



## CIVIL SOCIETY DIALOGUE

# MEETING ON THE POSSIBLE TRADE AND CLIMATE INITIATIVE IN THE WTO

**Date:** 01/12/2020

**Time:** 10:00-12:00

**Location:** WEBEX meeting

### **AGENDA**

1. Presentation by the Commission
2. Discussion with Civil Society Organisations

### **Presentation**

The Commission (Multilateral Trade and Sustainable Development Policy, Green Deal, Conflict Minerals, DG Trade) opened the meeting by thanking the presence of the civil society representatives. The Commission informed stakeholders on the state of play of the FAST initiative to launch structured discussions (*Communication on Trade and Environmental Sustainability*) in the WTO. To date, more than 50 countries have cosponsored the initiative, including developing and least developed countries. Currently, the cosponsors are setting up the process. The first meeting is likely to take place in January 2021.

The Commission provided an update to stakeholders on the state of play of the non-paper on the possible trade and climate initiative in the WTO. This paper intends to encourage informal discussions on how to move the green agenda forward in the WTO, with the objective of having an ambitious outcome at the 12th WTO Ministerial Conference.

The guiding principle for this initiative would be to advance the green agenda in a coherent, inclusive and transparent way. The Commission has started engagement with EU Member States, European Parliament, and stakeholders, as well as with like-minded WTO Members. The initiative aims at getting out of silos, working on a number of building blocks that would come together under a coherent “green” umbrella. This should allow to integrate initiatives and ideas presented by WTO Members to jointly advance the green agenda.

The possible building blocks include: liberalisation of trade in climate friendly goods and services (focussing first on the liberalisation of certain goods and services linked to climate mitigation and possibly circular economy before moving to a broad approach); development cooperation; transparency and policy exchange on domestic regulation and other areas such as fossil fuel subsidies; and strengthening of the functioning of the WTO Committee on Trade and Environment (CTE).

## Questions and Replies

In response to **Koepel van de Vlaamse Noord-Zuidbeweging - 11.11.11**'s concerns on trade liberalisation leading to negative impacts on climate and calls for re-localisation of production, the EU underlined the role of trade policy in contributing to climate action by, for instance, facilitating exchange on green technology.

The **Eurogroup for Animals** asked whether the initiative will include discussions on the food production system, agricultural fossil fuel subsidies, and non-product-related process and production methods (npr PPMs). The Commission explained that it is exploring what is feasible in these areas, noting that first steps to address these issues could be taken under the transparency building block.

**Copa-Cogeca** and **UNESID** enquired about the discussions on the Carbon Border Adjustment Mechanism (CBAM) within the WTO framework. Additionally, Copa-Copega highlighted the importance of sustainable production standards and enforcement of TSD Chapters and asked about details on the future work with the new US administration. The Commission underlined that the CBAM drew a lot of attention during the last CTE meeting and that the Commission is engaging with partner countries, bilaterally and also in the WTO. It will also be ready to engage with the US administration once it is in place.

**Greenpeace** echoed concerns on negative impact of trade liberalisation and asked about how the EU is intending to include discussions on climate change under the current WTO mandate. The Commission clarified that one of the objectives of the initiative is to boost interaction between the WTO and MEAs, including climate agreements.

The **Confederation of Danish Industry** asked for clarification regarding the list of products being considered, whether the EU intends to maintain the list of the Environmental Goods Agreement (EGA) or a new approach. They also raised the point that more trade in climate friendly goods will have a positive impact on the environment, moving from traditional energy-intensive goods. The Commission noted that it is currently on a reflection phase and that lessons learned from EGA will be taken into account (i.e. with a broad list of products it is harder to achieve results; the Commission wants to broaden the participation of EGA to involve developing countries and LDCs).

**WindEurope** stressed the importance of a value chain approach in goods and services and asked whether the Commission intends to restart the EGA or work within the Agreement on Climate Change, Trade and Sustainability (ACCTS) initiative. The Commission agreed on the importance of a value chain approach and clarified that the EU initiative is separate from the ACCTS, which is being negotiated among 5 countries (New Zealand, Norway, Iceland, Costa Rica and Fiji).

