



REPORT (2023) OF THE COMMITTEE ON TRADE AND ENVIRONMENT

In 2023, the Committee on Trade and Environment in Regular Session (CTE) held three meetings: a first formal meeting on 14 and 15 March¹, under the Chairmanship of the Ambassador of the United Kingdom, Mr Simon Manley; a second formal meeting on 12 June² and a third formal meeting on 13-14 and 16 November³ under the Chairmanship of the Ambassador of Ecuador, Mr José Valencia. From 12 to 16 June 2023, the CTE held its fourth Environmental Week. All meetings were hosted both in person and virtually.

The work of the CTE was organized in accordance with the mandate established by the Doha Ministerial Declaration, Paragraphs 32, 33 and 51, inclusive of the 10 items of the CTE Work Programme.⁴ In this context, discussions took place on a wide range of issues outlined below.

1 ENVIRONMENTAL MEASURES AND MARKET ACCESS⁵

1.1 Trade aspects of the European Green Deal

1.1. At the *March* meeting, the European Union (EU) provided an update on two legislative proposals: Carbon Border Adjustment Mechanism (CBAM) and Deforestation. The EU also briefed delegations on key features of the European Commission's proposal for a regulation on packaging and packaging waste which included rules on prevention, reuse, recyclability, and compostability. Importers had to ensure compliance with the necessary requirements. Several Members shared their concerns on the implementation of the regulations, requesting the EU to better consider economic, social, and environmental conditions and particular needs of developing countries and LDCs. Several Members suggested that there is a need to respect the United Nations Framework Convention on Climate Change (UNFCCC) Principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC), and to comply with WTO rules.

1.2. At the *June* meeting, the European Union briefed delegations on the key features of two European Green Deal proposals on empowering consumers for the green transition. The first proposal aimed to protect consumers and companies from the misleading practice of unclear or poorly substantiated environmental claims ("greenwashing"). Applying only to voluntary claims made by businesses to consumers, it introduced a requirement for independent and accredited verifiers to conduct an *ex-ante* verification that the environmental claim or label complied with the requirements. The second proposal pursued the objective of promoting the repair and sustainable consumption of goods. Several Members shared their concerns on the trade implications that the two proposals could have on the EU's trading partners and posed some technical questions. Some Members also referred to the importance of addressing greenwashing. While supporting discussions of underlying policy objectives and choices with respect to environmental concerns, one Member noted that such discussions should not replace notification or deliberation in other relevant WTO committees, which have the mandate to discuss specific trade concerns.

¹ Available through [WT/CTE/M/77](#), "Report of the Meeting held on 14 and 15 March 2023", Note by the Secretariat.

² Available through [WT/CTE/M/78](#), "Report of the Meeting held on 12 June 2023", Note by the Secretariat.

³ To be circulated through [WT/CTE/M/79](#).

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 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."

1.3. At the *November* meeting, the European Union briefed delegations on key features of its proposal to revise the Waste Framework Directive. The revision aimed to deliver more circular and sustainable management of textile waste and clarified the definitions of waste and reusable textiles. This would ensure that textile waste was only exported in the presence of guarantees that the waste was managed in an environmentally sound manner. In addition, the EU provided information on the environmental aspects of the proposal for a Corporate Sustainability Due Diligence Directive. Amongst others, the Directive aimed to anchor environmental considerations in companies' operations and corporate governance. Finally, the EU provided an overview of the Implementing Regulation on the reporting obligations during the transitional period of the CBAM in light of its recent entry into force. Several Members supported discussions, and welcomed the EU engagement both in the WTO and bilaterally on these matters. Several delegations expressed concerns about the adoption of unilateral measures, the impact that compliance with the measures would have on exporters, and their WTO compatibility.

1.2 India's concerns on the use of environment measures as non-tariff measures

1.4. At the *March* meeting, India presented its paper on India's concerns on the use of environment measures as non-tariff measures.⁶ It claimed there is an increasing use of unilateral measures impacting trade which were justified as environmental measures, with potential inconsistencies with the WTO rules and the undermining of the multilateral agreements. India also underlined the importance to follow the foundational UNFCCC principles of equity and CBDR-RC in the adoption of carbon border measures, minimum residual limits in agriculture trade, and tariff rate quotas based on the green content of commodities. Several delegations shared India's concerns about the application of unilateral measures, reflecting increasing trade costs for exporters. A few delegations considered that there was a growing trend to use the climate agenda to promote purely economic interests through protectionist measures. Others noted that principles from outside the WTO could not be automatically applied to discussions within the WTO, and that Members were allowed to take WTO-consistent domestic actions to address climate change, provided they do not unjustifiably and arbitrarily discriminate amongst Members or constitute disguised restrictions on trade.

1.3 The effect of Environmental Measures on market access, especially in relation to developing countries

1.5. At the *November* meeting, Argentina shared its views on 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. It referred to the procedural need for the CTE, in line with its original mandate, to actively debate the impact on market access of environmental measures and proposed to include this issue as a standing item on the CTE, for approval at MC13. Several delegations welcomed Argentina's proposal. One delegation sought clarification on the necessity to institutionalize the item on the agenda and preferred for the issue to be raised at Members' request.

1.4 UK's updates on due diligence legislation and global carbon leakage risks and approaches

1.6. At the *March* meeting, the United Kingdom (UK) provided an update on its due diligence legislation which seeks to make supply chains more sustainable. The forthcoming regulations would make it illegal for larger businesses operating in the United Kingdom to use key forest risk commodities produced on land used illegally in violation of respective national laws. This emphasized the United Kingdom's aim to work with and in support of enforcement frameworks of respective countries, and not to impose UK standards on others.

1.7. The United Kingdom also provided an update on global carbon leakage risks and policy approaches. It stood behind international solutions to carbon leakage and was preparing to launch a consultation open to international partners to explore a range of possible policy options to mitigate carbon leakage risk. This included voluntary and mandatory product standards, labelling and

⁶ Document [JOB/TE/78](#).

procurement measures, and potential carbon border adjustment mechanisms. Several Members supported information sharing on the topic of carbon leakage.

1.5 Recent developments on the Global Biofuels Alliance

1.8. At the *November* meeting, Brazil, India and the United States provided information on the Global Biofuels Alliance (GBA). Brazil outlined three main courses of action to increase uptake in biofuels, including capacity building and technical support to developing markets; fostering collaboration in biofuels technology; and a shared understanding on performance-based sustainability assessment and other standards for more accurate reporting of greenhouse gas emissions. It noted that international trade was critical in enabling a level of scale that would make biofuels economically viable, and the WTO has the critical mass to promote global cooperation. India added that the GBA was launched during the G20 Leaders' Summit under India's G20 presidency and intended to be a catalytic platform to foster knowledge sharing and widespread use of biofuels. India also mentioned that 19 countries and 12 international organizations were part of the initiative at the launch. The United States highlighted that biofuels remained important in the deployment of cleaner, greener fuels which can be deployed at scale to meet climate goals while spurring domestic growth and sustainable development goals of Members. Biofuels also complemented domestic energy production and supported energy security through having diversified supply chains.

