

Enhancing International Cooperation in Standards-Setting and Implementation: Considerations for Further Engagement on TrCMs

Thematic Session

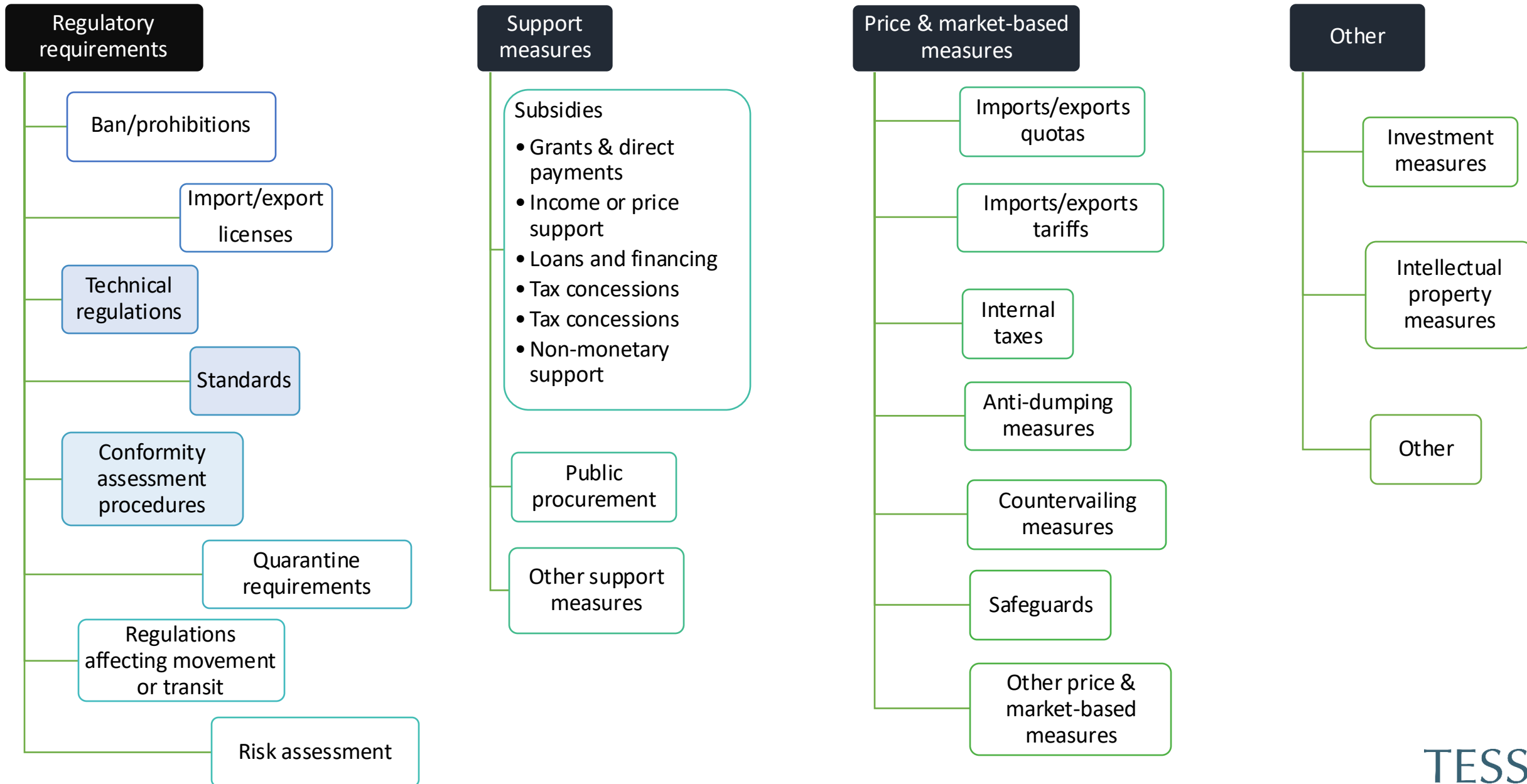
WTO Committee on Trade and Environment

Carolyn Deere Birkbeck, Executive Director &
Christophe Bellmann, Head of Strategy & Policy Analysis, TESS
Geneva, 4 February 2025