The **European Phosphate Fertilizer Alliance** asked whether the Commission foresees the CBAM discussions to take place multilaterally within the WTO or in a plurilateral way, and asked about cooperation in this matter with the new US administration. The Commission confirmed that a plurilateral initiative is more feasible and noted that the EU will be in close cooperation with the new US administration. The Commission also mentioned US willingness to informally attend the structured discussions.

**Both ENDS** stressed the need for policy space in the WTO to respond to the climate crisis and the importance for the WTO to look not so much at positive but rather negative incentives. Additionally, they highlighted the need for addressing the problem of price competitiveness and the importance of transparency, referring to the Canadian paper on services liberalisation not

being publicly available. The Commission noted that the necessary policy space is already assured in the WTO (including through Article XX of GATT) as well as in the context of Free Trade Agreements. The Commission further explained that it wants to encourage more meaningful discussions in the WTO on domestic measures. On transparency, the Commission explained its intention to operate in a transparent way (hence the non-paper has been published) and invited stakeholders to provide written inputs. In respect of the Canadian proposal on environmental services, the Commission undertook to take up on this points as it concerned a proposal of another WTO member.

**The Association of large French companies** welcomed the strong emphasis of the non-paper on trade and climate and enquired about overall coherence between WTO and MEAs. They asked if the discussions on the Paris Agreement Nationally Determined Contributions (NDCs) will be reflected in CBAM and if this will take place in the WTO. On liberalisation of green goods, they highlighted the importance of harmonization of green standards to avoid new dumping practises. The Commission noted that it will not bring Paris as such in the WTO, but that it favoured more interaction between the WTO and MEAs. CBAM is as such not looking at all NDCs since its main objective is to avoid carbon leakage. On the importance of standards setting, the Commission is already engaging in parallel with like-minded partners.

The **European Consumer Organisation** asked for more information on the list of goods and services and the timeline for the Joint Statement. They also highlighted the importance of coherence with the European Green Deal. The Commission clarified that is still working on the list of goods and services, and that this will include new technologies and the renewable sector, as well as circular economy. On timeline, the FAST structured discussions will start early in 2021. The EU's climate initiative will most likely be presented after publication of the Trade Policy Review, probably towards the end of February.

The **Japan Business Council in Europe** stressed the importance of having a product review clause in the final agreement and asked for further information on Japan's engagement with the initiative. The Commission noted that a product review clause was a useful mechanism in an agreement and confirmed Japan's engagement in the structured discussions as well as with the EU in bilateral discussions.

In response to **Euroalliage's** question on how to conciliate trade liberalisation with the need of reinforcing the strategic autonomy of the EU, the Commission recalled that the EU needs to be more strategic but also open. By being open the EU is also boosting EU production of green goods and clean technology.

In order to involve developing countries and LDCs, **PowerShift e.V.** stressed the importance of listening to what these countries expect from the EU and gave some ideas on how to engage with them: assistance on development of climate mitigation technologies, with waiver of TRIPS enforcement of environmentally sound technologies, allowing Local Content Requirements & supporting effective technology transfer. The Commission welcomed these contributions and confirmed the EU is looking at developing countries and LDCs' interests.

The **European Services Forum** expressed strong support to ensure that services are part of the initiative and was interested in knowing why other stakeholders are opposing this. WindEurope expressed their support on inclusions of services as they play an important role in installing wind turbines. On the other hand, Greenpeace was more sceptical.

**Greenpeace** asked further questions about how ACCTS is addressing fossil fuel subsidies and asked if the Commission is planning on addressing the impact of transportation. The

Commission noted that the EU's approach to fossil fuel subsidies focuses on transparency, while ACCTS participants led by New Zealand are keen to address the elimination of harmful fossil fuel subsidies. With regards to the impact of transport, the Commission underlined that maritime trade accounts for approximately 3% of global greenhouse emissions.

Finally, the **Lithuanian Investors Association** asked for clarification on priorities of the EU at the WTO. The Commission noted that, while there is an increasing interest on trade and environment, we need to be realistic in what is achievable with a broad number of participants. Priority and focus will be important. The suggested staged approach may help in this respect to help to establish and focus on the priority areas.