2 SUSTAINABLE DEVELOPMENT IN WTO DISCUSSIONS⁷

2.1. At the *March* meeting, Paraguay made a presentation on environmental subsidies notified under paragraph 12 of Annex 2 of the Agreement on agriculture. It highlighted concerns over potential "greenwashing" of government support and suggested holding further discussions on improving the environmental effectiveness of these policies in the CTE through questionnaires to gather more information on Members' environmental subsidies for agriculture. Paraguay aimed to identify good practices or guidelines on the elements these programmes should contain to be considered "double green", i.e. with positive effects on the environment as well as non-distorting or minimally trade-distorting. Several Members welcomed the notion of agricultural reform as a must-have pathway to sustainability. Some delegations noted the need to respect Members' varying circumstances and contexts.

3 MULTILATERAL ENVIRONMENTAL AGREEMENTS (MEAS)⁸

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

3.1.1 Presentations by the UNFCCC

3.1. At the *March*, *June* and *November* meetings, the UNFCCC Secretariat briefed delegations on COP27 and COP28. COP27 had witnessed a fundamental shift from pledges to delivery and actions being implemented through the widest possible multistakeholder engagement. Landmark achievements included the creation of a loss and damage fund that was key for small island developing countries, and a call to reform international financial institutions. Some delegations raised a concern on the inadequate current flow of finance (in the form of loans) to meet the NDCs and obligations under the Paris Agreement.

3.2. On COP28, the UNFCCC Secretariat underscored the need for comprehensive and impactful outcomes to meet the goals set out in the Paris Agreement. UNFCCC noted that a huge mitigation gap in global emissions still existed; there was a lag in current levels of adaptation to climate change; responses to loss and damage were delayed, with the need to urgently operationalise the recently established loss and damage fund; and there was a growing gap between the needs of developing countries and the support provided and mobilized for them. UNFCCC noted that COP28 should focus

⁷ Paragraph 51 of the Doha Ministerial Declaration: "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."

⁸ 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." And "The relationship between the dispute settlement mechanisms in the multilateral trading system and those found in multilateral environmental agreements."

on issues of the global stocktake, loss and damage, adaptation, mitigation, and finance, along with the anticipated decision on the work programme on just transition as established at COP27. COP28 was also an opportunity to innovate the UNFCCC process through engagement, inclusivity, accountability and transparency.

3.1.2 Other updates on COP27 and COP28

3.3. At the *March* meeting, Egypt briefed delegations on the outcomes of COP27. Six high-level roundtables had been held to cover six main topics, which were: Just transition; Investing in the future of Energy: Green Hydrogen; Innovative finance; Food security; Water security; and Impacts of climate change on vulnerable communities. A Climate Implementation Summit Declaration had also been adopted. The Sharm El-Sheikh Implementation Plan (SHIP) ensured the balance between ambition and implementation, as well as between mitigation and adaptation.

3.4. At the *June* meeting, the United Arab Emirates briefed delegations on COP28 preparations. It unveiled the inaugural "trade day" at COP28, noting the opportunity to advance climate action through technical assessments across all aspects spanning mitigation, adaptation, loss and damage, and a just transition.

3.5. At the *November* meeting, the WTO Secretariat provided a briefing on the preparations for its activities at COP28, including the WTO Secretariat's analytical work to be shared at the event. Many delegations intervened and encouraged the Secretariat to be more transparent and conduct timely discussions with Members on such issues, especially as it relates to the publication "Trade Policy Tools for Climate Action". Several Members recalled that the WTO was a member-driven organization. The WTO Director-General responded that reports for the COP were prepared under the WTO Secretariat's sole responsibility⁹ and that production of knowledge products, such as the annual World Trade Report, was part of the regular functions of the WTO Secretariat.

3.1.3 Agreement on Climate Change, Trade and Sustainability (ACCTS)

3.6. At the *March*, *June* and *November* meetings, New Zealand provided an update on the negotiations towards the Agreement on Climate Change, Trade and Sustainability (ACCTS).¹⁰ Negotiators had considered practical notions of how economies could leverage trade rules for broader climate and sustainability objectives and establishing best practice guidelines of voluntary eco-labelling that were innovative in substance and form. ACCTS participants had also been developing a list of environmentally related services to complement the existing environmental services category. Furthermore, the chapter covering environmental goods set out the rules ACCTS Parties would apply for goods imports from all WTO Members, including the elimination of import duties, and more than 300 environmental goods had already been identified for liberalisation.

3.1.4 Forest Agriculture and Commodities Trade (FACT) Dialogue

3.7. At the *March meeting*, the United Kingdom updated WTO Members on the Forest Agriculture and Commodities Trade (FACT) Dialogue. The aim was to build mutual understanding of the notion of sustainable production and to move towards a shared set of principles. The new Secretariat for the FACT Dialogue, the Center for International Forestry Research (CIFOR) and World Agroforestry (ICRAF), was headquartered in Indonesia and Kenya. An independent report had also been circulated, considering how the FACT Dialogue could support other processes and fora that addressed issues of sustainability in relation to trade and markets.

3.1.5 Other briefings

3.8. At the *March* meeting, the WTO Secretariat provided a summary of the event entitled "Trade Forum for Decarbonization Standards" held on 9 March in the WTO which brought together Members with the private sector, industry associations, think tanks, and other international organizations to discuss the connections between trade and decarbonization standards in the steel sector.

⁹ The publication does not necessarily reflect the positions or opinions of WTO Members and is without prejudice to their rights and obligations under the WTO agreements.

¹⁰ Members of ACCTS are Costa Rica, Fiji, Iceland, Norway, and Switzerland.

3.9. At the *June* meeting, the OECD presented its work on the Inclusive Forum on Carbon Mitigation Approaches (IFCMA). The IFCMA was designed to help countries identify the efforts around the world to reduce greenhouse gas emissions. It consisted of three parts: facilitating data and information sharing; enabling mutual learning to set up dialogues with countries and to help inform future policy decisions; and providing a platform for an inclusive multilateral dialogue.

3.2 The Convention on Biodiversity (CBD)

3.10. At the *March* meeting, the Convention on Biological Diversity (CBD) briefed delegations on the Kunming-Montreal Global Biodiversity Framework (GBF) which was adopted at the 15th Conference of the Parties (COP15) in December 2022 and included four goals and 23 targets to be achieved by 2030. The mission of the framework was to take urgent action to halt and reverse biodiversity loss and to put nature on the path to recovery. The United Kingdom and the European Union also provided statements recognizing the importance the GBF.

3.11. The United Nations Environment Programme (UNEP) provided an update on the informal roundtable that the WTO and UNEP held on 14 March 2023, on "Nature-positive trade for sustainable development: How can trade-related policies and measures support the implementation of the Kunming-Montreal Global Biodiversity Framework?".

3.12. The UN Division for Ocean Affairs and the Law of the Sea (UNDOALOS) provided a briefing on the recently agreed High Seas Treaty.

