

Toward Net Zero in 2040: Providing Legal Options for ECF’s “Future of Trade in a Net Zero World” Report

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Executive Summary

Climate change is no longer a distant threat; it is a present reality with profound and far-reaching consequences. The aim of this report is to build on the foundational analysis presented in *The Future of Trade in a Net Zero World* report by offering detailed legal ‘worked examples’ of trade and investment accord provisions tailored to each of the scenarios identified. By providing concrete, actionable language, this research bridges the gap between conceptual frameworks and practical implementation, demonstrating how legal text can operationalize varying degrees of ambition in international trade governance. Particular emphasis is placed on provisions that exemplify best practices for advancing the

Green Scenario — the “preferred future vision” characterized by strong global cooperation, ambitious climate policies, and sustainable trade systems.

On the “Green Scenario”, the global order built on new eco-social contracts. In this effort, Nationally Determined Contributions (NDCs) under the Paris Agreement have a vital role to play, including fostering the participation of members of civil society. Future trade agreements could mandate more comprehensive and binding participatory frameworks, requiring the active involvement of expert panels, civil society organizations, and affected stakeholders in both trade-related sustainable development initiatives and broader environmental governance.

Another pillar of the envisioned scenario is the creation of a WTO Green Free Trade Agreement (GFTA). A GFTA could have clauses that provide market access for Climate-Friendly Goods and Services. For instance, latest non-traditional trade agreements such as the Australia-Singapore Green Economy Agreement and the ACCTS include lists of Environmental Services for which countries committed to improve market access. In addition, the Agreement could also include provisions that improve trade facilitation and customs cooperation specifically for a designated list of goods related to sustainability and the green economy. The agreement could also include provisions related to technical barriers to trade (TBT) for environmental goods with harmonized eco-labelling standards including the adoption of a common labelling scheme to identify environmentally sustainable products. Transparency Obligations related to the notification of new technical regulations that may affect trade in green goods could also be implemented.

Still according to the envisioned Green Scenario, WTO members have resolved the long-standing conflict over (self-)classification by some developing countries, introducing a more nuanced system, with more differentiated rights and obligations when it comes to decarbonisation and development. Some WTO Members indeed circulated a proposal to adopt a more nuanced approach to developing country status at the organization. At the same time however, a cautious approach must be adopted. LDCs and developing WTO Members have also communicated their hesitation to change the current rules related to developing countries and LDCs.

The Green Scenario also envisions a future Reform of global energy governance systems where protections and favourable treatment for fossil fuels are significantly reduced or eliminated. Central to this transformation is the dismantling of agreements that currently safeguard investments in fossil fuels, such as the Energy Charter Treaty (ECT) and similar arrangements. The innovative provisions within the ACCTS offer a potential blueprint for broader adoption in future trade agreements.

Although not as desirable compared to the Green Scenario, the other three scenarios – Red, Yellow and Blue – were analysed and provisions were provided in order to avoid them. This includes provisions to avoid obstructions in the trade of critical raw materials, ensuring the maintenance of supply chains, avoid the lack of enforcement of climate commitments and to ensure more cooperation in international trade.

1. Intro

Climate change is no longer a distant threat; it is a present reality with profound and far-reaching consequences. According to the Copernicus Climate Change Service, the year 2024 marked a sobering milestone as global average temperatures exceeded 1.5°C above pre-industrial levels for the first time.¹ This threshold, emphasized in the Paris Agreement as a critical limit to avoid the most catastrophic effects of global warming, signals the urgent need for accelerated global action. The crossing of this benchmark reveals the stark gap between international climate ambitions and actual progress, underscoring the complexities of transitioning to a sustainable, low-carbon future.

This study builds upon the foundational analysis presented in *The Future of Trade in a Net Zero World* report by offering detailed legal ‘worked examples’ of trade and investment accord provisions tailored to each of the scenarios identified.² By providing concrete, actionable language, this research bridges the gap between conceptual frameworks and practical implementation, demonstrating how legal text can operationalize varying degrees of ambition in international trade governance. Particular emphasis is placed on provisions that exemplify best practices for advancing the Green Scenario — the “preferred future vision” characterized by strong global cooperation, ambitious climate policies, and sustainable trade systems. These model provisions serve as tools to inspire and guide policymakers, negotiators, and stakeholders in designing agreements that align trade with the overarching goal of achieving net-zero emissions while fostering equitable economic growth and environmental stewardship. The *Future of Trade* report deals with a vast amount of topics

¹ Copernicus, Copernicus: 2024 is the first year to exceed 1.5°C above pre-industrial level <https://climate.copernicus.eu/copernicus-2024-first-year-exceed-15degc-above-pre-industrial-level> (Accessed 10/01/2025)

² The Report and the findings are available online: <https://www.netzerotrade.org/> (Accessed 10/01/2025)

that meander from politics to meteorology.³ Thus, the present study will address the aspects related to investment and trade of the report.

This study seeks to identify both the most effective and the least effective legal innovations that have emerged in recent years, drawing insights from international court decisions and their implications for trade and investment law. By analyzing these examples, the study highlights provisions that can be adopted in future trade and investment agreements to address climate change more effectively. The aim is to illustrate practical approaches that either promote or hinder climate action within the global trade framework, providing policymakers and negotiators with a clearer understanding of legal strategies that align trade with sustainable development goals. This dual focus on best and worst practices underscores the importance of crafting legally robust and forward-thinking agreements that drive climate resilience while avoiding pitfalls that could undermine environmental progress.

2. Explorative Scenarios

The three explorative scenarios explore a future for trade shaped by unpredictability and non-linear developments, reflecting recent geopolitical disruptions. While each presents a plausible, albeit unlikely, vision of trade and climate evolution to 2040, the reality will likely fall somewhere between them. Anticipating these complex challenges is difficult but vital, as geopolitical tensions and climate impacts converge. By looking beyond short-term policy constraints, these scenarios offer a framework for mitigating worst-case outcomes and adapting to unavoidable risks, while also serving to stress-test strategic options.

a) Blue Scenario – Politics, politics, politics! National interest fragments trade

In 2040, trade is fragmented with two blocks - Northwestern and Southeastern trade sphere - with huge costs for consumers worldwide. The Sino-American rivalry is still present with China turning inward with critical raw materials (CRM) processing and domestic consumption. Unilateral measures, such as the Inflation Reduction Act (IRA) and the Carbon Border Adjustment Mechanism (CBAM) complicate international trade flows even further.⁴

³ In the Blue Scenario, for instance, the report notes that around 2026, “Weather events caused by climate change and ensuing political reactions further hinder trade, especially of agricultural products amid recurring food insecurity”, Pg. 34.

⁴ Future of Trade In a Net Zero World Report, Pg. 33.

