

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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ADVERSE TRADE EFFECTS OF ENVIRONMENTAL MEASURES

Communication from United Nations Environment Programme

The Director-General has received the following communication from the Executive Director of the United Nations Environment Programme.

Recently I was asked by a member of our Governing Council to look once again into the question of adverse trade effects of environmental measures. As you are aware, enforcement of stringent environmental regulations or product standards (e.g. cadmium content in phosphate rock) can severely restrict market access for an export commodity. In such a situation, the fairness of the environmental regulation or standard, its non-discriminatory application, transparency of procedures of its enforcement, openness of relevant information exchange and adequate notification to the exporting country to allow a smooth adjustment to the measure, are often at issue.

The Stockholm Conference on the Human Environment and later UNEP's Governing Council asked to ascertain in cooperation with UNCTAD and GATT the impact of environmental regulations on trade to assist the developing countries in ensuring that their trade and development prospects were not harmed by environmental regulations in developed countries. UNEP and UNCTAD consequently during the 1970s made a number of analytical and empirical studies in this field. While the studies were informative, they did not lead to a regular monitoring of international trade practices in the context of environmental measures, nor did they bring about a programme of assistance to the developing countries to enable them meet environmental standards of importing countries.

After the publication of the report of the World Commission on Environment and Development and the adoption by the General Assembly of the Environmental Perspective to the Year 2000 and Beyond, there is a notable political will among Governments to relate environmental and economic objectives nationally and internationally. This matter has also been recently stressed at the Ottawa Summit of the Group of Seven.

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I believe it may be opportune therefore for GATT to activate the Group of Environmental Measures and International Trade to monitor the impact on trade of environmental regulations and ensure fairness, non-discrimination, adequate notification and information exchange in trade practices. Simultaneously, GATT, UNCTAD and UNEP should explore ways of intensifying technical cooperation to developing countries in need to meet environmental standards of importing countries, for their major exports subjected to stringent environmental regulations.