4 ENVIRONMENTAL REVIEWS¹¹

4.1. At the *June* meeting, Australia and Singapore updated delegations on their Green Economy Agreement (GEA). The agreement emphasized the eight areas of: (i) green economy principles; (ii) trade and investment; (iii) standards and conformance; (iv) clean energy, decarbonization and technology; (v) green and transition finance; (vi) carbon markets; (vii) green skills and capabilities; (viii) engagements and partnerships. They highlighted a non-binding list of 372 environmental goods and 155 environmental services which can be adapted and enhanced over time and could also contribute to multilateral discussions on liberalising trade in environmental goods and services, including in the WTO. Some Members intervened and asked whether the parties had considered notifying the GEA to the Committee on Regional Trade Agreement (CRTA), Australia and Singapore answered that they will investigate this question.

5 TRANSPARENCY OF ENVIRONMENT-RELATED TRADE MEASURES¹²

5.1 WTO Environmental Database

5.1. At the *March* meeting, the WTO Secretariat informed delegates that the Environmental Database (EDB) 2021 Report had been published in February in document [WT/CTE/EDB/21](#). The Secretariat presented the EDB for 2021 with specific focus on biodiversity that had been researched via two main sources: (i) Members' notifications (in total 114) and (ii) the TPR reports (1,160 entries). While Members recognized the amount of detailed work undertaken for the EDB, some suggested better functionality of the database, including a live possibility of time sensitive alert. Some Members expressed concerns with the classification of measures in the Environmental Database and the methodology adopted to count such measures.

5.2. At the *November* meeting, the WTO Secretariat presented on the EDB 2022, with a focus on the updated information on "Subsidy Amounts" and "Implementation Period" of the EDB. 98 Members had submitted environment-related notifications containing 1,349 measures, which was a 40% decrease from 2021. There had been 15 Trade Policy Reviews submitted by Members in 2022 which contained a record high 1,364 environment-related entries. One Member requested more discussions on the objective of the EDB, its use and added value specifically for Members.

¹¹ Item 2 of the CTE work programme: "The relationship between environmental policies relevant to trade and environmental measures with significant trade effects and the provisions of the multilateral trading system."

¹² 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."

6 TECHNICAL ASSISTANCE AND CAPACITY BUILDING¹³

6.1. At the *November* meeting, Argentina presented on the importance of technical assistance and capacity building in the field of trade and the environment to developing countries, in particular the least developed among them. Argentina considered that this item should become a standing item on the CTE agenda. Some Members agreed on the importance of technical assistance and capacity building with some providing concrete examples of their technical assistance.

6.2. The Basel, Rotterdam and Stockholm (BRS) Conventions Secretariat and the WTO Secretariat presented on the WTO-BRS e-learning course on "The BRS Conventions and the WTO: enhancing international cooperation for sustainable development". The WTO Secretariat introduced the joint course, which took a thorough look at the work of the BRS Conventions and the WTO; their respective areas of coverage; the relationship between these two regimes; and specific areas of collaboration between them. The BRS Secretariat briefed on two in-depth case studies in the course, one on e-waste and one on plastic pollution.

7 RELATIONS WITH INTERGOVERNMENTAL AND NON-GOVERNMENTAL ORGANIZATIONS¹⁴

7.1 Briefings from Observer Organizations on relevant activities

7.1. At the *March* meeting, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) provided an update on COP19 held in November 2022 with the adoption of 367 Decisions, 45 proposals to amend the appendices and five new resolutions. The COP had also adopted a wide range of decisions, which directed the work of the Convention bodies, the Secretariat and the Parties in the intersessional period until COP20 in 2025.

7.2. The United Nations Economic Commission for Europe (UNECE) briefed the Committee on its recent activities on trade and environment, in particular its upcoming 70th session on "Digital and green transformations for sustainable development in the UNECE region". Additionally, their work on integrating green and circular economy dimensions into their Studies on Regulatory and Procedural barriers to trade was highlighted.

7.3. UNEP provided an update on its work on trade and the environment. UNEP briefed on its project spanning from 2023 to 2027 working with Brazil, Costa Rica and Colombia or Argentina, on repurposing agricultural subsidies to finance nature-based solutions for sustainable recovery. UNEP also updated its partnership in the Trade, Development and Environment Hub project, which aimed to promote policy solutions that promote the trade of agricultural commodities supportive of biodiversity and sustainable socio-economic development.

7.4. The BRS Conventions Secretariat briefed the Committee on the impacts of the 2019 amendments on plastic waste and the 2022 amendments on electronic and electrical waste which will enter into force in 2025. The Conventions also highlighted the ongoing work related to electronic approaches to the notification and movement documents going to the heart of the Prior Informed Consent Procedure. In addition, the Convention provided updates on its work related to plastic waste and chemicals.

7.5. At the *June* meeting, UNCTAD presented its publications on "Trade and Environment Review 2023", and "Plastic Pollution: the Pressing Case for Natural and Environmentally Friendly Substitutes to Plastics", with a focus on the ocean economy and plastic substitutes.

7.6. The World Bank presented its recent work on trade and climate change, including: "Country Climate Development Reports" and "Action on Climate and Trade" in collaboration with the

¹³ Paragraph 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."

¹⁴ Item 10 of the CTE Work Programme: "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".

WTO Secretariat and WEF. The World Bank provided the policy considerations that developing countries need to consider as they design their NDCs and their National Adaptation Plans.

7.7. At the *November* meeting, UNEP briefed delegations on outcomes of the fifth meeting of the Conference of the Parties to the Minamata Convention on Mercury and the third session of the Intergovernmental Negotiating Committee (INC-3), as well as a highlight on the upcoming Sixth Session of UNEA with the theme "Effective, inclusive and sustainable multilateral actions to tackle climate change, biodiversity loss and pollution". UNEP also updated on its initiatives on climate change, sustainable agriculture, nature loss, pollution and waste.

7.8. UNCTAD updated Members on its work related to trade and environment, including the sessions on critical minerals, energy transition and the role of trade, focusing on how to secure energy transition-related value chains while increasing mineral-rich countries' benefits by fostering "on-site" value addition. UNCTAD also emphasized the importance of climate finance and a better understanding of the co-benefits and trade-offs between climate, trade and development to ensure coherence in policy design across national policies, MEAs and trade rules.

7.2 UNEP Draft Agreement on Plastic Pollution

7.9. At the *November* meeting, the Russian Federation provided their perspective from the multilateral trading system regarding the content on the draft Agreement on Plastic Pollution or zero draft of legally binding instrument on combating plastic pollution. The Russian Federation expressed its concerns on the negative consequences for the plastic and related industries if the instrument was adopted in the current version or even slightly modified. In Russia's view, the consequences would aggravate the food security issue and undermine health care systems especially in developing countries because basic medical devices were made of or contain plastics. According to Russia, the result of this Agreement would be the creation of a new set of rules that appear to exempt the entire plastic sector from WTO law. The delegation underscored that the focus of negotiations must be shifted towards combating pollution rather than regulating and prohibiting of manufacturing or consumption of plastics; as well as that the designing of trade rules was an exclusive competence of the WTO. Some delegations noted that multilateral rules on environment and trade must be mutually supportive. One delegation voiced its support for the Intergovernmental Negotiating Committee (INC) process in the context of WTO discussions. Another stated that any UNEP agreement should not impinge on the rights and obligations of the WTO Members as enshrined in the Marrakesh Agreement establishing the WTO.