Among other characteristics, one of the traits of this scenario is the expansion in trade of CRM. Under this scenario, States created “tech-for-CRM” agreements, with a cooperative approach. At the same time however, CRM supply-chain is still exploitative with soft commitments to human rights and local development.⁵

An increasing number of PTAs of latest generation include provisions that are primarily aimed at securing greater access to both energy and raw materials for security purposes. Generally speaking, there are three main clusters of provisions. First, there are provisions aimed at disciplining access to and exercise of the exploration and production activities (EU-UK TCA, Article 327; EU-Ukraine AA, Article 279(3)). Second, there are provisions aimed at prohibiting the use of border measures (tariffs, quantitative restrictions on import and export, and all measures having equivalent effect), dual pricing practices, and/or import or export monopolies. Third, and finally, recent agreements also include provisions aimed at increasing cooperation in these domains.⁶

For instance, the energy and raw materials chapter of the EU-Chile⁷ modernized trade agreement contains a provision restricting parties from implementing import or export monopolies for energy goods or raw materials. This provision is identified as relevant as it ensures that parties have access to critical elements, which may ensure that parties do not restrict trade in these products. It also includes a commitment to regulating the imposition of domestic regulated prices to ensure competitive energy markets. Finally, a clause for the authorization for exploration and production of energy goods and raw materials, which shall ensure that authorizations are granted following a public and non-discriminatory procedure, looks to provide domestic and foreign investors with the opportunity to exploit these resources. Nevertheless, these provisions respond to the trade relation between these countries and are left to interpretation within this scenario.

Latest agreements also exhibit a greater sensitivity to disruptions of supply chains and aim at minimizing risks through apposite monitoring mechanisms. One such example is the Indo-Pacific Economic Framework for Prosperity Agreement Relating To Supply Chain Resilience (IPEF Pillar II), which provides the framework for establishing evidence-based and data-informed cooperative monitoring mechanisms of supply chain vulnerabilities, import dependencies, prices and trade volumes of critical sectors or key goods

⁵ Future of Trade In a Net Zero World Report, Pg. 34.

⁶ See also Art. 25.4 of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU.

⁷ Modernized version of the trade Agreement between the European Union, of the one part, and Chile, of the other part, (2022).

b) Yellow Scenario

The Yellow Scenario envisions a world where action comes too late to prevent increasingly severe and frequent extreme weather events. Accordingly, this report highlights provisions that seek to address the climate emergency but fall short of establishing a binding, enforceable framework for countries to combat climate change effectively. This scenario mirrors the reality of many environment-related provisions in existing preferential trade agreements (PTAs), where trade and sustainable development or environmental chapters are often excluded from formal dispute settlement mechanisms, relying instead on the political will of the parties and non-binding cooperative initiatives.⁸

The first provision in this scenario recognizes climate change but does not provide enforceable mechanisms to tackle it. For example, the UK – Colombia, Ecuador, Peru Agreement, which mirrors the EU agreement with the Andean countries, includes a provision recognizing climate change in its Art. 275. This commitment acknowledges that “climate change is an issue of common and global concern” which “calls for “the widest possible cooperation”. Nevertheless, parties only “agree to consider actions to contribute to achieving climate change mitigation and adaptation objectives”, which may take the form of removal of trade and investment barriers for those goods, services and technologies that can contribute to mitigation or adaptation or through the promotion of measures for energy efficiency and renewable energy. There is no specific trade liberalization of green goods and services nor actions to be undertaken by parties. This soft-law approach may constitute a stepping-stone toward achieving environmental-related objectives. However, it may also constitute wishful thinking without proper impact on the Parties' behavior.

In addition, the recognition of MEAs has become a common practice in PTAs, but their lack of enforceability, as for climate change provisions, leaves these commitments as a mere recognition of common interest. For example, in the Australia – Peru FTA⁹, parties recognize MEAs but only commit to “[...] shall cooperate to address matters of mutual interest”. There are similar provisions in agreements signed by Chile, Colombia, and Ecuador with developed and developing countries without enforceable commitments to address the issue.

⁸ Hoffmeister, F., & Siemer, A. (2024). The Legal Significance of Trade and Sustainability Chapters in EU Free Trade Agreements. *ZEUS Zeitschrift für Europarechtliche Studien*, 27(3), 269-304; Remondino, V. (2023). New Generation Free Trade Agreements at a Crossroads. Assessing Environmental Enforcement of the EU's Trade and Sustainable Development Chapters from Global Europe to the Power of Trade Partnerships Communication. *U. Bologna L. Rev.*, 8, 149.

⁹ Trade Agreement between Australia, of the one part, and Peru, of the other part, (2020).

Most environment-related commitments are built upon cooperation activities. While this approach may contribute to achieving their objectives, the wording of the provisions is ambivalent, and parties are not obliged to be involved in said activities. For example, Ecuador – EFTA¹⁰ FTA includes a cooperation commitment in its Art. 8.12, but it is vague and open, not providing a clear mandate to undertake activities between the Parties.

c) Red Scenario – From competition to cooperation to disintegration. The water trigger

The red scenario supposes trade is low and supply chains are regional. In contrast, trade in anything except food and water has collapsed. Some elements in existing FTAs may negatively impact the formation of international supply chains, favoring their fragmentation, which could promote the said scenario.

Particularly, the fragmentation of trade networks, the so-called “spaghetti bowl”, may lead to regional supply chains and the deterioration of world trade.¹¹ Existing FTAs refers to rules of origin, particularly cumulation. This clause, within the EU-Chile modernized Agreement, while it may be interpreted as providing for the possibility of cumulation between the EU, Chile, and other Latin American economies, may also be understood to exclude other Parties, and therefore promote a fragmentation of value chains, particularly with respect of Asia and Africa.

Under this scenario, given the Sino-American rivalry, supply chain disruptions are ubiquitous. To avoid this, latest agreements also exhibit a greater sensitivity to disruptions of supply chains and aim at minimizing risks through apposite monitoring mechanisms. One such example is the *Indo-Pacific Economic Framework for Prosperity Agreement Relating To Supply Chain Resilience* (IPEF Pillar II), which includes provisions that outlines how countries aim to strengthen the resilience and security of their supply chains. It emphasizes using data and evidence to monitor key goods and critical sectors for vulnerabilities, such as import dependencies and price fluctuations. The countries plan to enhance their ability to track these risks through technical assistance and capacity-building efforts. Additionally, they seek to exchange information about important suppliers, with appropriate permissions, to

¹⁰ Trade Agreement between Ecuador, of the one part, and the European Free Trade Association (EFTA), Iceland, Liechtenstein, Norway and Switzerland, of the other part, (2020).

