

Harnessing trade for sustainable development and a green economy



World Trade Organization

The World Trade Organization (WTO) is the international body dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible, with a level playing field for all its members. The WTO aims to place developing countries' needs and interests at the heart of its work programme. Sustainable development is an objective of the WTO, as reflected in the Preamble of the Marrakesh Agreement Establishing the WTO.

Rio+20 Conference

The United Nations Conference on Sustainable Development (commonly known as Rio+20) is taking place in Brazil in June 2012. The objectives of the Conference are to secure renewed political commitment for sustainable development, assess progress to date and remaining gaps in the implementation of the outcomes of the major summits on sustainable development, and address new and emerging challenges.

The Rio+20 Conference will have two themes: a green economy in the context of sustainable development and poverty eradication; and the institutional framework for sustainable development.

Earlier conferences

The first United Nations Conference on Environment and Development was held in Rio de Janeiro in 1992. It adopted a set of Principles in the Rio Declaration on Environment and Development and a comprehensive plan of action, Agenda 21, to be implemented globally, nationally and locally.

The World Summit on Sustainable Development was held in Johannesburg in 2002. It renewed the global commitment to sustainable development and agreed a Plan of Implementation to build on the achievements of the previous ten years and to advance the remaining Rio goals.

Sustainable development

The 1992 Rio Conference followed on from work undertaken by the World Commission on Environment and Development (known as the Brundtland Commission). In its 1987 report, *Our Common Future*, the Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

This document has been prepared under the WTO Secretariat's own responsibility and without prejudice to the positions of WTO members and to their rights and obligations under the WTO.

I. Introduction

In 1992 the United Nations convened a landmark conference in Rio de Janeiro which set the tone and ambition for global policy on development and environment for the years to come. The results of the United Nations Conference on Environment and Development, popularly known as the Earth Summit, were reaffirmed in Johannesburg in 2002 at the World Summit on Sustainable Development.

Global leaders will reconvene in Rio in 2012 at the United Nations Conference on Sustainable Development (Rio+20). They will consider progress made since the two earlier meetings, assess remaining challenges, and reset the world on a path towards sustainable development.

International trade is a key component of sustainable development. This was recognized by both the Rio and Johannesburg conferences. Trade helps achieve a more efficient allocation of scarce resources. And it makes it easier for countries, rich and poor, to access environmental goods, services and technologies.

While the world has changed in fundamental ways over the last two decades, and faces challenges both old and new, furthering mutual supportiveness between sustainable development and trade remains vital.

There have been important achievements in the multilateral trade arena with implications for the sustainable development agenda. The World Trade Organization (WTO) came into existence in 1995 with new agreements and a wider coverage of trade policies and measures and an emphasis on sustainable development.

The WTO offers a powerful supporting framework for sustainable development and a green economy. It provides an enabling environment through its objectives, institutions and monitoring of potential trade protectionism, enforcement mechanism, toolbox of rules, and growing case law in the environment area.

WTO rules seek to achieve a crucial balance: on the one hand they support the right of WTO members to take

measures to advance legitimate goals, such as protection of the environment, and, on the other hand, they ensure such measures are not applied arbitrarily and are not disguised protectionism.

Sustainable development is an objective of the Doha Round, the latest multilateral round of negotiations to further open up world trade. The negotiations can help remove environmentally harmful trade-distortionary measures and promote greater access to environmental goods and services at a cheaper cost.

Part II of this brochure offers a set of messages on sustainable development and trade that may be pronounced at the Rio+20 Conference. Part III looks at the workings of the WTO and how the multilateral trading system supports countries' efforts to realize sustainable development and a green economy. Part IV examines the contribution of trade to sustainable development. Part V refers to green economy measures and discusses how WTO rules and monitoring mechanisms help ensure such measures are not disguised protectionism. Part VI looks at WTO efforts to help developing countries maximize the benefits of participation in international trade. And Part VII discusses the contribution to sustainable development that can be made through a successful completion of the Doha Round.

II. Proposed key pronouncements to be made by the Rio+20 Conference

The Rio+20 Conference is a crucial opportunity for the international community to reaffirm its shared commitment to an open international trading system, resisting trade protectionism, supporting developing countries' participation in trade, and supporting the Doha Development Agenda.

It is important to increase transparency on trade-related measures adopted for green economy goals and also to lend support as developing countries adapt their

economies to green challenges and opportunities. In both cases, countries can use the tools and initiatives developed in the multilateral trading system of the WTO.

