

Ten Points on Trade and Sustainable Development for the Trade Policy Review

- By Czech Republic, Denmark, Finland, Ireland, Netherlands and Sweden.

1. We need an open and fair international trade policy that supports sustainable global growth, underpins our climate and environmental goals, facilitates the participation of developing countries and benefits all groups in society. International trade is one of the tools for implementing the 2030 Agenda and the Paris Agreement on climate change and supporting a green transition and a post-COVID recovery that is economically, socially and environmentally sustainable.
2. The WTO environmental and climate agenda must be strengthened and international trade policies adapted to contribute to low emission development and a circular economy. Negotiations should be launched to remove tariffs and other trade barriers on green goods and services. To attract broad support for such negotiations among WTO members, we urge the Commission to engage in active and targeted outreach, including to developing countries. The WTO's 12th Ministerial Conference (MC12) in 2021 should be used as an opportunity to launch such an initiative.
3. EU Free Trade Agreements provide useful tools for supporting sustainable development. Effective implementation and enforcement of the sustainability chapters is key. Dialogue and cooperation with trade partners continue to be our preferred approach. However, dispute settlement proceedings should be initiated without hesitation if a partner consistently fails to comply with commitments. The appointment of a Chief Trade Enforcement Officer is an important step in this regard. We encourage the Commission to improve and develop the use of the sustainability impact assessments during the Free Trade Agreement negotiation processes.
4. To contribute to the EU Green Deal priority of phasing out all fossil fuel subsidies, cooperation on fossil fuel subsidy reform should be a component in Free Trade Agreements. Likewise, the EU should actively engage in work in the WTO to develop multilateral rules on transparency and notification of fossil fuel subsidies.
5. In order to develop a circular economy, Free Trade Agreements should include provisions enabling increased circularity of goods, materials and services between the EU and its trading partners.
6. A Carbon Border Adjustment Mechanism could provide a tool to avoid carbon leakage and contribute to the reduction of global CO₂ emissions. However, a thorough impact assessment is needed. Any such mechanism must be fair, transparent, compatible with WTO rules and based on climate objectives, without steering towards protectionism. Special consideration should be given to the impacts on developing countries. Such a mechanism should limit the administrative burden on businesses while ensuring operational feasibility.
7. Social aspects of sustainability are also central. Commitments to international labour standards must go hand in hand with the opening of markets with the aim of upholding high standards and

avoiding a race to the bottom. Through all phases of a trade agreement – from inception to negotiation to implementation – the EU’s leverage should be used to promote ILO core conventions.

8. Aid for Trade is a key element of the Building Back Better agenda after COVID-19, in particular as developing countries are among the hardest hit by the collapse of global value chains and international trade due to the COVID-19 crisis. Emphasis should be on greening Aid for Trade, promoting developing countries’ integration into the global economy and strengthening women’s economic empowerment.

9. The EU’s Generalised Scheme of Preferences (GSP) reduces or removes import duties from products coming into the EU market from developing countries, with the purpose of supporting these countries’ economic and social development through trade, while promoting international values and principles. When the current GSP regulation expires in December 2023, we must ensure a GSP system that is as open and inclusive as possible, and where sustainability in all its dimensions - labour rights, climate action and greening of the economy- is front and centre.

10. Our trade policy should benefit women and men equally. We encourage the Commission to take further steps to maximise the benefits of trade for women by ensuring that trade policy provides opportunities for women leaders and entrepreneurs, by promoting decent and gender equal working conditions, and by increasing women’s influence in the negotiation and implementation of trade agreements. These ambitions are in line with Sustainable Development Goal 5 on empowering women and girls and achieving gender equality.

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