¹¹ Rayee, A. R. (2023). ‘Rules Of Origin’ as the Most Burdensome Barrier to International Trade and Need for its Better Harmonisation. *Russian Law Journal*, 11(4), 295-299; Lester, S. (2023). Major threats to the WTO and the world trading system, and proposed solutions. In *The Future of Trade* (pp. 229-251). Edward Elgar Publishing.

foster stronger business relationships and more robust supply networks. Finally, the provision highlights cooperation on cybersecurity, encouraging joint responses to incidents affecting critical sectors, sharing information on threats, and developing common strategies to mitigate future risks.¹²

3. Green Scenario

The Green Scenario is considered the goal for the future, the vision for trade in 2040 in a net zero world. According to the report it seeks to “concretely describe a desirable future end-state and to make long-term success imaginable.”¹³ It includes four pillars: global order built on new eco-social contracts; taxation and finance; States and the provision of public goods; and updated trade rules. This report seeks to provide legal provisions from FTAs and IIAs that can foster each key aspect of this scenario.

a) Global order built on new eco-social contracts

According to the Green Scenario, by 2040, there is a paradigm shift toward greater international cooperation, fostering robust eco-social contracts that integrate diverse sectors of society into participatory decision-making processes. This holistic approach encompasses business leaders, consumers, labour organizations, and civil society groups, ensuring a wide range of perspectives contribute to shaping ecological and economic development models. Central to this scenario is the participatory implementation of Nationally Determined Contributions (NDCs) under the Paris Agreement, where inclusive governance frameworks play a vital role in enhancing transparency, accountability, and the legitimacy of climate policy actions. Unlike fragmented or unilateral approaches, cooperative mechanisms under the Green Scenario aim to align national development strategies with sustainability goals through continuous and structured stakeholder engagement, creating a shared vision for a low-carbon economy that benefits all societal actors.

Many existing Free Trade Agreements (FTAs) already include provisions encouraging public participation, but these are often framed as "best efforts" obligations rather than binding commitments.¹⁴ Other agreements promote transparency and consultation by

¹² Article 11.

¹³ Pg. 23.

¹⁴ Art. 12.7(2) of the Chile-Uruguay FTA reads “Each Party shall make its best efforts to respond favorably to requests for consultations made by persons or organizations in its territory in connection with the implementation of this Chapter.” See also Iran-Slovakia BIT (2016), Art. 2(6) and USMCA (2018) Art. 24.7

recommending that parties solicit views from stakeholders through national advisory committees or public consultations.¹⁵ These mechanisms, however, typically lack enforceable mandates, making their impact on decision-making processes uneven. To move beyond this limited engagement, future trade agreements could mandate more comprehensive and binding participatory frameworks, requiring the active involvement of expert panels, civil society organizations, and affected stakeholders in both trade-related sustainable development initiatives and broader environmental governance. This evolution would not only enhance the implementation of FTA environmental chapters but also reinforce national policy frameworks for climate action, including the implementation of NDCs. By institutionalizing participatory governance as a core trade and climate policy practice, states would create more resilient, inclusive, and effective pathways toward achieving net-zero ambitions.

b) Updated Trade Rules

i. Green Free Trade Agreement (GFTA)

The “Green Scenario” also envisages the creation of a Green Free Trade Agreement (GFTA) under the auspices of the WTO. A GFTA could have clauses that provide market access for Climate-Friendly Goods and Services. A tariff phase-out schedule could be agreed for goods such as solar panels, wind turbines, electric vehicles, and energy-efficient technologies. Some agreements commit the Parties to eliminate custom duties imposed on environmental goods originating in the other Party;¹⁶ in such cases, the agreements contain extensive lists of environmental goods to this end. The lists respond to different definitions of environmental goods espoused under the agreements, reflecting the lack of consensus on an international accepted definition but generally include items in the areas of renewable and low carbon energy, energy efficiency and, more generally, climate change mitigation and adaptation technologies.¹⁷ Agreements such as the ACCTS provide a list of 300 environmental goods and requires the Parties to remove eliminate tariffs and other trade barriers for them.

¹⁵ Art. 12.7(3) of the Chile-Uruguay FTA reads “Each Party shall make use of existing consultative mechanisms or establish new mechanisms, such as national advisory committees, to seek views on matters relating to the implementation of this Chapter. These mechanisms may include persons with relevant expertise, as appropriate, including expertise in business, conservation and natural resource management, or other environmental matters.”

¹⁶ See Chapter 2 of the ACCTS and Article 20.18 of the CPTPP.

¹⁷ *UK-New Zealand FTA*, Article 22.7 and Annex 22A, *ANZTEC*, Chapter 17, Article 3.2(a) and Annex 7, *EU-New Zealand FTA*, Article 19.11(2) and Annex 19.

Latest non-traditional trade agreements such as the Australia-Singapore Green Economy Agreement and the ACCTS also include lists of Environmental Services for which countries committed to improve market access and, in the case of ACCTS, grant national treatment based on scheduling commitments.¹⁸

In addition, the Agreement could also include provisions that improve trade facilitation and customs cooperation specifically for a designated list of goods related to sustainability and the green economy. These provisions would streamline and simplify customs procedures for climate-friendly goods, such as renewable energy technologies (solar panels, wind turbines, and energy storage systems), sustainable agricultural products, low-emission vehicles, and energy-efficient machinery. By implementing fast-tracked clearance mechanisms, the Agreement would reduce border delays, minimize bureaucratic burdens, and lower transaction costs for businesses trading in environmentally beneficial products. Moreover, enhanced cooperation among customs authorities would promote the adoption of standardized procedures, digitalization of trade documentation, and mutual recognition of authorized economic operator (AEO) programs. Such measures would not only facilitate the efficient movement of sustainable goods across borders but also strengthen transparency, predictability, and trust among trading partners. Ultimately, these trade facilitation reforms would enhance market access for climate-friendly goods, accelerating their adoption and contributing to global efforts to transition to a low-carbon economy.

Services liberalization would also serve as a critical platform for advancing sustainability efforts in the future, creating new opportunities for green growth and innovation. This includes the targeted liberalization of key sectors that directly contribute to environmental sustainability and climate resilience. For instance, opening markets for renewable energy consulting services would allow businesses with specialized expertise in solar, wind, and geothermal energy solutions to operate more freely across borders, enabling the transfer of cutting-edge knowledge and best practices. Liberalizing environmental engineering services would support the design and implementation of sustainable infrastructure projects, including water treatment systems, waste management facilities, and energy-efficient building technologies. Additionally, removing barriers to trade in carbon capture and storage (CCS) services would accelerate the deployment of technologies that capture and store carbon dioxide emissions, a vital component of climate change mitigation. Climate risk assessment services, which provide critical insights into potential environmental and financial risks, would also benefit from greater market access,

¹⁸ *Australia-Singapore Green Economy Agreement*, para. 9 (a) (iii)-(iv) and Annex B.1.1 and B.1.2; *AACTS*, Article 3.3, Article 3.5 and Article 3.6 and Annexes 3 and 4.

enhancing the capacity of governments and businesses to anticipate and manage climate-related challenges. By fostering competition and encouraging the exchange of expertise, the liberalization of these services would drive innovation, lower costs, and strengthen the global response to sustainability challenges. In doing so, it would create a dynamic, forward-looking framework that supports both current and future climate objectives.