In the view of the WTO Secretariat, the Rio+20 Conference should affirm commitment to:

- » promote an open and equitable rules-based multilateral trading system that is non-discriminatory and predictable and benefits all countries in the pursuit of sustainable development
- » ensure that measures with a trade impact taken for environmental purposes do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade
- » utilize WTO mechanisms for monitoring and surveillance of national measures with trade impacts, including green economy measures, so as to enhance understanding and dialogue and avoid risk of trade tensions
- » promote an international trading system that takes account of the needs of developing countries, including by ensuring that trade capacity-building initiatives assist developing countries in capturing the benefits from trade in their transition to a green economy
- » support the successful conclusion of the Doha Round as a powerful contribution to the sustainable development vision.

III. A framework for advancing sustainable development

The multilateral trading system of the WTO supports WTO members in their efforts to realize the sustainable development vision and to tackle environmental challenges.

WTO rules seek to achieve a crucial balance: on the one hand, they support the right of members to take measures to advance legitimate goals such as protection of the environment; and, on the other hand, they ensure such measures are not applied arbitrarily and are not disguised protectionism.

The WTO's objectives, institutions, monitoring of trade policies and protectionist risks, enforcement mechanism, toolbox of rules, and growing jurisprudence in the environment area represent a crucial enabling framework.

A multilateral trading system that supports sustainable development is more important than ever. The system helps governments open their economies in a system of global trade rules. For more than 60 years, governments have carefully built up this multilateral framework to ensure that trade relations are fair and countries do not discriminate against each other. The system has done what it was intended to do – save governments from resorting to the sort of tit-for-tat policies that helped bring about economic ruin in the Great Depression of the last century.

Objectives

The WTO recognizes that open trade is not an end in itself. It is tied to crucially important human values and welfare goals captured in the WTO's founding document, the Marrakesh Agreement Establishing the WTO. Among these goals are raising living standards, ensuring full employment, using the world's resources sustainably, and protecting the environment.

WTO members thus established at the outset an explicit link between sustainable development and disciplined trade opening – in order to ensure that market opening goes hand-in-hand with environmental and social objectives.

System of rules

A stable and predictable system for international trade is beneficial for promoting investment, innovation and technological change – all of which are vital for sustainable development and the transition to a green economy. In this regard, the fundamental principles of non-discrimination and transparency, which underpin all WTO agreements, offer a framework for ensuring predictability and fair implementation of measures that address environmental concerns.

On the development side, WTO rules typically include provisions giving special rights to developing countries. Such rights include measures to increase trading opportunities for developing countries and allowing certain flexibilities in their commitments.

On the environment side, WTO agreements provide policy space for members to adopt trade-related measures for legitimate objectives such as the protection of the environment (see Box 1). In certain circumstances, members may be permitted to sidestep basic WTO rules. At the same time, this room for manoeuvre in setting policy is subject to conditions to prevent members taking measures with hidden protectionist intent.



Box 1. WTO disciplines relevant to the environment

There is always the concern that certain measures taken to achieve environmental protection goals may, by their nature, restrict trade and thereby impact on the WTO rights of other members. This is why exceptions such as **GATT Article XX** are important (the General Agreement on Tariffs and Trade is the core WTO agreement relating to trade in goods). GATT Article XX on General Exceptions lays out a number of specific instances in which members' trade measures may be exempted from GATT rules that would otherwise have applied. The provision seeks, among other things, to ensure that environmental measures are not applied arbitrarily and are not used as disguised protectionism.

Rules such as the **WTO Agreement on Technical Barriers to Trade** (which deals with technical requirements) and the **WTO Agreement on the Application of Sanitary and Phytosanitary Measures** (dealing with food safety and animal and plant health) provide scope for WTO members to put in place regulatory measures to protect the environment and advance a green economy, while at the same time imposing disciplines to ensure such measures are not unnecessary restrictions on international trade.

The **WTO Agreement on Subsidies and Countervailing Measures** seeks to prevent members from providing subsidies that distort international trade. Provided certain basic disciplines are respected, the agreement leaves members with policy space for, among other things, supporting the deployment and diffusion of green technologies.

The **WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** provides a framework for applying the intellectual property system to promote access to and dissemination of green technologies, and provides policy space to promote public interest in sectors of vital importance to socio-economic and technological development, as well as specific incentives for technology transfer and exclusions of environmentally damaging technologies from intellectual property (IP) protection.

The plurilateral **WTO Agreement on Government Procurement** aims at opening up procurement markets to international competition on a transparent and non-discriminatory basis. Under the agreement, parties and their procuring entities may prepare, adopt or apply technical specifications aimed at promoting green procurement.