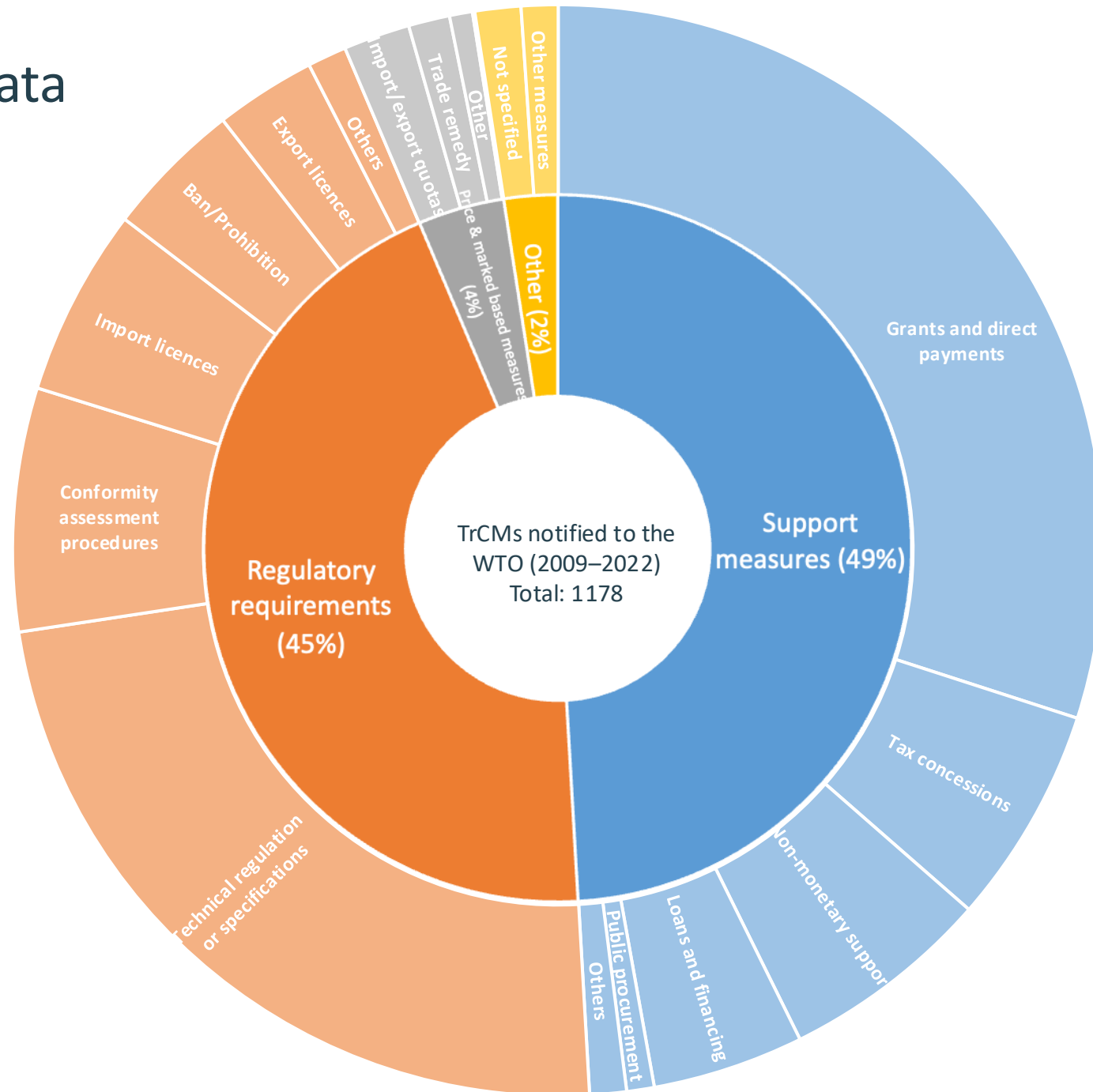
TESS Forum on Trade,
Environment,
& the SDGs



Standards in Context: What range of measures can “TrCMs” cover?