7.3 Requests for Observer status

7.10. At the *March, June and November* meetings, India supported a request for granting observer status to the CTE to the International Solar Alliance (ISA). India provided the overview of the purpose and activities of the ISA, including its focus on the energy transition.

8 MEMBERS' PROPOSALS

8.1 Members' proposals and discussions on the improved functioning of the CTE

8.1.1 African Group

8.1. At the *November* meeting, the African Group¹⁵ presented its proposal on the Role of Transfer of Technology in Resilience Building: Climate Change Mitigation and Adaptation. The proposal identified technology as a key element to facilitate growth and sustainable development which could only be achieved through fair access to and transfer of green technologies with financial assistance. It outlined key issues to be addressed by the CTE, including with a view to making recommendations for MC13. Several Members shared the concerns in the proposal and most delegations expressed an interest to look more in detail into technology transfer and development. Some referred to the value of discussing different approaches and policy goals to identify opportunities and address specific development needs. One Member highlighted the importance of incentivizing private industry to

¹⁵ Document [WT/GC/W/886](#), [WT/CTE/W/254](#), [WT/COMTD/W/280](#).

engage in technology transfer and a few suggested that further discussions take the form of experience sharing.

8.2. At the *November* meeting, the African Group¹⁶ also presented its proposal on the Principles Guiding the Development and Implementation of Trade-Related Environmental Measures. The proposal suggested that the approach to the trade and environment discussions in line with the CTE mandate and work programme required a holistic, development-oriented and inclusive approach that comprehended the complex relationship between trade, environment and sustainable development, taking into account the developing country interests and challenges. It further proposed principles to guide the discussions towards the development and implementation of trade-related environmental measures while ensuring the achievement of trade-related SDGs. Many Members expressed their support for the African Group's proposal and with the need to discuss such principles. Other Members expressed their concerns with some of the suggested principles, the discussion of which in their view belonged to other fora. One Member noted that it did not recognize the concept of CBDR in the WTO. Some questioned the placing of further conditions on Members' right to regulate for the environment as they had the sovereignty to take measures in the pursuit of environmental goals. Other delegations highlighted the need for CTE discussions to adopt a holistic, development-oriented and inclusive approach taking fully into account the relationship between trade, environment and sustainable development.

8.1.2 China

8.3. At the *March* meeting, China introduced its proposal¹⁷ to use the CTE as a platform for multilateral dedicated discussions on the trade aspects and implications of certain environmental measures. The idea was to go deeper than the current simple information sharing or general exchange of positions. China noted that the WTO should play a greater role in promoting environmental sustainability through trade policies, fostering multilateral deliberations and preventing trade frictions. China proposed to use as a pilot case for such dedicated discussions the EU CBAM. A number of Members thanked China for its paper and looked forward to further discussions. In reaction, the EU noted that it had been continuously outlining the CBAM in detail at the CTE responding to Members' questions in recent years, and that it further intended to hold a dedicated information session in the coming months. One Member cautioned against turning the CTE into an informal dispute settlement body.

8.4. At the *June* meeting, China¹⁸ submitted a communication titled "Further Elaboration on Dedicated Multilateral Discussions on the Trade Aspects and Implications of Certain Environmental Measures" which proposed five key elements for dedicated multilateral discussions on the trade aspects on certain environmental measures with significant impact on trade, including in the context of the CBAM: i) basic operating mechanism focusing on the underlying methodologies; ii) policy design and the elements of implementation; iii) environmental effects, focusing on the contribution of the measure to the intended environmental objective; iv) trade impacts, including potential impacts on developing countries; and v) inclusiveness, focusing on how the measures could be implemented in a more open, non-discriminatory and non-arbitrary manner. Several delegations considered helpful the proposal in better understanding climate-related measures and associated risks and highlighted the need for dialogue on the topic. Some noted that the transparency elements in the proposal could provide an opportunity to address the nexus between environment and trade in the CTE. One Member considered that the proposal may be targeting policies of individual Members.

8.5. At the *November* meeting, China¹⁹ introduced its submission on Policy Issues for Dedicated Multilateral Discussions on Border Carbon Adjustment. The communication focused on one specific policy instrument, i.e. the border carbon adjustment (BCA), and proposed several topics for dedicated multilateral discussions, to be held under the respective committees, as mandated, or under the multilateral deliberative mechanism on environmental sustainability, as proposed by several Members. These topics included BCA's basic operating mechanism, policy design, trade impacts, environmental effects and inclusiveness. China noted that it welcomed contributions from other Members, especially written submissions that the Secretariat could circulate with a view to

¹⁶ Document [WT/GC/W/894](#), [WT/CTE/W/255](#), [G/C/W/830](#), [IP/C/W/703](#), [G/AG/W/239](#).

¹⁷ Document [WT/CTE/W/251](#).

¹⁸ Document [WT/CTE/W/251](#) and [JOB/TE/81](#).

¹⁹ Document [WT/CTE/W/258](#), [G/C/W/839](#), [G/MA/W/184](#), [G/TBT/W/777](#).

informing further multilateral discussions. Several Members welcomed structured discussions on the main concepts of BCA mechanisms, some noting that those should be supported by empirical evidence and align with internationally recognized environmental goals. One delegation expressed concerns that such measures may lead to further fragmentation of the global trading system. A few delegations suggested to focus on discussions on methodologies for calculating carbon emissions. Some Members noted that they could not adequately comment on the paper as it had been circulated just prior to the meeting.

8.1.3 Colombia

8.6. At the *March* meeting, Colombia presented a document on the "principles and parameters that should guide and support policies and measures on trade and environment."²⁰ Colombia proposed that the CTE engage in a key initial discussion on the principles and parameters that should guide trade and environment discussions in the WTO. Later on, based on these understandings, specific discussions on policies and measures of interest to the entire membership, and particularly to developing countries, in addition to those currently in place, would be addressed. Colombia said that such principles could be (i) international cooperation; (ii) CBDR; (iii) non-discrimination; and (iv) prevention in policy formulation, ensuring the adequate use of scientific evidence. Colombia highlighted the need for increased participation of developing countries in the work of the CTE and proposed to hold a special and informal session of the CTE to discuss these principles and identify key topics for future discussions. A number of Members welcomed the proposal while one Member expressed their reservations about it. Some delegations noted that it was important to agree on such principles and parameters which should orient discussions at the CTE. A few also referred to the need for coherence between international trade and international environment law; others underscored the importance to include interested parties and stakeholders in the debate.

8.7. At the *June* meeting, Colombia²¹ recalled its proposal on the principles and parameters to guide deliberations on policies and measures on trade and environment. It suggested the following ideas: i) holding an informal session of the CTE to discuss the principles and identify topics for future discussions; ii) inviting experts and stakeholders to contribute to the discussion; iii) establishing a concrete and realistic action plan after the discussions in the CTE. Many Members welcomed Colombia's proposal and found the ideas promising for supporting revitalization of the CTE. Some delegations considered it useful to engage in discussions on principles to guide CTE deliberations. Several Members expressed caution on addressing the CBDR principle in the WTO, as it belongs to other forums. Other Members also expressed commitment to work towards ensuring that concrete actions can see support for developing countries. One delegation suggested to set aside Members' differences and seek common ground for progress.

