



# Harnessing trade and environmental policies to accelerate the green transition



**Chile Pacific Foundation Webinar:  
Advancing Environmental Sustainability in  
International Trade**

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**Shunta Yamaguchi**  
Senior Policy Analyst, Environment and  
Economy Integration Division,  
Environment Directorate, OECD



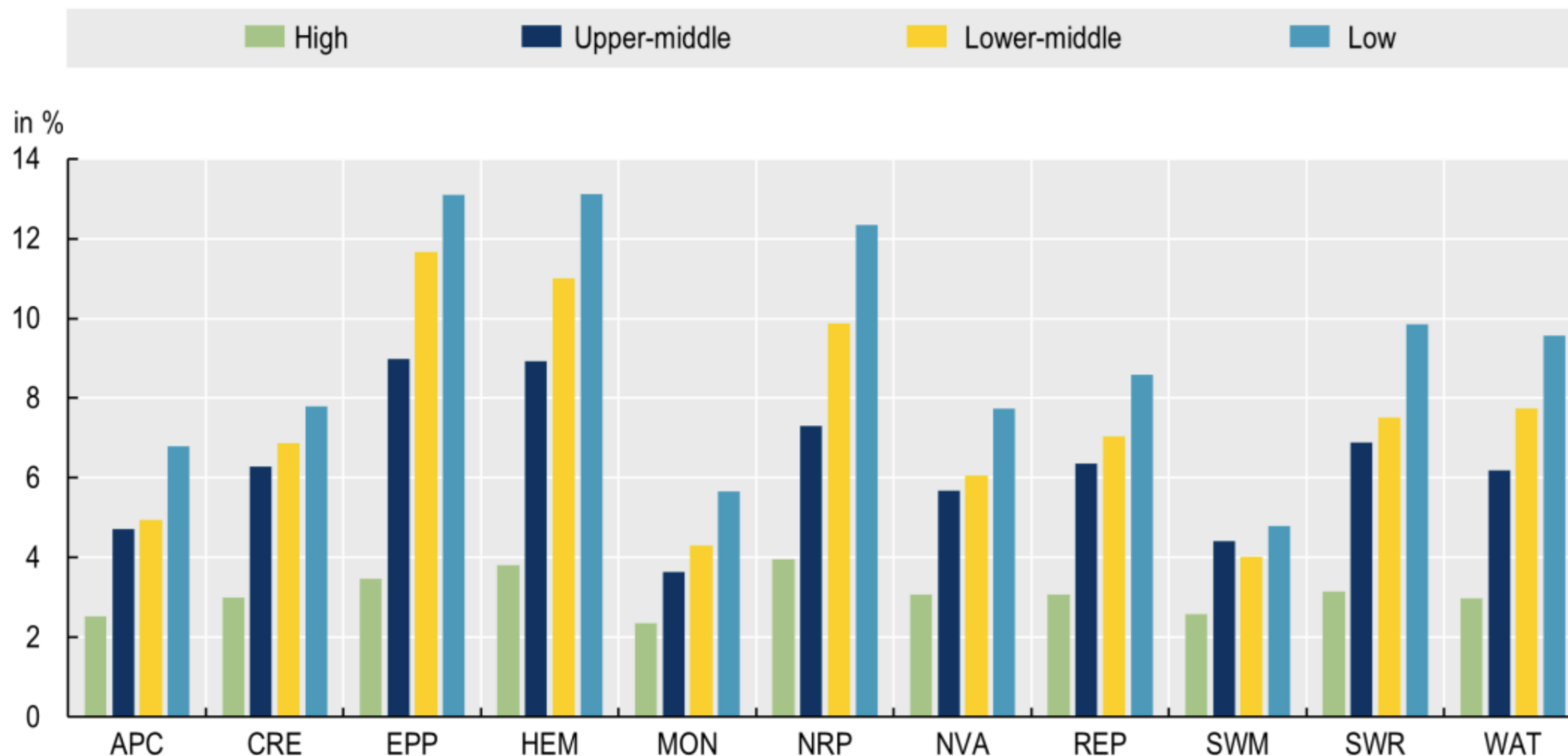
- Interplay of trade and environmental policies are revisited by policymakers to consider complementarities (e.g. WTO, UNFCCC, CBD)
- Report to explore how trade and environmental policies can be mutually supportive to address the triple planetary crisis of climate change, biodiversity loss, and pollution
- It builds upon the work of the OECD's Environmental Policy Committee and Trade Committee

# Harnessing the nexus of trade and environmental policies

- Environmental goods and services
- Critical raw materials
- Trade and circular economy
- Regional trade agreements and the environment

