

PREAMBLE

The Republic of Costa Rica, hereinafter referred to as “Costa Rica”,

Iceland,

New Zealand,

and

The Swiss Confederation, hereinafter referred to as “Switzerland”,

hereinafter referred to each individually as “Party” and collectively as the “Parties”,

ACKNOWLEDGING the urgent action all nations must take to combat climate change as well as loss of biodiversity, pollution and other serious environmental challenges in order to achieve sustainable development objectives;

RECALLING their rights and obligations under multilateral environmental and trade agreements to which they are a party;

AFFIRMING their commitment to take action to reduce greenhouse gas emissions, biodiversity loss and pollution with the aim of strengthening the global response to the serious challenges they pose;

DETERMINED to complement the various efforts to promote closer international collaboration on trade and environment issues, and to further strengthen the multilateral trading system in a way that contributes to sustainable development, building on their respective rights and obligations under *the Marrakesh Agreement establishing the World Trade Organization* done at Marrakesh on 15 April 1994 (WTO Agreement) and the agreements negotiated thereunder;

RECOGNISING the importance of active stewardship, guardianship and protection of natural surroundings;

EMPHASISING the essential role the environment plays in the well-being of citizens and communities, including Indigenous Peoples, among others, and the importance of their contribution to efforts to pursue sustainable development objectives;

REAFFIRMING their commitment to pursue sustainable development and recognising the importance of coherence and mutual supportiveness of trade and environment in this respect;

DETERMINED to enhance the contribution of trade and trade policy as important levers in the transition to net-zero emissions, more resource-efficient and circular economies, thereby improving economies and raising incomes;

DESIRING also to promote openness, inclusiveness and transparency;

RECOGNISING that trade and trade policy can and must support climate change mitigation and adaptation, pollution prevention and control, and the sustainable use, protection or restoration of biodiversity, ecosystems and natural resources, including water and marine resources;

ACKNOWLEDGING in that regard that tariff elimination on an ambitious and environmentally credible list of goods encourages more environmentally sustainable production, consumption and investment;

AND ACKNOWLEDGING in that regard the contribution of liberalised trade in environmental and environmentally related services based on a credible list;

RECOGNISING that harmful fossil fuel subsidies constitute a major obstacle to tackling climate change, and undermine sustainable development and shared commitments to uphold the objectives of the *United Nations Framework Convention on Climate Change* (UNFCCC) done at New York on 8 May 1992 as well as the goals of the *Paris Agreement* done at Paris on 12 December 2015 and the Parties' respective goals to achieve net zero emissions;

RECOGNISING the contribution that high-integrity and high-quality voluntary eco-labelling programmes can make to climate, environmental, trade and sustainable development objectives, building on existing international work on eco-labelling and related issues;

REAFFIRMING the right of each Party to regulate within its territory in order to meet legitimate national policy objectives;

ACKNOWLEDGING the importance of good corporate governance and responsible business conduct for sustainable development, and affirming their aim to encourage enterprises to observe internationally recognised guidelines and principles in this respect, such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the OECD Principles of Corporate Governance, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights;

RECOGNISING the need for a just transition, the particular challenges faced by developing countries and their vulnerability to the impacts of climate change;

RECOGNISING the importance of ensuring an agreement that is able to respond to developments in climate, environmental, trade and sustainable development objectives through the inclusion of additional trade policy actions;

DESIRING to expand participation to this Agreement and provide momentum towards an eventual multilateral set of outcomes;

HAVE AGREED to conclude this Agreement: