlined.

6.2. At the *June* meeting, Costa Rica, briefed delegations on the work of TESSD, including its second regular meeting held in May 2021. Topics discussed included environmental goods and services trade, green Aid for Trade, FFSR, trade-related climate measures, including BCAs and greening trade (with a focus on circular economy and priorities for developing countries). Costa Rica underscored the interest among TESSD participants to issue a Ministerial Declaration at MC12, along with areas of work for the post-MC12 period. TESSD was open to participation for all WTO Members and sought to complement the CTE's work. After Costa Rica's briefing, many delegations supported the work on a Ministerial Declaration. One delegation underscored the importance of multilateral and consensus-based approaches that were open, transparent, and inclusive and took into consideration specific national circumstances. Another delegation was concerned that TESSD would undermine the work of the CTE and the CTESS.

¹⁵ The event was hosted on 11 October 2021. See <https://unctad.org/meeting/global-launch-asia-pacific-trade-and-investment-report-2021-accelerating-climate-smart>.

6.3. At the *October* meeting, Costa Rica provided an update on its recent activities, including the advancement of a possible Ministerial statement for MC12. Costa Rica highlighted that Members seemed particularly interested on the approach that the TESSD could provide to the discussion on environmental goods and services. During the discussion, many delegations expressed their support to the TESSD as co-sponsors and underscored its importance to an actionable path on trade and environmental sustainability for the post-MC12 period. They encouraged other Members to join this Ministerial statement to demonstrate collective contribution to common climate and environmental goals. One Member articulated that such progress in the TESSD would further strengthen this Committee.

6.4. One delegation commented that while Members were free to discuss trade and environment issues of interest to them and share relevant information with the Committee, it was their view that certain proposals by Members are not under the purview of the CTE mandate.

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

7.1 Briefing by New Zealand on Trade and Environment Initiatives by APEC

7.1. At the *June* meeting, New Zealand, as host of APEC 2021, provided an update on Trade and Environment Initiatives by APEC, and the APEC Ministers Responsible for Trade virtual meeting joint statement 2021. Ministers reaffirmed the commitment to rationalize and phase out fossil fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy services. Ministers tasked officials to explore options, for those members that are in a position to do so, to undertake a potential voluntary standstill on inefficient fossil fuel subsidies and to report on progress to Ministers in November. Ministers also acknowledged the importance of capacity building initiatives to support economies in this process. On environmental goods, Ministers tasked officials to commence work on reviewing the implementation of the original list of environmental goods that was agreed in 2012, and to update the list in terms of HS tariff classifications for reference purposes. Moreover, Ministers have noted APEC's efforts to discuss the impact of non-tariff measures on trade in environmental goods. One delegation was concerned about bringing to the WTO negotiations that took place in other fora, such as APEC. Another delegation welcomed that the statement highlighted that trade could serve as enabler to achieve environmental sustainability targets.

7.2 Briefings by other Observer Organizations

7.2. At the *March* meeting, the World Customs Organization (WCO) explained that the WCO had launched a new theme for 2021, under the slogan "Customs bolstering Recovery, Renewal and Resilience for a sustainable supply chain", leading the global customs community to the sustainability of supply chains by enhancing collaboration with stakeholders, using innovative technology and focusing on resilience and preparedness. The WCO Environment Programme was also leading the efforts of the Basel Convention Plastic Waste Partnership sub-group preparing a plastic waste enforcement guide.

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

7.4. At the *March*, *June* and *October* meetings, the Organisation for Economic Co-operation and Development (OECD) updated the Committee on its recent work on trade and environment, including on trade and circular economy, government support for fossil fuels; the nexus of illegal trade environmental crime; and environmental effects of regional trading blocs and reshoring amid COVID-19.

7.5. At the *June* meeting, the World Bank mentioned that climate change and environmental sustainability stood at the very core of the World Bank's evolving development agenda. The World Bank did two things in this area: analytics, because this was an area in which there was a need for better data and better metrics of measurement, and strategic support and lending. The World Bank, when lending, used a Climate Change Action Plan (CCAP). The United Nations Industrial Development Organization (UNIDO) updated delegations on UNIDO's Global Consultations on Circular Economy, which were held virtually from 10-12 May 2021.

7.6. At the *October* meeting, the International Trade Centre (ITC) presented its Climate and Environmental Risk Assessment (CERA) which was a tool for addressing climate and environmental risks in agri-food value chains.

8 CTE CHAIR'S BRIEFING ON MC12-RELATED CONSULTATIONS AND MEMBERS' SUGGESTIONS

8.1. At the *June* and *October* meetings, the Chair updated the Committee on his consultations relating to the work of the CTE and to potential input to MC12. In this context, the Chair reported delegations overall supported furthering the role of the CTE in discussing key environment issues, noting in particular the essential work of the CTE in relation to: (i) enhancing transparency, via, for example, the Environmental Database and the MEA Matrix; (ii) continuing to play a role of forum for discussion and experience sharing as the Committee had conducted on a regular and active manner; (iii) highlighting the importance of new ideas and contributions to sustainable development and environmental protection as provided by the WTO Preamble, including in relation to achieving the Sustainable Development Goals as mandated by leaders, as well as in response to climate crisis; (iv) recognizing the importance of making sure that the overall CTE mandate was still up-to-date and that CTE processes were fit to address the challenges of the 21st century.

8.2. At the *October* meeting, many delegations reiterated their strong support for the significant work of the Committee in: (i) the nexus of trade and environment; and (ii) continuing to play the role of forum for discussion and experience sharing. Many delegations also expressed their support for a general reference in an outcome document of MC12 to trade and environment work, climate change, environmental sustainability and the work of CTE in addressing environmental issues with an impact on trade.

8.3. For instance, one delegate suggested draft text for the MC12 outcome document, including: (i) contextualization of the global challenges, such as climate and the environment; (ii) recognition of the multilateral trading system's positive role in addressing these challenges; (iii) the importance of a sustainable and inclusive approach to trade taking into account legitimate development requirements of many WTO Members, in all areas of WTO work; (iv) further mainstreaming environmental and climate considerations through the work of the WTO and reaffirming the role of the CTE as a forum to discuss environmental and climate measures with an impact on trade; and (v) putting discussions on "trade and environment" on the agenda of MC12, so that Ministers could discuss how to change the wrong perception that trade was bad for the environment and the critical and positive role the CTE had been playing to address it. Similarly, another delegate expressed that it would be supportive of a reference in an MC12 document to trade, environment, and climate change, including to: (i) the trade and environment work, including climate change, at the WTO; and (ii) the importance of mutually supportive trade and environmental policies.

8.4. A few delegations reiterated the importance of inclusiveness in the discussions on environmental sustainability at WTO, by focusing on the interests of developing countries and LDCs. One delegation cautioned against pushing for the inclusion of language in the Ministerial Statement that would attempt to change the mandate of the CTE. Another delegation said that the WTO was not the appropriate forum to discuss climate change mitigation and should rather continue to be discussed in other relevant international fora.

8.5. The Chair thanked and noted all delegations and noted their constructive inputs and proposals on potential ministerial guidance at MC12, including so as to further the Committee's contribution to core trade and environment questions and to ensure the Committee's continued relevance to the trade and environment debate. Delegations were encouraged to continue reflecting on this very important issue, and the Chair would continue to be available to delegations, the General Council Chair and to the Director-General in the lead up to MC12.