# Environmental goods and services (1/3)

## Tariffs on EGs per income group, 2019



### Environmental mediums

**APC** = Air pollution control; technologies and products;

**CRE** = Cleaner or more resource efficient technologies and products;

**EPP** = Environmentally preferable products based on end use or disposal characteristics;

**HEM** = Heat and energy management;

**MON** = Environmental monitoring, analysis and assessment equipment;

**NRP** = Natural resources protection;

**NVA** = Noise and vibration abatement;

**REP** = Renewable energy plant;

**SWM** = Management of solid and hazardous waste and recycling systems;

**SWR** = Clean up or remediation of soil and water;

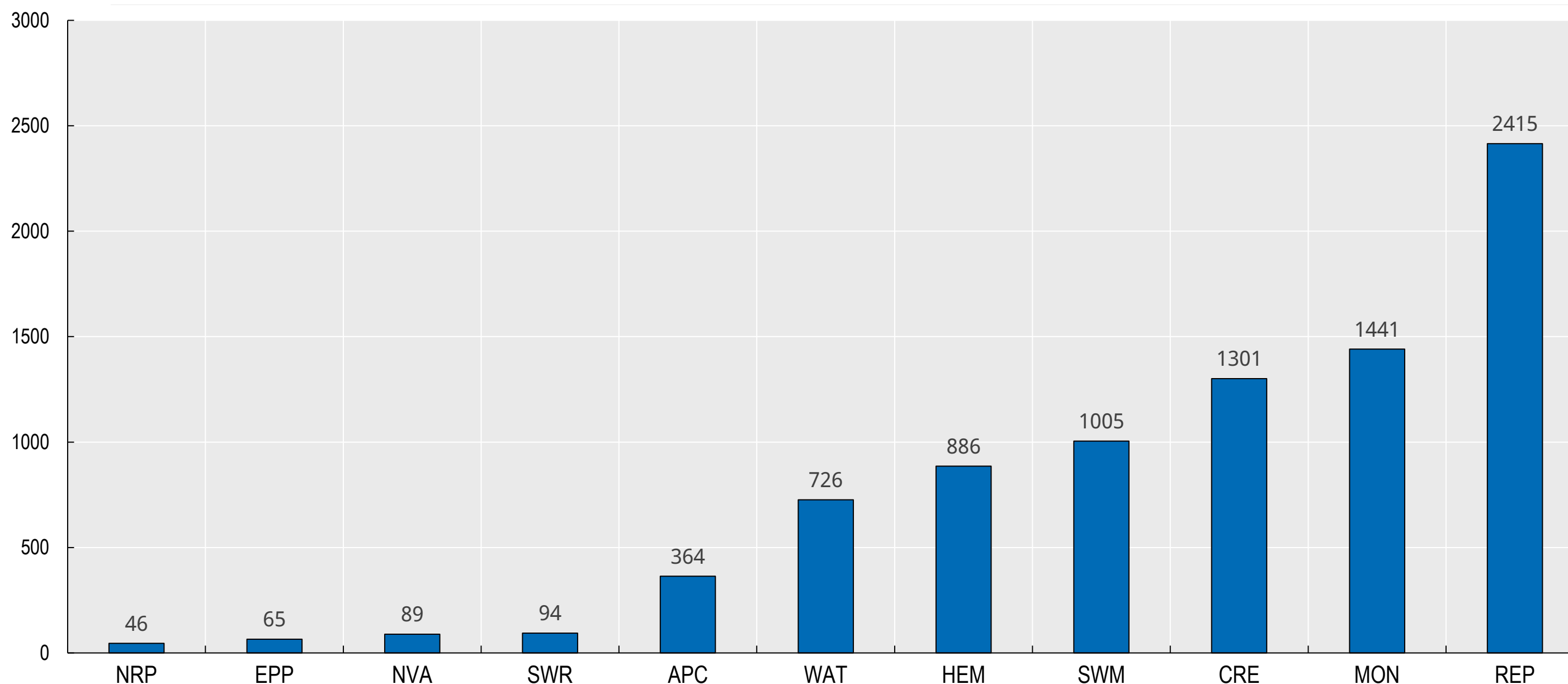
**WAT** = Waste water management and potable water treatment.

\* Based on OECD Combined List of Environmental Goods (CLEG)

# Environmental goods and services (2/3)



TBT related specific trade concerns notified at the WTO on EGs  
1995-2022



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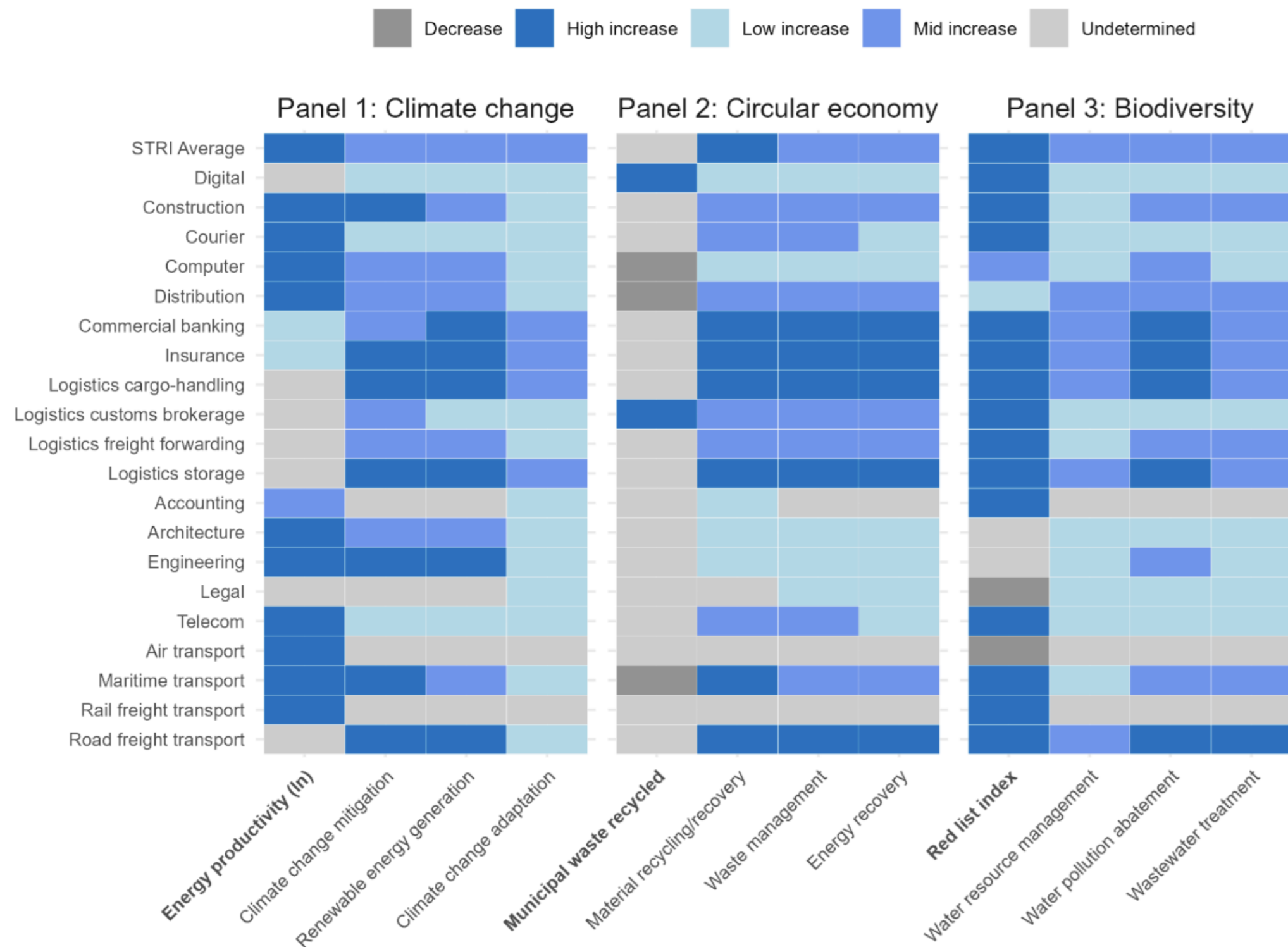
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# Environmental goods and services (3/3)