The agreement could also include provisions related to technical barriers to trade (TBT) for environmental goods. Harmonized eco-labelling standards - the adoption of a common labelling scheme to identify environmentally sustainable products – could be agreed upon by WTO Members. A number of PTAs include provisions aimed at tackling non-tariff barriers to trade and investment in the green economy, facilitate regulatory convergence and/or set guidelines for voluntary eco-labelling programmes aimed at mitigating risks of unnecessary barriers to commerce.¹⁹

Transparency Obligations related to the notification of new technical regulations that may affect trade in green goods could also be implemented. Special mechanisms for enquiry points related to environmental-related measures could also be implemented. Capacity building and technical assistance could also play a role to foster the capacity of developing countries in related fields. Support for Developing Countries: Assistance in implementing green trade commitments, including capacity building for sustainable trade practices and compliance with environmental standards.

ii. Reform to the country status classification system at the WTO

According to the envisioned Green Scenario, WTO members have resolved the long-standing conflict over (self-)classification by some developing countries, introducing a more nuanced system, with more differentiated rights and obligations when it comes to decarbonisation and development. In 2019, Norway and other WTO Members²⁰ indeed circulated a proposal to adopt a more nuanced approach to developing country status at the organization.

The proposal notes that “[n]egotiating criteria for designating Members’ access to S&D is unlikely to be productive.” Rather, the proponents advocate is responding to “the specific development needs of Members. [...] S&D should be adapted to the particular situations faced by developing Members in different areas of economic activity and appropriately adjusted as those situations evolve.” The communication thus concludes

¹⁹ *EU-Singapore FTA*, Article 7.5.1 and 7.5.2.

²⁰ Co-sponsored by Canada, Hong Kong China, Iceland, Mexico, New Zealand, Singapore, and Switzerland, see [WT/GCW/770](#).

noting that “[a]iming at consensus on a negotiated set of criteria for when a developing Member should have access to S&D is neither realistic nor necessarily useful.” In sum, Norway others propose a more pragmatic way of viewing S&D.

At the same time however, a cautious approach must be adopted. LDCs and developing WTO Members have also communicated that “[d]eveloping countries’ unconditional rights to S&D in WTO rules and negotiations must continue;” that “[d]eveloping countries must be allowed to make their own assessments regarding their own developing country status” and that “S&D must be provided in current and future negotiations”.²¹ As a result, a cautious approach to introducing a more nuanced system, with more differentiated rights and obligations when it comes to decarbonisation and development is required.

iii. Clauses allowing for discrimination between “like” products based on their carbon-content

The Green Scenario also posits that States have also agreed on rules that allow for discrimination between “like” products based on their carbon content. The issue has been extensively debated in academia whether WTO rules allow for Members to distinguish between goods based on their carbon content without violating trade principles such as MFN and National Treatment. Certain agreements related to investment for example allow for distinction between investments if the measure is adopted in pursuit of a legitimate public purpose that is not based on the nationality of the investor or of nationality of the owner of an investment [...] including the protection [...] of the environment”.²² This rationale can be applied to the trade of goods and services to allow for a more nuanced distinction that is calibrated for high-intensity carbon goods and those less so.

iv. Reform of global energy governance systems

The Green Scenario envisions a future where protections and favourable treatment for fossil fuels are significantly reduced or eliminated, reflecting a decisive global shift toward sustainable energy systems. Central to this transformation is the dismantling of agreements that currently safeguard investments in fossil fuels, such as the Energy Charter Treaty (ECT) and similar arrangements. The ECT, which protects energy sector investments, including fossil fuel projects, has faced growing criticism for its misalignment with climate goals. Efforts

²¹ [WT/GC/202/Rev.1](#)

²² Article 4.4(b) of the Iran-Slovakia BIT.

to reform or withdraw from the treaty have gained momentum, particularly in Europe, where several countries have already signaled their intention to exit the agreement. Moving beyond the ECT's protections would remove key legal and financial incentives that currently hinder the transition to renewable energy, paving the way for more climate-aligned trade and investment frameworks.

A crucial reference point for phasing out fossil fuel subsidies is the Agreement on Climate Change, Trade, and Sustainability (ACCTS). This pioneering agreement represents the first binding international treaty explicitly addressing fossil fuel subsidy reform. Under its provisions, subsidies for coal, as well as certain subsidies for oil and gas, will be prohibited. Furthermore, the agreement imposes strict limitations on the introduction of new fossil fuel subsidies and prohibits the expansion of any authorized measures. This approach aims to correct market distortions caused by subsidies that artificially lower the cost of fossil fuels, making renewable energy less competitive. By internalizing the environmental costs of fossil fuels, the ACCTS promotes fairer market conditions that support sustainable energy alternatives.

The innovative provisions within the ACCTS offer a potential blueprint for broader adoption in future trade agreements. Expanding similar commitments to encompass more bilateral and multilateral trade relations could accelerate global efforts to phase out fossil fuel reliance. For instance, provisions prohibiting subsidies could be integrated into the environmental chapters of comprehensive trade agreements or used to develop standalone multilateral agreements focused on fossil fuel subsidy reform. Additionally, these commitments could be reinforced by incorporating mechanisms for transparency, regular reporting, and compliance monitoring, ensuring that participating states adhere to their obligations. By scaling these efforts across different trade contexts, the Green Scenario envisions a trade and investment landscape that aligns economic incentives with the urgent need for decarbonization, fostering a sustainable and equitable global economy.

Progressively more ambitious commitments on fossil fuel subsidies were also included in other agreements. They also vary in terms of ambition: in the *EU-New Zealand FTA*, the Parties commit to cooperate and encourage other members to pursue FFSs reform in international fora; in the *EU-New Zealand FTA* the Parties commit, among others, to “reforming and progressively reducing fossil fuel subsidies”²³ while the *UK-New Zealand FTA* bind the Parties “to take steps to eliminate harmful fossil fuel subsidies where they exist,”²⁴ and to “end” unabated coal-fired electricity generation in their territories,²⁵ direct financial

²³ Art. 19.7(3) *EU-New Zealand FTA*.

²⁴ Art. 22.8(2)(a) of the *UK-New Zealand FTA*.

