

TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSIONS (TESSD)

TESSD INFORMAL WORKING GROUP MEETINGS

STATEMENTS BY THE FORUM ON TRADE, ENVIRONMENT, & THE SDGS (TESS)

15–16 April 2024

1 Working Group on Environmental Goods and Services (10:00-13:00, 15 April)

Way forward

- We would like to congratulate once again the Working Group for issuing the analytical summary and encourage co-sponsors to continue to develop it further to reflect future discussions in the group.
- In terms of specific sectors to be covered, there may be scope for further exploration of relevant goods and services associated with technologies that are vital for developing countries to address the specific environmental challenges they face including climate change adaptation, access to electricity, energy efficiency and economic resilience in the face of external shocks. Reflecting discussions in the Dialogue on Plastic Pollution, consideration of technologies required to combat different types of pollution, from plastic pollution to managing other forms of waste, including e-waste, and air pollution.
- We would also encourage co-sponsors to explore and share examples of concrete actions that Members could further undertake individual and collectively
- Here we suggest that in order to delivering concrete outcomes by MC14, there is a need to go beyond a mapping of goods, services technologies and associated obstacles to trade and may require more emphasis on what could be achieved collaboratively.
- This could include discussing a menu of specific actions that Member can undertake to facilitate trade and expand the diffusion of key environmental goods, services and technologies, for example through specific partnerships or other relevant approaches.
- For instance,, such actions could be undertaken both by importers and exporters of EGS for example in the context of specific projects for clean energy production.
- As noted before, the menu of action could take a holistic approach covering not only market access but also regulatory cooperation, mutual recognition of standard and conformity assessment procedures, investment and trade facilitation, government procurement, technology cooperation or technical assistance and capacity building.

2 Working Group on Subsidies (15:00-18:00, 15 April)

Way forward

- We would like to congratulate the Working Group for the compilation of experiences and considerations regarding subsidy design.
- We strongly encourage Members to continue the discussion with a focus on both agricultural subsidies and green industrial subsidies. We believe that TESSD provides a unique space to explore the sustainability dimension of subsidies – a topic that is getting increased attentional

particularly in the context of the urgency of international climate goals. net-zero targets and commitments to just transitions.

- As you move forward, we encourage Members to further focus deliberations on identifying best practices and guidance on the design of subsidy schemes based on assessments of their likely or potential impacts both on the environment and their implications for trading partners.
- As a contribution to this discussion, TESS is currently working with a group of world leading experts and institutions on the sustainability impact of agriculture subsidies.
- The group is tasked to provide key insights on how to identify environmentally harmful agricultural subsidies taking into account the very context specific impact of subsidies and the potential trade-offs that exist between different environmental objectives or broader public policy objectives like food and livelihood security.
- Beyond discussions in the WTO, this work will also directly contribute to target 18 of the Kunming-Montreal Global Biodiversity Framework, which calls for action to address subsidies harmful to biodiversity, in a "proportionate, just, fair, effective and equitable way" starting with the most harmful incentives.
- It is our hope that this expert group will contribute to developing a shared understanding in this area, which could serve as a basis for deliberations in the WTO, be it in the form of new disciplines, transparency requirements or possible soft law instruments like guidelines fostering good practices, unilateral pledges or voluntary commitments.
- To keep Members informed about ongoing work and provide them with opportunities to contribute in an informal way, TESS is planning to organize a deep dive roundtable focusing on environmentally harmful agricultural subsidies in June this year.
- Alongside, TESS will be hosting an informal dialogue on May 7 subsidies, including industrial subsidies, the climate agenda, and sustainable development.
- The aim is to provide an opportunity to bring together a small group of experts with delegations to exchange of views to review different perspectives on the state of play in discussions on trade and subsidies, identify opportunities for cooperation and challenges and also to identify where there are gaps in knowledge or evidence or missing perspectives that require attention in order to support informed dialogue and cooperation on this topic.

