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Committee on Trade and Environment

UNCED FOLLOW-UP WORK IN GATT/WTO

Note Prepared by the WTO Secretariat for Submission to the Fifth Session
of the United Nations Commission on Sustainable Development

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This Note has been prepared by the World Trade Organization (WTO) Secretariat on its own responsibility. It responds to the United Nations' General Assembly Resolution 50/95 (December 1995) which invites the WTO "to address trade and environment matters comprehensively and to report, through the Commission of Sustainable Development, to the Economic and Social Council and the General Assembly at its special session in 1997 on the concrete progress achieved on the issue of trade and environment."

I. INTRODUCTION

1. In response to the United Nations' Conference on Environment and Development (UNCED) held in Rio De Janeiro in 1992, a mechanism for UNCED follow-up work in the GATT was adopted at the 48th Session of CONTRACTING PARTIES (Decision of 2 December 1992). The Committee on Trade and Development and the Group on Environmental Measures and International Trade were identified as the main bodies in GATT responsible for the follow-up process.

2. Upon the adoption of the Decision on Trade and Environment at the Ministerial meeting in Marrakesh (14 April 1994), agreement was reached on the establishment of a WTO Committee on Trade and Environment (CTE). A comprehensive work programme for the CTE was laid out with the aim of making trade and environment policies mutually supportive. The CTE has undertaken, and will continue to undertake, UNCED follow-up work in the WTO within the context of its work programme.

3. The GATT/WTO has attached great importance to the results of UNCED. In adopting a Decision to establish a mechanism for UNCED follow-up work in the GATT and the 1994 Decision on Trade and Environment, GATT/WTO Members reflected their continued commitment to ensure the compatibility of policies in the fields of trade, environment and sustainable development, and to uphold the Principles of the Rio Declaration.

4. From 1993 to 1995, the GATT/WTO submitted annual Notes to the Commission on Sustainable Development (CSD) on the progress achieved in the implementation of Agenda 21 commitments, as presented in Chapter 2 of Agenda 21 on *"International Cooperation to Accelerate Sustainable Development in Developing Countries and Related Domestic Policies"*. The Notes highlight the importance of the results of Uruguay Round negotiations in furthering the goal of trade liberalization and in broadening and strengthening the rule-based multilateral trading system, and report more generally on GATT/WTO discussions on trade and environment.

5. Since the last Note submitted to the CSD, progress has been made on three main fronts: (a) the implementation of the results of Uruguay Round negotiations following the entry into force of the WTO on 1 January 1995; (b) the conclusion of the WTO's first biennial Ministerial Conference in Singapore (9-13 December 1996) to which the CTE submitted a comprehensive report on WTO activities on trade and environment; and, (c) the implementation of the General Council's Decision on Guidelines For Arrangements On Relations With Non-Governmental Organizations (NGOs) (Decision of 18 July 1996).

II. PROGRESS IN IMPLEMENTING THE RESULTS OF THE URUGUAY ROUND

6. The WTO Secretariat estimates that, when fully implemented, the results of the Uruguay Round would increase the level of world merchandise trade in the year 2005 by 12 per cent more than then the level which would have existed if trade had been left to grow annually at its average for the period 1980-91 (4.1 per cent). This increase is estimated to be approximately \$745 billion (in 1992 dollars).

7. The results of the Uruguay Round are significant in that they open up a wide array of opportunities for trade and income growth. When accompanied with appropriate policies for environmental protection, greater trade liberalization will be welfare enhancing. Increased trade opportunities allow resources (including environmental resources) to be allocated more efficiently on an international scale. Trade-induced income growth can increase demand for improved environmental quality, while rendering environmental protection measures more affordable. In addition, for many developing countries, greater market access for their commodities can contribute to reducing their dependence on the export of primary goods, and to enabling them to raise domestic value-added.

8. Full implementation of the results of Uruguay Round negotiations, therefore, is expected to promote sustainable development through trade liberalization, a principle objective of Agenda 21. In addition, it would contribute to fulfilling a number of Agenda 21's more specific goals, which include:

- (a) To promote an open, non-discriminatory and equitable multilateral trading system that will enable all countries - in particular, the developing countries - to improve their economic structures and improve the standard of living of their populations through sustained economic development.
- (b) To improve access to markets for exports of developing countries.
- (c) To improve the functioning of commodity markets and achieve sound, compatible and consistent commodity policies at the national and international levels with a view to optimizing the contribution of the commodity sector to sustainable development, taking into account environmental considerations.
- (d) To promote and support policies, domestic and international, that make economic growth and environmental protection mutually supportive.

9. The implementation of the results of the Uruguay Round is the priority for the WTO. In a preliminary assessment, the WTO's Director-General, Renato Ruggiero, divided the implementation of Uruguay Round commitments into three categories; namely, the fulfilment of notification requirements, the implementation of substantive commitments to bring domestic legislation into conformity with WTO obligations, and the fulfilment of the various tasks stipulated by the WTO Agreements (such as the preparation of annual reviews). All three categories were examined by Ministers at their first biennial Ministerial Conference in Singapore which had as one of its aims the assessment of the implementation of commitments under WTO Agreements and Decisions.