²⁵ Art. 22.8(2)(b) of the *UK-New Zealand FTA*.

support such as officially supported export credits for fossil fuel energy in non-parties,²⁶ and international aid funding for fossil fuel energy.²⁷

4. Annex I

a) Green Scenario

Characteristics	Agreement	Provision
Clauses conducive to eco-social contracts in which all sectors of society (business, consumers, labor, civil society, etc.) are included in participatory deliberations on ecological and economic development models with the involvement of all sectors of society in countries' economic development model	Chile-Uruguay FTA (2016)	Art. 12.7(2) - Each Party shall make its best efforts to respond favorably to requests for consultations made by persons or organizations in its territory in connection with the implementation of this Chapter.
	USMCA	Art. 24.7 – Environmental Impact Assessments
		Art. 24.7(2). Each Party shall ensure that such procedures provide for the disclosure of information to the public and, in accordance with its law, allow for public participation.
	Brazil-Chile FTA (2018)	Art. 17.5(3) - Each Party shall facilitate and promote public awareness of its environmental laws and policies, including enforcement and compliance procedures, by ensuring that relevant information is available to the public.
		Art. 17.5(4) - Each Party shall ensure, in accordance with its legal system, that an interested person may request that the competent authorities of that Party investigate alleged violations of its environmental laws and give due consideration to such requests.
		Art. 17.5(7) - Each Party shall receive requests for information from persons or organizations in its territory regarding the implementation of this Chapter, which shall be considered and responded to in accordance with its legal system.
Art. 17.5(8) - Each Party shall make use of existing consultative mechanisms or, if appropriate, establish new mechanisms, to seek views on matters related to the implementation of this Chapter.		
Phasing out Fossil Fuel Subsidies	EU-New Zealand FTA	Art. 19.7(2) - 2. The Parties recognise that fossil fuel subsidies can distort markets, disadvantage renewable and clean energy, and be inconsistent with the goals of the Paris Agreement.
		Art. 19.7(3) - 3. In light of paragraphs 1 and 2, the Parties share the goal of reforming and progressively reducing fossil fuel subsidies and reaffirm their commitment to work to meet that goal in accordance with national circumstances, while taking fully into account the specific needs of populations affected.
	UK-New Zealand FTA	Art. 22.8 (a) - each Party shall: (a) take steps to eliminate harmful fossil fuel subsidies where they exist,

²⁶ Art. 22.8(2)(e) of the UK-New Zealand FTA.

²⁷ Art. 22.8(2)(f) of the UK-New Zealand FTA.

		<p>with limited exceptions in support of legitimate public policy objectives;</p> <p>Art. 22.8(b) - as fellow members of the Powering Past Coal Alliance, end unabated coal-fired electricity generation in their territories as part of a clean energy transition aligned with the goals of the Paris Agreement;</p> <p>Art. 22.8(e) - end new direct financial support, such as officially supported export credits, for fossil fuel energy in non-parties</p> <p>Art. 22.8 (f) - end international aid funding for fossil fuel energy except in limited circumstances [...]</p>
Eco-labelling	EU-Singapore FTA	<p>Art. 7.5 – Standards, Technical Regulations and Conformity Assessments</p> <p>Art. 7.5(1) - Where international or regional standards exist with respect to products for the generation of energy from renewable and sustainable non-fossil sources, the Parties shall use those standards, or the relevant parts of those standards, as a basis for their technical regulations except when such international standards or relevant parts would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued. For the purpose of applying this paragraph, the International Organization for Standardization (hereinafter referred to as 'ISO') and the International Electrotechnical Commission (hereinafter referred to as 'IEC'), in particular, shall be considered relevant international standard-setting bodies.</p> <p>Art. 7.5(2) - 2. Where appropriate, the Parties shall specify technical regulations based on product requirements in terms of performance, including environmental performance, rather than in terms of design or descriptive characteristics.</p>
Clauses conducive to increasing access to modern renewable energy, sanitation and health, and expanded social protections	EFTA-Philippines FTA (2016)	<p>Article 11.4. Upholding Levels of Protection In the Application and Enforcement of Laws, Rules, Regulations or Standards</p> <p>1. A Party shall not fail to effectively enforce its labour and environmental laws, rules, regulations or standards in a manner affecting trade or investment between the Parties.</p> <p>2. Subject to Article 11.3 (Right to Regulate and Levels of Protection), a Party shall not:</p> <p>(a) weaken or reduce the level of environmental or labour protection provided by its laws, rules, regulations or standards with the sole intention to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory; or</p> <p>(b) waive or otherwise derogate from, or offer to waive or otherwise derogate from, such laws, rules, regulations or standards in order to encourage investment from another Party or to seek or to enhance a competitive trade advantage of producers or service providers operating in its territory.</p> <p>Article 11.6. Multilateral Environmental Agreements and Environmental Principles</p>

		The Parties reaffirm their commitment to the effective implementation in their laws, rules, regulations and practices of the multilateral environmental agreements to which they are a party, as well as their adherence to environmental principles reflected in the international instruments referred to in Article 11.1 (Context and Objectives).
	Slovakia-UAE BIT (2016)	<p>Art. 12 – Environmental Rights and other Standards</p> <p>1. The Contracting Parties recognize that it is inappropriate to encourage investment by relaxing public health, safety or environmental measures. They shall not waive or otherwise derogate from, or offer to waive or otherwise derogate from such measures as an encouragement for the establishment, expansion or maintenance in their territories, of an investment.</p> <p>2. Recognizing the right of each Contracting Party to establish its own level of environmental protection and its own sustainable development policies and priorities, and to adopt or modify its environmental laws and regulations, each Contracting Party shall ensure that its laws and regulations provide for high levels of environmental protection and shall strive to continue to improve those laws and regulations.</p> <p>3. Investors and investments should as far as possible apply national and internationally accepted standards of corporate governance for the sector involved, in particular for transparency and accounting practices.</p> <p>4. Each Contracting Party shall promote as far as possible and in accordance with their domestic laws and regulations the application of the OECD Guidelines for Multinational Enterprises to the extent that they are not inconsistent with their domestic laws.</p>
	UK-CARIFORUM EPA (2019)	<p>Art. 185 - Regional integration and use of international environmental standards</p> <p>In the light of the environmental challenges facing their respective regions, and in order to promote the development of international trade in such a way as to ensure sustainable and sound management of the environment, the Parties recognise the importance of establishing effective strategies and measures at the regional level. The Parties agree that in the absence of relevant environmental standards in national or regional legislation, they shall seek to adopt and implement the relevant international standards, guidelines or recommendations, where practical and appropriate.</p>
	Israel-Korea FTA (2021)	Art. 15.3 – Application and Enforcement of Environmental Law

