

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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**World Trade Organization - Preparatory Committee**  
**Sub-Committee on Trade and Environment**

**REPORT OF THE MEETING HELD ON 11 MAY 1994**

**Note by the Secretariat**

1. The Sub-Committee on Trade and Environment held its first meeting on 11 May 1994 under the chairmanship of Ambassador Luiz Felipe Lampreia of Brazil. The agenda for the meeting contained in PC/AIR/1 was adopted. The purpose of the meeting was to consider organizational matters relating to the activities of the Sub-Committee and to allow delegations a first opportunity to express their views.
2. The Chairman said that the creation of the Sub-Committee was an important step in the efforts GATT contracting parties had been making to cope with the tasks required by the Rio Principles and Agenda 21 which resulted from the UN Conference on Environment and Development (UNCED) in June 1992. The work of the Sub-Committee was to be guided by the terms of reference established by the Ministerial Decision on Trade and Environment adopted in April 1994 in Marrakesh. In order to promote a constructive discussion in the Sub-Committee, it would be important that the basic principles established in that Decision be respected. They were: first, the need to keep the multilateral trading system as the axis of the discussions, as expressed by the Ministers' desire "to coordinate the policies in the field of trade and environment, and this without exceeding the competence of the multilateral trading system, which is limited to trade policies and those trade-related aspects of environmental policies which may result in significant trade effects for its members"; and second, to ensure that any results of the discussions were "compatible with the open, equitable and non-discriminatory nature of the system".
3. He continued by saying that the Sub-Committee's initial task was to discuss how to organize work in the light of the work programme approved in Marrakesh. It would seem convenient and coherent with the Ministerial Decision that discussions in the Sub-Committee take already as their timeframe the period up to the first WTO Ministerial meeting, when the work of the WTO Committee on Trade and Environment would be reviewed. The work programme opened up a comprehensive field for discussion of the trade and environment relationship. It would be necessary to establish some priorities and try gradually, but not in a premature manner, to form a sense of what could be achieved in the envisaged timeframe. This should be done over a well-prepared terrain, and in that sense it would be his intention to devote this meeting and subsequent consultations and meetings, as required, to a discussion of how to organize work initially.
4. He invited delegations to begin to reflect on which issues required initial attention, and to take into consideration the following elements: previous work accomplished in the Group on Environmental Measures and International Trade on trade provisions contained in multilateral environmental agreements, trade effects of new forms of packaging and labelling requirements, and transparency of trade-related environmental measures, and previous work undertaken there as well as in the Committee on Trade and Development and in the Council on UNCED follow-up; previous work on export of domestically prohibited goods; previous work in GATT on related issues, such as border tax adjustment, internal taxes, and tariff escalation; and equilibrium between issues already dealt with and new issues in this

area. The Chairman added that in the light of the issues requiring attention, it would be necessary to identify what studies from the Secretariat delegations felt would be needed.

5. The Chairman invited delegations to address three organizational matters.

#### Observers

6. As regards observers from governments that were not members of the Preparatory Committee of the WTO, the Chairman suggested that the Sub-Committee follow the same practice adopted by the Preparatory Committee; that is, governments which had been associated with the work of the TNC would be invited to attend formal meetings of the Sub-Committee.

7. As regards observers from intergovernmental organizations, he suggested that those intergovernmental organizations which had registered their interest in following GATT work on the subject of trade and environment and that were accepted as observers in the Group on Environmental Measures and International Trade might be invited to be observers in the Sub-Committee. The organizations concerned were: IBRD, IMF, FAO, OECD, UNCTAD, UNEP, EFTA, UNDP, and the UN Commission on Sustainable Development.

8. The representative of Australia said his government felt strongly that there should not be any difference in the list of observers invited to attend formal meetings of the Preparatory Committee and its sub-committees. The representative of the European Communities expressed the same point of view.

9. The representative of India asked whether it was necessary to take a decision now on granting observership to other intergovernmental organizations, and suggested reflecting further on whether all of the intergovernmental organizations that had observed the formal meetings of the Group on Environmental Measures and International Trade, such as the OECD, should necessarily be granted observer status in the Sub-Committee. The representatives of Singapore, speaking on behalf of the ASEAN countries, and Venezuela also saw a need for reflection on this issue and said there might be other regional, intergovernmental organizations which should be invited to be associated as observers because of their particular interest and expertise in the area of trade and environment.

10. The representative of Brazil said his delegation could support the Chairman's proposal, but he saw value in holding further consultations on the matter in order to arrive at a solution acceptable to all. The representative of Japan said his delegation could support the Chairman's proposal subject to the possibility of inviting further organizations as observers in the future. The representative of the United States said that while he could agree to the Chairman's proposal, his delegation would be flexible on the issue of observers and could understand a need for further reflection. He saw two aspects to the issue: the need to agree relatively quickly on who could participate in the immediate future in the Sub-Committee's meetings as observers, and the need to examine within the Sub-Committee's own work programme the matter of observers within the context of Article V of the WTO Agreement and to prepare recommendations in this regard for the Preparatory Committee and later the WTO. His delegation insisted that no decisions taken on observers now should prejudice future consideration of the issue. The representative of Sweden, speaking on behalf of the Nordic countries, said he was sympathetic to the Chairman's proposal but that he was quite prepared to allow other delegations time for reflection. His delegation felt intergovernmental organizations with specific expertise and interest in the area of trade and environment should be invited to attend formal meetings of the Sub-Committee as observers, and that they were not necessarily the same as those organizations interested in following the general issues of the Preparatory Committee. He said that the OECD had been involved in work on trade and environment for many years and it was logical to invite it as an observer. He felt it was important not to be too cautious about inviting organizations that had an interest in the subject and

a contribution to make. The representative of Nigeria saw a need to ensure that debate within the Sub-Committee was expanded, that there should be avenues and opportunities for other groups and other people with expertise and knowledge to be allowed to contribute, but that the Sub-Committee should be discriminating in granting rights to observe to ensure that there was a balanced reflection of views. His delegation would not oppose in principle the Chairman's recommendation.

