

IN THE SPOTLIGHT

Trade and climate change

The year 2022 marked an important step forward in advancing the role of trade in tackling climate change. From ministers at the 12th Ministerial Conference (MC12) highlighting the challenges posed by climate change to the WTO’s active engagement at the UN Climate Summit in November 2022, the publication of WTO reports on climate change and members’ ongoing discussions on the topic, the overall message made clear was that trade must be part of the solution.



As DG Okonjo-Iweala told “Climate Week NYC”, a conference on climate change held in New York in September, trade and trade policy must act as catalysts for the transformation of how “we produce, consume and live” if humankind is to successfully overcome the impact of climate change. “So where is the hope? The hope is that, among policymakers, the realization that we can’t go at it alone manifested itself at the WTO,” the DG said, noting landmark agreements members forged at MC12 in June 2022 in areas including the environment, food security and health (see page 10).

MC12 outcomes

In the MC12 outcome document, WTO members for the first time recognized the “global environmental challenges including climate change and related natural disasters, loss of biodiversity and pollution” and noted “the importance of the contribution of the multilateral trading system to promote the

DG Okonjo-Iweala participates with other leaders at a high-level event at COP27 in Sharm el-Sheikh, Egypt.



UN 2030 Agenda” and its Sustainable Development Goals (SDGs).

In a declaration on sanitary and phytosanitary (SPS) issues (see page 91), ministers spoke of the “growing importance of sustainable agricultural practices and production systems, including their contribution to addressing climate change and biodiversity conservation”.

On the margins of MC12, the DG met with trade ministers from a diverse group of around 20 WTO members exploring the establishment of a coalition of trade ministers on climate issues. The discussion, organized by the European Union, Ecuador, Kenya and New Zealand, sought to enhance ministerial-level dialogue to bring climate change to the forefront of trade policy and explore how partner organizations can help support this effort.

UN climate summit

DG Okonjo-Iweala participated in high-level events with world leaders at COP27, which took place in Sharm el-Sheikh, Egypt, from 6 to 18 November 2022.

At the WTO-led event, “Time to Act: Implementing Trade-Related Contributions to the Global Response to Climate Change”, the DG stressed that an effective strategy for tackling global warming cannot succeed without governments considering the role of trade in meeting climate goals. Examples of such trade actions include opening up trade in environmental goods and services, improving cooperation on carbon measurement and verification, and leveraging Aid for Trade to help developing economies and least developed countries (LDCs) build climate-resilient capacity and infrastructure, she said.

KEY FACTS AND FIGURES



Eliminating tariffs and reducing non-tariff measures on a subset of energy-related environmental goods could **boost exports by 5 per cent by 2030 while driving energy efficiency.**



Increased uptake of renewable energy technologies would **reduce global emissions by 0.6 per cent.**



Global shift to clean energy will generate as many as **30 million new jobs in clean energy and related sectors by 2030.**



International trade can play an essential role in climate adaptation, risk prevention, reduction and disaster preparedness.



Between 2013 and 2020, **Aid for Trade disbursements related to climate change action totalled US\$ 96 billion**, with a larger share of the disbursements directed at climate mitigation.

Source: WTO World Trade Report 2022.

The World Trade Report, the WTO's annual flagship report, was released at the high-level event. "Climate Change and International Trade" presents critical data, analysis and recommendations on how international trade and greater cooperation can amplify global efforts to address climate change and put the planet on a sustainable trajectory.

In the run-up to COP27, the WTO Secretariat released seven information briefs on trade, climate and related issues in support of efforts to harness trade policy as part of the solution for effective and just climate action.

Other initiatives

In addition to engagement on climate change at the Committee on Trade and Environment (see page 118), there was discussion on trade-related climate measures at the Trade and Environmental Sustainability Structured Discussions (TESSD), which currently have 74 co-sponsors, representing around 85 per cent of world trade (see page 71). At a stocktaking event in December 2022, the DG highlighted TESSD's important contribution in "searching for practical solutions and concrete actions to catalyse the trade and environment agenda."



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The Fossil Fuel Subsidies Reform initiative (see page 71) also adopted a work programme and organized its first meeting in 2022. The 48 co-sponsors of the initiative seek "the rationalization and phase out of inefficient fossil fuel subsidies that encourage wasteful consumption". Several participants referred to the complex links between climate change and plastics during discussions in the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade (see page 70), which aims to support global efforts to reduce plastics pollution.

Citing the TESSD and the dialogue on plastics as examples, the DG said in February 2022: "It is clear to me that trade is part of the solution to the challenges we face, far more than it is part of the problem."