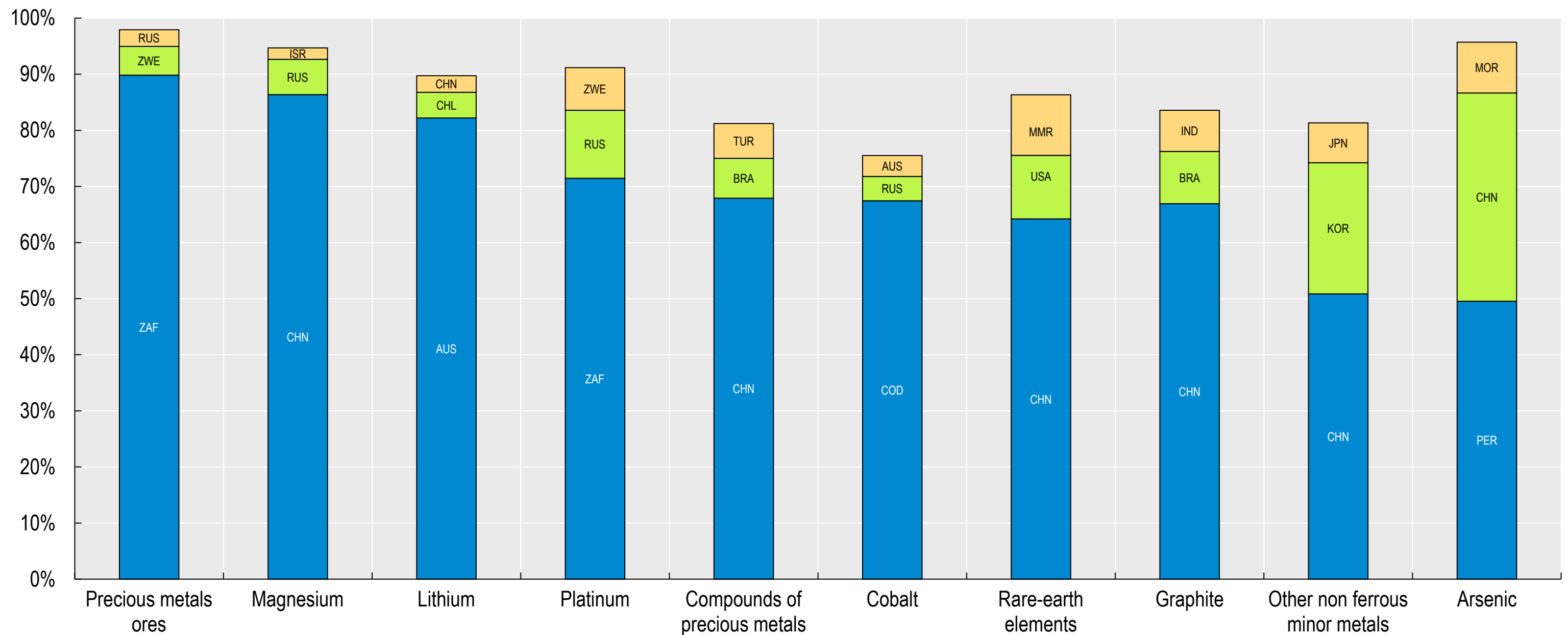
## Services restrictiveness and environmental performance indicators



# Critical raw materials (1/3)



Top 3 producers of the top 10 most production-concentrated critical raw materials



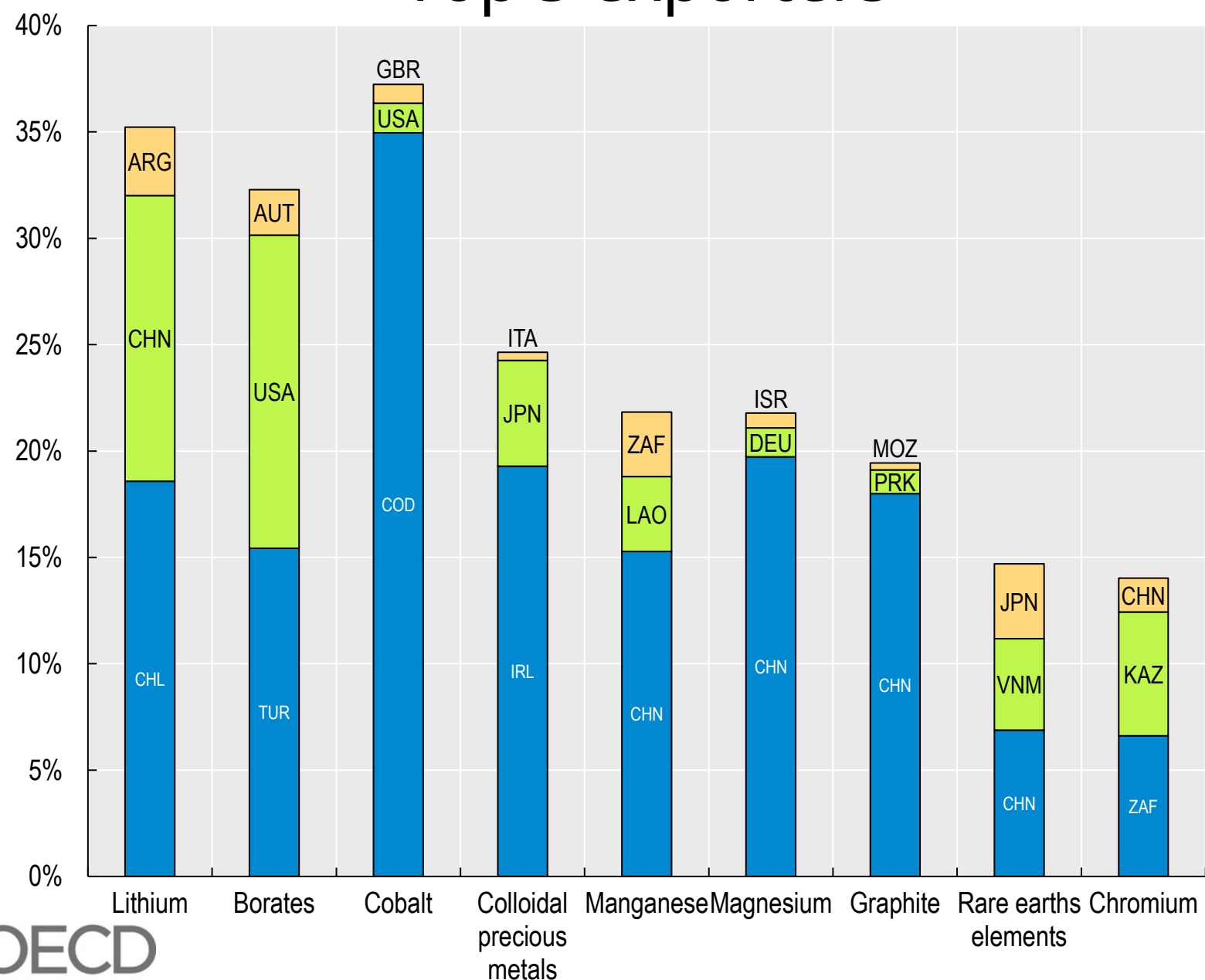
Kowalski, P. and C. Legendre (2023), "Raw materials critical for the green transition: Production, international trade and export restrictions", OECD Trade Policy Papers, No. 269, OECD Publishing, Paris, <https://doi.org/10.1787/c6bb598b-en>.