In the 2001 **WTO Doha Ministerial Declaration**, Ministers recognized that "...under WTO rules no country should be prevented from taking measures for the protection of human, animal or plant life or health, or of the environment at the levels it considers appropriate, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, and are otherwise in accordance with the provisions of the WTO Agreements." (The language, which is drawn from GATT Article XX, can also be found in Principle 12 of the Rio Declaration: "Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade." It is present as well in Article 3.5 of the UN Framework Convention on Climate Change: "Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.")

Institutions and monitoring mechanisms

The WTO is a repository for trade policy information. WTO members are committed to provide their trading partners with information on their trade and trade-related policies through periodic notifications. Many of these notifications

may cover draft measures being considered under the banner of a green economy. The transparency that these notifications provide is central to WTO goals of ensuring as much certainty and predictability in trade as possible, monitoring the implementation of members' obligations and enabling members to take action if measures have a negative impact on trade.

WTO members routinely use regular bodies of the WTO to address concerns about measures that are being developed. This means members have an opportunity to review measures at an early stage, before they are entrenched and become difficult to change. In many cases, this has made it possible to resolve or defuse trade concerns between members, thus avoiding formal dispute proceedings.

The WTO is also a platform for members to exchange views on important issues relating to trade, assess whether existing arrangements need to be revisited, and analyse policy challenges facing the international community. Non-confrontational deliberation has helped WTO members to understand and influence environmental and developmental issues and concerns, and ensure that measures adopted under the banner of a green economy do not restrict trade unnecessarily.

Under the Trade Policy Review Mechanism, WTO members carry out periodic collective assessments of each member's trade policies and practices, including assessment of the consistency of these policies with the broad principles of non-discrimination and predictability that underlie the WTO. These exercises promote greater transparency in, and understanding of, members' trade policies, practices and measures, including many that relate directly to a green economy and sustainable development.

WTO institutions include committees dealing specifically with trade and development and trade and environment, as well as committees dealing with different areas of non-tariff measures, such as technical regulations, subsidies, intellectual property and government procurement. Services and agricultural sectors are also covered.

Enforcement mechanism and WTO jurisprudence

WTO rules are enforced through a legally binding dispute settlement mechanism, backed up by WTO case law. The jurisprudence shows how environmental issues are integral to the system of trade rules. Since the entry into force of the WTO in 1995, the Dispute Settlement Body has dealt with a number of environment-related measures. Such measures have sought to achieve a variety of policy objectives – from conservation of sea turtles from incidental capture in commercial fishing to the protection of human health from risks posed by asbestos or used tyres.



The jurisprudence confirms that WTO rules allow for the addressing of environmental concerns and provide for an appropriate balance between, on the one hand, the right of members to take regulatory measures, including trade restrictions, to achieve legitimate policy objectives and, on the other hand, the rights of other members under basic WTO disciplines.

Trade opening

Greater trade openness leads to a more efficient allocation of natural resources. Trade stimulates growth and raises income levels which over time can help increase demand for a better environment. Trade can also improve access to green goods, services and technologies needed to reduce pollution and energy use, or help develop them. The current Doha Round of trade talks would further strengthen the contribution of trade to sustainable development and green economy objectives.

IV. Contribution of trade to sustainable development

Proposed Rio+20 message

Reaffirm commitment to promote an open and equitable rules-based multilateral trading system that is non-discriminatory and predictable and benefits all countries in the pursuit of sustainable development.

Sustainable development and open trade go hand-in-hand and the multilateral trading system helps create the enabling environment for countries to realize the sustainable development and green economy vision.

Rio and Johannesburg

The contribution of trade to sustainable development was recognised in Rio in 1992 and Johannesburg in 2002.

Principle 12 of the Rio Declaration emphasized the importance of open trade and of avoiding trade protectionism, while Agenda 21 committed governments to promote an open, non-discriminatory and equitable multilateral trading system (see Box 2).

The Johannesburg Plan of Implementation reiterated key messages from Rio and urged support for a successful completion of the work programme contained in the WTO's 2001 Doha Ministerial Declaration.

Sustainable development in the multilateral trading system

The objective of sustainable development is emphasized in the WTO's founding charter, the Marrakesh Agreement Establishing the WTO (see Box 3).

In a separate 1994 Decision on Trade and Environment, Ministers also addressed sustainable development. They acknowledged the outcomes from Rio. They stated that there should not be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable multilateral trading system on the one hand, and acting for the protection of the

Box 2. UN pronouncements on trade and sustainable development

"States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation. Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on an international consensus."

