

**VIRTUAL TRADE DIALOGUES WITH BUSINESS – TRADE 4 CLIMATE
26 OCTOBER 2021, 14.00-17.00**

Background Note

WTO COMMITTEE ON TRADE AND ENVIRONMENT AND OTHER INITIATIVES¹

INTRODUCTION

Climate change is a global environmental challenge that calls for collective solutions, multilateral cooperation and coherent action in line with the international community's wider ambitions for economic growth and sustainable development. Climate change can negatively impact trade by disrupting distribution and supply chains and raising trade costs. The WTO, as the cornerstone of the multilateral rules-based global trading system, plays a key part in supporting climate action. It provides a framework of disciplines to facilitate global trade and serves as a forum to negotiate further trade openness and to discuss trade concerns. The WTO rules require members to be transparent when adopting new measures impacting trade with legitimate policy objectives, such as combatting climate change. The WTO seeks to ensure that such measures are coherent and fit-for-purpose and do not create unjustifiable discrimination.

The issue of climate change, per se, is not found expressly in the WTO agreements. However, the goals of sustainable development and environmental protection are central to the WTO, as captured in the preamble to its founding charter, the Marrakesh Agreement. The WTO gives members the opportunity to hold open and informed dialogue on trade and climate change, to discuss related measures and to share knowledge and experiences. Trade and climate change policies can contribute towards climate action while at the same time ensuring opportunities for economic growth and diversification. Relevant discussions can take place in many different WTO bodies. A few are highlighted below.

COMMITTEE ON TRADE AND ENVIRONMENT (CTE)

The CTE was set up by the 1994 Marrakesh Ministerial Decision on Trade and Environment, which essentially mandates the committee to: (i) identify the relationship between trade measures and environmental measures in order to promote sustainable development; and (ii) make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system.

The CTE's mandate is broad, and it has contributed to identifying and understanding the relationship between trade and the environment in order to promote sustainable development. Although the CTE has not recommended any changes to the rules of the multilateral trading system, its work has led to some trade and environment issues migrating to negotiations as key components of the Doha Round. One example is fisheries (currently under the Rules negotiations): an area where eliminating fishery subsidies can help protect fish stock.

Other items that have received particular focus in the regular CTE include: environmental requirements and market access; relevant intellectual property provisions; labelling requirements; and environmental reviews. Climate-related discussions in past CTE meetings include carbon footprint schemes and methodologies; trade elements of climate mitigation and adaptation policies; shared experiences and efforts related to fossil fuel subsidies reform; efforts to address illegal logging and related trade; and eco-labelling schemes and market access.

In addition, two new initiatives were launched in November 2020 among interested WTO Members establishing structured discussions on trade and environmental sustainability and an informal dialogue on plastics pollution. Their aim is to complement discussions in the CTE and other fora. Participation is open to all WTO Members

¹ This is an information note which represents research in progress. It provides background information for the Trade for Climate Change Dialogue. Any opinions expressed in this paper are those of its authors. They are not intended to represent the positions or opinions of the WTO or its members and are without prejudice to members' rights and obligations under the WTO.

TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD)

Currently co-sponsored by 55 WTO Members, the TESSD discussions aim to advance work on trade and environmental sustainability by promoting transparency and information sharing, identifying areas for future work within the WTO, supporting technical assistance and capacity building needs, particularly for least-developed countries, and working on deliverables of environmental sustainability in the various areas of the WTO.

Meetings include sessions dedicated to exchanges with representatives from civil society groups, international organizations, the business community, and academic institutions. The topics for discussions include environmental goods and services and related regulatory issues and non-tariff measures; green aid for trade; fossil fuel subsidy reform; the transition to a resource-efficient and circular economy; sustainable supply chains; environmental impacts of agricultural subsidies; sustainable production and sourcing to protect forests and other ecosystems; trade-related climate measures and border carbon adjustments; and priorities for developing countries. Members have advanced work on a draft ministerial statement for MC12 based on these elements underscoring the role of trade policy in helping address climate change and other environmental challenges.

INFORMAL DIALOGUE ON PLASTICS POLLUTION AND ENVIRONMENTALLY SUSTAINABLE PLASTICS TRADE (IDP)

The IDP seeks to address the rising environmental, health and economic cost of plastics pollution. It currently has 18 co-sponsors. The dialogue is borne out of the recognition of the need for coordinated action to address the rising environmental, health and economic cost of plastics pollution and the importance of the trade dimension as a solution.

Participants have discussed how the WTO can contribute to strengthening policy coherence, exploring collective approaches among WTO Members, and improving technical assistance to developing countries in support of global efforts to reduce plastic waste and move towards a circular plastics economy. Key topics identified include improving transparency and monitoring trade trends; promoting best practices; strengthening policy coherence; identifying the scope for collective approaches; assessing capacity and technical assistance needs; and cooperating with other international processes and efforts.