# Critical raw materials (2/3)

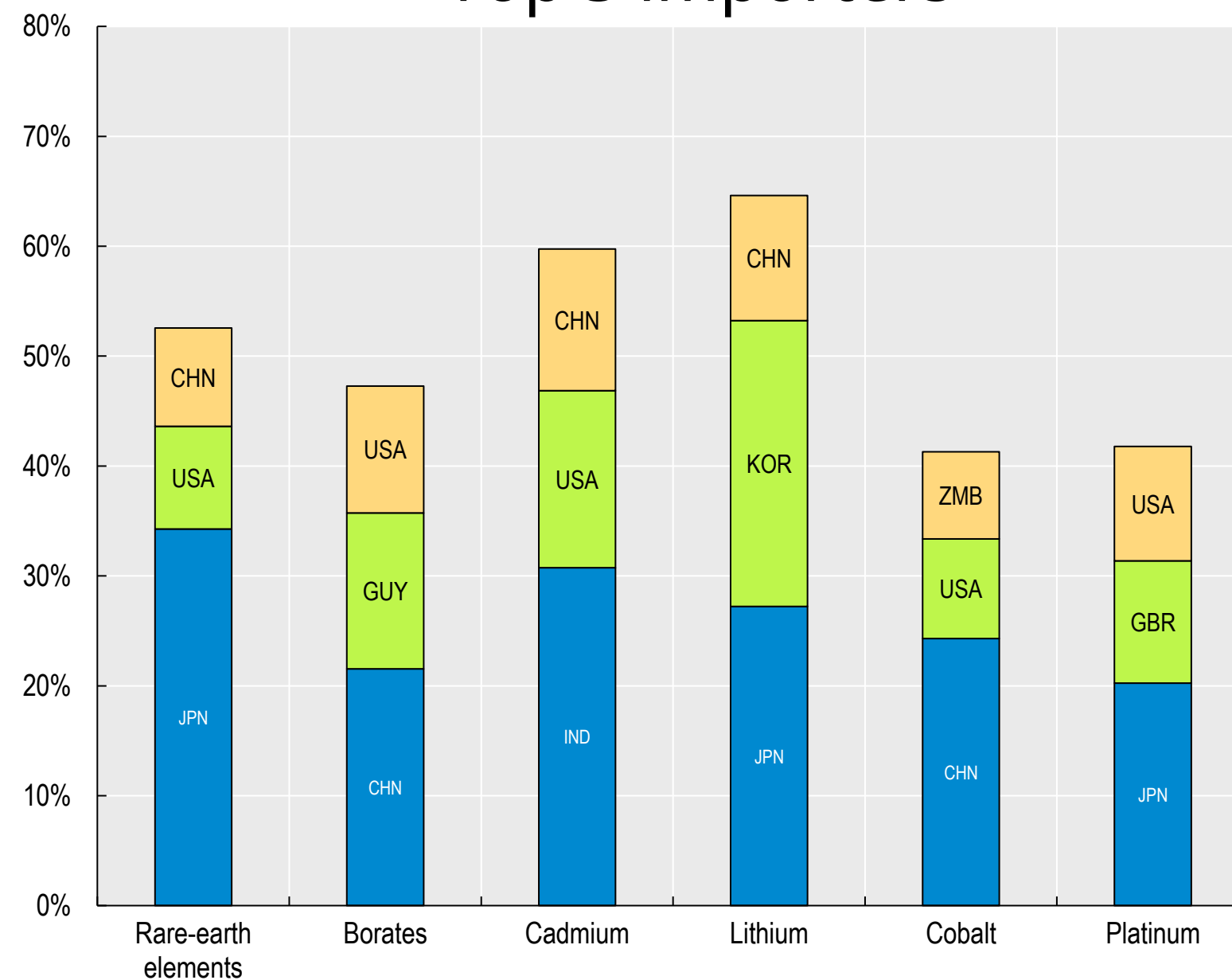


Selected most export-concentrated critical raw material

Top 3 exporters



Top 3 importers



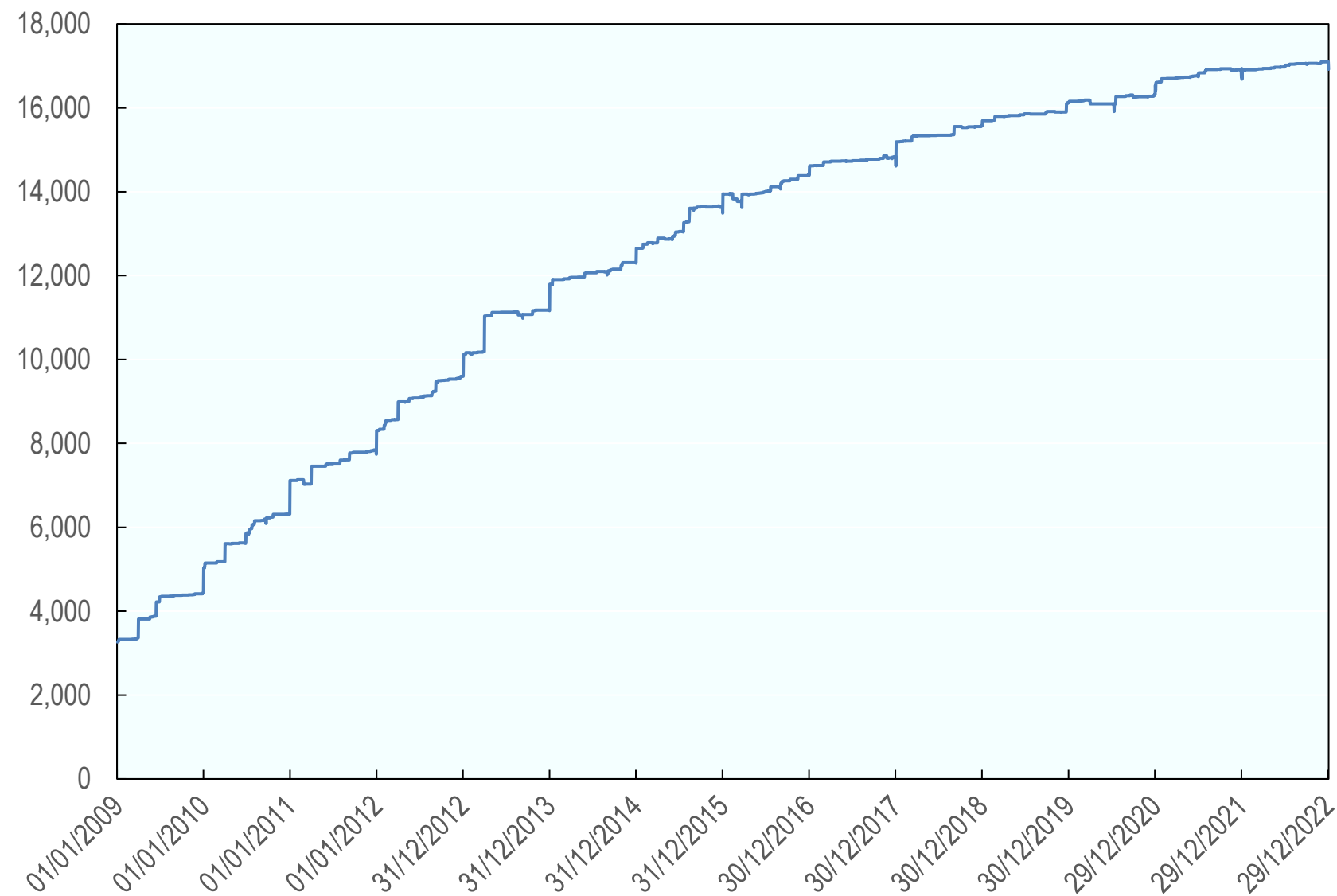
