

WORLD TRADE ORGANIZATION

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Trade and Environment

Communication from Norway

The following communication, dated 29 April 1999, has been received from the Permanent Mission of Norway.

I. INTRODUCTION

1. Following analytical work by the WTO and other international organizations, a common understanding seems to emerge to the effect that in order to promote the objective of sustainable development, trade and environmental policies must be formulated so that they are mutually supportive and legally consistent. Our task is to translate this understanding into concrete action in various fields covered by the WTO.

2. The immediate challenge is to specify how environmental concerns can be taken into account in fields which will be subject to negotiation from the year 2000, such as agriculture and services, bearing in mind that environmental policy *per se* remains the responsibility of governments and international environmental organizations.

II. HOW TO TAKE ACCOUNT OF ENVIRONMENTAL CONCERNS IN ALL FIELDS OF NEGOTIATIONS

3. Both positive and negative effects of liberalization should be identified with a view to establishing whether, or to what degree, the removal of specific trade restrictions or distortions will have net positive environmental effects. In conjunction with liberalization, specific trade and environmental impacts in the various negotiating fields should be reviewed; this will help clarify where trade liberalization leads to both economic and environmental gains and where such win-win situations do not occur. It should be noted that the Committee on Trade and Environment (CTE) has carried out useful analyses in this context.

4. Environmental reviews of draft trade agreements/provisions should also be carried out in conjunction with negotiations on rules and disciplines. Economic and technical support should be given to countries that have difficulty in carrying out such reviews at national level.

5. Environmental reviews should be conducted early in the negotiation process and/or near the end of the process, when draft agreements are available.

6. It is recognized that national authorities are responsible for carrying out reviews. However, since there are capacity problems in many countries it would be helpful in negotiations on both market access and rule-making if participants were encouraged to exchange views and experience multilaterally on the basis of their reviews. To ensure that horizontal issues are properly considered, such as developing country concerns and aspects relating to Multilateral Environmental Agreements (MEAs), other international organizations such as UNEP, FAO and UNCTAD should be invited to attend meetings of negotiating bodies and to provide contributions.

III. POSSIBLE SEPARATE SUBJECTS FOR NEGOTIATIONS AT THE TRADE AND ENVIRONMENT INTERFACE

Multilateral Environmental Agreements (MEAs)

7. It is recognized that international cooperation, especially in the form of MEAs, is the best and most effective means of solving global and transboundary environmental problems and thereby reducing the risk that countries will resort to unilateral trade restrictions. Moreover, the fact that trade-related instruments in MEAs have been negotiated and agreed on multilaterally and most parties to the MEAs are also Members of the WTO constitutes a substantial assurance against protectionism.

8. In certain cases, trade measures can play an effective role in promoting the objectives of an MEA. Trade measures are usually part of a broader package of policy measures, including financial and technological assistance. We must ensure that the trading system provides the necessary flexibility for policy makers in the environmental field and predictability for all actors concerning the use of trade-related instruments in MEAs.

Voluntary eco-labelling programmes

9. It is essential that the trading system promotes incentives for the production and use of environmentally-friendly services and products. The use of eco-labelling programmes, based on a life-cycle approach, is one way of influencing production and consumption patterns. Such programmes have proved to have considerable potential in spite of being of recent date. With the growing interest in environmentally-friendly behaviour among consumers, eco-labelling may also create new business opportunities in both developed and developing countries. Transparency regarding ecological criteria that a product will have to satisfy in order to be awarded a specific eco-label and opportunities for interested parties to provide input in the development of such criteria at an early stage, are important means in ensuring that eco-labelling is not used for protectionist purposes. It should be noted that most voluntary eco-labelling programmes are based on a life-cycle approach and that many of them do not have governmental involvement. Such factors would have to be taken into account when exploring appropriate WTO approaches, including in a non legally-binding form, for voluntary eco-labelling programmes. International organizations, especially UNEP and ISO, should be invited to attend meetings of negotiating bodies and to provide contributions.

IV. ELEMENTS RELATING TO TRADE AND ENVIRONMENT PROPOSED FOR INCLUSION IN THE SEATTLE MINISTERIAL DECLARATION

Objectives/general principles governing all fields of negotiations:

- The responsiveness of the WTO system should be increased through integration of environmental concerns and by fostering cooperative action between WTO and other international organizations with a view to promoting sustainable development.
- The effects on sustainability of further liberalization/draft agreements should be considered and/or reviewed.

- International organizations such as UNEP, FAO, UNCTAD and ISO should, where relevant, be invited to attend meetings of negotiating bodies and to provide contributions.

Possible separate subjects for negotiations:

Specific accommodation of trade-related instruments pursuant to Multilateral Environmental Agreements (MEAs) and voluntary eco-labelling in the WTO system

- The aim of negotiations for these two subjects should be to clarify existing WTO provisions and elaborate new disciplines.

10. Furthermore, the Ministerial Declaration should contain a reference to the objective of sustainable development, including environmental and developmental principles as reflected in the Rio Declaration, in particular the precautionary principle, the polluter pays principle and the right to development.

11. The concerns of developing countries must be taken into account in the field of trade and environment as well. Norway foresees that the principle of differential and more favourable treatment of developing countries will be addressed separately in the Ministerial Declaration.