Recalling TrCM data from the WTO Environmental Database

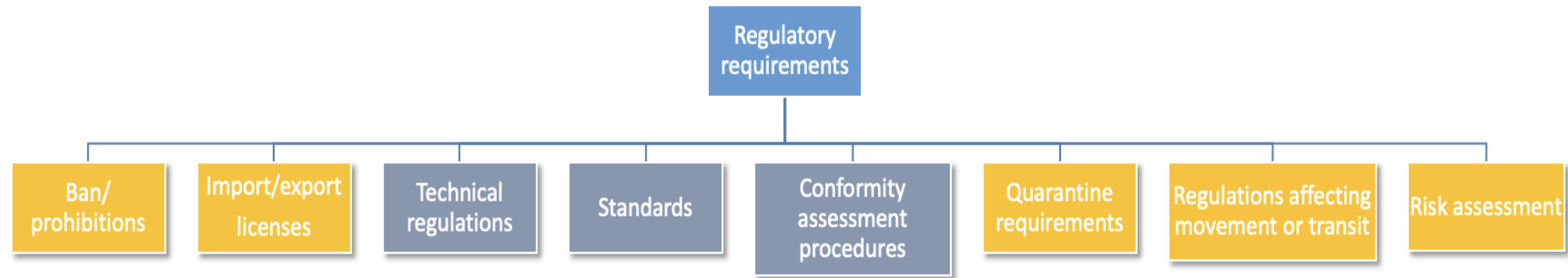


Notes:

- Some measures can appear multiple times due to notification requirements
- Data do not tell us about the effectiveness of measures in terms of their climate impact or about the significance of measurements in terms of their implications for trade
- No category for voluntary sustainability standards (an alternative source is the ITC Sustainability standards Map)

Source: WTO EDB (2025)

Climate-related Sustainability Standards – Connecting Dots in Session 1 & 2



In relation to three topics, we heard about a broad range of measures, actors, standard-setting processes, development challenges & opportunities, as well as tools

To advance climate goals, a range of requirements & standards on:

- Products and production processes
- Measurement & accounting
- Definitions & concepts (e.g, net zero, low carbon)
- Data gathering
- Monitoring, reporting, auditing & verification
- Traceability & disclosure
- Labelling

Various sources of regulations:

- Trade ministries
- Energy ministries
- Climate ministries
- Industry ministries
- Finance ministries

Development issues

- Capacity & financing gaps
- Opportunities but also high costs
- Proliferating requirements
- Varying opportunities for input
- Uneven consideration of local circumstances

Various sources of voluntary standards:

- International, regional, multi-stakeholder, government, private sector or NGO-led
 - ISO, IEC, ARSO
 - Horizontal (env. risk management)
 - Sectoral (agriculture, textiles, automotive, steel) or supply chain specific
 - Cross-cutting (finance - ISSB)

Note: Some standards are incorporated into or become mandatory regulations, are referred to in trade agreements, or can become default requirements

Sample of Challenges Members Raise

Transparency

Fragmentation, Tensions & Frictions

Inadequate Consultation/Input in
Development of Measures/Standards

Development Impacts & Considerations

Compliance Costs for Business

Proliferation of TrCMs

Environmental Effectiveness & Credibility

Where is Cooperation Needed?