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# Critical raw materials (3/3)

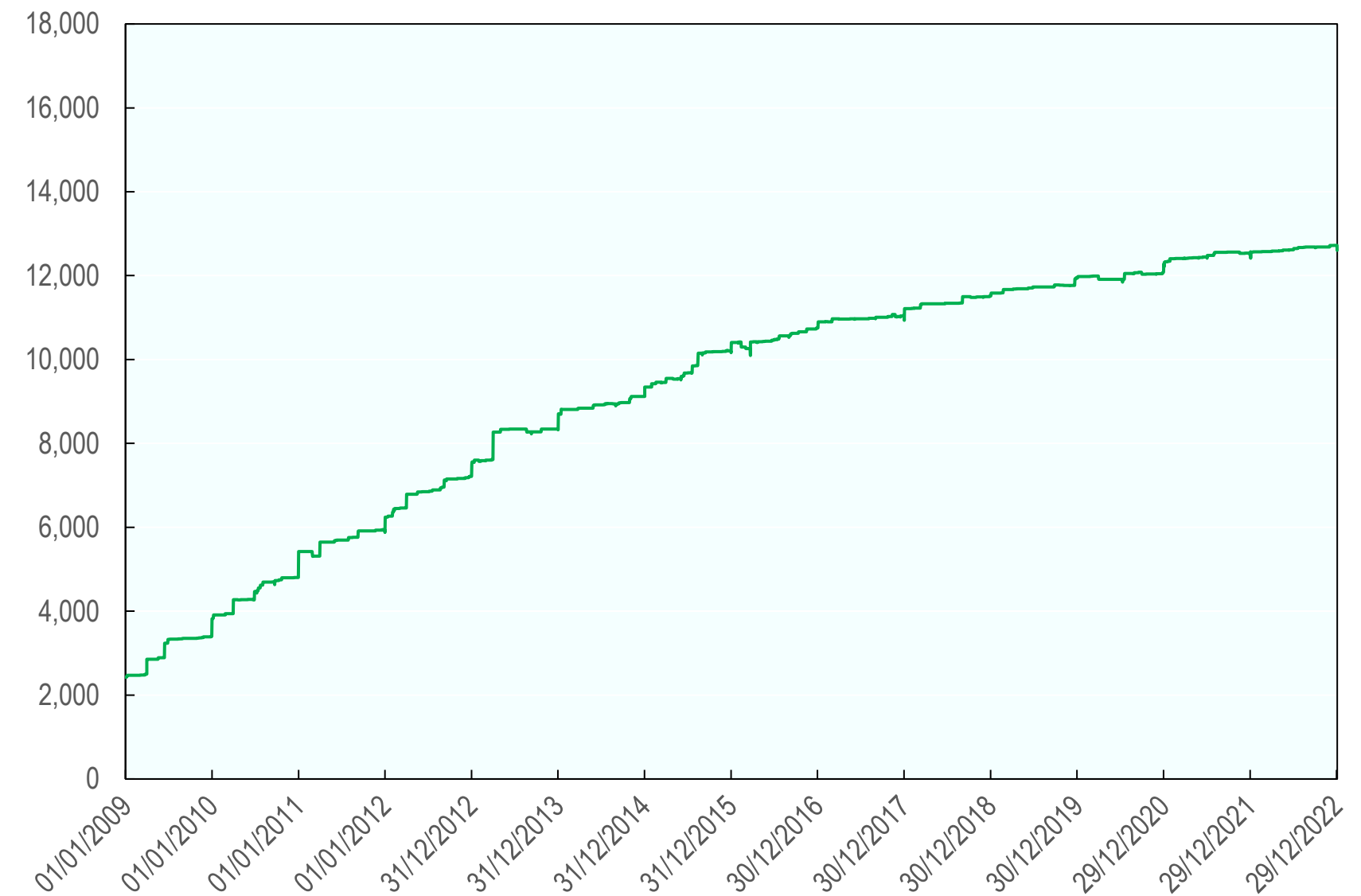


The incidence of export restrictions has been increasing steadily over the last decade

