

ROUNDTABLE

Fighting Climate Change: The case for a renewed discussion on Processes and Production Methods at the WTO

Thursday
24 June

4:00pm CET

On Zoom



Key take-aways from the roundtable

***NB:** The following text is meant to be a faithful summary of panelists' interventions and key take-aways from the session. It is without prejudice to the official positions of Canada and Colombia.*

- As pointed out by the participants, **GATT Article 3 on processes and production methods ("PPM")** raises many interpretative issues on **whether environmental measures based on production processes such as the reference to carbon content should be regarded as WTO compliant or discriminatory against foreign "like" products not meeting the process-related targets set by these measures.**
- Many WTO members being determined to adopt or strengthen climate mitigation measures, there is a **pressing need for clarifications on the room for maneuver left to the Parties with respect to PPM when designing these measures (such as the EU carbon border adjustment mechanism), and, conversely, on legal guarantees for third countries' companies to avoid unjustified discrimination based on environmental considerations.**
- These clarifications are **key** to have Parties to the WTO **going ahead with their climate change mitigation policies without triggering trade tensions** and to have businesses **rolling out new technologies and investing in developed and developing countries.**
- **The WTO should take up the issue as being the appropriate multilateral forum to discuss the nexus between trade and environment,** and especially climate change. In addition to negotiating endeavours (fishery subsidies, EGA), the WTO offers fit for purpose discussion platforms such as the **Committee on Trade and Environment or the TBT committee in which Parties can address the trade-related aspects of climate change or biodiversity measures, and, in particular of PPMs.**
- As there is an urgency to move on rapidly on climate change mitigation, Parties to the WTO could, in this institutional framework, favour the **drafting of interpretative guidelines to be finally endorsed by Members.**
- In parallel, WTO members and businesses should **further work on a substantive articulation of environmental policies with multilateral trade disciplines,**

including core principles such as national treatment, MFN and the right to special and differential treatment. As far as PPM are concerned, it is of utmost importance to **make progress on international standards regarding the measurement and the impartial certification of environmental and energy efficiency of production methods** that can be recognized in the context of the WTO and/or preferential trade agreements.

- On a much fundamental level, it is also **time to increase international cooperation on climate change and carbon leakage mitigation measures to avoid new environmental trade war and clarify how the right to differentiated obligations in implementing the Paris agreement can be translated into the legal system of the WTO**, especially regarding Special and differential treatment.
- This pleads for **concrete steps to be made already in the context of the next WTO Ministerial Conference (MC 12) to pave the way forward on these topics.** World Trade Leaders should agree to **an ambitious declaration on trade and environment** that would set, in addition to preparatory work for environment-related trade negotiations, **a roadmap for improved discussions on trade and environment/ climate change mitigation**, including **a relaunch of the formal agenda of CTE and interpretating guidelines for PPM.** Meanwhile, **Parties should continue to cooperate and coordinate on trade-related aspects of their environmental policies, such the EU CBAM.**