

ENVIRONMENTAL GOODS FOR DEVELOPMENT

Submission by Brazil

Paragraph 31 (iii)

The following communication, dated 7 July 2005, is being circulated at the request of the Delegation of Brazil.

I. SUMMARY

1. This paper aims to make a contribution to the discussions on environmental goods through the perspective of development as envisaged in the Doha Ministerial Declaration. It is proposed that a meaningful outcome of those discussions should take fully into account the particular concerns and interests of the developing countries by including, as part of the package, the principles of special and differential treatment and of less than full reciprocity in reduction commitments.

II. BACKGROUND AND GENERAL GUIDELINES

2. One of the hallmarks of the Doha Ministerial Conference is the unprecedented commitment of WTO Members to make multilateral trade rules and trade liberalization supportive of the development process. Also noteworthy is the commitment undertaken to seek to achieve environmental objectives while pursuing trade liberalization and addressing development concerns. In this context, it is in the interest of all Members that liberalization in the trade of environmental goods should offer opportunities for developing countries to increase exports of such goods where they have competitive advantages.

3. Paragraph 6 of the DMD states that “the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment (...) can and must be mutually supportive”. It is also helpful to remember that paragraph 51 draws attention to the fact that both the Committee on Trade and Development (CTD) and the Committee on Trade and Environment (CTE) should act “to identify and debate developmental and environmental aspects of the negotiations”.

4. Furthermore, the CTESS is instructed to focus on development in the context of the negotiations mandated in paragraph 31 (iii) of the DMD. For most developing countries, development would be best addressed in the field of environmental goods if the outcome of the negotiations lead mainly to: (a) improved market access for products that have low impact on the environment and/or that are derived from or that incorporate cleaner technologies; and (b) the use of technologies adapted to the needs of developing countries.

5. This approach aims at addressing the imbalances currently existing in the market of environmental goods, which has privileged the definition based, by and large, on “end-of-pipe” technologies and products. According to UNCTAD studies, developed countries hold 90% of the so-called “traditional” market of environmental goods. Negotiations focused mainly on this “traditional” view, as proposed by some Members, would not take into account the development aspects of the DMD.

6. While modalities are not part of the scope of negotiations in the CTESS, it is reasonable to conclude that Members, in fulfilling the mandate (“the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services”), will ensure that the negotiations will duly take into account the principles of special and differential treatment and less than full reciprocity in the reduction commitments.

7. Additionally, negotiations under paragraph 31 (iii) should consider: (a) the reduction or elimination of unjustified trade restrictions; and (b) the provision of technical assistance and capacity building to developing countries.

III. DEVELOPMENT OPPORTUNITIES FOR DEVELOPING COUNTRIES

8. The exports of most developing countries consist, by and large, of natural resource-based products. Most of them are endowed with plenty of natural resources that include formidable stocks of biodiversity, water, landscape and soil. Moreover, the indigenous and local communities of these countries are rich in traditional knowledge. Paradoxically, many of these local populations have to endure dreadful famine, poverty, illness and other environmental setbacks. Environmental preservation under these conditions is hardly sustainable.

9. An adequate definition of environmental goods may constitute a relevant response to overcome this paradox, by allowing mutually supportive outcomes and a triple win situation, i.e., trade promotion, environmental improvement and poverty alleviation. Improved market access for products that have low environmental impact and/or are derived from or incorporate cleaner technologies contributes to poverty alleviation through income generation and job creation for local populations. This structural move has a multiple developmental effect throughout the respective society.

10. Hence, it is proposed that the definition of environmental goods should cover products, such as natural fibres and colorants and other non-timber forest products, renewable energy, including ethanol and biodiesel. A FAO study for the Convention on Biological Diversity, using a loose concept of sustainable use product, indicates that such products would enjoy a market of around US\$ 19 billion. Albeit inaccurate and requiring further refinement, it shows that further liberalization in the trade of these products would certainly have positive developmental effects.

11. Improved market access for products derived from or that incorporate cleaner technologies, such as “flexi fuel” engines and vehicles could also encourage the use of environmentally efficient products and be supportive of the developmental concerns of the developing countries, as those vehicles are driven by a fuel obtained from the processing of natural resources available in the developing countries.

IV. ELEMENTS FOR THE DEFINITION OF ENVIRONMENTAL GOODS

12. Based on the criteria and objectives described in the previous sections, Brazil would like to propose the following approach to the discussions on the definition of environmental goods, with a view to translating the development objective of the DMD in practical terms.

13. In order to achieve a balanced outcome in the negotiations, any definition of environmental goods should include products in which developing countries have special interest. Therefore, Brazil proposes to adopt the UNCTAD approach on “environmentally preferable products” as a basis to develop a definition of environmental goods that encompasses the development dimension. UNCTAD has been studying this matter for a long time and has devoted considerable efforts in the support of negotiations on the matter, as well as in assisting to find technical solutions to this issue.