### All raw materials

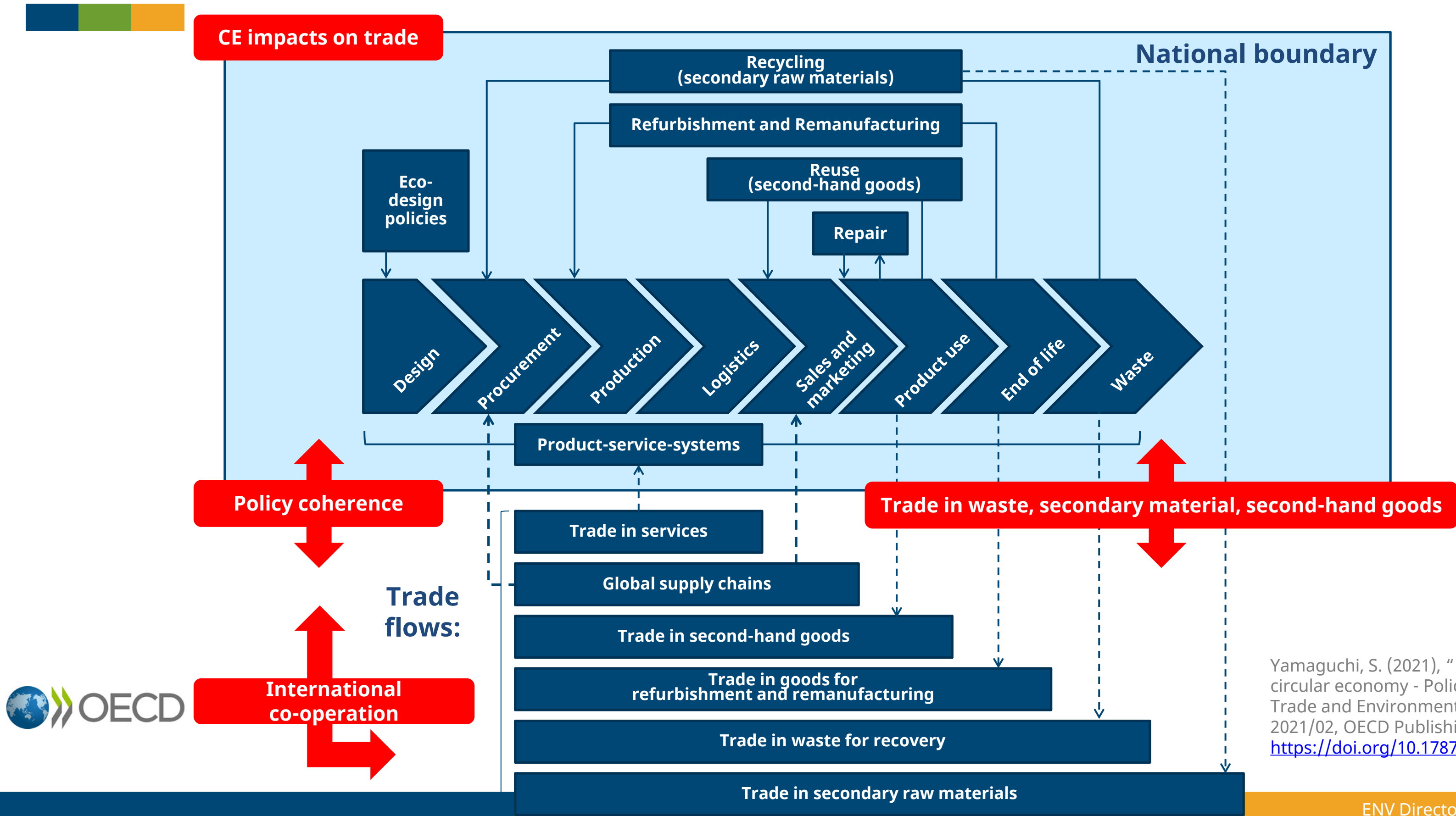


### Raw materials for green transition



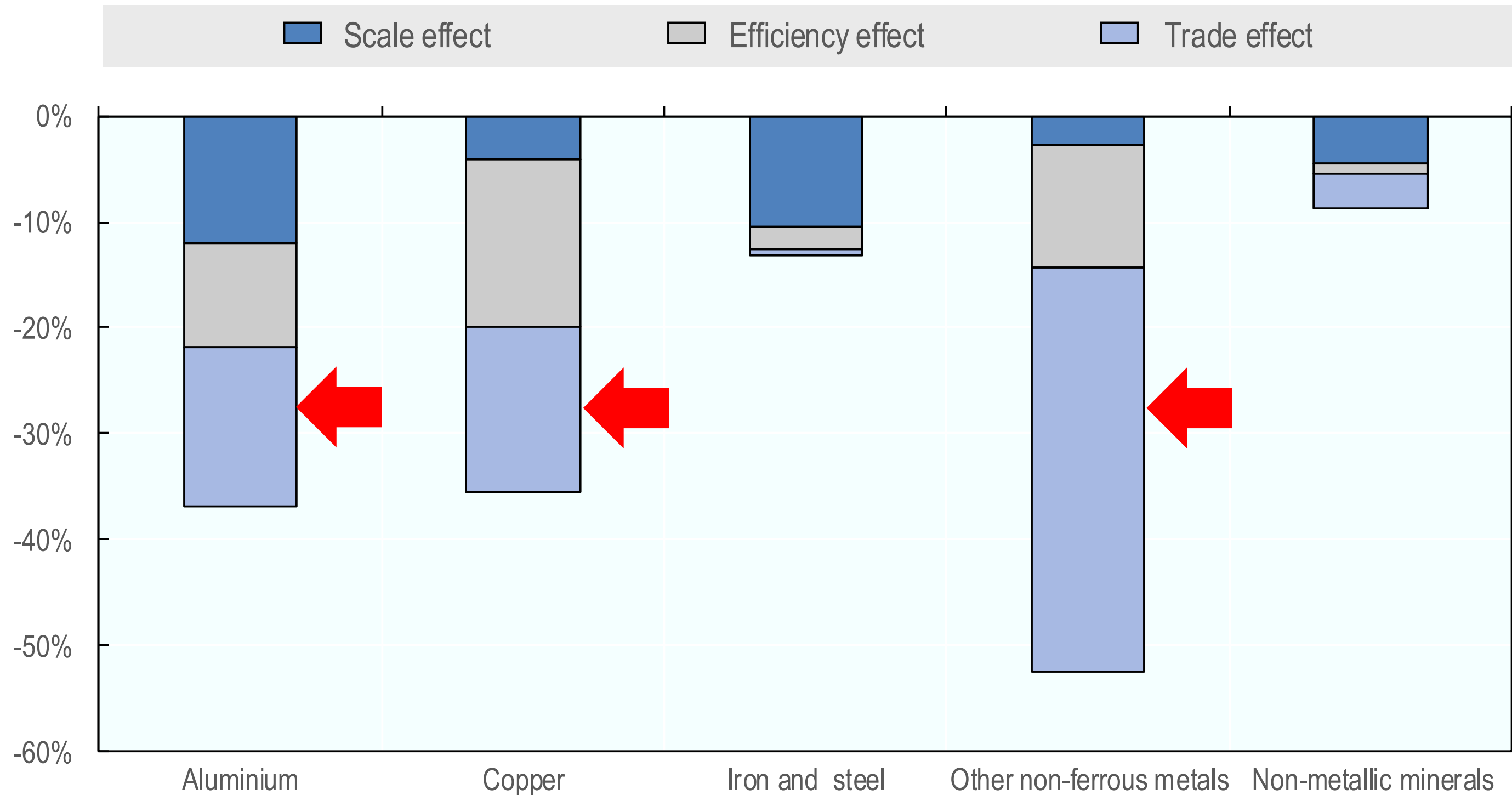
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# Trade and circular economy (1/2)