=> Has spurred interest in cooperation to:

- Increase transparency
- Reduce tension & frictions
- Promote environmental effectiveness
- Support equity & development
- Reduce costs
- Support coherence & interoperability
- Improve consultation & participation
- Connect dots between challenges & issues related to range of TrCMs
- Improve guidance to domestic & external stakeholders

Building on What Exists: Sample of Ways TrCMs are Addressed & Arise at the WTO

In WTO Agreements

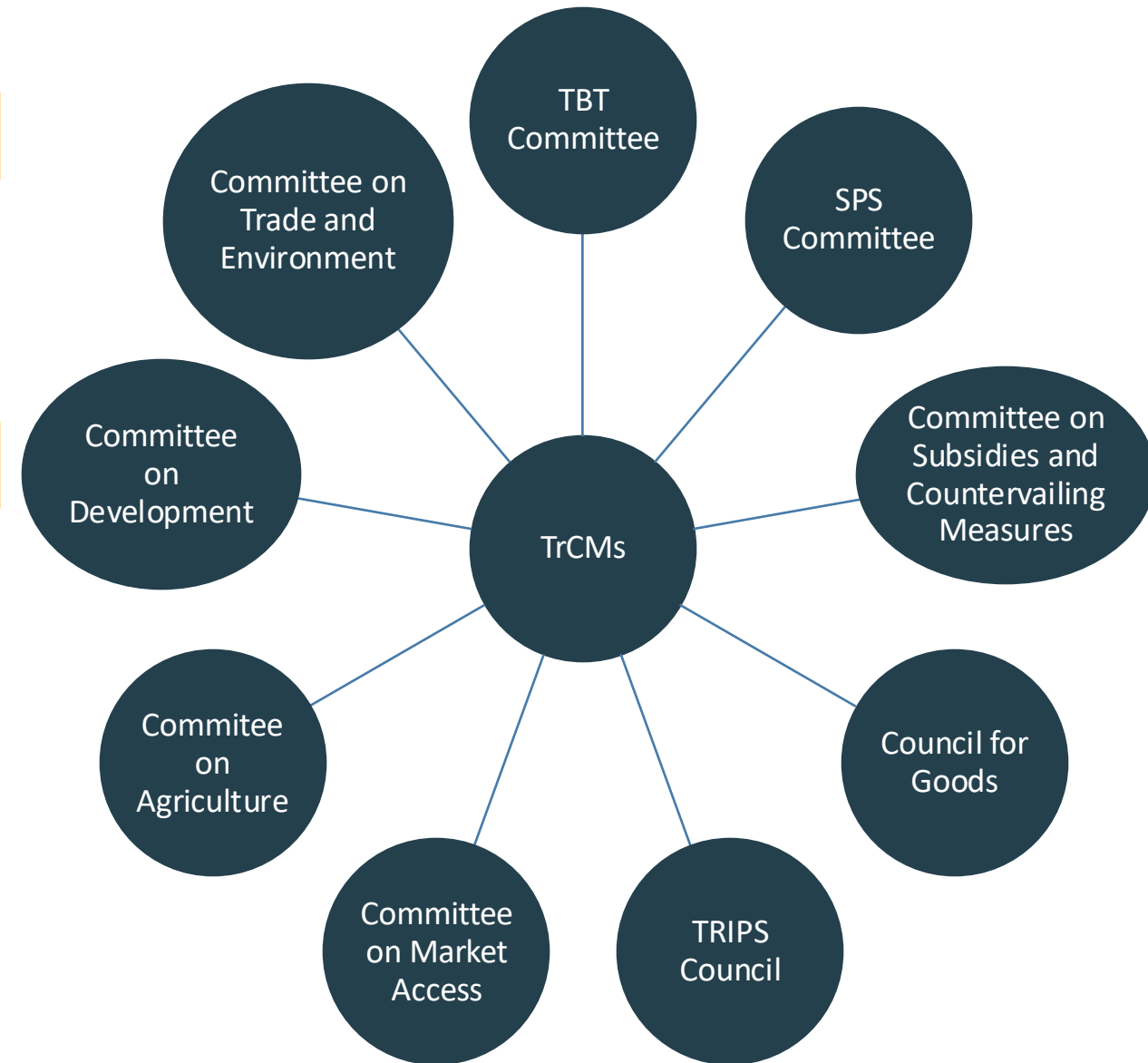
- WTO principles (non-discrimination, national treatment, exceptions - including Article XX)
- substantive rights & obligations
- notification requirements

