

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

EC Approach to Trade and Environment in the New WTO Round

Communication from the European Communities

The following communication, dated 28 May 1999, has been received from the Permanent Delegation of the European Commission.

General approach

1. Trade and environment policies should play a mutually supportive role in favour of sustainable development. Overcoming misperceptions is important; the March 1999 High-Level Symposium on Trade and Environment was a useful step in this direction. The development of environmental policy worldwide has resulted in an increased use of trade measures for environmental purposes. The extent to which existing WTO rules accommodate such trade measures could still be usefully clarified. It is in the interests both of the global environment and of the open trading system and hence of all WTO Members to avoid conflict through clarification and also to avoid putting an unreasonable burden on panels or the Appellate Body. A clearer trade-environment relationship should encourage the use of least trade-restrictive measures at the trade-environment interface. Greater clarity regarding MEAs could support multilateral efforts to solving international environmental problems.

2. As to objectives, the WTO already recognizes the overall objective of sustainable development; at Seattle Ministers should reaffirm this as a central benchmark for the proposed round. Environmental considerations should be borne in mind throughout the negotiations with a view to achieving by the end of the round an overall outcome where environmentally friendly consequences can be identified in the relevant parts of the final package. The question is therefore how, to define a finite set of specific issues in appropriate parts of the negotiations.

3. Any agenda must and can be organized to meet every participant's trade interests, in particular, the legitimate interests of developing countries and to promote sustainable development. To this end, the new round should maximise the potential for positive synergies between trade liberalization, especially as regards market access, environmental protection and economic development.

Specifics

4. Specifically, along the lines set out at the High-Level Symposium on Trade and the Environment in Geneva on 15 March, the Community suggests Members focus on the following finite set of issues:

- Greater legal clarity on the relationship between WTO rules and trade measures taken pursuant to multilateral environmental agreements (MEAs). MEAs remain the best way of tackling international environmental problems. The fact that any trade measures they may contain were negotiated and agreed in a multilateral context is in itself a guarantee against unilateral action and their use for protectionist purposes. Accordingly, consensus should be sought on the accommodation within WTO rules of trade measures taken pursuant to MEAs.
- A clarification of the relationship between WTO rules and non-product related process and production methods requirements and, in particular, of the WTO-compatibility of eco-labelling schemes based on a life-cycle approach. To be successful, this would require the definition of clear and non-discriminatory process rules for the creation and administration of such schemes. Subject to such important procedural safeguards, there should be scope within WTO rules to use such market based, non-discriminatory, non-protectionist instruments as a means of achieving environmental objectives.
- Reviewing if a clarification of the relationship between multilateral trade rules and core environmental principles, notably the precautionary principle, is needed. It is necessary to ensure the right balance between prompt, proportional action, where justified, and the avoidance of unjustified precaution, bearing in mind that the basic concept of the precautionary principle is already present in the WTO in several key provisions, such as the SPS and TBT Agreements.
- Cooperation between the WTO and relevant international bodies should be encouraged, notably UNEP, the World Bank, UNCTAD and secretariats of MEAs. Such cooperation should, *inter alia*, contribute to capacity building in developing countries.

To underpin its approach to the new round, the Commission has commissioned an assessment of the potential impact on sustainable development of its new round agenda. This review will provide the Community with a clearer basis for consideration of the environment and economic implications of the new round throughout the negotiations, in line with the commitment reflected in the first preambular paragraph of the Agreement Establishing the WTO. The sustainability review will also provide an opportunity for dialogue with civil society on these matters.