Rio Declaration (Principle 12)

"Governments should continue to strive to meet the following objectives: (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;... (d) To promote and support policies, domestic and international, that make economic growth and environmental protection mutually supportive."

Agenda 21 (Chapter 2, paragraph 2.9)

"...This will require urgent action at all levels to: (a) Continue to promote open, equitable, rules-based, predictable and non-discriminatory multilateral trading and financial systems that benefit all countries in the pursuit of sustainable development. Support the successful completion of the work programme contained in the Doha Ministerial Declaration..."

Plan of Implementation of the 2002 World Summit on Sustainable Development (paragraph 47)

environment and the promotion of sustainable development on the other. Ministers also decided to establish a WTO Committee on Trade and Environment, which promotes international governance on sustainable development by identifying the relationship between trade measures and environmental measures.

At the WTO's Fourth Ministerial Conference in Doha in 2001, WTO members strongly reaffirmed their commitment to sustainable development. In launching the Doha Development Agenda negotiations, members asked both the Committee on Trade and Development and the Committee on Trade and Environment to act as forums to identify and debate developmental and environmental aspects of the negotiations, so sustainable development could be appropriately reflected.

Trade and growth

Trade openness leads to a more efficient use of resources and stimulates growth and income levels. This supports conservation, sustainability and efforts to eradicate poverty.

Trade promotes production efficiency via specialization, exploitation of economies of scale, technology transfer, and enhanced competition. Openness helps countries compete by not only offering new opportunities for sales (i.e. exports), but also making available to producers the widest range of inputs at the highest quality and lowest prices (i.e. imports). While the link between trade, growth and sustainable development is clear, different studies present varying perspectives of the extent to which trade openness impacts growth.

While openness to trade exposes countries to developments in other economies, including the risk of trade and financial contagion, it also makes faster

recovery possible: an economy that is more open is more resilient because it is less constrained by the limits of domestic demand.

Trade plays a key role in helping the environment, in part because it serves as a channel for green technology transfer. Openness to trade provides access at lower cost to a greater variety of imported goods and services involving environmentally friendly technologies. It also increases the size of the markets for producers of final goods and suppliers of components, thus raising the returns from innovation for those involved in the production networks involving green goods. The ability to market innovations globally makes it possible to increase specialization and provides incentive to produce green goods requiring intensive research. These benefits of more open trade highlight the importance of the Doha Round negotiations which aim, among other things, to reduce barriers to trade in environmental goods and services.



Box 3. WTO pronouncements on trade and sustainable development

"The Parties to this Agreement, Recognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development,"

Marrakesh Agreement Establishing the World Trade Organization (Preamble)

"We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement. We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment and the promotion of sustainable development can and must be mutually supportive."

Doha Ministerial Declaration (paragraph 6)

Moreover, higher incomes associated with trade opening can increase the general public's demand for a cleaner environment. Increased incomes give people greater opportunity to improve their lives, for instance by making the quality of their environment better. In addition, demand for an improved environment can provide incentives for firms to improve production technologies, adopt greener production methods, and develop greener products and services.

For rising income to lead to improvements in the environment, governments must respond to the public's demand with the appropriate policy framework.

Developing countries

Agenda 21 put special emphasis on promoting an international trading system that takes account of the needs of developing countries. One of the WTO's basic aims is to ensure developing countries get the trade opportunities that will enable them to grow and develop, thus helping in the fight against poverty (see Part VI).

Trade openness has already helped developing countries play a bigger role in the global economy. From 1990 onwards, the volume of exports from developing countries grew considerably faster than exports from developed countries, as did the share of developing countries' exports in the value of total world exports. Trade between developing countries, South-South trade, also increased.



Box 4. "Trade can be a friend, and not a foe, of conservation."

"...In a world without artificial economic borders, goods can come and go. Trade can take place freely. In that world, a country with an arid climate need not use its scarce water resources to grow water intensive crops that it can instead import. Because of trade, it can save its precious little water. Similarly, in that world, a country with limited access to the sea need not deplete its fish stock to feed its population. Because of trade, it can import fish for its food supply, and manage its own fisheries sustainably. Trade can allow for a more efficient allocation of all resources, including the natural. Contrary to the perception of some members of the public, it can be a friend, and not a foe, of conservation."

