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DUNKEL EMPHASISES IMPORTANCE OF THE URUGUAY ROUND FOR SUSTAINABLE  
DEVELOPMENT AND BETTER ENVIRONMENTAL PROTECTION

The Director General of GATT today called for the multilateral process of cooperation among governments in the trade and environment fields to be "deepened and broadened." Speaking at the United Nations Conference on Environment and Development, in Rio de Janeiro, Mr. Arthur Dunkel illustrated the important part an open and non-discriminatory trading system and a successful conclusion of the Uruguay Round could play in the implementation of the results of UNCED. In looking for the final political compromises to settle the Round, governments could not ignore "the implications for sustainable development and better protection of the environment", he commented.

A full text of Mr Dunkel's statement is attached.

Statement to the United Nations Conference on Environment  
and Development, 11 June 1992, Rio de Janeiro

I consider it a great honour to be associated with the Earth Summit. I take this opportunity to express my admiration for all those who have participated in the preparation of this Conference as well as for the immense contribution of the Government and people of the host country, Brazil.

Since 1986, the GATT is seen mainly as the institution under whose aegis the most ambitious multilateral trade negotiation ever launched is taking place. The fact that the Uruguay Round was launched in the very continent which hosts UNCED testifies to the crucial rôle that trade is being called to play in the development process. Even more revealing is the number of governments which, whilst embarking on drastic market-oriented economic reforms, have also chosen to negotiate accession to the GATT or, if they are already members, to participate more fully and actively than before. In other words, trade is, more than ever, recognized as an engine for growth, development and job creation and not an end by itself. Principle 12 of the Rio Declaration confirms this point.

Mr. Chairman, Ladies and Gentlemen, I welcome your endorsement of the need for an open and non-discriminatory trading system as an important part of the policy framework for implementing the results of UNCED. In this context, your emphasis on an early, balanced and successful conclusion to the Uruguay Round is well-placed and timely. These negotiations do, indeed, hold the promise of very significant contributions across-the-board - through generally increasing market access, most particularly for developing country exporters, through reducing tariff escalation and non-tariff barriers, especially in areas that will permit developing countries to generate a higher share of the value-added involved in processing tropical and natural resource-based products; through cutting agricultural trade barriers, both border measures and domestic support programmes, and reducing agricultural export subsidies; and through strengthening the rules and disciplines of the trading system so that it can better protect and promote the trade interests of all participants, in a more secure and equitable manner.

Results such as these are there for the taking. The basic requirement now is for governments to find the courage to make the final political compromises required for ending the negotiations. They cannot afford to ignore the implications that failure would have for a world economy in dire need of a strong boost of confidence. Nor can they ignore the implications of inaction for the prospects for sustainable development and better protection of the environment.

It is no accident that Principle 12 calls for making "trade and environment mutually supportive". The preparatory work for this Conference has indeed fostered a wide range of views on trade and environment. And there are inevitably differences on whether the two can coexist

harmoniously. The conclusions you have reached indicate that they can and that they must. We have now to translate this aim into reality. I can assure you that GATT's Contracting Parties are following your proceedings very closely and will carefully analyse the conclusions that UNCED will reach. They have already begun addressing the links between trade and environment through the work programme agreed for their Group on Environmental Measures and International Trade. The initial agenda of this Group offers scope for any expansion that may be needed later on. But, even, at this stage, it covers three of the issues which this Conference recommends for further attention and work: the examination of trade measures included in multilateral environmental agreements vis-à-vis GATT provisions; the transparency of national environmental regulations which are likely to affect trade; the trade effects of packaging and labelling requirements intended to protect the environment.

Mr. Chairman, by coming down to the nuts and bolts of GATT activities focused specifically on the links between trade and the environment, my purpose is mainly to remind ourselves that trade and the trading system have to be seen:

- firstly, from the macro-economic point of view, in terms of generating and mobilizing, through enhanced international trade, the financial and technological resources needed to implement adequate environmental policies;

- secondly, from the micro-economic point of view, in terms of avoiding ill-considered specific actions involving trade restrictions which would cost a high price in terms of disruptions to international commerce without necessarily helping to solve the environmental problem.

Indeed, trade policy cuts across many of the sectoral issues which are being considered here. There are references throughout Agenda 21 to the importance of a properly functioning trading system - for combating deforestation, protecting the oceans, managing toxic chemicals and hazardous wastes in an environmentally sound way, and most fundamentally of all for accelerating sustainable development in the developing countries.

In an increasingly interdependent world, economic and trade policies need to address more deeply than ever all the factors which determine the conditions of competition: hence the importance attached to those elements of domestic economic policies which can have potential implications for the operators in the world market place, such as subsidies, dumping, taxation, etc. That is why, even in the Uruguay Round, which many consider a purely trade negotiation, environmental policies and the instruments used to implement them pervade the work in many respects.

Let me just illustrate this by some specific examples: agricultural reform and its impact on the use of chemical fertilisers and pesticides, as well as the exemption of environmental programmes in the domestic support area; technical regulations and standards of which more than 250 relate to recycling, eco-labelling, waste disposal, prohibition of trade in toxic products and which have been notified without being challenged; sanitary

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and phyto-sanitary measures aimed at protecting human, animal and plant life and health, without being used for hidden protective purposes. But let me be quite clear. Neither the governments participating in the Uruguay Round nor the GATT secretariat claim that the Uruguay Round will provide all the answers to the problems of trade and the environment, in the same way as they do not consider that the Uruguay Round will exhaust the trade policy agenda as such.

The multilateral process of cooperation among governments will need to be deepened and broadened. It is clear also that in the final analysis, actions will speak louder than words. We have every reason to believe that such actions can only be taken if multilateral trade policies and multilateral environmental policies develop hand in hand.

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