		<p>1. A Party shall not fail to effectively enforce its environmental laws, through a sustained or recurring course of action or inaction, in a manner affecting trade or investment between the Parties, after the date of entry into force of this Agreement.</p> <p>2. The Parties shall not weaken or reduce the environmental protections provided by their laws and regulations to encourage trade or investment, by waiving or otherwise derogating from, or offering to waive or otherwise derogate from, their laws or regulations in a manner affecting trade or investment between the Parties.</p> <p>3. The parties recognize that it is inappropriate to establish or use its environmental laws or other measures in a manner that would constitute a disguised restriction on trade between the parties.</p>
	Chile-Uruguay FTA (2016)	<p>Art. 12.11 – Environmental Cooperation</p> <p>1. The Parties recognize the importance of cooperation as a mechanism to implement this Chapter, enhance its benefits, and strengthen the joint and individual capabilities of the Parties to protect the environment and promote sustainable development, while strengthening their trade and investment relations.</p> <p>2. Where possible and appropriate, the Parties shall seek to complement and make use of their existing cooperation mechanisms and take into consideration the relevant work of regional and international organizations.</p> <p>3. Cooperation may take place through various means, such as dialogues, workshops, seminars, conferences, collaborative programs and projects, technical assistance to promote and facilitate cooperation and training, exchange of best practices in policies and procedures, and exchange of experts.</p> <p>4. Environmental cooperation will be carried out through the design and approval of special programs, which may include areas such as</p> <ul style="list-style-type: none"> (a) Sustainable development objectives; (b) Access to information, participation and justice in environmental matters; (c) Climate change; (d) Biodiversity, conservation of natural resources and protected areas (e) Management of chemical substances and waste; (f) Air quality; (g) Water management and quality; (h) Conservation of marine and coastal edge biodiversity and pollution control (i) Environmental evaluation and inspection; (j) Environmental education; (k) Renewable energy and energy efficiency, and rc) <p>Other areas as agreed by the Parties.</p> <p>5. Such cooperation will take into account the environmental priorities and needs of each Party, as well as the resources available. The financing of cooperation activities will be decided by the Parties on a case-by-case basis.</p>

		<p>6. The Parties shall make available to the public the information regarding the projects and activities they carry out in accordance with this Chapter.</p>
	<p>Armenia-EU CEPA (2017)</p>	<p>Art. 45 - The Parties shall develop and strengthen their cooperation on environmental issues, thereby contributing to the long-term objective of sustainable development and greening the economy. It is expected that enhanced environmental protection will bring benefits to citizens and businesses in the European Union and in the Republic of Armenia, including through improved public health, preserved natural resources, and increased economic and environmental efficiency, as well as through the use of modern, cleaner technologies contributing to more sustainable production patterns. Cooperation shall be conducted while taking into account the interests of the Parties on the basis of equality and mutual benefit, the interdependence existing between the Parties in the field of environmental protection, and multilateral agreements in that field.</p>
	<p>Brazil-Morocco CFIA (2018)</p>	<p>Art. 14 – Joint Committee for Agreement Management</p> <ol style="list-style-type: none"> 1. For the purposes of this Agreement, the Parties shall establish a Joint Committee for the management of this Agreement (hereinafter referred to as the "Joint Committee"). 2. The Joint Committee shall be composed of representatives of the Governments of both Parties, designated by their respective Governments. 3. The Joint Committee shall meet at such times, places and means as the Parties may agree. Meetings shall be held at least once a year, with alternating presidencies of the Parties. 4. The Joint Committee shall have the following duties: <ol style="list-style-type: none"> (a) Supervise the implementation and execution of this Agreement and examine any matter that may affect the proper functioning of this Agreement, including matters related to corporate social responsibility, environmental preservation, health and public safety, respect for human rights, including workers' rights, and the fight against corruption. (b) Discuss and share investment expansion opportunities in their territories; (c) Coordinate the implementation of the Investment Cooperation and Facilitation Agenda agreed by both Parties (Annex I); (d) Consult with the private sector and civil society, as applicable, to present their views on the specific issues submitted to the Joint Committee; (e) Amicably resolve investment problems or disputes and give interpretations of the provisions of the Agreement. An interpretation by the Joint Committee of a provision of this Agreement shall be binding upon the tribunal established under the Article on Settlement of Disputes between the Parties; (f) Supplement the rules for the settlement of arbitration disputes between the Parties, if deemed necessary by the Parties; (g) Consider the need or advisability of recommending to the Parties amendments to the Agreement in accordance with Article 22 of this Agreement.

	EU-UK Agreement (2020)	<p>Art. 395 - Cooperation on monitoring and enforcement</p> <p>The Parties shall ensure that the European Commission and the supervisory bodies of the United Kingdom regularly meet with each other and co-operate on the effective monitoring and enforcement of the law with regard to environment and climate as referred to in Article 391.</p>
Clauses allowing for discrimination between 'like products' based on their carbon-content	Iran-Slovakia (2016)	<p>Art. 4.4. A measure of the Contracting Party that treats investors of the other Contracting Party or their investments less favourably than:</p> <p>b) investors of another State or their investments is not inconsistent with paragraph 2 of this Article; if it is adopted and applied by the Contracting Party in pursuit of a legitimate public purpose that is not based on the nationality of the investor or of nationality of the owner of an investment, either explicitly or factually, including the protection of health, safety, the environment, and internationally and domestically recognized labor rights, or the elimination of bribery and corruption, and it bears a reasonable connection to the stated purpose.</p>
	Morocco-Rwanda (2016)	<p>Art. 2 – Promotion and Protection of Investments</p> <p>5. Measures that have to be taken by either Contracting Party for reasons of public security, public order, public health or protection of environment shall not be deemed treatment "less favourable" within the meaning of this Article.</p>
Market access for Climate-Friendly Goods and Services	CPTPP	<p>Article 20.18: Environmental Goods and Services</p> <p>1. The Parties recognise the importance of trade and investment in environmental goods and services as a means of improving environmental and economic performance and addressing global environmental challenges.</p> <p>2. The Parties further recognise the importance of this Agreement to promoting trade and investment in environmental goods and services in the free trade area.</p> <p>3. Accordingly, the Committee shall consider issues identified by a Party or Parties related to trade in environmental goods and services, including issues identified as potential non-tariff barriers to that trade. The Parties shall endeavour to address any potential barriers to trade in environmental goods and services that may be identified by a Party, including by working through the Committee and in conjunction with other relevant committees established under this Agreement, as appropriate</p> <p>4. The Parties may develop bilateral and plurilateral cooperative projects on environmental goods and services to address current and future global trade-related environmental challenges.</p>
		ACCTS