WTO Director-General Lamy speech to the 2005 WTO Symposium on Trade and Sustainable Development

V. Green economy measures and guarding against trade protectionism

Proposed Rio+20 messages

Reaffirm commitment to ensure that measures with a trade impact taken for environmental purposes do not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

Affirm commitment to utilize WTO mechanisms for monitoring and surveillance of national measures with trade impacts, including green economy measures, so as to enhance understanding and dialogue and avoid risk of trade tensions.

WTO rules give space for countries to pursue legitimate environmental objectives. At the same time, such space is disciplined by specific conditions aimed at ensuring measures are not applied arbitrarily and are not disguised protectionism. The WTO provides its members with a unique platform to monitor, explore, discuss, understand and influence green measures with trade impacts.

Principle 12 of the Rio Declaration expresses the international community's resolve that trade measures with an environmental purpose should not be disguised restrictions on international trade. Many countries are concerned that the transition to a green economy may lead to an increase in the use of measures that could adversely affect trade.

The transition to a green economy requires the right enabling environment. There is no "one-size-fits-all" prescription to create the appropriate policy environment. Countries will take different approaches in designing policies to shift to a green economy, depending on their policy settings and institutions, level of development and resource endowments, and particular environmental challenges they face. A common consideration is to ensure that green economy measures are cost effective and promote new ways of addressing environmental problems through innovation.

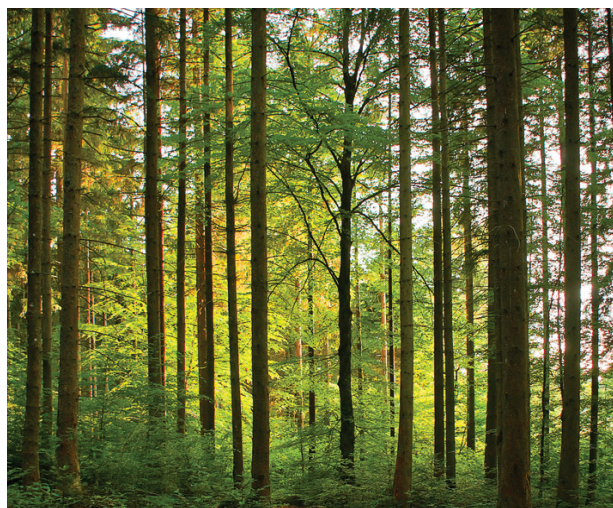
Among the wide range of measures to promote the transition to a green economy, some countries have used market mechanisms such as taxes and tradable permit schemes to put a price on pollution or on the over-exploitation of natural resources. These instruments have helped guide consumers and producers towards decisions that result in less pollution or waste or a slower depletion of natural resources. And they have given firms incentives to find innovative ways of tackling environmental challenges.

Countries have also relied on environmental requirements to improve the use of resources and to reduce pollutants – by setting technical specifications to improve energy efficiency or emissions performance, minimize waste, improve forestry management, or enhance the protection

of soil, wildlife and natural habitats. Many countries have relied on government support to foster innovation and the deployment of green technologies. Public procurement is also increasingly used by governments to promote environmental objectives.

Green economy measures, such as those that foster a low carbon economy or promote sustainable forestry, are increasingly complex. Moreover, these internal measures may affect international trade, for example by segmenting markets or shielding local producers from international competition. This is why many stakeholders have expressed concern that a green economy could be used to justify or disguise trade protectionism.

The rules and transparency mechanisms of the multilateral trading system can make a key contribution to minimize the risk of tensions and to ensure that open trade continues to support efforts to bring about a green economy.



Green economy measures and WTO rules

Environmental requirements

Environmental requirements aim to improve the use of resources and reduce pollution by setting specifications for products and production methods. They cover objectives such as energy efficiency, emissions performance, waste minimization and recycling, forestry management, and soil, wildlife and natural habitat protection. Because environmental requirements set specified targets, they provide greater certainty about outcomes for the environment.

The type of environmental requirement used depends on the desired environmental outcome, the level of governmental involvement and the availability of technological solutions to address specific problems. There are countless examples of environmental requirements in both developed and developing countries – in the form of product and production method specifications, voluntary and mandatory requirements, specific characteristic and performance-level requirements, labelling requirements and conformity assessment procedures. Typically, environmental requirements are based on process and production methods, including life cycle analysis. New types of initiatives that are often voluntary have also emerged in response to consumer concerns, such as food miles programmes and carbon footprint labelling schemes.