In WTO Committees*

- review of agreements and relevant provisions
- space for regular dialogue
- review of notifications
- mandates for updating agreements over time
- discussion of special trade concerns
- discussion of issues of concern for developing countries
- development of recommendations, best practices, guidelines
- thematic sessions

* Certain TRCMs are sometimes discussed in several bodies simultaneously

* Different committees serve different combinations of these functions



Sample of Work of The TBT Committee Relevant to TrCMs

Requires WTO Members to notify promptly any regulations in this area to the TBT Committee for timely dialogue and review;

In 2000, the Committee produced Six Principles for the Development of International Standards, Guides and Recommendations to support further implementation of TBT Agreement's Code of Good Practice for the preparation, adoption and application of standards.

In 2024, the Committee adopted new guidelines on conformity assessment procedures: Non-prescriptive practical guidelines to support regulators in the choice and design of appropriate and proportionate conformity assessment procedures.

Relevant body for seeking clarifications, raising concerns and seeking resolution regarding regulations in this area

Thematic sessions

Sample of Range of Possible Types of Cooperation Members Could Consider at WTO

Dialogue for fostering better mutual understanding

Mapping of relevant policies, measures, and issues

Exchange of experiences and lessons learned

Developing shared understanding on good practices

Voluntary guidelines, recommendations, best practices, principles

Enhanced transparency & notification

Voluntary collective actions or pledges

Rule-making

Enhancing Cooperation on TrCMs: Sample of Existing Suggestions from Members on Possible Areas for Further Follow-Up

Framework for Cooperation: Suggestions of Core Elements/Principles

- Urgency of climate action/prevention
- Coherence & mutual supportiveness
- International cooperation
- Transparency and consultation
- Prohibition of arbitrary or unjustifiable discrimination
- Sovereignty
- Development dimension (equity, S&DT, CBDR-RC)
- Just and inclusive transitions

Note: The non-exhaustive compilation of suggestions noted on this and subsequent slides on possible areas for further follow up draws from the growing range of Member proposals, submissions, presentations, Ministerial statements, and various WTO Committee meeting reports. There is much interest and much that is already on the table that can be discussed, connected and built upon.

Enhancing Cooperation on TrCMs: Sample of Existing Suggestions from Members

High-level guidance: Elements

Substance

- Use relevant international standards where available
- Consider harmonization, equivalences & mutual recognition
- Use best available scientific evidence; consider varying local conditions
- Pursue origin-neutral measures that do not de facto or in effect constitute arbitrary discrimination between countries where same conditions prevail
- Not more trade restrictive than necessary to fulfil legitimate objectives
- Avoid excessive regulatory burdens and costs
- Ensure attention to development considerations & address challenges

Process

- Conduct ex-ante & ex-post impact assessments (including for trading partners)
- Foster transparency & consultation before, during, and after the regulatory development process, including with stakeholders & trading partners

Enhancing Cooperation on TrCMs: Sample of Existing Member Suggestions

Framework for Cooperation: Elements and Core Principles

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Good practices/design features for interoperability: Topics raised for consideration of trade-related aspects

- Methodologies for carbon accounting & measuring embedded emissions (actual data, default & threshold values)
- Equivalences (e.g. carbon price & non-price measures); credit for third countries policies; consideration of local circumstances
- Data requirements
- Reporting & disclosure requirements
- Exemptions (e.g. geographical conditions, *de minimis*)
- Transition periods & implementation timelines
- Finance, technical assistance, capacity building, AfT
- Revenue use

Who Might use Enhanced Guidance on TRCMs?

Trade ministries and negotiators

Other ministries active in design of TrCMs (e.g. energy, ag, env, finance, industry)

Domestic legislative bodies

Business, experts & civil society active in climate or trade policy processes

Actors leading private-public climate standard-setting/initiatives

Thank you!



tessforum.org



info@tessforum.org



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