

Yaqi Ma

Abstract

The intersection of climate regulation and international trade law has entered a period of significant juridical activity. This paper examines the panel reports in EU – Palm Oil (DS593/DS600) as the WTO's first substantive engagement with climate regulation framed as trade-restrictive environmental policy. Three interpretive developments emerge: the panels drew on international climate law to establish a "sufficient nexus" between the EU and the objective of limiting ILUC-related emissions; they adopted a "material contribution" standard under TBT Article 2.2, transplanting a GATT Article XX concept into the TBT context; and they showed sensitivity to climate-policy rationale in assessing subsidies under the SCM Agreement. The paper situates these developments within the broader institutional landscape, including the Committee on Trade and Environment (CTE), the Trade and Environmental Sustainability Structured Discussions (TESSD), and parallel developments in free trade agreements and investment treaty reform. It argues that the Palm Oil rulings establish a significant precedent for the treatment of climate measures within WTO law, while noting that the pending CBAM dispute will test the boundaries of this accommodation. The findings offer insights for policymakers, trade negotiators, and legal practitioners navigating this evolving legal architecture.