Environmental requirements may affect international trade, especially if they are used to shield domestic producers from international competition, or when they are discriminatory. As countries continue efforts to “green” their economies, environmental requirements increasingly will become significant determinants of access to foreign markets. The design of the measures, how transparent they are, and issues related to their harmonization or recognition can all give rise to concern.

The key WTO instrument governing environmental regulations and standards is the Agreement on Technical Barriers to Trade (TBT Agreement). The TBT Agreement aims to balance concerns related to the trade impact of environmental and other requirements against the wider public policy goals these requirements serve. The Agreement sets out rules to ensure such measures are non-discriminatory and do not create unnecessary obstacles to international trade. It also urges WTO members to use international standards as a basis for their own regulations and standards, in recognition of the fact that environmental requirements can create trade barriers when they differ from country to country.

Price and market mechanisms

Besides technical requirements, countries increasingly are using, or contemplating the use of, price and market mechanisms such as taxes and tradable permits to reduce pollution, waste, and resource depletion. Environmental taxes and tradable permits take the market price of an economic activity and add the external cost that the activity imposes on society through environmental damage; this influences the behaviour that causes the environmental damage as directly as possible. In this way, environmental taxes and tradable permits can guide consumers and producers towards decisions that result in less pollution or waste, or slower depletion of resources.

Environmental taxes are taxes levied directly on pollution and other environmentally harmful activities or on the sale of goods associated with them. Tradable permit schemes have been used mostly to tackle air pollution from emissions (such as sulphur dioxide, nitrogen oxides or greenhouse gases), but are also found in areas such as water management, fisheries conservation and agriculture nutrients.

The design of environmental taxes and trading schemes has far-reaching implications for the cost to participants, the impact on trade, and effectiveness in terms of helping the environment. The extent to which price and market mechanisms affect international trade depends, among other things, on the impact of these instruments on production costs and on the prevailing market structure.

The imposition at the domestic level of a price on environmental damage can raise concerns that polluting industries will relocate to countries with less strict environmental regulations. To minimize this risk, ways to adjust the environmental cost at the border have been debated. However, such adjustments would need to avoid adverse impacts on international trade without undermining the intended environmental benefits of the taxes and trading schemes.

Several WTO disciplines may come into play if a green tax, trading scheme or related adjustments affect international trade. These may include key disciplines of the GATT and WTO agreements relating to non-discrimination (i.e. GATT Article I on most-favoured-nation treatment and Article III on national treatment), elimination of quantitative restrictions (GATT Article XI) and disciplines on technical barriers to trade (discussed above). For example, the national treatment principle may be particularly relevant when an environmental tax is applied differently to domestic and foreign producers; the most-favoured-nation principle may be relevant where an environmental tax is applied differently to producers from various exporting countries.

GATT Article XX on General Exceptions sets out a number of specific instances in which WTO members may be exempted from GATT rules, subject to certain conditions being fulfilled.

Support programmes

Most governments use support programmes, besides environmental requirements and price and market mechanisms, to encourage the transition to a green economy. Governments grant support to encourage a switch towards activities that cause less pollution, or to promote the development and deployment of green technologies. Renewable energy is increasingly important in green government support programmes. Apart from renewable energy, green government support is also geared towards industrial pollution control, sustainable agriculture and forestry, water and soil protection, efficient use of energy and natural resources, and waste management.

The support can take several forms and there are countless examples in both developed and developing countries. Governments may provide financial assistance through non-repayable grants, preferential credit and loan guarantees. They may provide preferential tax treatment, or adopt price support measures such as feed-in tariffs (a regulated minimum price that must be paid for renewable energy fed into the national electricity grid by private independent producers) to secure preferential prices for environmentally sound practices and industries. Green support may be targeted at any stage of the production process – from support for research and development of green technologies to support for firms' output and producers' incomes. Governments often support consumer demand for environmental goods and services.

Government support for green goods and technologies may affect the price and production of such goods. Such policies reduce production costs, leading to lower prices. These may make it harder for other countries' exporters to compete in the subsidizing country, or make the exports of the subsidizing country more competitive abroad. Some countries may also support domestic firms with the installation of more environmentally friendly technologies, thus enabling these firms to maintain international competitiveness. Unlike support linked to production, government support for consumption will not affect international trade provided that it does not distinguish between domestic and imported goods or services.