8.1.4 European Union

8.8. At the *March* meeting, the European Union drew Members' attention to its February proposal to the General Council entitled "Reinforcing the deliberative function of the WTO to respond to global trade policy challenges," which included a suggestion to deepen discussions in the CTE on environmental trade measures. The EU highlighted three areas as priorities: (i) trade policy and state intervention in support of industrial sectors; (ii) global environmental challenges; and (iii) trade and inclusiveness. The EU intended to reach out to Members on the best way forward to continue the discussions and enhance deliberations in the CTE. Several Members expressed their support for the suggestions in the paper and in particular the ambition for increasing transparency, dialogue and enhanced cooperation, as well as the need to increase awareness about how domestic measures are used to respond to climate and other global environmental challenges, how they are designed and their impact on trade. Some believed that a greater level of understanding was necessary among Members in order to identify good practices and reach convergence.

8.9. At the *June* meeting, the European Union²² stressed the importance of ensuring greater transparency, dialogue and engagement at early stages of policy development. It also recognized the importance of having more thematic discussions and welcomed greater interaction between different committees. Ensuring greater engagement of developing countries and LDCs in those discussions was also recognized. A number of delegations welcomed the suggestions made by

²⁰ Document [RD/CTE/221](#).

²¹ Document [RD/CTE/221](#).

²² Document [WT/GC/W/864](#).

the EU, especially to promote transparency through deliberations on trade-related climate measures within the CTE. Some Members also highlighted the importance to discuss the impact that these type of policies may have on developing countries.

8.1.5 India

8.10. At the *November* meeting, India²³ presented its proposal on Reinvigorating Discussions on the Relationship Between Trade and the Transfer of Environmentally Sound Technologies to Developing Countries to Address Climate Change. The proposal underscored the need to promote environmentally sound technology (EST) and expand the reach of these ESTs, such that they become scalable and not remain mere pilots and contribute to addressing climate mitigation and adaptation challenges. It also provided a roadmap towards future work on trade and technology transfer for developing countries. Many delegations supported the proposal and noted the points of convergence with the proposal by the African Group. Several delegations considered that the relationship between trade and the transfer of EST was important and should form part of CTE discussions. Some Members highlighted the need to assess various factors for successful technology transfer, including the need for a deeper conversation on the goods, services and technologies vital to achieving common environmental objectives.

8.1.6 India and South Africa

8.11. At the *June* meeting, India and South Africa²⁴ suggested for the CTE to address the following issues: i) facilitate and promote development and transfer of EST; ii) create trade and environment fund; and iii) special and differential treatment for developing and LDCs, including through technical and financial assistance programmes. The proponents expressed concerns regarding unilateral environmental measures impacting trade which could restrict market access of developing countries and LDCs. It was argued that adoption of unilateral environmental measures could lead to trade fragmentation with disproportionate impact on SMEs. The proponents recalled that any measure to combat climate change, including unilateral ones, should not constitute a means of arbitrary discrimination or a disguised restriction on international trade. The proponents also recalled the foundational principles of UNFCCC, including equity and CBDR. Some Members acknowledged the importance of a multilateral dialogue, including in the CTE. A number of delegations shared the concerns raised by India and South Africa and highlighted the importance of strengthening linkages between trade and technology transfer. Several Members stressed that bringing the CBDR concept would not be helpful for advancing discussions in the WTO.

8.12. At the *November* meeting, India and South Africa²⁵ reiterated their concerns on Emerging Trend of Using Environmental Measures as Protectionist Non-Tariff Measures. A number of Members shared the concerns of the proposal, with several pointing out that trade-related environmental measures should be in line with WTO rules and principles and should avoid creating unnecessary or disguised barriers to trade and market access, especially for developing countries and LDCs. Some delegations considered that principles such as equity and CBDR were crucial and should be taken into account in designing such measures. Others noted they did not support efforts to bring the CBDR principle into a trade context, including WTO law. One delegation noted that some measures may lead to friend-shoring and worsen the economic situation around the globe. Several Members highlighted that addressing climate change is a global challenge which required everyone to act, including by creating national regulations, provided they did not unjustifiably and arbitrarily discriminate among Members or constitute disguised restrictions on trade. A few also referred to the importance of assistance for developing countries.

8.1.7 Paraguay

8.13. At the *June* meeting, Paraguay announced its intention to present a proposal²⁶ that aimed to enhance participation of developing and least developed countries in the CTE's work, particularly those with limited human resources, reducing the burden of making submissions on its measures and limiting consultations to those submissions made by other Members. The proposal sought to

²³ Document [JOB/IP/70](#), [JOB/TE/82](#), [JOB/WGTTT/2](#), and [JOB/IP/70/Corr.1](#), [JOB/TE/82/Corr.1](#), [JOB/WGTTT/2/Corr.1](#).

²⁴ Document [JOB/TE/78/Rev.1](#).

²⁵ Document [JOB/TE/78/Rev.1](#).

²⁶ The proposal was further circulated in Document [WT/CTE/W/256](#) on 30 October 2023.

create a similar mechanism to the Q&A mechanism that existed, for example, in the Committee on Agriculture, which is aimed at facilitating experience sharing.

8.14. At the *November* meeting, Paraguay²⁷ presented its proposal on the Functioning of the Committee on Trade and Environment. The proposal recognized that the increasing number of formal and informal meetings at the WTO, together with the amount of information they generated on a wide variety of topics, represented a challenge for all delegations, but in particular for small delegations with limited human resources. It suggested that consideration be given to a number of areas of action, including planning meetings, convening notice, follow-up note by the Chair, minutes, and digital tools. For instance, Paraguay suggested that where possible, meeting dates should be coordinated with the joint environmental initiatives. Paraguay also highlighted the importance of circulating the convening notice and the annotated agenda well in advance to give enough time for Members to submit items to the agenda and make it possible for them to effectively participate. With respect to digital tools, Paraguay referred to implementing e-registration, e-delegate and e-agenda in the CTE. Paraguay also specifically highlighted the constraints of small delegations.

8.15. A number of Members supported the proposal and encouraged the CTE to follow a similar reform approach as the CTG. Several delegations referred to the use of digital tools and the role of technology-based improvements which would be useful for small delegations, in particular. Some noted the importance to have a discussion on these elements, including on implications for developing countries, and the need to circulate documents, including the Airgram and annotated agenda as well as Members' proposals, ahead of time so that capitals have sufficient time to react and prepare for the meeting.

8.16. At the *November* meeting, Paraguay²⁸ also presented its proposal on Transparency and Experience Sharing. With a view to increasing the participation of delegations, Paraguay proposed using the CTE and its existing terms of reference to pose questions that enhanced transparency and encouraged the sharing of experiences regarding environmental measures and policies with trade effects. Members broadly welcomed the suggestion of enhancing transparency and sharing experiences in the CTE. Some also referred to the need to notify environment and climate-related trade measures to respective WTO committees and expressed preference for starting with proposals that can be implemented promptly. One Member suggested that an approach on questions and answers was not necessary and was a resource-intensive exercise.