(i) *Fulfilment of Notification Requirements*

10. The Director-General stated that greater transparency is essential to determining the extent to which agreements are being applied. The primary instrument ensuring transparency is the notifications submitted by Members to the WTO. A total of 175 notification requirements exist in the area of trade in goods, and 40 under the General Agreement on Trade in Services and the Agreement on Trade-Related Aspects of Intellectual Property Rights. Many were created under the Uruguay Round. With regard to the implementation of these notification requirements, at the end of 1995 it was estimated that the percentage of WTO Members which had met their notification requirements ranged between less than 25 per cent to almost 90 per cent, depending on the Agreement. It was evident from the assessment that smaller developing countries were foremost amongst those encountering difficulties in meeting their notification obligations. Therefore, the Singapore Ministerial Declaration (adopted on 13 December 1996) urges WTO Members to step-up their efforts to meet their notification obligations. It states that "Because the WTO system relies on mutual monitoring as a means to assess implementation, those Members which have not submitted notifications in a timely manner, or whose notifications are not complete, should renew their efforts."

(ii) *Bringing Domestic Legislation Into Conformity with WTO Obligations*

11. At the Ministerial Conference, Ministers reiterated the importance of Members bringing their domestic legislation into conformity with their WTO commitments. Whilst the process of doing so is already underway, they expressed their wish to see a timely implementation of commitments. On this issue, the Ministerial Declaration states that "Where legislation is needed to implement WTO rules, Members are mindful of their obligations to complete their domestic legislative process without further delay. Those Members entitled to transition periods are urged to take steps as they deem necessary to ensure the timely implementation of obligations as they come into effect." In addition, it requests Members to review of all of their existing and proposed legislation, programmes and measures in order to ensure their full compatibility with WTO obligations.

(iii) *Fulfilment of Tasks Stipulated by WTO Agreements*

12. In fulfilling the various tasks related to WTO Agreements, the Ministers declared that the measures taken by Members have so far been satisfactory. The Ministerial Declaration reaffirms the importance of implementing Uruguay Round commitments and provides the following assessment of the progress made in implementation:

"We attach high priority to full and effective implementation of the WTO Agreement in a manner consistent with the goal of trade liberalization. Implementation thus far has been generally satisfactory, although some Members have expressed dissatisfaction with certain aspects. It is clear that further effort in this area is required, as indicated by the relevant WTO bodies in their reports. Implementation of the specific commitments scheduled by Members with respect to market access in industrial goods and trade in services appears to be proceeding smoothly. With respect to industrial market access, monitoring of implementation would be enhanced by the timely availability of trade and tariff data. Progress has been made also in advancing the WTO reform programme in agriculture, including in implementation of agreed market access concessions and domestic subsidy and export subsidy commitments."

13. The Ministers recognized the importance of better assisting developing and least-developed countries (LDCs) in fulfilling their obligations. Better assistance was deemed necessary to facilitate their integration into the multilateral trading system. Therefore, the Ministerial Declaration commits

WTO Members to improve the availability of technical assistance under agreed guidelines to developing countries, and to improve the overall capacity of LDCs to respond to the opportunities offered by the trading system through the preparation of a "Plan of Action" for them. The plan will aim at designing a coordinated strategy to accelerate the development of LDCs, such as, for instance, through providing them with duty free access to markets on an autonomous basis.

III. REPORT OF THE CTE TO THE SINGAPORE MINISTERIAL CONFERENCE

14. The 1994 Decision on Trade and Environment established the CTE "with the aim of making international trade and environmental policies mutually supportive," a principle objective of Agenda 21. The CTE submitted a report to the WTO's first biennial Ministerial Conference in Singapore on WTO activities on trade and environment. The report is appended to this Note, and the terms of reference and detailed work programme of the CTE are annexed to it. In the Ministerial Declaration adopted at that Conference, the following statement was included on the CTE.

"The Committee on Trade and Environment has made an important contribution towards fulfilling its Work Programme. The Committee has been examining and will continue to examine, *inter alia*, the scope of the complementarities between trade liberalization, economic development and environmental protection. Full implementation of the WTO Agreements will make an important contribution to achieving the objectives of sustainable development. The work of the Committee has underlined the importance of policy coordination at the national level in the area of trade and environment. In this connection, the work of the Committee has been enriched by the participation of environmental as well as trade experts from Member governments and the further participation of such experts in the Committee's deliberations would be welcomed. The breadth and complexity of the issues covered by the Committee's Work Programme shows that further work needs to be undertaken on all items of its agenda, as contained in its report. We intend to build on the work accomplished thus far, and therefore direct the Committee to carry out its work, reporting to the General Council, under its existing terms of reference."

IV. WTO RELATIONS WITH NGOS

15. Article V of the Marrakesh Agreement states that "The General Council may make appropriate arrangements for consultation and cooperation with non-governmental organizations concerned with matters related to those of the WTO." In 18 July 1996, Article V was followed by a General Council Decision on Guidelines For Arrangements On Relations With NGOs. The Decision states that WTO Members recognize the role that NGOs can play in increasing public awareness with respect to WTO activities, and that they agree in this regard to improve transparency and work towards improved communication with NGOs.

16. Building on Article V and the Decision of 1996, the WTO has taken a number of initiatives to encourage the participation of NGOs. Meetings with NGOs have been organized to brief them on WTO activities, and to solicit their input into the WTO's work programme. The WTO will, in future, work towards continued cooperation and consultation with NGOs.

17. At the Singapore Ministerial Conference, the WTO's Director-General expressed his continued commitment to cooperation with NGOs in the following statement:

"In its 18 July decision, the General Council encouraged the Secretariat to strengthen

relations with the NGO community. Already we have moved towards greater transparency with the decision to derestrict more documents more quickly. We have also made a range of WTO material available on the Internet. I agree that more could be done to make documentation available, to improve transparency, and to expand our dialogue with NGOs, and I will continue to press ahead, bearing in mind that the WTO is a membership-based organization and that we must all agree on common direction. The important point to emphasize is that we are all motivated by the same belief -- that an informed and engaged public will be more supportive of efforts to manage globalization for everyone's benefit."