

TRADE AND ENVIRONMENTAL SUSTAINABILITY STRUCTURED DISCUSSION (TESSD)

BRIEF ON TESSD AND ITS PACKAGE FOR MC14

Objectives and approach

TESSD, a Member-driven initiative open to all Members, was launched in November 2020 with the intention of intensifying work on trade and environmental sustainability, while complementing the work of other WTO bodies, including the Committee on Trade and Environment. In the 2021 TESSD Ministerial Statement ([WT/MIN\(21\)/6/Rev.2](#)), adopted ahead of MC12, Members recognized that international trade and trade policy can and must support environmental and climate goals. They also committed to identifying concrete actions that they could take individually or collectively to expand opportunities for environmentally sustainable trade in an inclusive and transparent way, consistent with WTO obligations.

Today, TESSD has 79 co-sponsors, accounting for more than 85% of global trade and representing Members from all regions and levels of development. A distinctive feature of TESSD is the active participation of stakeholders from the business community, civil society, academic institutions as well as other international organizations, who enrich the deliberations in TESSD with their technical expertise. As a platform for dialogue and cooperation, TESSD has helped revitalize discussions on trade and the environment within the WTO and has successfully brought together Members and stakeholders to share their experiences and best practices in support of sustainable development through trade.

TESSD carried out substantive discussions in four Working Groups. Since 2023, they pursued a sector-specific approach, covering the following areas:

- **Trade-related Climate Measures (TrCMs)**: This Working Group exchanged experiences and best practices on how to enhance cooperation on TrCMs while supporting climate objectives. It also paid particular attention to the perspectives of developing countries.
- **Environmental Goods and Services (EGS)**: This Working Group adopted an objective-driven approach to explore how EGS can contribute to climate mitigation and adaptation. Discussions also addressed sector-specific opportunities for promoting and facilitating EGS trade.
- **Circular Economy – Circularity**: The Working Group examined trade-related aspects of circular economy across the lifecycle of various products, including batteries, and shared policy experiences from a wide range of sectors. Consideration was given to the perspectives of developing Members throughout these discussions.
- **Subsidies**: This Working Group explored the potential positive and negative environmental effects of subsidies as well as their impacts on trade. Discussions focused on sharing experiences, enhancing transparency, improving data availability, and deepening understanding of subsidy practices.

TESSD Factbox

Co-convenors: Canada and Costa Rica

Co-sponsors: 79 Members, representing more than 85% of world trade.

Albania; Argentina; Australia; Austria; Bahrain, Kingdom of; Barbados; Belgium; Brazil; Bulgaria; Cabo Verde; Canada; Chad; Chile; China; Colombia; Costa Rica; Croatia; Cyprus; Czech Republic; Denmark; Ecuador; Estonia; European Union; Fiji; Finland; France; the Gambia; Germany; Greece; Honduras; Hong Kong, China; Hungary; Iceland; Ireland; Israel; Italy; Japan; Kazakhstan; Korea, Republic of; Latvia; Liechtenstein; Lithuania; Luxembourg; Macao, China; Maldives; Malta; Mexico; Moldova, Republic of; Montenegro; Netherlands; New Zealand; North Macedonia; Norway; Panama; Peru; Philippines; Poland; Portugal; Romania; Russian Federation; Saudi Arabia, Kingdom of; Senegal; Singapore; Slovak Republic; Slovenia; Spain; Suriname; Sweden; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; Tajikistan; Thailand; Türkiye; Ukraine; United Arab Emirates; United Kingdom; United States; Uruguay; Vanuatu.

TESSD website: https://www.wto.org/english/tratop_e/tesdd_e/tesdd_e.htm

TESSD MC14 Package

Since MC12, TESSD has focused its work on how trade and trade policy can support environmental objectives such as climate change adaptation and mitigation, particularly in the context of the low-carbon transition. At MC13 in 2024, TESSD adopted an updated workplan ([WT/MIN\(24\)/11/Add.1](#)), with its four Working Groups carrying out detailed, technical work on specific topics and sectors. The TESSD package for MC14 includes a Ministerial Statement by the TESSD Co-convenors, an overarching document titled, TESSD: Insights and Outcomes from Five Years of Work – A Co-Convenors' Report, and outcome documents of the four Working Groups, which highlight Member experiences and provide insights for policymaking. In particular, Members have identified:

- trade-related policies to advance a circular economy and climate action in various sectors;
- indicative lists of goods and services for supporting the energy transition, water supply and wastewater management, climate adaptation, and sustainable agriculture;
- subsidy design considerations to benefit the environment and support the low-carbon transition.

Brief overview of MC14 documents

- **Ministerial Statement by TESSD Co-convenors** ([WT/MIN\(26\)/22](#)): Reflects on the progress and evolution of TESSD since MC13, highlighting its role in fostering inclusive and transparent dialogue while exploring best practices and opportunities for policymaking and integrating development perspectives. The Statement recognizes the accomplishments of TESSD and its role in reinvigorating discussions on trade and environmental issues at the WTO and encourages Members to continue dialogue within TESSD beyond MC14.
- **TESSD: Insights and Outcomes from Five Years of Work – A Co-Convenors' Report** ([WT/MIN\(26\)/22/Add.1](#)): Summarizes the evolution of TESSD and its key achievements over the past five years.
- **Outcome documents of the four TESSD Working Groups:**
 1. **A Compilation and Mapping of TrCMs** ([WT/MIN\(26\)/22/Add.2](#)): The document includes Member-shared policies for sectors including iron and steel, fertilizers, aluminium, hydrogen, and construction, buildings, and cement, organised into six categories: carbon pricing and emission trading systems; border carbon adjustments; taxes and incentives; regulatory measures; voluntary actions and cooperative initiatives; and trade preferences and sustainability-linked instruments. It also includes illustrative options for enhancing international cooperation, including on information sharing, greater alignment of carbon measurement standards, certification schemes, technical assistance and capacity building.
 2. **Draft and Key Insights and Analytical Summary On Environmental Goods and Services** ([WT/MIN\(26\)/22/Add.3](#)): This Working Group focused on identifying trade barriers and opportunities in pursuing environmental goods and services, in particular for renewable energy. Discussions also addressed technologies supporting climate change adaptation, with a focus on water management and sustainable agriculture. The document outlines approaches to identifying relevant technologies, goods, and services, while noting barriers to their dissemination, challenges facing developing countries, and opportunities and approaches to facilitate their trade. Finally, it includes annexes with indicative lists of such EGS.
 3. **Trade Aspects and Related Member Practices on Circular Economy** ([WT/MIN\(26\)/22/Add.4](#)): Focuses on four key sectors (textiles, renewable energy, batteries, and electronics). The document illustrates how trade and trade measures can support circularity by highlighting Members' examples and practices. It helps inform trade policymakers about the role of trade and trade policies for circularity, including on transparency, standards and regulations, trade facilitation, waste management, capacity building, technical assistance and technologies.
 4. **A Compilation of Design Elements in Subsidies** ([WT/MIN\(26\)/22/Add.5](#)): Examines subsidies related to the transition to a low-carbon economy. The document consists of two parts. The first illustrates elements considered by Members when designing subsidies including (i) the rationale and design elements; (ii) their impact considerations; and (iii) implementation and governance considerations. The second part of the document includes examples of Member experiences organised into five thematic areas namely: low-carbon technologies and industrial decarbonisation; clean hydrogen; biofuels and sustainable aviation fuels; critical minerals value chains; and decarbonisation of maritime transport.