11. The Chairman said he sensed general support for his proposal but saw a need for further reflection by some delegations. The Sub-Committee would therefore not take a decision on the matter now. He would hold further consultations and bring the issue back to the Sub-Committee once he felt that an acceptable solution had been found.

#### Documentation

12. The Chairman proposed that the documentation prepared for the Group on Environmental Measures and International Trade should be available as resource documentation for the work of the Sub-Committee. It was agreed.

13. He asked for delegations' views on the form in which they wished the meeting records to be kept, taking into account the Secretariat resources available to service the Sub-Committee. He recalled that in the case of the Group on Environmental Measures and International Trade the practice adopted was for the Secretariat to prepare detailed reports of each meeting, in the form of extensive minutes with attribution of statements to delegations by name. Those minutes remained restricted documents, but he recalled the decision taken by that Group to derestrict certain background working documents in order to help increase public appreciation of the scope and complexity of the discussions.

14. Several delegations suggested the Chairman take up the matter of Secretariat resources directly with the Director-General.

15. The representatives of India, New Zealand, Nigeria, Japan, Canada, Sweden, speaking on behalf of the Nordic countries, the Republic of Korea, Turkey, Argentina, Uruguay, the United States, Thailand, speaking on behalf of the ASEAN countries, the European Communities, and Switzerland expressed support for continuing the same practice of record-keeping of the proceedings of formal meetings that had been used in the Group on Environmental Measures and International Trade. This, in the view of many, served the purposes of ensuring full transparency among Sub-Committee members, informing capital-based officials of the proceedings of formal meetings, and building up a body of knowledge on the views of different delegations on the substance under discussion. The representative of Mexico, while expressing no objection to maintaining past practice in this area, suggested that in the initial phase it might encourage a more intellectual debate if no detailed or concise meeting records were kept so that delegations would avoid simply stating national positions. He said that the Sub-Committee was only just beginning its work, and constructive dialogue at this stage might be promoted if positions were not attributed.

16. Generally, it was felt that the keeping of formal, detailed minutes with attribution should not be allowed to stand in the way of the free flow of debate in the Sub-Committee. Some felt that this was not likely to occur, while some others felt that further thought might be given to alternative means of building up the body of documentation such as issuing in an organized way non-papers by individual delegations or the preparation of summaries of the substance of the debate, as well as holding informal meetings without official records to allow delegations greater freedom to express their points of view.

17. It was stated that derestriction of minutes was a sensitive subject and that it would remain up to the Sub-Committee to decide which of its documents could be derestricted; one factor to be taken into account in this regard was that derestriction should not be allowed to hamper the work of the Sub-

Committee. Several delegations considered it important to keep a wider public audience informed of the work of the Sub-Committee so as to build up public support for it, and suggested that further reflection be given to this issue. One suggestion in this respect was to derestrict formal records of the Sub-Committee. Another was the possibility of preparing separate reports of meetings of a summary nature or without attribution to delegations, one possibility being along the lines of those prepared already by the Secretariat under its own responsibility.

18. The Chairman said that he felt the majority of delegations favoured keeping meeting records in the same way as had been the practice of the Group on Environmental Measures and International Trade. For the time being, full records would be kept of formal meetings, and the matter of record-keeping would be reviewed as the Sub-Committee's work proceeded.

#### Rhythm and frequency of meetings

19. The Chairman said that in order to prepare for the next formal meeting, where he believed the Sub-Committee should begin tackling substantive, thematic issues, he felt it would be useful to meet at least once informally in order to discuss in more detail the work programme which was to be taken up. He would first conduct consultations on an individual basis or with representative samples of participants from the Sub-Committee, and then convene an informal meeting of the Sub-Committee. He suggested that delegations consider the possibility of working up to the summer break with the aim of holding the next, formal meeting of the Sub-Committee in late-June or early-July.

20. The representative of the United States hoped it would be possible to begin substantive discussions as soon as possible, but said it was important to reach agreement through informal contacts on the approach to be taken to the work programme sufficiently in advance of the next formal meeting to allow delegations to prepare properly for it. The representative of Switzerland said it would be important also to have a clear indication as soon as possible of the future schedule of meetings to allow delegations to prepare properly for them. The representative of the European Communities said that as the Sub-Committee approached the operational part of its work, it might prove useful to alternate formal and informal meetings. The representative of Venezuela urged the Chairman to keep delegations that did not participate in the informal process fully informed of developments. The representative of the Republic of Korea asked for indications of the probable composition, level of participation and frequency of informal meetings. The Chairman replied that he had no fixed ideas other than that the informal process should be functional and representative. He had no intention of creating exclusive sub-groups of participants, and would ensure full transparency was maintained.

21. The representative of Cuba asked for Secretariat summaries of the proceedings of recent discussions in GATT on trade and environment to be made available at the next meeting.