

DDG Wolff remarks on the Structured Discussions on Trade and Environmental Sustainability

Deputy Director-General Alan Wolff spoke on 17 November at an event to mark the launch of the Structured Discussions on Trade and Environmental Sustainability, a new initiative aimed at promoting collective action on sustainable trade. His remarks are below.

Good morning – and thank you for the kind invitation.

I would point to three main reasons why the structured discussions launched today can be of great importance for the WTO.

The first reason is that this initiative shines a spotlight on the urgent need to fulfil the WTO's role as a steward of sustainability in global trade.

The challenges of climate change, biodiversity loss and other deepening environmental crises can sometimes seem remote. But they are not. They are already putting communities, especially poor and vulnerable ones, at great risk. If we fail to act now – this year, and in the next few years and decades – vast swaths of our world will become increasingly inhospitable to our children and grandchildren.

Trade officials cannot remain oblivious to this reality. They must recognize that the major environmental crises we face do not care much for borders. They are global in nature and demand a globally coordinated response on a scale hardly ever seen in human history.

Trade policies can and must be part of a response because they have a major potential to support sustainability. Not only can they improve access to cutting edge technologies at competitive prices, but they can also help green businesses scale up, boost investment and innovation in clean sectors and create green and decent jobs.

There are many examples of trade working for sustainability. Solar photovoltaic and wind power have become the cheapest sources of electricity in many markets, in large part because value chains stretching across the globe have stimulated competition and investment, while allowing producers of these technologies to source inputs from the most competitive suppliers and to reap significant economies of scale.

Your initiative could play a key role in bringing together a broad and diverse group of WTO members around a common understanding of trade that works for people and planet.

The second reason why your initiative can be important for the WTO is that it can serve as a catalyst for strong collective action on sustainable trade.

Acknowledging the role of trade in promoting sustainability is important, but it is not enough. WTO Members must learn to act in favor of sustainable trade, and they must do so before it is too late.

We have a good foundation to deal with environmental issues within the WTO. We have a unique global forum – the Committee on Trade and Environment – dedicated to promoting mutual understanding of how trade and the environment interact, and how trade and environmental policies can work better together and reinforce each other.

We also have a set of rules that give Members ample room to pursue legitimate environmental goals, while keeping protectionism firmly in check.

And we have ongoing talks that could deliver big benefits for the environment -- negotiations on rules to curb harmful fish subsidies. If concluded successfully, this would mark the first time in which the trading system imposed positive obligations on WTO Members based on sustainability concerns.

Talks are also under way among more than 90 WTO Members to make trade rules fit for the global digital economy. A successful outcome could help countries harness digital technologies for a more sustainable and inclusive future. In India, AI has helped farmers get 30% higher groundnut yields per hectare by providing information on preparing the land, applying fertilizer and choosing sowing dates. In Norway, it has helped create a flexible and autonomous electric grid that integrates more renewable energy.

Your initiative could build on these efforts and motivate Members to put concrete and ambitious proposals for sustainable trade on the table.

The third and final point that I want to highlight is your willingness to strengthen an active dialogue with stakeholders.

Climate change and other major environmental crises are not problems that can be solved by governments alone. We need all hands-on deck including businesses, consumers, civil society and other stakeholders.

Your proposal to open channels of communication with stakeholders can be an effective way to inject fresh ideas and perspectives into your work. Over time, engaging with stakeholders could also help you build the trust and garner the support needed to push concrete deliverables on trade and sustainability over the finish line.

The FAST group has shown leadership in launching these discussions. This is a welcome step in the right direction, but there is still much work ahead to meet the moment.

What are some of the issues you think could be explored as part of the structured discussions?

While, trade policies have a huge potential to support sustainability, WTO Members need to be ready to roll up their sleeves to turn this potential into reality. One way to do so would be to agree on a proactive, forward-looking work programme for adoption no later than at the next WTO Ministerial Conference.

Such a work programme could comprise collective steps to, for example:

- ❑ **First, eliminate tariff and non-tariff barriers in environmental goods and services.** Much work has been done on this issue at the WTO, most recently in the talks on an Environmental Goods Agreement. It is high time that the Members pick up where EGA participants left off a few years ago and agree on a broad list of environmental goods and services for trade liberalization.
- ❑ **Second, reform inefficient fossil fuel subsidies that encourage wasteful consumption,** in line with longstanding pledges in the G20, APEC and the SDGs.
- ❑ **Third, promote a global circular economy,** for example by facilitating trade along the supply chains needed to scale up recycling and other activities that save resources and minimize waste generation. There would be tremendous synergies between this part of the work programme and the dialogue on plastics pollution.
- ❑ **Fourth, strengthen the mutual supportiveness between trade and the action agenda on climate change.** This could include more and better collaboration across countries on the design, use and promotion of carbon footprint schemes, as well as on the assessment of the carbon content in traded products. Doing so would support climate-friendly consumer choices and strengthen the incentives for low-carbon production, while avoiding the creation of unnecessary trade obstacles.
- ❑ **And fifth, assist efforts in the smallest and poorest countries to identify green financing sources to develop skills, supply capacity and trade infrastructure** to participate in green value chains and the rapidly expanding sectors of the green economy.

Most of these issues have been discussed in the CTE over its 25-year history. WTO Members can tap into the wealth of information in the CTE as they consider how to move forward.

Members are in the driver's seat at the WTO and as a result, need to take the decisions now to embark on the paths forward.

The Secretariat is eager and ready to support your efforts to make progress.

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