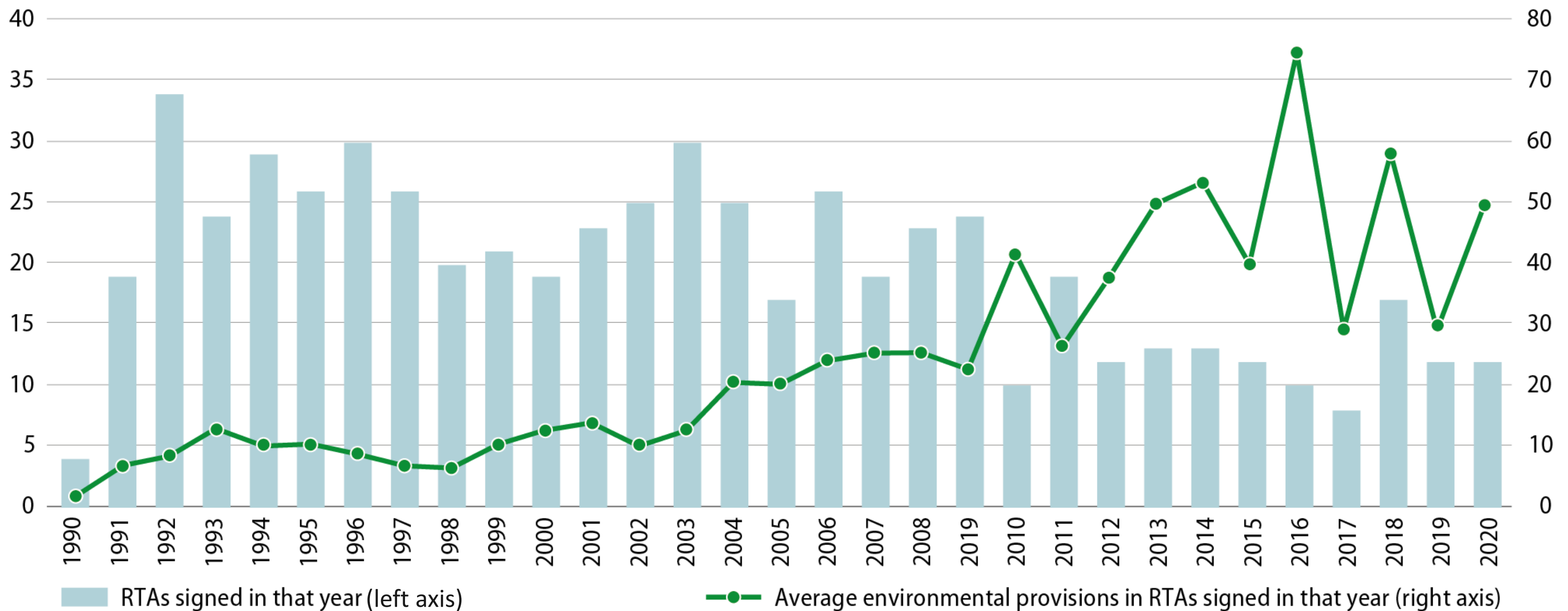
Yamaguchi, S. (2021), "International trade and circular economy - Policy alignment", OECD Trade and Environment Working Papers, No. 2021/02, OECD Publishing, Paris, <https://doi.org/10.1787/ae4a2176-en>.

