The Brazilian delegation would like to submit some general views on the approach our discussions in the GATT could take on the relationship between trade and environment. We should submit more detailed comments at a later stage when we have a clearer indication as to the direction of our debate.

As expressed in its foreword, the General Agreement has been conceived as an instrument to liberalize world trade in a manner conducive to economic development, higher standards of living, full employment, higher real income and effective demand, full use of the world resources, expansion of the production and exchange of goods.

However committed to those goals, the original drafters of the General Agreement felt necessary to introduce in it provisions which would allow, in exceptional circumstances, departures from trade liberalization. Sub-paragraphs (b) and (g) of Article XX, thus, authorize contracting parties to adopt measures that, while protective of the environment, might conflict with the liberalization objective. The inclusion of such provisions in the General Agreement has placed this body in a better position to deal with the relationships between trade and environment vis-à-vis other fora, where proper parameters are yet to be provided for the discussion of environment-related matters.

The original drafters of the General Agreement, back in 1947, foresaw, in the exceptions of Article XX, the need for equilibrium in the promotion of enhanced world trade. This equilibrium should continue to guide us in considering the relationship of trade and environment in this body.

Equilibrium should also be taken into account while approaching the matter from its effects on trade and development prospects of developing countries. Since most of the economies of the developing countries depend substantially on the exploitation of natural resources (minerals, agriculture, fishery and forestry), it is only natural that those countries let their concerns be known in the GATT as and when this body addresses environmental matters.

These concerns relate, basically, to the possible use contracting parties can make of environmental considerations in order to limit the capacity of developing countries to exploit to the full extent possible, and in an environmentally compatible way, their natural resources or to
create much harder conditions not only for the development of natural resource-based or agricultural products, but also for manufactures in general, where additional requirements of technical standards may hinder market opportunities.

As it seems to exist a wide perception that poverty and underdevelopment are the worst ingredients of ecological degradation, Brazil takes the view that discussions in GATT can help to evolve an international consensus on the extent to which trade can contribute to better tackle the problems of environment and development, hence helping in the working of the UNCED.

The application of the concept of most efficient allocation of resources should, arguably, result in a better use of natural resources and in higher income for producers, who, in turn, will be able to invest in or acquire techniques that are more ecologically sound. This, however, can only be achieved in an international context where trade restrictions and distortions, in particular in agriculture, have been eliminated. Excessive subsidization in less competitive agriculture, for example, encourages the use of agro-chemicals and pesticides in such quantities that are harmful to the environment. Were international farm trade a business of truly efficient producers, we would, probably, not be confronted with such problems as soil degradation or contamination of water resources or even climatic changes in certain areas of the planet.

In the field of manufactures, distortions and impediments to trade liberalization may arise out of the application of protectionist measures disguised as environmental rules, or of the setting of higher technical standards without clearly establishing a causal link between the present standards and the ecological problems to which the higher standards are meant to address. In general, developing countries are the natural targets of this kind of protectionism in view of their disadvantageous situation to apply more sophisticated standards.

While Brazil is committed to achieve international consensus over the effects to different eco-systems of the use of certain products, and in consequence of the adoption of international rules to control or ban their use, it is also of the opinion that those rules should take into account the existing inequalities as to the availability of human, financial or technological resources between developed and developing countries. If GATT is to be assigned a rôle in any international norm-setting process that aims at harmonizing national legislations, the special situation of the developing countries should be fully recognized and equitable distribution of costs should be the guiding principle thereof.

At the same time, Brazil finds it hardly acceptable that in the name of ecological preservation, one tries to impose unjustified restrictions to the production and export of goods of developing countries. Countries which have attained more comfortable standards of living for their populations, in some cases by means of the exhaustion of their natural
resources, do not have the right to demand that the developing countries take on a disproportionate burden upon their shoulders so that the already advanced economies can continue to benefit alone from the fruits of development. And this risk will become evident in any harmonization exercise of national legislations on technical standards. We have seen this risk to take shape in those negotiations in the Uruguay Round, where the aim is to set minimum standards. That is why, Brazil is seeking that the outcome of the negotiations in TRIPs in the Uruguay Round, should expressly foresee the possibility for less-developed contracting parties to exploit, on favourable terms, protected technologies of production processes which are less environmentally harmful.

We are aware that the matter involves such complexities that it cannot be adequately treated in one or two debates. This exchange of views, however, as we go along, may shed light upon certain aspects where perhaps clearer understanding is needed in order to eliminate undue hindrances to trade, in particular of interest to less-developed contracting parties, or to make the General Agreement operate in harmony with the international consensus on environmental protection.

As a preliminary step, the secretariat should start the elaboration of a factual document, as suggested by the ASEAN countries, identifying cases where environment and trade have come to relate and indicating what use, if any, has been made of GATT provisions, disciplines and instruments. Likewise, an identification of sectors of particular interest to developing countries of which trade may be mostly affected as a result of environmental policy measures should form part of the secretariat work. On the basis of such information, the Council could proceed with a more objective and fruitful debate on this matter.