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TRADE AND ENVIRONMENT

Statement by the Delegation of Peru

First, the Peruvian delegation wishes to express its appreciation to Ambassador Rubens Ricupero in his capacity as Chairman of the CONTRACTING PARTIES for conducting the informal consultations on trade and environment so skilfully and successfully.

We hope that he will be able to pursue his work so that all of us here in GATT can gain a clearer and fuller understanding of the implications of the issue and so take the right decisions.

Peru wishes to make a positive contribution to the discussion and to share some views that might be of help to all of us in deciding on GATT's comprehensive approach to the environment issue and the contribution that the Secretariat should make to the United Nation's Conference on Environment and Development to be held in Rio in a few month's time.

As Peru has constantly maintained throughout the various phases of this body's discussions on environment and international trade, the environment is a matter of concern to the whole international community and does not only involve trade relations between the GATT contracting parties or a small number of countries.

The issue is so broad that it transcends even certain aspects of national sovereignty and requires, with the agreement of the countries concerned, the limitation of national rights in the interests of mankind as a whole.

Environment issues cover such a wide area that they cannot be analyzed in the light of only one aspect of international life. Their analysis calls for a complex, multifaceted approach which, first and foremost, takes account of the concept of development and all its components, and must also deal with aspects such as social, economic and financial policy, procedures and alternatives for the transfer of environmentally-appropriate technology on equitable terms for developing countries, the level of exploitation of non-renewable natural resources and - why not? - the links between environment issues and international trade.

But although all countries share the objective of obtaining rules and policies to sustain an international community in which responsibility for preserving the environment is spread fairly among all, in accordance with their respective abilities, resources and responsibility, they do not necessarily all have the same environmental concerns and priorities.

On the contrary, as was recognized in a recent intellectual debate on the question organized by the United Nations Conference on Trade and Development, the industrialized countries are seeking to prevent degradation of the environment because they have reached the conclusion that their production and consumption practices are unsustainable in the medium-term owing to the tremendous damage they inflict on the environment, and that they cannot put off changing them.

However, the issue is quite different for developing countries, which face the central problem of achieving sustainable development without endangering their non-renewable natural resources or degrading the world environment in the process.

The problem is even more complex for our countries because the acute poverty affecting large sectors of our societies, combined with the structural fall in the prices of our natural-resource products - often as a result of the protectionist policies of the developed countries - , the deterioration in the terms of trade and the external debt, means that indiscriminate use of non-renewable resources, with the resulting damage to the environment, is one of the few alternatives open to certain developing countries to obtain a minimum income with which to try to finance their development.

That is why we have constantly stressed that, for our countries, the environment issue cannot be separated from development. Our position has not been adopted arbitrarily or with a view to obtaining greater bargaining power vis-à-vis the industrialized countries, but is based on clear and objective reasoning.

Essentially, it amounts to the simple argument that countries that are unable even to satisfy the minimum needs of their populations cannot be asked to assume responsibility for conserving the environment on the same terms as countries that have reached such a level of production and consumption that it has become a danger to the natural environment.

For all the foregoing reasons, we disagree fundamentally with the idea expressed here to the effect that, with regard to the environment and pollution, the distinction between developing and developed countries is only of limited value.

This point is of course linked to the fact that the developing countries are not exactly responsible for the majority of environment problems. Accordingly, the industrialized countries must, as a matter of priority and urgency, take the necessary measures to solve their own environmental problems and thus give a lead to the rest of the world.

In this connection, the statement made yesterday by the Argentine delegation was particularly relevant; it gave some very clear illustrations of how the production patterns in industrialized countries contribute to the degradation of the environment.

In view of all these facts, we must address the interrelationship between environment and trade policies and their links with sustainable development.

As we have already said, sustainable development is a very broad concept and trade issues are only one of its many aspects. We should therefore ask ourselves whether or not this is the right time to devise trade measures in GATT that contribute to the formulation of a comprehensive concept of sustainable development.

We believe that it is still too early, precisely because as yet there is no clear definition of how the various areas should be covered and interlinked in the framework of the environment issue.

The process of defining the linkages among the different areas will take shape with the 1992 Conference on the Environment. We therefore consider that GATT should await the agreements reached at that Conference before adopting trade measures to fit in with the general environment policy agreed upon by consensus.

In saying this, we endorse the view expressed several times in the course of this discussion by both industrialized and developing countries, that in the rule-making process the environment and development should take precedence over trade interests. In other words the latter should be subordinated to the former and not the reverse. This order of priorities is clearly reflected in the fact that GATT itself recognizes that trade is not an end in itself, and must go hand-in-hand with improving the living standards of the populations of the contracting parties.

Consequently, there is all the more reason why we should bear in mind that world trade is also in the throes of a far-reaching restructuring process. Changes in the rules governing trade will only be ascertained at the end of the Uruguay Round.