# Trade and circular economy (2/2)



# Regional trade agreements and the environment (1/1)

## Number of RTAs and environmental provisions on average (by year of signature)

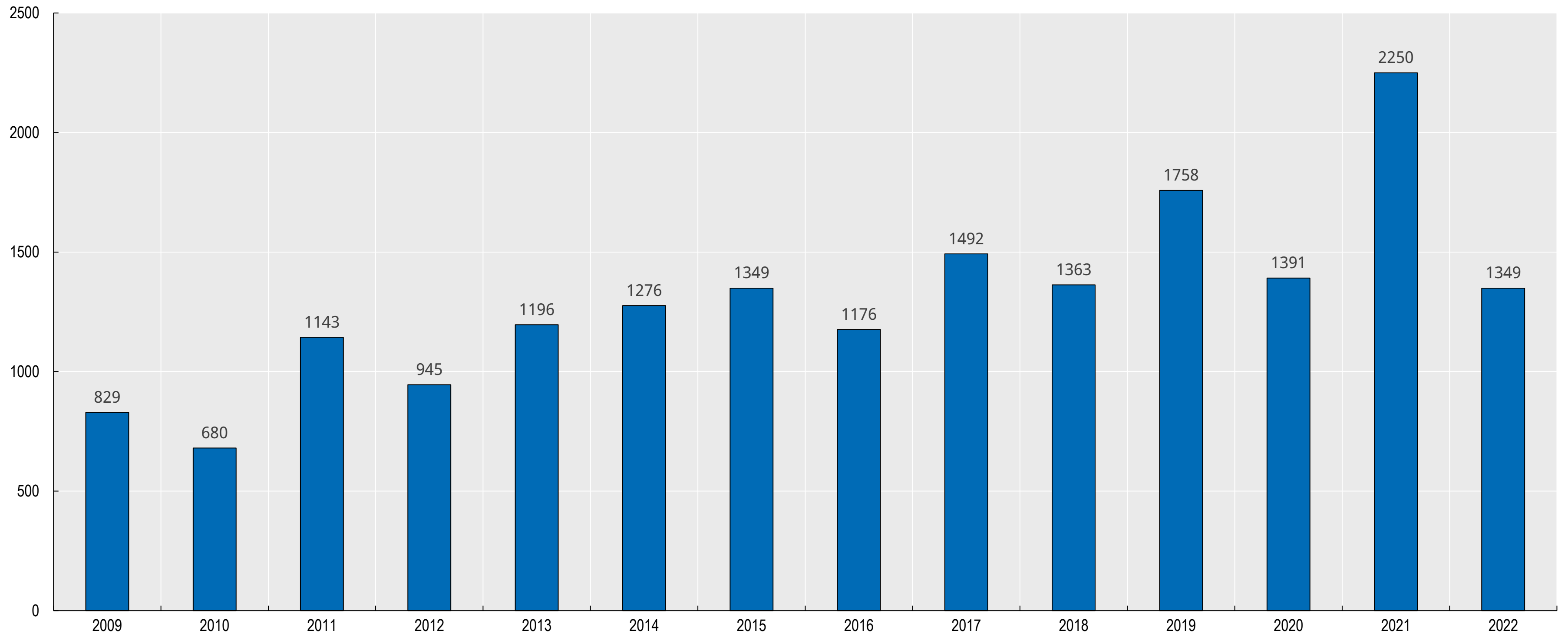


OECD (2023) OECD work on regional trade agreements and the environment, <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/trade-and-environmental-sustainability/Policy-Perspectives-OECD-work-on-regional-trade-agreements-and-the-environment.pdf>

# Navigating challenges at the trade and environmental policy nexus

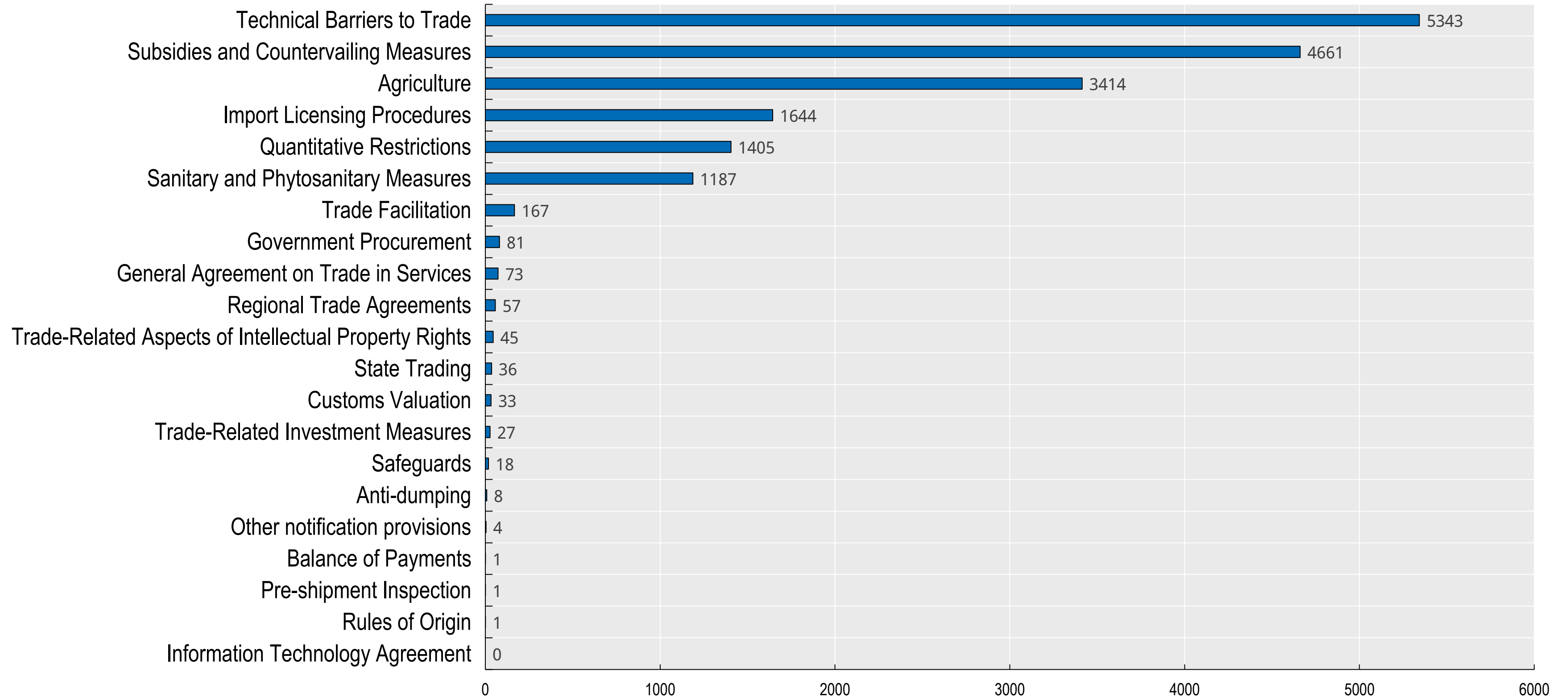
- Emerging challenges in the trade and environment interface (asymmetries in requirements, spillovers)
- Existing frameworks to minimise trade frictions

# Growing number of trade-related environmental measures notified to WTO



Note: Total number of trade-related environmental policies included in environment-related notifications submitted by WTO members. Source: WTO's Environmental Database (EDB): <https://edb.wto.org/>.

# Trade-related environmental policies notified by WTO agreement (since 2009) 15



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## Spillover effects:

- Differences in the ambition of environmental policies across countries can lead to unintended spillovers (e.g. carbon leakage, concentration of polluting industries)

## An increasingly complex regulatory landscape:

- Proliferation of trade-related environmental policies (environmental policies with potential trade effects)
- Increasing environmental requirements on foreign producers that want to sell on the domestic market
- Without co-ordination increases compliance costs, creates a fragmented regulatory environment
- Risks further marginalising low-income countries and small producers in global trade.

## Market-distorting and un-coordinated government support

- Government support can distort markets if not carefully designed, leading to unfair competition and potentially undermining environmental goals.

## Engaging in multilateral dialogue

- To harmonise or enhance interoperability of environmental standards and trade regulations to ensure that these policies are consistent and mutually supportive

## Enhancing transparency and data sharing

- Trade-related environmental policies (e.g. government support aimed at environmental objectives)

## Designing measures that take account of trade impacts

- Compatibility with multilateral trade principles (transparency, non-discrimination, proportionality)

## Enhancing capacity building and technical assistance to developing countries

- To meet global environmental standards & participate in new trade opportunities from green transition

## Leveraging existing international frameworks

- Platforms for negotiating and implementing integrated policies that promote both trade and sustainability (e.g. WTO, trade and economic partnership agreements)

# Thank you for you attention



Contact:

[shunta.yamaguchi@oecd.org](mailto:shunta.yamaguchi@oecd.org)