	Article 2.5.1. Each Party shall eliminate import duties on all environmental goods listed in Annex II (List of Environmental Goods), except as otherwise provided for in that Annex.
	2. A Party shall not introduce new import duties on any environmental good listed in Annex II (List of Environmental Goods).
	Article 2.6 – Elimination of Export Duties
	1. Each Party shall eliminate existing export duties on all environmental goods listed in Annex II (List of Environmental Goods), except as may be agreed upon accession to this Agreement, to the extent strictly necessary and for a period not exceeding five years, as provided for in Annex II (List of Environmental Goods). A Party that has postponed the elimination of export duties on goods in Annex II (List of Environmental Goods) shall endeavour to autonomously minimise the application and level of those duties

b) Blue Scenario

Characteristics	Agreement	Provision
CRM	EU-Chile FTA	Art. 8.4 – Import Export Monopolies
		Art. 8.6 - Domestic Regulated Prices
		Art. 8.7 - Authorization for exploration and production of energy goods and raw materials
	Indo-Pacific Framework	<p>Article 11: Monitoring and Addressing Supply Chain Vulnerabilities</p> <p>1. Each Party intends to employ an evidence-based and data-informed approach to consider its supply chain vulnerabilities and to monitor import dependencies, prices (where appropriate and feasible), and trade volumes of its critical sectors or key goods.</p> <p>2. The Parties intend to explore technical assistance and capacity building to support the development of their supply chain identifying and monitoring capabilities.</p> <p>3. The Parties intend to exchange information to the extent possible regarding enterprises supplying key goods or operating within critical sectors notified by a Party in accordance with Article 10, with those enterprises' consent, to encourage additional business-to-business relationships within the economies of the Parties and further the resilience of IPEF supply chains.</p> <p>4. The Parties intend to collaborate, as appropriate, in responding to cybersecurity incidents impacting critical sectors notified by a Party in accordance with Article 10. Such collaboration may include Computer Emergency Readiness Team (CERT)-to-CERT communications; the development of standard procedures around the sharing of incident data relating to detected attacks targeting critical sectors and infrastructure; incident response, including collective response where possible; and sharing remediation strategies.</p>

c) Red Scenario

Characteristics	Agreement	Provision
Security Exceptions	<i>EU-New Zealand FTA</i>	Article 25.2
	<i>Indo-Pacific Economic Framework for Prosperity Agreement Relating To Supply Chain Resilience (IPEF Pillar II)</i>	<p>Article 7: IPEF Supply Chain Crisis Response Network</p> <p>1. The Parties hereby establish an IPEF Supply Chain Crisis Response Network composed of a relevant senior official from the central level of government of each Party. 2. The IPEF Supply Chain Crisis Response Network shall:</p> <p>(a) serve as an emergency communications channel to rapidly disseminate relevant information among the Parties during a supply chain disruption; (b) facilitate cooperation on responses to supply chain disruptions, including the actions described in Article 12; (c) consider the use of table-tops, stress tests, or similar exercises simulating a range of possible supply chain disruptions to provide the Parties with an opportunity to prepare and test strategies for responding to supply chain disruptions, and may share any conclusions from those exercises with the IPEF Supply Chain Council; and</p> <p>(d) assess past experiences and existing policies and procedures to facilitate preparedness for, and responses to, supply chain disruptions and to minimize any negative impact of supply chain disruptions on IPEF supply chains, and may share any conclusions from those assessments with the IPEF Supply Chain Council.</p> <p>Article 10: Identifying Critical Sectors or Key Goods</p> <p>1. The Parties intend to develop a shared understanding of global supply chain risks, and to support this, each Party shall identify its critical sectors or key goods. Each Party intends to consult with and consider input and recommendations from a diverse set of relevant stakeholders as appropriate, such as the private sector, government authorities, academia, non-governmental organizations, and representative workers' organizations, to identify critical sectors or key goods.</p> <p>2. In identifying its critical sectors or key goods, each Party intends to consider factors such as:</p> <p>(a) the impact of a potential shortage on its national security, public health and safety, or prevention of significant or widespread economic disruptions;</p> <p>(b) the level of dependence on a single supplier or a single country, region, or geographic location;</p> <p>(c) geographic factors including actual or potential transport constraints, especially for its island or remote regions;</p> <p>(d) the availability and reliability of alternative suppliers or supply locations;</p> <p>(e) the extent of imports required to meet domestic demand;</p> <p>(f) the availability of domestic production capacity; or</p> <p>(g) the extent of interconnectedness with other critical sectors or key goods.</p>
		Article 7: IPEF Supply Chain Crisis Response Network

1. The Parties hereby establish an IPEF Supply Chain Crisis Response Network composed of a relevant senior official from the central level of government of each Party. 2. The IPEF Supply Chain Crisis Response Network shall:

- (a) serve as an emergency communications channel to rapidly disseminate relevant information among the Parties during a supply chain disruption;
- (b) facilitate cooperation on responses to supply chain disruptions, including the actions described in Article 12;
- (c) consider the use of table-tops, stress tests, or similar exercises simulating a range of possible supply chain disruptions to provide the Parties with an opportunity to prepare and test strategies for responding to supply chain disruptions, and may share any conclusions from those exercises with the IPEF Supply Chain Council; and
- (d) assess past experiences and existing policies and procedures to facilitate preparedness for, and responses to, supply chain disruptions and to minimize any negative impact of supply chain disruptions on IPEF supply chains, and may share any conclusions from those assessments with the IPEF Supply Chain Council.

Article 10: Identifying Critical Sectors or Key Goods

1. The Parties intend to develop a shared understanding of global supply chain risks, and to support this, each Party shall identify its critical sectors or key goods. Each Party intends to consult with and consider input and recommendations from a diverse set of relevant stakeholders as appropriate, such as the private sector, government authorities, academia, non-governmental organizations, and representative workers' organizations, to identify critical sectors or key goods.

2. In identifying its critical sectors or key goods, each Party intends to consider factors such as:

- (a) the impact of a potential shortage on its national security, public health and safety, or prevention of significant or widespread economic disruptions;
- (b) the level of dependence on a single supplier or a single country, region, or geographic location;
- (c) geographic factors including actual or potential transport constraints, especially for its island or remote regions;
- (d) the availability and reliability of alternative suppliers or supply locations;
- (e) the extent of imports required to meet domestic demand;
- (f) the availability of domestic production capacity; or
- (g) the extent of interconnectedness with other critical sectors or key goods.

Article 11: Monitoring and Addressing Supply Chain Vulnerabilities

1. Each Party intends to employ an evidence-based and data-informed approach to consider its supply chain vulnerabilities and to monitor import dependencies, prices (where appropriate and feasible), and trade volumes of its critical sectors or key goods.

2. The Parties intend to explore technical assistance and capacity building to support the development of their supply chain identifying and monitoring capabilities.

3. The Parties intend to exchange information to the extent possible regarding enterprises supplying key goods or operating within critical sectors notified by a Party in accordance with Article 10, with those

enterprises' consent, to encourage additional business-to-business relationships within the economies of the Parties and further the resilience of IPEF supply chains.