8.1.8 United Kingdom

8.17. At the *June* meeting, the United Kingdom²⁹ suggested practical steps to revitalizing the CTE and improving its efficiency and inclusivity, including through more detailed annotated agendas and e-agendas. It was also suggested using guiding questions for more discussion-based agenda items and identifying topics for thematic or informal sessions. Some suggestions for thematic sessions included sustainable supply chains and biodiversity, use of environmental subsidies, approaches to carbon leakage, circular economy and building climate resilient economies. It was also noted that those thematic sessions could be modelled on TBT thematic sessions. Suggestions were also made of holding joint sessions with other committees on relevant cross-cutting issues. Several delegations welcomed the suggestions made by the United Kingdom regarding forward-looking planning process of meetings, advanced circulation of documents and organization of informal thematic sessions. While Members broadly supported thematic discussions, some were of the view that they could go beyond the competences of the WTO.

8.2 Trade and Environment Initiatives

8.2.1 Trade and Environmental Sustainability Structured Discussions (TESSD)

8.18. At the *March* meeting, Costa Rica provided an update on the work done in 2022 as well as the perspectives for 2023, towards MC13. A high-level stocktaking event was organized in December 2022 to review the progress made during the past year in the four informal working groups (WGs). For 2023, a sectoral approach based on Members' priorities in each of the WGs was planned in addition to a deeper focus on developing country perspectives. The co-conveners

²⁷ Document [WT/CTE/W/257](#).

²⁸ Document [WT/CTE/W/256](#).

²⁹ Document [WT/CTE/W/252](#).

envisioned delivering targeted and concrete elements for the Ministerial Conference in 2024. Several Members welcomed the progress being made in the TESSD and expressed interest in working towards concrete contributions for MC13. A few Members shared their priorities for discussions in each Working Group as well as advancing the sector-specific approach in the Work Plan.

8.19. At the *June* meeting, Canada delivered an update on the TESSD discussions in the last two WG meetings held on 16-17 March and 10-11 May. The WG on Trade-related climate measures (TrCMs) had considered presentations and discussions on carbon measurement standards and decarbonization pathways in the iron and steel sector and fertilizer production. The WG on Environmental Goods and Services (EGS) had focused on solar energy and wind and hydro energy in the context of the goods and services relevant to these sectors, barriers, and bottlenecks to their dissemination as well as opportunities to facilitate greater access. The WG on Circular Economy – Circularity had addressed the role of trade and trade policy in promoting circularity of batteries and had covered trade-related circular economy aspects of wind and solar energy. Finally, in the WG on Subsidies Members had discussed the environmental effects of agricultural subsidies and shared their experiences in the design of agricultural subsidies as well as of subsidies related to transition to low carbon economies. A number of delegations expressed appreciation for the technical discussions being held within the TESSD WGs and highlighted their substantive contributions to these discussions. One delegation shared a concern regarding the lack of inclusiveness, transparency of TESSD towards certain co-sponsors for political reasons.

8.20. At the *November* meeting, Costa Rica briefed the CTE on the plenary meeting held on 11 July and the WG meetings held on 19-20 September. At the plenary, Members discussed the expected package of deliverables for MC13 including: (i) a statement by the co-conveners of the initiative; (ii) an updated Work Plan; (iii) draft outcome documents of the four WGs. The draft outcome documents included: (i) For the WG on EGS, an Analytical Summary of the work done so far including indicative lists of environmental goods and services and opportunities to promote their trade; (ii) for the WG on Subsidies, a Compilation of Members' experiences and considerations regarding subsidy design and transparency; (iii) for the WG on TrCMs, a Compilation of Member practices in the development of TrCMs; and finally (iv) for the WG on Circular Economy, a Mapping Exercise of the trade and trade policy aspects along the lifecycle of products. Members also considered a proposal by the Co-conveners to develop for a digital tool aimed at fostering transparency and cooperation.

8.21. The WG meetings in September focused on (i) environmental effects, transparency and experiences with agricultural subsidies in the WG on Subsidies; (ii) trade facilitation and waste management in the electronics sector in the WG on Circular Economy – Circularity; (iii) opportunities and approaches to promote trade and developing country perspectives on renewable energy in the WG on EGS; and (iv) decarbonization standards in the aluminium sector and principles for the design of TrCMs in the WG on TrCMs. The next WG meetings were scheduled for 20 and 21 November and allocate a significant amount of time to discuss the draft outcome documents of each group as well as priorities for the update of the Work Plan. One delegation reiterated its previously raised concern about the lack of transparency and inclusiveness of this plurilateral initiative. Another Member welcomed the work that had been achieved and suggested that it should be presented to the CTE, to benefit the whole WTO membership.

8.2.2 Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade

8.22. At the *March* meeting, Australia provided an update on the most salient elements of the recent meetings of the Dialogue: (i) membership had grown to 76 Members following the United States announcement to join as a co-sponsor; (ii) the conclusion of a workshop in cooperation with UNCTAD on trade-related aspects of "sustainable and effective alternatives and substitutes" to plastics; (iii) an update from the INC Secretariat on the ongoing negotiations towards a legally binding instrument to tackle plastic pollution; (iv) a number of technical presentations from relevant stakeholders on different trade-related aspects of the issue. Additionally, coordinators offered their preliminary views on a path towards MC13. Several delegations reiterated that the dialogue is open, inclusive and called upon all WTO Members to join. One delegation highlighted that the top priority of this year's discussion is to achieve concrete, pragmatic and effective outcomes by MC13 and that concrete achievement needs concrete actions. On the relationship with the INC process for a global legally binding treaty, one delegation highlighted that the outcomes achieved within the Dialogue should not prejudice a high level of environmental ambition for the outcome of the negotiations on such a global plastics agreement, but rather support a high level of ambition; another delegation highlighted that they will pursue the aim of setting common global targets and developing national

action plans based on a lifecycle approach, while recognizing the usefulness of plastics, in both the Dialogue and the INC process, with the aim to promote circular economy of plastics and controlling their releases into the environment.

8.23. At the *June* meeting, Morocco and China briefed the Committee on the progress made in the last plenary meeting as well as in the second workshop held by the Dialogue since the last CTE meeting. At the plenary, coordinators had presented a zero draft of the MC13 outcomes which focused on: (i) the importance of collective action in tackling plastics pollution; (ii) the shared vision of trade-related aspects in these efforts; (iii) the remaining information needs related to these shared priorities; as well as annexes containing technical and scientific information explored by the initiative. The plenary meeting had taken stock of the progress made so far and included some technical briefings on substitutes to plastic, use of plastics in agriculture, and hidden flows of plastic trade. Additionally, the Dialogue had hosted its second workshop, focused on reduction and circularity to tackle plastic pollution in cooperation with UNEP. The technical information summarized through the two workshops, along with those captured in the ongoing surveys would feed into the potential MC13 outcomes. A number of delegations commended the progress of the DPP, over the last year and expressed confidence in further progress towards the outline of a MC13 outcome. One delegation highlighted three avenues of the work in DPP: understand better the flows of plastics trade; trade measures that can promote substitution; and trade measures that can be adopted to reduce trade in plastic itself. Another delegation supported further work related to how to tackle the plastic pollution, as well as their economic and environmental cost-effectiveness. One delegation mentioned that 59 countries had signed the High Ambition Coalition to End Plastic Pollution, a far-reaching Ministerial Statement, published ahead of INC2, calling for ambitious provisions to be included in the future global plastics pollution treaty at the UN. Several delegations highlighted the importance of cooperation, with one delegation valuing the Dialogue's inclusive nature and its contribution to treatment of trade and sustainability issues.

