

Agreement on Climate Change, Trade and Sustainability (ACCTS).

Background

Norway, New Zealand, Costa Rica, Fiji and Iceland have launched an initiative for an Agreement on Climate Change, Trade and Sustainability (ACCTS). The agreement will be the first of its kind, and is intended to bring together some of the interrelated elements of the climate change, trade and sustainable development agendas.

The launch of the initiative was announced by the Prime Minister of New Zealand, Jacinda Ardern, together with the Prime Minister of Fiji, Josaia Voreqe Bainimarama, the Prime Minister of Iceland, Katrín Jakobsdóttir, the Prime Minister of Norway, Erna Solberg, and the Vice Minister of Foreign Trade for Costa Rica, Duayner Salas on 25 September 2019, in the margins of the high-level week of the UN General Assembly in New York.

Why do we need an agreement on climate change, trade and sustainability?

- There is widespread awareness of the urgent need for countries to step up their climate and environmental actions. This is vital if we are to hold the rise in the global average temperature to well below 2 degrees Celsius, and seek to limit global warming to 1.5 degrees Celsius above pre-industrial levels.
- The participants in the ACCTS initiative share the view that trade policies, practices and rules have an important and substantive role to play in this area. The negotiations have the potential to bring together some of the interrelated elements of the climate change, trade and sustainable development agendas and demonstrate how they can be mutually reinforcing.
- The group involved in the initial ACCTS negotiations is made up of small, trade-dependent countries that believe trade measures and disciplines can play a valuable role in addressing the urgent challenges of sustainable development in general and climate change in particular. These countries have traditionally been strategically aligned on trade policy issues, and share the goal of achieving a high-quality agreement that sets out concrete and substantive outcomes as quickly and effectively as possible.

The scope

- The parties will consider a range of trade-related measures that can contribute meaningfully to addressing climate change and other major environmental problems. Three key areas will be covered:

1) Elimination of tariffs on environmental goods and new commitments on environmental services.

Liberalisation of trade in environmental goods and services means they will become cheaper to buy in all the ACCTS countries, accelerating access and uptake, and thus helping to improve the environment.

2) Disciplines to eliminate harmful fossil-fuel subsidies.

Disciplines to eliminate fossil-fuel subsidies will play a part in removing the perverse effects of these environmentally harmful and socially regressive subsidies. Such measures can deliver many trade, economic, social and environmental benefits.

3) The development of guidelines for voluntary eco-labelling programmes and associated mechanisms to encourage their promotion and application.

This will support the development of high-integrity eco-labels that have transparent criteria and are meaningful to consumers.

The parties will also be able to put forward **other measures** for consideration, either in the initial phase of the negotiations or later, through the 'living agreement' concept.

How will this help multilateral efforts in trade and climate change

- The outcome of the negotiations should ensure that trade and environmental policies are mutually supportive. The ACCTS should be compliant with WTO rules and other international agreements, support multilateral rules and institutions, and provide a pathway to multilateralism over time.
- Once the initial negotiations have been concluded, the intention is for the ACCTS to be open for other WTO members to join, if they are willing to meet the required commitments. In this way, we hope that the ACCTS initiative will provide a pathway towards multilateral action and set an example of how trade rules can be used to address climate change and other major environmental problems.
- Multilateral action remains Norway's priority in relation to these issues – that hasn't changed. While we will continue to make the case for multilateral action, the five of us are ready to act now. We consider that there is an important role for plurilateral agreements like the ACCTS to play as a pathway and a template for action.
- Our vision is for the ACCTS to demonstrate in practical terms how trade rules can support climate and broader environmental objectives while generating momentum towards an eventual multilateral set of solutions.