



EUROPEAN UNION AND ITS MEMBER STATES – CARBON BORDER ADJUSTMENT MECHANISM

COMMUNICATION FROM THE EUROPEAN UNION

The following communication, dated 22 May 2025, was received from the delegation of the European Union with the request that it be circulated to the Dispute Settlement Body (DSB).

On 12 May 2025, the Permanent Mission of the European Union to the World Trade Organization ("WTO") received a letter from the Permanent Mission of the Russian Federation to the WTO requesting consultations pursuant to Articles 1 and 4 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"), Article XXIII of the *General Agreement on Tariffs and Trade 1994* ("GATT 1994"), Articles 4.1 and 30 of the *Agreement on Subsidies and Countervailing Measures* ("SCM Agreement") and Article 6 of the *Agreement on Import Licensing Procedures*, concerning various instruments referred to by the Russian Federation as the "Carbon Border Adjustment Mechanism Package" and the "Scheme for Greenhouse Gas Emission Allowances Trading within the EU".

The European Union reiterates its attachment to the principles, rules and procedures of the DSU and underscores their importance for settling trade disputes among WTO Members.

The European Union also reiterates its resolute condemnation of the Russian Federation's war of aggression against Ukraine and reaffirms its continued and unwavering support for Ukraine's independence, sovereignty and territorial integrity within its internationally recognised borders.

The Russian Federation's actions are an unprovoked, premeditated attack against a sovereign democratic state, and an egregious violation of international law, the UN Charter, and fundamental principles of international peace and security. These actions call into serious question the Russian Federation's respect for all international institutions, disciplines, and norms.¹

Pursuant to Article 4.3 of the DSU, the objective of consultations is to reach a mutually satisfactory solution. Moreover, Article 4.5 of the DSU stipulates that "[i]n the course of consultations [...] Members should attempt to obtain *satisfactory adjustment* of the matter".²

Likewise, Article XXIII:1 of the GATT 1994 refers to the right of a "contracting party [...], with a view to the *satisfactory adjustment* of [a] matter, [to] make written representations or proposals to the other contracting party or parties which it considers to be concerned", while Article 4.3 of the SCM Agreement explains that "[t]he purpose of the consultations shall be to [...] *arrive at a mutually agreed solution*".³

¹ WTO General Council, Joint Statement on Aggression by the Russian Federation Against Ukraine with the Support of Belarus, Communication from Albania; Australia; Canada; European Union; Iceland; Japan; Republic of Korea; Republic of Moldova; Montenegro; New Zealand; North Macedonia; Norway; United Kingdom and United States, 15 March 2022, WT/GC/244.

² Emphasis added.

³ Emphasis added.

In the current extraordinary circumstances created by the Russian Federation's war of aggression against Ukraine, the European Union is of the view that the consultations requested by the Russian Federation cannot be fruitful and cannot lead to a mutually satisfactory solution of matter at hand.

Thus, the European Union declines the Russian Federation's request to enter into consultations. This is without prejudice to the European Union's rights and participation in any future adjudicative proceedings under the DSU with respect to the matter at issue.

Finally, underscoring the need to reach, as soon as possible, a comprehensive, just and lasting peace in Ukraine, in full respect of Ukraine's sovereignty and territorial integrity, based on the principles of the Charter of the United Nations, the European Union stresses that it will not consult with the Russian Federation on the matter at hand as long as the Russian Federation continues to violate international law through its war of aggression against Ukraine.