8.24. At the *November* meeting, Morocco updated the CTE on relevant developments since the last meeting. The results of the two surveys, on trade-related plastic measures (TrPMs) and Aid for trade (Aft) respectively had been compiled into factual reports and issued in the previous month. The TrPMs report captured 223 TrPMs from 85 different WTO Members and the data had revealed significant increase in the use of trade-related measures to tackle plastic pollution in recent years. The Aft report captured data from a cross-section of recipient partners, donor members and south-south partners and regional/international institutions working on plastic pollution. It indicated responding developing Members priorities and needs in the area. Additionally, following the letter sent by coordinators of the Dialogue to the WCO, work had been progressing well on possible HS amendments including the set of proposals on potential HS amendments that had been tabled in the context of the HS2027 reform process. Lastly, the second draft of a proposed MC13 Statement along with the attached open, illustrative, non-exhaustive and evolving compilations of suggestions, practices, options, and opportunities, had been circulated. Coordinators hoped to achieve an ambitious and balanced outcome by MC13. One delegation noted that MC13 will represent a key opportunity to address plastic pollution, while recalling its support to an ambitious globally binding instrument. Another delegation indicated that the first draft for MC13 summarizes the work done and actions under DPP and called for efforts to reach consensus.

8.2.3 Fossil Fuel Subsidy Reform

8.25. At the *March* meeting, New Zealand briefed delegations on the progress made in the second Fossil Fuel Subsidy Reform (FFSR) meeting in February. The FFSR initiative welcomed Colombia as its 48th co-sponsor. Some of the main themes emerging from the presentations and discussions with respect to the social and developmental dimensions included (i) the need to assist the differing impacts of subsidies over time, (ii) the complex interplay between the objective, the design and the implementation not always being mirrored in the social impact, (iii) the importance of a phased approach to reform, and (iv) the value of complementary policies to mitigate adverse short term effects of subsidy reform, including various support tools to assist developing countries in particular. Further work was planned in terms of information to understand the extent of temporary measures and to ensure they are targeted, temporary and timebound; preparation of an overview paper highlighting the current landscape of existing fossil fuel subsidies; promoting further transparency through the use of existing WTO mechanisms. A number of Members noted their appreciation for the work of the initiative and its importance for achieving Members' climate goals. Several delegations considered that the issue of fossil fuel subsidies should not be addressed by the WTO but by other international fora.

8.26. At the *November* meeting, New Zealand updated the CTE on the third meeting of the FFSR in July and the identified areas further work. Members had discussed in more depth three areas: (i) use of WTO mechanisms to enhance transparency; (ii) approaches to limit and phase-out temporary fossil fuel support measures; and (iii) ways to identify and categorise the most harmful types of fossil fuel subsidies, as a basis for further action. Co-sponsors had agreed to undertake further work under these three pillars, including to collate information on Member experience in adopting and rolling back temporary measures, as well as to try to distil some "best practice guidelines" to facilitate effective and appropriate design of such measures; to deepen work aimed at identifying which types of subsidies are most harmful from a trade and environment perspective; to undertake further analysis and consideration of questions concerning how to support development and to assist vulnerable groups in the process of FFSR; and ways to make best use of processes such as Trade Policy Reviews to promote further transparency on fossil fuel measures. Co-sponsors were now considering a set of "concrete options" to advance work under the initiative in the lead-up to and beyond MC13 based around the three pillars. Some Members expressed their support for the initiative while others were concerned about such discussions happening at the WTO. One delegation commented on the presentation on temporary support measures and phase-out best practices made by the Secretariat during the third meeting of the FFSR, highlighting its views on the reasons for the sharp rise in energy prices.

9 REPORT ON THE FIRST THEMATIC SESSION BY THE MODERATORS

9.1. At the *June* meeting, in the context of his consultations on the revitalization of the CTE held since April 2023, the Chairperson reported on Members' interest in the organization of thematic discussions, to further the CTE's role as a unique forum to exchange information on trade-related environmental measures. Given the willingness of Members to explore thematic discussions, delegations agreed to further consult to reach an understanding on the procedure, topics, and work programme of a potential series of thematic sessions at the CTE. At an open-ended informal meeting held in July, a thematic session was scheduled, on an experimental basis, back-to-back with the meeting in November 2023.

9.2. At the *November* meeting, the Chairperson noted that this inaugural thematic session marked a novel approach by the CTE to foster open, transparent, and interactive exchanges on critical trade and environmental issues. This method reflected a practical shift in CTE procedures and demonstrated Members' dedication to exploring new avenues for progressing mutual interests. Incorporating these discussions into the CTE's agenda remained at Members' discretion, aligning with the WTO member-driven ethos. As Chairperson, he reiterated commitment to facilitating this progression.

9.3. Following the first thematic session held on 13 November 2023, the Moderator of the session provided a report.³⁰ The CTE thematic session on "Trade contributions to energy transition efforts concerning climate adaptation and mitigation" marked an important step in broader efforts of "reform by doing". Members benefitted from the expertise of five distinguished speakers from the International Energy Agency (IEA), the Economic Commission for Latin America and the Caribbean (ECLAC), the Renewable Energy Development Research Center of the Chinese Academy of Macroeconomic Research, Scatec, and Africa Climate Ventures. Overall, the presentations by speakers, their follow-up comments as well as the discussion with Members had been very rich and recognized that ensuring energy transition was a shared priority of the international community and that the multilateral trading system had a role to play in supporting the international community in this endeavour. On the role of trade and trade policies in energy transition, a number of points were highlighted during the discussions, including the role of trade in promoting clean technology supply chains; the need for finding effective ways for financing renewable energy projects, while redoubling efforts in reducing fossil fuels subsidies; the importance of biofuels as inputs for decarbonization in certain sectors and their potential positive contribution to finding energy transition solutions; the need to have more dynamic discussions on EGS; and the importance of promoting common standards and definitions, including in the steel sector. As far as the WTO is concerned, the following was highlighted: the role of the CTE as a forum for transparency and dialogue, particularly in pursuing a discussion on energy transition and related topics from the trade perspective; the CTE's potential for having more evidence-based discussions; the organization of a dialogue on trade and

³⁰ The following lines include a summary of the report provided by the moderator at the November meeting of the CTE.

environment at MC13; and the recognition of the contribution of the joint initiatives on trade and environment.

9.4. A number of Members welcomed the first thematic session and appreciated the efforts that went into its preparation. Some also expressed willingness to engage in improving the format for the future to make thematic sessions more engaging and productive for Members. Some highlighted the importance of forward planning, particularly with respect to selecting facilitators and inviting speakers. The Chair of the CTE announced his intention to convene an open-ended informal meeting in the coming weeks to discuss lessons learned from the first thematic session and to identify topics for future sessions.

