



**Asia-Pacific
Economic Cooperation**

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Fossil Fuel Subsidies, Standstill and Recent Discussions at the WTO

Submitted by: WTO



**Workshop on Potential Options for a
Voluntary Standstill on Inefficient Fossil
Fuel Subsidies
19 August 2021**

This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.



FFS, STANDSTILL AND RECENT DISCUSSIONS AT THE WTO

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WTO RECENT DEVELOPMENTS ON FFS



Negotiating Group on Rules

Fisheries subsidies



Friends of Fossil Fuel Subsidies Reform

Agreement on Climate Change, Trade and Sustainability (ACCTS)

APEC model? Influence on EGA...

CTE Regular

MC11 Buenos Aires

WT/MIN(17)/54

MC12 Geneva ?

JOB/GC/264

NEW T&E INITIATIVES



Trade and Environmental Sustainability Structured Discussions (TESSD)

WT/CTE/W/249/Rev.1 – (53) Australia; Canada; Chad; Chile; Colombia; Costa Rica; European Union; Fiji; Gambia; Iceland; Japan; Kazakhstan; Korea, Republic of; Liechtenstein; Maldives; Mexico; Moldova, Republic of; Montenegro; New Zealand; North Macedonia; Norway; Senegal; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; United Kingdom

INF/TE/SSD/W/1



Informal Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade

WT/CTE/W/250/Rev.1 – (17) Australia, Barbados, Cabo Verde, Canada, Central African Republic, China, Costa Rica, Ecuador, Fiji, The Gambia, Jamaica, Kazakhstan, Morocco, New Zealand, Switzerland, Thailand and United Kingdom

WTO RULES AND SUBSIDIES STANDSTILLS



Agreement on Subsidies and
Countervailing Measures

Agreement on Agriculture

GATT 1994...

In general terms, WTO rules on subsidies focus on **negative trade effects** of support
In addition, some subsidies are simply prohibited:

However, as with any trade-related
policy, **implementation is key** and
might raise trade concerns:



Subsidies contingent upon the
use of domestic goods

Subsidies contingent upon
export performance



WTO RULES AND SUBSIDIES STANDSTILLS



When it comes to the environment, the basic thrust of WTO rules is that environmental objectives should **not be used as an excuse to protect domestic producers**



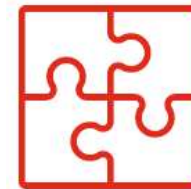
Coherence

The trade restriction or difference in treatment between domestic and imported products provided by the measure is justified by the legitimate objective and not to protect domestic sectors.



Mindful and holistic

The measure is part of a holistic environmental policy and considers the impact on other countries, as well as on other national, regional and international efforts on the same topic.



Fit-for-purpose

The measure can efficiently contribute to the legitimate objective in a balanced way or is part of a national conservation policy also restricting domestic production or consumption.



Flexible

The measure is result-oriented and takes into account alternative measures to address the same challenge as effectively, albeit through different methods, including due to national and regional environmental conditions.

Next steps?



A forum for debate

Selected topics recently raised at the CTE:

- Carbon footprint schemes
- Trade elements of climate mitigation and adaptation policies
- Fossil fuels subsidies reform
- Eco-labelling schemes and market access
- Illegal logging
- Illegal, unregulated and unreported (IUU) fishing
- Circular economy and plastics

Collaboration between the WTO,
Multilateral Environmental Agreements
(MEAs) and other international
institutions