The key WTO instrument governing support programmes is the Agreement on Subsidies and Countervailing Measures (SCM Agreement). In addition, the WTO Agreement on Agriculture contains a category of permissible green subsidies, known as Green Box, which could allow countries to pursue green economy policies in agriculture. The SCM Agreement aims to strike a balance between the concern that domestic industries should not be put at an unfair disadvantage by competition from foreign goods benefiting from government subsidies, and the concern that countervailing measures to offset those subsidies should not themselves be obstacles to fair trade. The rules of the SCM Agreement define the concept of "subsidy", establish the conditions under which WTO members can use subsidies, and regulate the remedies (countervailing duties) that may be taken against subsidized imports. Provided certain rules are respected, the Agreement leaves members room to encourage green technologies.

Green economy measures and relevant WTO rules

Key policy instrument	Key objective	Key WTO agreement
Environmental requirements e.g. product and production specifications, voluntary and mandatory, characteristics and performance level, labelling and conformity assessment	Improve resource use and reduce pollutants, e.g. for energy efficiency, waste minimization, forestry management	Technical Barriers to Trade Agreement
Price and market mechanisms e.g. environmental taxes, trading schemes	Internalize environmental costs, e.g. for greenhouse gas emissions	General Agreement on Tariffs and Trade
Support programmes e.g. R&D, fiscal, price and investment measures	Promote development and deployment of environmentally friendly technologies	Subsidies and Countervailing Measures Agreement
Green procurement e.g. adoption of technical specifications and evaluation criteria that promote the procurement of environmentally friendly goods and services	Promote sustainable consumption and production through use of public purchasing	Government Procurement Agreement

Green procurement

Green public procurement is increasingly used by governments to promote environmental policies. Public authorities use their purchasing power actively to encourage the production and use of environmentally friendly goods and services. As government procurement accounts for a large share of economic activity, about 15-20 per cent of GDP on average in both developed and developing economies, public entities that adopt green procurement policies can make an important contribution to sustainable consumption and production.

The main WTO rules governing government procurement are laid down in the WTO Agreement on Government Procurement (GPA) which provides disciplines on non-discrimination and transparency in procurement of covered goods and services by designated governmental entities. Participation in the GPA, a plurilateral agreement within the WTO framework that applies only to parties that have accepted the Agreement, provides legal guarantees of access to the parties' covered government procurement markets by the goods, services and suppliers of all parties. The forthcoming revision of the text of the Agreement will explicitly state, for greater certainty, that parties and their procuring entities may prepare, adopt or apply technical specifications to promote the conservation of natural resources or protect the environment. Parties may also evaluate offers received based on environmental characteristics set out in notices or tender documentation.

Transparency, monitoring and surveillance mechanisms of the WTO

Several WTO agreements require WTO members to inform each other about new or forthcoming trade-related measures, including agreements addressing technical requirements, sanitary and phytosanitary measures, subsidies and agriculture. The value of the WTO's transparency platform for a green economy is particularly evident in the TBT Agreement, under which members must share information on any draft mandatory technical regulation and conformity assessment procedure that may have an impact on trade, by notifying the WTO. The notification process is an important tool to help members obtain information about measures contemplated by others under a green economy banner, before these measures result in negative trade consequences.

To illustrate the wide scope of the transparency exercise, between the establishment of the WTO in 1995 and mid-2011, approximately 13,500 notifications were submitted to the TBT Committee by developing and developed countries alike. Of these, around 18 per cent were about measures related to the environment, in particular requirements on product characteristics

and performance, conformity assessment procedures, labelling requirements, and requirements linked to bans. These measures target key areas of a green economy, including soil, air and water pollution abatement, conservation of wild fauna and flora, energy efficiency and conservation, waste reduction and management.

The WTO's contribution to transparency goes beyond the exchange of information. Full transparency also requires an understanding of what is being notified. This is where the WTO's unique system of "peer review" in committees and other bodies comes into play. These deliberations provide a transparency forum that helps WTO members avoid trade disputes.

The experience with technical requirements is again a good example of how the WTO helps ensure that requirements to support a green economy do not create unnecessary obstacles to trade. Between 1995 and mid-2011, around one-fifth of the 317 specific trade concerns raised by WTO members in the TBT Committee were about measures related to the environment. Concerns are typically about whether the design or application of a particular measure creates an unnecessary barrier to trade, the need for more clarification about the aim of a measure, and the use of international standards. Concerns also cover measures related to pollution, collection and recycling, eco-design and packaging.

WTO tools can be used to monitor national measures with trade impacts, including green economy policies, so as to improve understanding and dialogue and avoid trade tensions. The WTO's surveillance tools have been particularly useful in recent years. When the financial and economic crisis erupted in 2008, many worried that the kind of protectionism that triggered the Great Depression would emerge again. Thanks in large measure to the multilateral trading system which provides both the foundation for countries to maintain their commitment to open trade and a platform to ensure transparency in trade policy developments, protectionist pressures have so far been largely held in check.

