

An Agreement on Climate Change, Trade and Sustainability (ACCTS) is being negotiated in secret

During the COP25 in 2019, themed “Time for Action”, a handful of middle power countries issued a Joint Statement that they plan to “apply trade rules and trade-related measures to contribute to the global efforts to limit the temperature increase”.

Which countries are involved?

An unlikely group of middle powers with diverse climate interests: Costa Rica, Fiji, Iceland, New Zealand, Norway, and Switzerland.

What do we know about the ACCTS?

All we have is a series of broad public statements from the countries’ ministers and general information on their websites. The draft texts are secret. Ministers have issued statements at the 11th Ministerial Conference Fossil Fuel Subsidy Reform, the World Economic Forum in 2020, COP 26 and 27 and the 12th WTO Ministerial Conference. Most recently they met in person at the OECD meeting in June 2023 and announced their aim to deliver “an outcome this year in order to inform discussions at MC13”. That’s not going to happen. The 13th Ministerial Conference (MC13) of the WTO will take place February 26—29, 2024 in Abu Dhabi.

Why is a climate agreement being negotiated in secret?

Those countries need to be asked that question, including at events in the climate space to let people know and hold those countries accountable. The most likely reason is that ACCTS is really a trade negotiation and governments almost always conduct those negotiations behind a shield of secrecy until the deal is done.

What is motivating such a diverse group of countries to do this?

They say a small number of like-minded countries can deliver a high quality agreement and set an example. But what ACCTS addresses is selective and self-serving for them. Their real motives seem more about achieving their long-standing and frustrated free trade goals.

What topics does the ACCTS cover?

There are 4 pillars:

1. Liberalising trade in environmental goods
2. Liberalising trade in environmental services
3. Disciplines to eliminate “harmful” fossil fuel subsidies
4. Voluntary eco-labelling

Pillar 1: Eliminating tariffs on “environmental goods”

A sub-group of WTO Members already tried to do that in the WTO in 2014. That failed in 2016 when participating countries couldn’t agree on a list of “environmental goods”. Those talks continue in the WTO “Trade and Environmental Sustainability Structured Discussions.”

How does that address the climate crisis?

In theory, removing tariffs (border taxes) on imports of “green goods and technologies” will make them cheaper and consumers will buy more, replacing climate-harmful products. There’s nothing to stop countries doing that already without an ACCTS. Zero tariffs mainly benefit rich countries that make and export these goods and technologies and have low tariffs anyway. The climate benefits are minimal because consumers’ decisions are affected by many factors other than price and this doesn’t help the Global South develop technologies, capacities and clean production. More trade in smart refrigerators is not going to solve climate change. And it does nothing to address the enormous emissions generated from the growth of trade under the current trade regime of WTO and other FTAs.

Pillar 2: Liberalising trade in environmentally-related services

This means eliminating restrictions on foreign companies that supply services, including preferences for local providers to build domestic capacity. The list of environmentally related services is potentially endless, from water, eco-tourism, finance, transportation, professionals, retailing, health, etc. It's really the back door to a "trade in services" liberalisation deal they have tried to achieve since at least 2000.

How is this meant to address the climate crisis?

They say this will "unlock the potential contribution of this dynamic sector to address climate and sustainability challenges through facilitating access and certainty for environmental service suppliers". Again, the commercial gains would go to rich countries. Poorer countries would remain dependent and send the payments offshore as more foreign services providers penetrate local markets.

Pillar 3: Disciplines to eliminate harmful fossil fuel subsidies

This negotiation seems to be going especially slow. They have to decide how to define and assess "harmful" and what tools to use to eliminate the subsidies. The ACCTS statement at the OECD in 2023 called this goal "ambitious and reflects the complexities of reforming fossil fuel subsidies across a set of diverse economies".

Could this make a difference to the climate crisis?

Potentially yes. There are two elephants in the room. Is Norway, a major oil and gas producer, really going to agree on strong disciplines? In 2020 Norway adopted temporary subsidies for investments in petroleum activities to compensate for low profitability post-Covid, making unprofitable projects profitable for the companies and strengthening Norway's dependence on oil at a time when it should have been reduced.

What's the second elephant?

The focus on *fossil fuel* subsidies ignores subsidies to other major polluters, such as agricultural emitters. That's NZ's major source of greenhouse gas, but the emissions trading scheme exempts agriculture. If NZ does not reduce emissions it has to buy carbon credits offshore to meet its National Determined Contribution (NDC) under the Paris Agreement. A 2023 government report said NZ could pay NZD24 billion to meet its 2030 targets. That's a massive subsidy, and does nothing to address the growing devastation of the climate crisis within the country that disproportionately affects Māori, rural, and poor households.

Pillar 4 is "voluntary eco-labelling"

They say "principles-based guidelines" can "deliver information meaningful to the market while avoiding inadvertent barriers to trade" - while the planet burns.

Are these the best proposals for the climate and trade?

Not even close. The UN Conference on Trade and Development (UNCTAD) has proposed a positive climate and trade agenda for development, which would include: **reducing patent protections on green technologies**, something that the African Group and others have advocated for years; **building technical capacities**, especially of LDCs and SIDS, in setting up climate-smart infrastructure; **providing incentives** like zero tariff regime for plastic substitutes; and ensuring **adequate policy and fiscal space** for developing countries to design their own trade policies that seek environmental goals, such as through a "Climate Waiver" in agreements like the Trade-Related Investment Measures (TRIMS), TRIPS and others.

What can we do about the ACCTS?

Call out these governments if you come from one of the 6 countries and oppose your government joining. Climate campaigners need to expose ACCTS as a fraud on the planet at climate conferences. Trade campaigners need to take this fight into the WTO, which is its ultimate destination, and expose the ACCTS as an anti-development Trojan Horse for the "free trade" agenda that is fuelling the climate catastrophe.

For more information, please contact: Professor Emeritus Jane Kelsey, Faculty of Law

University of Auckland, Aotearoa New Zealand j.kelsey@auckland.ac.nz