

Paving the road to Cancun

LDCs view on the way forward during the Fifth Ministerial of the WTO

Trade and environment: The missing agenda of LDCs

With a view to undertaking a review of developments following the Fourth WTO Ministerial Meeting at Doha and to promote a common position at the Fifth Ministerial Meeting in Cancun in September 2003, LDCs Trade Ministers met in Dhaka on 31 May - 2 June 2003. At the end of the meeting the Dhaka Declaration was adopted identifying and emphasising issues and concerns to be addressed in Cancun. The issue of Trade and Environment was not included in the Dhaka Ministerial Declaration. However, the International Civil Society Forum held in Dhaka on 29 -30 May 2003, prior to the Dhaka LDCs Ministerial, did call upon the Trade Ministers to address the issue.

Environmental issues made their way on to the WTO negotiating agenda for the first time at the Doha Ministerial Meeting in November 2001 as a result of a sustained effort by various environmental lobbies and notwithstanding strong opposition from both the developed and developing countries. Environmental concerns are reflected in paragraph 6 of the Preamble of the Doha Ministerial Declaration. Negotiations on items described in paragraph 31 form part of the "single undertaking" package and hence are to be concluded on 1 January 2005. The non-negotiating agenda in paragraph 32 must be exa-

mined before the Cancun Ministerial to find out what future actions can be taken on these issues and whether they can be placed on the table for negotiations. A report on technical assistance (TA) and capacity building (CB) on trade and environment as described in paragraph 33 is to be presented in Cancun.

Post-Doha developments

The relationship between WTO rules and MEAs (Para 31 (i)): Some of the members argued that there is a

need to define the concept of MEAs (Multilateral Environmental Agreements) and STOs (Specific Trade Obligations) and to identify and categorise the STOs under the MEAs according to their specificity. The members of the WTO must make it clear when it is permissible or not for governments to impose trade-restrictive measures intended to meet their obligations under the MEAs. Others suggested that the WTO should first discuss principles and parameters to govern the WTO-MEA relations. There were suggestions for three phases of negotiations: (1) identification of the most specific trade obligations in the relevant MEAs to be addressed and the appropriate WTO rules, (2) discuss these provisions with the relevant MEA secretariats and (3) move to a negotiating phase. Some members suggested that the definition of a STO in a MEA should be limited to one that is mandatory and specific in character. However, others were not in favour of limiting the discussion to any particular MEA.

Reduction of Tariff and Non-tariff Barriers to Environmental Goods and Services (Para 31 (ii)): There has not been any progress on defining environmental goods or on recommendations for future actions for the forthcoming Cancun meeting. The members are divided basically into two groups over the definition and identification of environmental goods: (1) those who consider the APEC and OECD lists of environmental goods as adequate and (2) those who think that there should be a WTO list of environmental goods in light of the Doha mandate. According to developing countries, product coverage of environmental goods should include more products of export interest to them such as jute and natural gas. Others are in favour of no particular definition of environmental goods as such. They argue that whether a good is an environmental one or not will depend on the requests and offers made by the countries during the negotiations.

There is no clear idea of which services to include in 'Environmental Goods and Services'. In the Services Sectoral Classification list of GATS, environmental services are included as one of the twelve sectors. Under environmental services four categories of services are classified: sewage, refuse disposal, sanitation and other. Members believe that the list needs to be updated. In the CTE (Committee on Trade and Environment) the proposal on environmental services was driven mainly by the developed countries that have a number of environmental services. The absence of any specific definition has encouraged countries to use various categories of environmental services in their bilateral negotiation requests.

Effect of Environmental Measures on Market Access (Para 32 (i)): Developing countries made a number of proposals in order to minimise the adverse effects of environmental measures on their market access.

However, developed countries have opposed some of them.

Trade-Related Intellectual Property Rights (TRIPS) (Para 32(ii)): There are tensions between developed and developing countries on the relationship between the TRIPS Agreement and the CBD (Convention on Biodiversity). Developing countries prefer to discuss the relationship between TRIPS and the CBD and traditional knowledge in the TRIPS Council. In addition, they want to modify the TRIPS Agreement. However, developed countries see TRIPS and the CBD as mutually supportive and are against any modification.

Labeling Requirements for Environmental Purposes (Para 32 (iii)): Developing countries fear that eco-labeling could stand as a barrier to their market access. If a label is developed only on the basis of local environmental conditions, there is a risk that other goods may be excluded. Products from developing countries are unlikely to qualify for eco-labeling schemes in developed countries because of the lack of environmentally sound technologies. Also some of the developed countries are wary of eco-labeling requirements as this may be equivalent to a ban on their products.

LDCs interests and concerns

With the increased economic interdependence between different countries, environmental issues have emerged as an important area of concern for all countries including LDCs. Trade is considered to be beneficial since trade liberalisation-induced accelerated growth potentially makes more resources available for the protection of the environment. At the same time, trade may be responsible for environmental degradation. There is also a growing concern that a number of environmental policies may act as trade barriers.

In this regard, the challenges faced by LDCs are twofold: (i) how to get market access without degrading the environment, and (ii) how to protect the environment without adversely affecting economic growth and progress in the trade liberalisation process. The Civil Society Forum identified the following as key issues that should be addressed by LDCs:

Relationship between WTO and MEAs: Ensuring compliance and enforcement of the MEAs is a key concern for LDCs. Before moving to a negotiating phase on MEAs, the specific trade obligations in the relevant MEAs and the appropriate WTO rules should be identified. Also, it should be made clear by the WTO members when trade restrictive measures should be imposed to meet their obligations under the MEAs.

Liberalisation of Environmental Goods and Services: Currently the negotiation on environmental goods and services is too heavily focused on goods of interest to the developed countries. LDCs should participate actively in identifying a list of environmental goods and services that promote their trade and development interests.

Subsidies in Fisheries Sector: Subsidies affect access to resources and may have negative environmental consequences. The Forum urges redistribution of global resources through the withdrawal of developed countries' huge subsidies.

Market Access: LDCs need access to the global market for their own environment-friendly products. Concerns are also expressed with regard to the production process methods (PPM) requirement. LDCs should be given technical and financial assistance at concessional and preferential terms for compliance when environmental measures affect their market access opportunities. The Forum opposes the protectionist measures applied against their products by the developed countries.

Trade-related Intellectual Property Rights: LDCs should oppose the patentability of plants and animals under Article 27.3(b) as farmers' rights and food security are threatened by this clause.

Eco-labelling: LDCs should be involved in the standard setting bodies apart from evolving their own national and voluntary codes to access niche markets. They need technical assistance in this area, as their products are unlikely to qualify for eco-labelling schemes in developed countries due to lack of "green technologies".

Technical Assistance and Capacity Building: The Forum urges TA and CB particularly for the development of national standardisation bodies, conformity assessment services and accreditation agencies. LDCs representation in the deliberation of standard setting bodies must be supported with appropriate technical assistance.

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