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GATT starts follow-up of Earth Summit results

Concluding the Uruguay Round successfully and quickly would be the best contribution GATT could make to the follow-up on the results of the UN Conference on Environment and Development (UNCED).

This was a major theme of the initial discussions that launched work in July on the UNCED follow-up in two GATT bodies - the Committee on Trade and Development and the Group on Environmental Measures and International Trade. The two bodies adopted work programmes that envisaged substantial contributions to the GATT Council meeting devoted to UNCED follow-up scheduled for November.

The Committee on Trade and Development

The Committee on Trade and Development (CTD), one of the principal standing committees of the GATT, is responsible for reviewing, discussions and negotiating issues of trade interest to developing countries. The Contracting Parties has assigned it a major role in the GATT follow-up to the UNCED results.

After informal debates on the trade-environment issue in May and June, the CTD held its first formal discussion on the UNCED follow-up on

26 July. It focused on Section A of Agenda 21's Chapter 2 ("International Cooperation to Accelerate Sustainable Development in Developing Countries and Related Domestic Policies").

Many delegations stressed that the best contribution GATT could make to sustainable development would be to successfully conclude the Uruguay Round. It was pointed out that greater trade liberalization, including wider market access, would lead to more efficient allocation of national resources, thus minimising wastage and pollution. Lowering barriers to exports of developing countries would also encourage economic growth, resulting in more resources for raising national environmental standards.

Specific trade issues discussed included problems in commodity trade and how subsidies and other measures had depressed prices to the detriment of developing countries. Brazil believed that tariff escalation on commodities in the main markets had led to over-exploitation of agricultural lands, and called for a Secretariat study on this matter.

Another point raised was that increasing concerns about the environment could present trade opportunities for developing countries. Norway, speaking on behalf of the Nordic countries, cited

as an example the area of packaging where environment-friendly materials were replacing non-biodegradable products. The European Communities suggested encouraging the transfer of "green technology" to developing countries.

Regarding the work of the Committee, some delegations, including the Nordic countries, the United States and Switzerland, observed that the work in the Group on Environmental Measures and International Trade was more "rules-based", and that, perhaps, the CTD could embark on a more global and forward-looking agenda. India, supported by several delegations, urged the reactivation of the CTD's Sub-Committee on Protective Measures. This Sub-Committee examines "any case of future protective action by developed countries against imports from developing countries in the light of relevant provisions of the GATT, particularly Part IV thereof..."

There was general agreement that the work of the Committee and the CTD Chairman's report at the Special Council on the UNCED follow-up scheduled for November, could follow the outline set in the informal debates: (i) the sustainable development, environment and trade interface; (ii) improving market access, in particular to exports of developing countries; (iii) monitoring and data collection; (iv) relevance of existing GATT rules relating to developing countries, including Part IV, to the concepts of sustainable development, environment and trade; (v) possible future role of the CTD in dealing with matters relating to sustainable development, environment and trade.

The CTD meeting opened with a comprehensive report by UNCTAD on its monitoring and data-collection activities with respect to sustainable development. The International Trade Centre also reported on its trade-environment activities. These two reports were in line with a general understanding that the CTD would take into account work of other organisations and avoid duplication of work whenever possible. At the meeting, Austria proposed that the CTD invite the Commission on Sustainable Development to also report on its activities.

The Group on Environmental Measures and International Trade

UNCED issues

The Group on Environmental Measures and International Trade devoted a full day (6 July) to an initial in-depth discussion on the range of issues in the UNCED Agenda 21 which have been assigned to the Group by the GATT Contracting parties (namely, the Introduction and Section B of Chapter 2).

Many delegations welcomed the launching of the work, with India stressing the importance of countering false propaganda that GATT was indifferent to environmental concerns. The United States suggested that it was no longer realistic for GATT representatives to leave environmental issues to environment experts because trade and environmental issues now often intersect. Brazil said that the Agenda 21 principles should be fully integrated into the GATT, maintaining that "poverty is the worst polluter in the developing world."

