

**THE DEVELOPMENT DIMENSION AS AN INTEGRAL PART OF THE
NEGOTIATIONS ON ENVIRONMENTAL GOODS: THE PRINCIPLE OF
SPECIAL AND DIFFERENTIAL TREATMENT**

Communication from the Republic of Cuba

Paragraph 31(iii)

The following communication has been received from the delegation of the Republic of Cuba with the request that it be circulated among the Members of the Committee on Trade and Environment.

I. INTRODUCTION

1. This contribution¹ to the negotiations on environmental goods is submitted as a follow-up to the considerations set out in document TN/TE/W/55, in which it was noted that one issue awaiting a solution was real and effective implementation of the principle of special and differential treatment (SDT).
2. Cuba attaches great importance to environmental protection and sustainable development and is convinced that the attainment of those goals, as far as these negotiations are concerned, will depend on how feasible it is for Cuba - and other developing countries - to have access to environmental goods and services on the terms that its national development requires and not merely through a liberalization process which is alien to such goals.
3. The development witnessed in environmental goods and services since the Earth Summit and the adoption of Agenda 21 in Rio de Janeiro, has to do with the growing environmental awareness worldwide and the will to take steps to protect the environment that open up greater opportunities for such goods and services to be marketed nationally and internationally.
4. It is worthwhile recalling paragraph 2 of the DMD, which reaffirms the mandate to address as a matter of priority, in these and all negotiations, the interests and needs of the majority of the Member countries of this Organization:

"International trade can play a major role in the promotion of economic development and the alleviation of poverty. We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. The

¹ The purpose of this paper is not to prejudge the outcome of the negotiations but to ensure implementation of the DMD mandate concerning the consideration of development goals.

majority of WTO Members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration. Recalling the Preamble to the Marrakesh Agreement, we shall continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development. In this context, enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play."²

5. Progress in the present negotiations will depend on the assurance the developing and least developed countries feel about proper fulfilment of the mandate. In our view, therefore, it is essential to start at once to promote a discussion involving all Members on how to ensure effective implementation of SDT so that the mandate in paragraph 31(iii) can be put into effect.

II. SPECIAL AND DIFFERENTIAL TREATMENT: AN ISSUE TO BE RESOLVED

6. It is a well-known fact that liberalization does not automatically promote greater competitiveness in developing countries. The capacities of such countries need to be built up so that they achieve the efficiency to compete on the world stage. The negotiations will therefore have to take into account that fewer human, financial and technological resources are available to developing countries, and accordingly allow gradual liberalization insofar as this accommodates their interests and priorities and not those of the developed countries.

7. For Cuba, only if there are conditions in which real and effective differential treatment can be implemented on the basis of non discrimination and without conditions, will trade liberalization in this area enable countries to implement projects aimed at sustainable development. This will mean eliminating the qualitative disadvantages arising from the technology gap created by the difficulties of gaining access to technology and the know-how that goes with it.

8. This view of SDT in fact sums up the mandate laid down in the DMD and in the Hong Kong Ministerial Declaration itself, which recognizes in paragraph 2 the importance of safeguarding the development dimension in all the current negotiations:

"We emphasize the central importance of the development dimension in every aspect of the Doha Work Programme and recommit ourselves to making it a meaningful reality, in terms both of the results of the negotiations on market access and rule-making and of the specific development-related issues ... "³

9. Paragraph 15 of that Declaration also refers to this matter in reaffirming the mandate of the NAMA Negotiating Group:

"We reaffirm the importance of special and differential treatment and less than full reciprocity in reduction commitments, including paragraph 8 of the NAMA Framework, as integral parts of the modalities. We instruct the Negotiating Group to finalize its details as soon as possible."⁴

10. As the negotiations on environmental goods now stand, there is an obvious lack of consensus on a number of key issues. On others, and the SDT principle is a case in point, there is as yet no clarity as to how they can be implemented although their relevance to the negotiations has been

² WTO, Doha Ministerial Declaration, paragraph 2.

³ WTO, WT/MIN(05)/W/3/Rev.2, 22 December 2005, page 1.

⁴ *Idem*, page 4.

acknowledged. However, we are now at a juncture where it is essential that the negotiations take into consideration the sustainable development needs of the developing countries.

11. It is for these reasons that Cuba, ever since it submitted document TN/TE/W/55 in July 2005, has been pointing out the urgency of responding to this mandate. More recently, in informal and formal meetings of the Committee on Trade and Environment there has been broad acknowledgement of the need to include the development dimension in the current negotiations on environmental goods.

III. PROPOSALS ON SPECIAL AND DIFFERENTIAL TREATMENT TO BE INCLUDED IN THE NEGOTIATIONS ON ENVIRONMENTAL GOODS

12. First, Cuba's views on SDT implies recognition of Principle 7 of the Rio Declaration of 1992, ratified by the World Summit for Development held in Johannesburg in 2002. Principle 7 says that countries have common but differentiated responsibilities according to the level of their development. This does not entail imposing equal treatment among unequals, as the outcome would be unfair.

13. As Cuba already said in the document referred to above, the project approach is best suited to making SDT viable because it ensures that the environmental objective sought is automatically defined and the assistance involved is obviously assigned to sustainable development. Discussions to date, including those in recent informal technical meetings, have shown that the development dimension cannot on its own be guaranteed by the list approach, which is why Cuba prefers the other approach to be applied in these negotiations.

14. In view of the foregoing, it is important that the Committee should undertake an in-depth analysis of the development dimension that these negotiations should have and the forms that SDT would take. This would appear to be a prerequisite for pursuing the current discussion, with a view to agreeing on effective SDT which goes beyond the mere granting of implementation periods and less discretionality not to liberalize.

15. Without prejudice to other forms of SDT being identified in the discussion generated by the present contribution, Cuba considers that if the intention is to pursue the discussion on the basis of the established parameters, it will be necessary to agree that:

- The developing countries will not make new tariff reduction commitments on environmental goods that they deem to be out of keeping with their sustainable development policies and objectives either because the goods do not constitute an environmental or social problem or because they constitute an infant industry or an industry that needs promotion. At the same time, there will be no numerical caps for the reduction process in respect of goods for which a tariff reduction is decided. The developing countries will decide on the proportion of goods to be liberalized and their own levels of reduction.
- Environmental goods for export that the developing countries identify must have low enough tariffs to allow their effective entry into the markets of the developed countries for which they are destined, and there must be approval, mutual recognition and financial and technological support measures to achieve such entry where the goods are subject to non-tariff barriers. This would mean taking up an outstanding issue – analysis of non-tariff barriers – that has not been seriously addressed in this Committee.

- In the case of environmental goods that constitute environment-friendly technology packages and clean technologies of interest to developing countries, these should be transferred on favourable and preferential terms together with the related know-how and the necessary training for them to be put to use in the receiving country, without discrimination between receiving countries.