10 THIRTEENTH WTO MINISTERIAL CONFERENCE (MC13)

10.1. At the *March* meeting, the Chairperson of the CTE invited delegations to express views on possible follow-up actions to paragraph 14 of the MC12 outcome document and specifically asked them to share ideas on ways to improve the current output of the CTE in light of global challenges. All intervening Members registered their wish to make progress in the CTE and expressed support for enhancing transparency and deepening dialogue on domestic measures taken for climate and other environmental objectives.

10.2. Several Members called for closer coordination on environmental matters among other WTO bodies, such as Committees on Agriculture, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Subsidies and Countervailing Measures and Development. Some highlighted the importance to reinforce the capacity of developing countries and identify means to support them in the challenges they face in complying with trade-related environmental measures. Reference was also made to early and voluntary exchange of information on national measures which could help prevent trade frictions. Members exchanged views on whether the principle of CBDR-RC has relevance or applicability with respect to the WTO. While some expressed their readiness to prepare CTE's outputs for MC13, one cautioned against identifying concrete outcomes for MC13 already now, finding it "premature". The majority supported thematic discussions, referring to the examples of agriculture, technical barriers, and industrial subsidies. A few Members expressed their preference for having a Q&A type of discussion during the CTE that would modify the current reporting nature of the CTE. Some noted the need for more transparency to enable a fuller and more effective discussions amongst Members. Others emphasized the need for a robust workplan post-MC13, based on sharing evidence and building common understanding of trade policy solutions.

10.3. At the *June* meeting, the Chairperson of the CTE again invited delegations to express views on possible follow-up actions to paragraph 14 of the MC12 outcome document ahead of MC13. Many delegations expressed an interest in including language on environment in the MC13 outcome document. Several recalled the nexus between trade, development and environment and referenced the need for strengthening technology transfer, capacity building and technical assistance for developing countries and LDCs. Some Members suggested including a standalone paragraph on food and energy security and how to reduce impact of trade-related environmental measures on developing countries and LDCs. It was also noted that finding a common language on environment would require discussion on the areas of convergence. Suggestions included improving transparency in trade-related environmental measures, converging around best practices and methodologies, and using trade policy to advance environmental objectives – all while addressing developing country needs. Ensuring better synergies between discussions in the WTO and in international environmental fora was also mentioned. Many delegations also recognized the role of MC13 for strengthening the work of the CTE. While some noted that MC13 was an opportune moment to review and revitalize the CTE work programme; others encouraged exploring "reform by doing" and adhering to the current CTE work programme. It was suggested to proceed with the ongoing work in the CTE which could help develop a vision on reinvigorating CTE in the run-up to MC13. A few referred to the need to enhance the MC13 outcome document and ensure that trade role to support the response to environmental challenges is appropriately reflected therein.

10.4. At the *November* meeting, the Chairperson of the CTE provided a report on his consultations on ideas on the follow-up to paragraph 14 of the MC12 outcome document and preparation for MC13. It had been widely acknowledged that the preparation for MC13 should build upon paragraph 14 of the MC12 outcome document. Many delegations had noted that MC13 offered an opportunity to revitalize the work of the CTE, including the ongoing efforts of increasing transparency on environmental policies and improving the procedural functioning of the CTE, as well as deliberation

through further thematic sessions. In this regard, a suggestion was made to provide a report by the CTE Chair to the General Council. MC13 Members could take stock of the progress made and pave the way for post-MC13 work. Some other suggestions included: furthering the role of the CTE in coordinating the work of different WTO bodies related to environment and climate change; referencing the outcomes of COP28 and the link to trade in an outcome document; discussing the impact of TrCMs on market access; developing guidelines to better understand linkages between trade, environment and development, including how to better support developing countries and LDCs, including, the role of technology transfer. The Chair encouraged the CTE to make a concrete while significant contribution to MC13 and announced that he will hold further consultations and convene an open-ended informal meeting in the coming weeks to deliberate on a text that brings together the ideas and objectives of Members. Several Members supported developing MC13 outcome document that would reinvigorate the CTE and highlighted the importance of continuing to advance work on the role that trade policy must play in supporting action to address climate change. Several delegations referred to topics of coherence such as the need to address environmental measures that may have unintended consequences for trading partners; the importance of facilitating technology transfer to support the green transition; and the need for a discussion on methodologies for calculating embedded emissions. Some Members cautioned against attempting to go into too much detail in the outcome document, given the need to reach consensus among Members. The need for a concrete guidance on post-MC13 work was also highlighted.

11 OTHER BUSINESS

11.1. At the *March* meeting, Kenya briefed the Committee on the Coalition of Trade Ministers for Climate, launched on the margins of the Annual Davos Meeting in January 2023. Led by Ecuador, EU, Kenya, and New Zealand, the Coalition brings 56 Ministers from diverse regions and levels of development to provide leadership and guidance on the nexus of climate, trade, and sustainable development. At its inaugural meeting, Ministers highlighted the importance of the Coalition to explore new and innovative approaches for cooperation and collective action by providing a space, at the political level, to discuss and coordinate efforts to tackle climate challenges through trade policy. Highlighting the Coalition's key principles of inclusivity and diversity, other WTO Members were invited to join the Coalition.

11.2. At the *June* meeting, the United Kingdom provided an update on its exploratory consultation considering a range of potential policy measures to mitigate carbon leakage risk in the future and ensure UK industry has the optimal policy environment to decarbonize. The consultation had been formally launched on 30 March and the closing date for responses was 22 June 2023.

11.3. Colombia highlighted the importance to consider, in a simultaneous and coherent way, the agreements achieved at the UNFCCC COP, and the commitments established under the Convention on Biodiversity, the principle of CBDR and the fundamental principles of trade, such as non-discrimination. Members had to pool their efforts and work in close cooperation to address these challenges in order to promote a transition to a green economy that guaranteed that the developing world could constructively integrate into that process and for the benefit of current and future generations.

11.4. At the *November* meeting, Paraguay on behalf of Argentina, Brazil, Colombia, Ecuador, Guatemala, Honduras, Mexico and Peru introduced a new communication on the European Union Regulation on Deforestation and Forest Degradation-Free Supply Chains.³¹ A number of Members shared the concerns of the communication. One Member encouraged delegations to circulate documents for discussion well in advance and not have substantive discussion under "any other business".

³¹ [WT/CTE/GEN/33](#).

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.

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. [...]

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.

ANNEX 3: PARAGRAPH 14 OF THE MC12 OUTCOME DOCUMENT ([WT/MIN\(22\)/24](#))

14. We recognize global environmental challenges including climate change and related natural disasters, loss of biodiversity and pollution. We note the importance of the contribution of the multilateral trading system to promote the UN 2030 Agenda and its Sustainable Development Goals in its economic, social, and environmental dimensions, in so far as they relate to WTO mandates and in a manner consistent with the respective needs and concerns of Members at different levels of economic development. In this regard, we reaffirm the importance of providing relevant support to developing country Members, especially LDCs, to achieve sustainable development, including through technological innovations. We note the role of the Committee on Trade and Environment as a standing forum dedicated to dialogue among Members on the relationship between trade measures and environmental measures.