It was pointed out in many interventions that the Group's original agenda and its work under it had anticipated many points of international concern in relation to the trade and environment interface which were included in the UNCED results. These points covered a significant portion of the detailed UNCED recommendations, including those relating to transparency; to environmental regulations or standards such as packaging and labelling requirements; and to the relationship between GATT provisions and multilateral environmental agreements.

The discussions, however, brought out the need for the Group to tackle UNCED elements not covered by its regular agenda. These included: dispute settlement; the avoidance of using trade restrictions to offset differences in cost arising from differences in environmental standards; special factors affecting environment and trade policies in developing countries; and general parameters within which trade measures should or should not be used for environmental objectives.

The Group agreed to hold further discussions on the follow-up to the UNCED results in October, and to hold another meeting in November to prepare for the November Council meeting on this matter.

The Group on Environmental Measures and International Trade, on 5 and 7 July, pursued work on its regular agenda.

Packaging and labelling

The discussion on trade effects of packaging and labelling requirements was marked by a substantial exchange of information. The Secretariat issued a paper describing the trade effects of eco-labelling requirements. The paper pointed out that possible responses to trade concerns in this area would be increased transparency and the harmonization of environmental labelling programmes.

The European Community presented a detailed report on the German Packaging Ordinance, which took effect in 1991. It said the programme addressed the serious problem of waste disposal in Germany through encouraging the reduction, multiple use and recycling of packages. The German measure required companies to accept the return of packaging for reuse or recycling. According to the Community, importers were not required to return packaging to the country of origin. Rather, they could use service companies specialising in this area.

Many delegations emphasized the importance of timely and detailed notifications to GATT of labelling requirements, and the need to minimize possible restrictive effects on trade. One point raised was that complex labelling schemes would have a greater negative impact on developing countries.

Transparency

Substantial progress in the work of the Group in the area of multilateral transparency of environmental regulations was noted by a number of delegations. Mexico said that a consensus in the Group seemed to be emerging on the following: (i) transparency in this area should not be more

strict than in other areas; (ii) the establishment of trade-environment national contact points; and iii) the measures to be notified to the GATT should have substantial trade effects. In addition, Mexico believed that there were converging views that measures under Article XX ("General Exceptions"), as well as measures taken in the framework of multilateral environmental agreements, were not exempt from the GATT obligation to notify.

Multilateral environmental agreements

The Group considered in more detail two possible options that have emerged on how GATT could deal with trade provisions in existing multilateral environmental agreements: a collective interpretation of Article XX that would provide a general exception to agreements reflecting genuinely multilateral consensus, or through a case-by-case granting of waivers under Article XXV ("Joint Action by the Contracting Parties").

In a comprehensive statement, Canada stressed that available evidence indicated that conflicts in this area had arisen only in exceptional situations. It noted that of the 245 measures taken for environmental purposes that had been notified to the Committee on Technical Barriers to Trade between 1980 and 1991, none had been challenged. Furthermore, of the 152 international environmental agreements reviewed recently by the GATT Secretariat, only 17 contained trade provisions, and of those, only two appeared to treat parties and non-parties differently. Canada noted that GATT Article XXV was established precisely to deal with exceptional situations, and believed that a waiver approach merited further analysis by the Group supported by a Secretariat study on the subject.

The European Community expounded on an earlier submission outlining the advantages of an Article XX approach. It said the focus of the Group in this area should be determining the qualitative criteria, rather than a mechanical formula, to define a "genuine" multilateral agreement. The Community agreed with the Nordic countries that factors to be considered could in-

clude the procedure by which the agreement was negotiated, the terms of accession of non-signatories, and participation of major country producers and consumers.

Several delegations believed that it was premature to consider defined options on this agenda item, but that the Group should endeavour to obtain all information available.