For the time being, therefore, it would be difficult to try to adapt trade rules that are in the process of being formulated to environmental priorities and objectives - that we all hope to adopt in the common interest after the Conference on Environment and Development - , when as yet we have no clear or definite idea of the structure and future orientation of the rules of international trade.

It could be counterproductive in the present circumstances to try to re-establish a Working Group whose terms of reference and composition are totally obsolete because, as a result, the discussions in GATT might be channelled away from efforts to link sustainable development with the environment, which the international community has accepted as the right approach.

The outline that was circulated refers, inter alia, to trade liberalization and the environment.

In general terms, it would appear that the liberalization that we have been seeking for several years in our negotiations could have positive effects on the environment, particularly in that manufactures from developing countries might obtain greater access to the various markets thereby reducing their dependence on natural-resource products and easing pressure on the over-exploitation of non-renewable resources.

At the same time, greater liberalization in the agricultural sector, for example, might lead to more rational use of agricultural land in exporting countries, thereby reducing soil erosion, about which a number of views have been expressed in the present discussion.

Nonetheless, we should not lose sight of the fact that for countries that depend exclusively on natural-resource products and have only a very limited processing capacity, liberalization may mean further deterioration in the terms of trade with the result that they will have to resort to exploiting their natural resources even further in order to pay for their development needs as well as the additional costs entailed by environment conservation.

For all the foregoing reasons, I repeat, we consider that environmental issues are inextricably linked to development. Accordingly, the industrial countries must realize that, before addressing the issue of trade measures and the environment, it is necessary to decide on a clear and well defined approach to the elimination of poverty and the attainment of sustainable development. Similarly, there will have to be clearly defined guidelines on the transfer of non-polluting technology and financial assistance to cover the costs of environmental conservation.

My comments are by no means an indication that Peru is opposed to the obvious links between international trade and the environment being dealt with in this body. On the contrary, we consider that exercises such as the present one, and the informal consultations headed by the Ambassador of Brazil, are most useful in gaining greater insight into the issue.

On the other hand, we do not consider that we should waste time in lengthy and fruitless procedural discussions. We should take advantage of the opportunity provided by the GATT to acquire more information on the link between trade, sustainable development and the environment.

My delegation would therefore like to suggest a course of action along the following lines:

1. The proposals of the ASEAN countries, set out in document No. L/6859, should be followed and, in particular, the GATT secretariat should be requested to prepare a factual paper on the subject of "Trade and the Environment" and a list of national measures concerning the environment which might have trade implications, and of trade measures that might have an impact on the preservation of the environment. A questionnaire, to be filled in and returned by national authorities by a given date, would be of assistance in compiling the list.

2. Since the GATT secretariat has participated in all the phases of the UNCED preparations, it could prepare a factual paper on how trade issues are being dealt with in the preparations for the Conference. This would give us a clearer idea of the scope of the exercise and enable us, after further consideration of the matter in this body, to define the contribution that the GATT secretariat should make to the Rio Conference.

3. An exhaustive and factual list could be prepared of international instruments relating to the environment that contain provisions concerning trade directly or indirectly, and giving the status of accession to them by GATT contracting parties.

4. The foregoing information, which will obviously not be easy to compile, will give us a much clearer picture in a few month's time, once it has been widely distributed and duly processed by the contracting parties, of the areas on which the GATT secretariat should concentrate in its contribution to UNCED.

5. With all this additional information, we will have a definite idea of what the new terms of reference of a possible working group should cover. Such a group would necessarily be open to participation by all contracting parties. Only then will we be in a position to decide on whether it would be advisable to have such a working group. As I have already said, the Peruvian delegation considers that its establishment should coincide with the conclusion of UNCED and the Uruguay Round.

I should like to make a few additional comments on something that my delegation sees as an essential element in dealing with environment issues and which is directly linked to trade: namely, that the private sector, businesses, non-governmental organizations, lobbies and society in general must be involved in the process leading up to the Conference on Environment and Development.

Although government policies have a rôle in regulating treatment of the environment, there must be constant concern and active involvement on the part of the economic and social agents that are directly responsible for environmental degradation or are affected by it. Only if there is a broad convergence of interests between governments, all sectors of the economy and all groups of society, will real headway be made in promoting sustainable development.

Lastly, I should point out that, in the future, when we have received guidelines from the United Nations Conference on Environment and Development and signed the Final Act of the Uruguay Round, and are in a position to address substantively the link between trade issues and the environment, we must be fully aware that any rules agreed upon in this area in GATT must be aimed at preventing environmental regulations and measures from being used as a cover for protectionist measures which might impair free trade and serve as unjustified trade barriers - eco-protectionism, as it has been called - or from being used to increase or create new forms of conditionality in the transfer of resources to developing countries.