4. The Parties intend to collaborate, as appropriate, in responding to cybersecurity incidents impacting critical sectors notified by a Party in accordance with Article 10. Such collaboration may include Computer Emergency Readiness Team (CERT)-to-CERT communications; the development of standard procedures around the sharing of incident data relating to detected attacks targeting critical sectors and infrastructure; incident response, including collective response where possible; and sharing remediation strategies.

Article 12: Responding to Supply Chain Disruptions

1. In the event of a supply chain disruption, or in the event that a Party expects an imminent supply chain disruption, a Party may request an emergency in-person or virtual meeting of the IPEF Supply Chain Crisis Response Network, which should meet as soon as practicable but no later than 15 days after the date when the Party requests such a meeting.

2. Upon its request for an emergency meeting of the IPEF Supply Chain Crisis Response Network, the Party experiencing a supply chain disruption, or expecting an imminent supply chain disruption, shall share the following information about the supply chain disruption through the Network as soon as practicable, if available, appropriate, and non-proprietary:

- (a) the impact or expected impact of the supply chain disruption on the Party's national security, public health and safety, or economy;
- (b) the cause of the supply chain disruption;
- (c) the expected duration of the supply chain disruption;
- (d) what sectors are likely to be affected by the supply chain disruption;
- (e) what measures the Party has taken or expects to take in response to the supply chain disruption; and
- (f) what assistance would be helpful from other Parties.

3. Each Party is committed to supporting another Party's response to a supply chain disruption or an imminent supply chain disruption to the extent possible, in accordance with its domestic law, respect for market principles, and the goal of minimizing market distortions, and with appropriate recognition given to actions being led or undertaken by the private sector. Such support may include:

- (a) sharing best practices or experiences dealing with similar supply chain disruptions;
- (b) facilitating business matching within the economies of the Parties to support supply chain recovery;
- (c) encouraging the private sector to increase production and engage in the temporary repurposing and conversion of production to address shortages in affected goods;
- (d) engaging in dialogue with its private sector to provide greater certainty in the flow of materials, articles, or commodities during supply chain disruptions;
- (e) exploring and facilitating joint procurements and delivery of goods and related essential services, where applicable;
- (f) facilitating and identifying alternative shipping or air routes, including multimodal transportation routes or transport modes, and access to shipping or air capacity where appropriate;
- (g) facilitating the cross-border movement of air and maritime crew to

		<p>enable the movement of affected goods, subject to applicable procedures related to travel documents and authorizations and taking into account crew treatment guidelines developed by the International Civil Aviation Organization and the International Maritime Organization, as adopted or maintained by each Party;</p> <p>(h) facilitating hinterland transportation where possible and appropriate to support efficient movements in and out of ports, especially congested ports;</p> <p>(i) engaging in efforts to prevent the selling of goods or services at excessive prices during a supply chain disruption;</p> <p>(j) adopting or maintaining procedures to expeditiously process the export of goods in affected sectors; or</p> <p>(k) discouraging hoarding within the affected sector or of the affected good</p>
	USMCA	<p>Chapter 4, AnnexB</p> <p>8701.10 A change to a good of subheading 8701.10 from any other heading, provided there is a regional value content of not less than 60 percent under the net cost method.</p> <p>8701.20 A change to a good of subheading 8701.20 from any other heading, provided there is a regional value content of not less than 70 percent under the net cost method.</p> <p>8703.21-8703.90 A change to a passenger vehicle of subheading 8703.21 through 8703.90 from any other heading, provided there is a regional value content of not less than 75 percent under the net cost method; or</p> <p>A change to any other good of subheading 8703.21 through 8703.90 from any other heading, provided there is a regional value content of not less than 62.5 percent under the net cost method.</p>

d) Yellow Scenario

Characteristics	Agreement	Provision
Cooperation to improve the sustainability of food systems	<i>EU-New Zealand FTA</i>	<p>Article 7.4 - Cooperation to improve the sustainability of food systems</p> <p>1. The Parties recognise the importance of cooperation as a mechanism to implement this Chapter as they strengthen their trade and investment relations</p> <p>2. Taking account of their respective priorities and circumstances, the Parties shall cooperate to address matters of common interest related to the implementation of this Chapter. Such cooperation may take place bilaterally as well as in international fora.</p> <p>3. Cooperation may include exchange of information, expertise and experiences, as well as cooperation in research and innovation</p>

		<p>4. The Parties shall cooperate on topics such as:</p> <p>(a) food production methods and practices which aim to improve sustainability, including organic farming and regenerative agriculture, amongst others;</p> <p>(b) the efficient use of natural resources and agricultural inputs, including reducing the use and risk of chemical pesticides and fertilisers, where appropriate;</p> <p>(c) the environmental and climate impacts of food production, including on agricultural greenhouse gas emissions, carbon sinks and biodiversity loss;</p> <p>(d) contingency plans to ensure the security and resilience of food supply chains and trade in times of international crisis;</p> <p>(e) sustainable food processing, transport, wholesale, retail and food services;</p> <p>(f) healthy, sustainable and nutritious diets;</p> <p>(g) the carbon footprint of consumption;</p> <p>(h) food loss and waste, in line with the United Nations Sustainable Development Goals Target 12.3;</p> <p>(i) reduction of the adverse environmental effects of policies and measures linked to the food system; and</p> <p>(j) indigenous knowledge, participation and leadership in food systems, in line with the Parties' respective circumstances.</p>
Water efficiency in agro-industry	<i>China-Mauritius FTA</i>	<p>Article 12.5 – Agro industry and food security</p> <p>1. The Parties recognize that agriculture constitutes a core activity for both Parties, and that enhancing this sector can improve quality of life and economic Development.</p> <p>2. The Parties agree to cooperate as follows:</p> <p>(a) promotion of sustainable agriculture and organic farming through enhanced food safety and security, environment friendly production techniques and efficient management of natural resources which include use of renewable energy and water savings system to reduce production cost and increase resilience to climate change; and</p> <p>(b) facilitating exchanges of skilled labour and experts in relevant fields of agriculture, food crop and livestock, including tea plant propagation and processing, mushroom cultivation and processing, enhanced use of organic fertilizers as well as, promotion of low cost sheltered farming system and treatment of pig waste.</p>
Lack of enforcement of MEAs	Australia-Peru FTA	Art. 19.4 – Multilateral Environmental Agreements
		1. The Parties recognise that multilateral environmental agreements to which they are party play an important role, globally and domestically, in protection of the environment and

	<p>that their respective implementation of these agreements is critical to achieving the environmental objectives of these agreements. Accordingly, each Party affirms its commitment to implement the multilateral environmental agreements to which it is party.</p>
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