3 Working Group on Circular Economy-Circularity (10:00, 16 April)

Way forward

- First, we would like to thank the co-facilitators your excellent work in steering constructive exchanges under this working group and on mapping exercise.
- As we move forward, we would encourage the group to focus discussions on trade-related circular economy policy instruments of particular relevance for trade and their implications, particularly for developing countries. In parallel, discussions could dive deeper into some specific sectors and specific environmental challenges and explore how such trade-related instruments and action would help address them.
- Here, the focus could be on enabling a review of specific experiences and opportunities, development considerations, and proposals for collaborative action that could potentially form the basis of concrete outcomes for MC14.
- In terms of trade-related circular economy policy instruments, an area that would clearly deserve further attention relates to Extended Producer Responsibility (EPR) schemes. While the collection and recycling requirements of the EPR system capture products that reach end-of-life domestically, they usually do not extend to products that are exported abroad as second-hand goods or end-of-life products for repair, reuse, recycling or other types of waste management.
- As has been widely recognised, there are concerns about how products are managed when they reach end-of-life in foreign markets, and whether the financial responsibility should follow these

trade flows. A related issue is the aspect of online sales (that occur abroad) and escapes domestic EPR systems through free riding.

- A key issue that emerges in a range of different discussions of EPR schemes, but has been largely left unaddressed is how to foster cooperation among domestic EPR schemes that do not properly address flows beyond national borders and where many of the countries importing products do not have sufficient capacity for environmentally sound waste management.
- These emerging issues largely remain as open-ended questions, and dialogues and international cooperation are urgently needed to fill these gaps.
- From a sectoral perspective, these concerns are especially significant for developing countries and LDCs in certain key sectors such as second-hand and used textiles, used electronics, or used vehicles, which could be explored more in depth in the context of the working group.
- In terms of future concrete outcomes from this working group for MC14, we would encourage Members to extract from its deliberations and exchange of experiences, a set of guidance for the design and implementation of trade-related circular economy measures.
- As a contribution to the discussion on best practices in this area, TESS has established a group of 30 leading experts from the trade, environment and sustainable development communities, including academia, think tanks, IGOs and stakeholder organizations to offer guidance on good practices and approaches to the design and implementation of trade-related circular economy policies.
- The experts have contributed to a short report that aims to identify a set of good trade-related practices in different sectors and at different points along the value chain while providing examples and precedents of how these practices can be developed and implemented.
- The report the expert group should be available in May and TESS looks forward to sharing the findings with this working group.

4 Working Group on Trade-related Climate Measures (subsequent to previous meeting, 16 April)

Way forward

- We would like to commend the co-facilitators for their work in compiling the Member practices in the development of trade-related climate measures (TrCMs), based on a compilation of elements of regulatory processes shared by Members.
- Moving ahead, we encourage the co-convenors to consider ways to refine or cluster the many bullet points compiled in the Members practices document around themes or concepts such as transparency, non-discrimination, cooperation and development. The latter being important to reflect the particular concerns and difficulties faced by developing countries in complying with specific climate-related requirements and the need to foster collaborative action to address them.
- It would also be interesting to move from a summary of existing practices and try to develop some shared understanding of what constitute best practices.
- At present, the list also essentially reflects general principles of good regulatory practices, which, in a way, apply equally to all regulatory measures and are not specific to TrCMs.
- A suggestion is that the group could focus on practices or principles that respond to or are specific to the unique nature of TrCMs and to cooperation on trade and climate, bearing in mind the evolving range of measures that governments are using or considering in this regard.
- Here, we suggest that it would be useful to consider the work of the international expert group TESS convened last year, which noted six principles as relevant for consideration: prevention of environmental harm, sovereignty, transparency, non-discrimination, cooperation, and equity and sustainable development.

- The report particularly emphasised that a key feature of TrCMs is their hybrid nature, noting that many of the growing array of trade-related climate measures that Members are implementing are being pursued in order to fulfil international commitments under the Paris Agreement and in the context of the UNFCCC.
- The group concluded that consideration of best practices for their design and implementation of TRCM as hybrid measures will need to draw upon and reflect both from the trade and climate principles.
- Finally, regarding the way to structure discussions under this group as we move forward, we think it would be useful for this group to consider how it can explore specific opportunities or areas where we need cooperation in order to maximise climate impact and fairness of measures.
- We could, as in other groups look at specific climate objectives some of which have been highlighted in the WTO presentation (e.g., renewable energy transition, including critical materials, increasing resilience, fostering adaptations, reducing emissions from trade, complying with environmental requirements in export markets) and consider what kinds of concrete trade-related cooperation, partnerships and trade policy action could help; reducing market access barriers, fostering the diffusion of EST, greening government procurement, enhancing access to finance and investment, etc)...
- Here, we should emphasise the link with discussions under other TESSD working groups including the ones on subsidies or EGS.
- More generally, this could help pave the way for a workstream on climate cooperation around critical objective.