



Department for
International Trade



Department for
Business, Energy
& Industrial Strategy

Lord Grimstone of Boscobel, Kt
Minister for Investment
Department for International Trade
King Charles Street
Whitehall
London
SW1A 2AH

The Rt. Hon the Lord Goldsmith QC
Chair of the International Agreements Committee
House of Lords
London
SW1A 0PW

T +44 (0) 20 7215 5000
E grimstone.correspondence@trade.gov.uk
W www.gov.uk/dit

By email: goldsmithp@parliament.uk

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Dear Peter,

Thank you for your letter of 5 February 2021 regarding the environment, climate and international trade.

The Department for International Trade (DIT) is actively integrating climate change and environmental objectives into the government's trade strategy noting our obligations under the Paris Agreement and our legal commitment to achieve Net Zero by 2050. We are doing so through our independent bilateral and multilateral trade policy as well as through our export and investment promotion support.

In line with these obligations, DIT will continue to ensure a high level of protection of the environment in new trade agreements. The Secretary of State for International Trade has previously made clear to Parliament (on 6 February 2020) that FTAs must support the UK's ability to deliver on these commitments. We will seek to support and help further the Government's ambition on climate change in our FTAs by promoting sustainable trade and ensuring FTAs maintain and uphold the UK's regulatory sovereignty on environmental matters, including the pursuit of decarbonization and greenhouse gas reduction.

We are pursuing a range of options in the design of future trade policy, including provisions on tackling climate change. For all trading partners, regardless of their domestic targets, trade agreements can encourage dialogue between governments, business groups and civil society on climate change issues, while realising the potential for low carbon exports.

The Secretary of State for International Trade outlined Trade and Environment as a UK priority at the WTO, in her March speech to the General Council. As such, we are pleased to see work being carried out in this space, both at the WTO through groups such as the Trade and Environmental Sustainability Structured Dialogue (TESSD), and through initiatives such as the Agreement on Climate Change, Trade and Sustainability (ACCTS).

The UK is supportive of plurilateral and multilateral trade initiatives seeking to tackle climate change, and we are currently considering whether the UK should seek to join negotiations for the Agreement on Climate Change, Trade and Sustainability (ACCTS), which aims to demonstrate how trade rules can contribute to climate, environmental and sustainable development objectives.

This includes fossil fuel subsidy reform. The UK has been a longstanding supporter of multilateral efforts to promote fossil fuel subsidy reform. In December 2020, the UK announced its support for the “Statement on Global Fossil Fuel Subsidy Reform” of the Friends of Fossil Fuel Subsidy reform, a network of nine non-G20 countries, led by New Zealand, whose governments actively support a global reform of fossil fuel subsidies. The Government believes removing tariffs on environmental goods is an important step towards a sustainable trade policy. This is why the Government extended tariff liberalisation to cover a further 104 green goods when the UK's Global Tariff came into effect on 1 January 2021. These goods, which form the UK's 'Green 100', built on the ambition of the Environmental Goods Agreement (EGA). The Government has promoted tariff elimination on environmental goods with other countries and supports dialogue on this important agenda, including through the new plurilateral structured discussions on trade and environmental sustainability in the WTO.

We are collaborating across government to promote opportunities for developing countries to maximise the opportunities from enhanced trade in environmental goods and services, and to ensure domestic policies to promote trade in these goods and services consider potential impacts on other countries. We are also proactively considering how the UK can support wider attention to this issue in discussions on environmental services at the WTO. We will use our presidency of COP26 and the G7 this year to continue to push for ambitious international action to tackle climate change and nature loss, including through trade.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Grimstone', written in a cursive style.

Lord Grimstone of Boscobel, Kt
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