At the end of 2008, the WTO set up a system to monitor trade measures taken during the crisis by G-20 economies. This monitoring mechanism has proven to be a highly useful transparency tool and bolstered political resolve to resist protectionism. For example, the most recent report (October 2011) indicates that during the 2008-09 global crisis, G-20 economies were for the most part able to resist protectionist pressures, but their collective commitment is being tested by weaker economic growth, high unemployment and fiscal austerity. These WTO monitoring mechanisms could be utilized to focus on green economy measures with trade impacts, so as to enhance understanding and dialogue and avoid risk of trade tensions.

VI. Maximising the benefits of the multilateral trading system for developing countries

Proposed Rio+20 message

Reaffirm commitment to promote an international trading system that takes account of the needs of developing countries, including by ensuring that trade capacity-building initiatives assist developing countries in capturing the benefits from trade in their transition to a green economy.

The WTO provides a framework for trade-related capacity-building in developing countries through initiatives such as the Enhanced Integrated Framework and the Standards and Trade Development Facility. Through the over-arching Aid for Trade initiative, the WTO seeks to mobilize support for developing and least-developed countries (LDCs) so that they can overcome supply-side and trade-related infrastructure constraints and benefit from enhanced market access opportunities.

The Rio process confirmed that trade can be a powerful engine for economic growth, poverty reduction and sustainable development. But it also recognized that harnessing its power is often difficult for many developing countries. To address this problem, Agenda 21 called for an international trading system that takes account of the needs of developing countries.

It is widely recognized that market access opportunities alone are not enough for some countries. Many developing countries do not have the capacity to take advantage of new market access opportunities.

The WTO gives developing country members extensive trade-related technical assistance and helps them build capacity to take advantage of trade opportunities. The WTO is also a leading player in a range of trade-related international capacity-building initiatives.

WTO membership has increased from 123 members in 1995 to comprise 153 members (as of end October 2011), representing almost 95 per cent of global trade. Around two-thirds of WTO members are developing countries.

Technical assistance and capacity-building

WTO Ministerial Conferences in 2001 and 2005 confirmed that technical assistance and capacity-building, including training, are core elements of the development dimension of the multilateral trading system.

The WTO Secretariat has substantially enhanced its capacity to design and deliver an effective programme of technical assistance and capacity-building over the past decade, enabling WTO members to better understand their rights and obligations within the multilateral trading

system, strengthen their institutional capacities to deal with all the challenges emerging from such obligations, and derive significant benefits from the trading system.

Products delivered by the WTO include general technical assistance and training (e.g. e-Training courses, Geneva-based and regional trade policy courses), specialized and advanced technical assistance (e.g. Geneva-based as well as national and regional technical assistance activities) and academic support for training and capacity-building. In addition, the particular needs of LDCs are addressed through, among other things, the WTO Reference Centres programme and the “Geneva Week” initiative (which supports those WTO members and observers that do not have representation in Geneva).

Activities frequently have trade and environment components, focusing on such aspects as environmental requirements and market access, the relationship between the WTO and multilateral environmental agreements



(MEAs), environmental goods and services, and fisheries subsidies. The WTO also regularly engages in outreach to developing countries through events of MEA secretariats.

The WTO's capacity-building is based on country needs and coherence with activities of other international organizations. Current initiatives include Aid for Trade, the Enhanced Integrated Framework, and the Standards and Trade Development Facility.

Aid for Trade

Aid for Trade aims to help developing countries, particularly LDCs, develop the trade-related skills and infrastructure needed to implement and benefit from WTO agreements and expand their trade.

The Aid for Trade initiative directly supports the Agenda 21 call for the integration of developing countries into the international trading system. The initiative has raised awareness about the support that developing countries need to overcome the barriers constraining their ability to benefit from trade expansion.

The WTO's role in Aid for Trade involves advocacy, analysis and debate, using its convening power and monitoring function to mobilize Aid for Trade financing, to highlight the needs of its members and observers, and to showcase effective implementation, including through regular reviews. The WTO works closely with a variety of actors, including developing countries and LDCs, regional organizations, multilateral development banks, bilateral donors, the International Trade Centre, the OECD, and a broad range of United Nations (UN) agencies. The WTO's implementing work in Aid for Trade is through its technical assistance and capacity-building activities.

Aid for Trade implementation lies in the hands of developing countries, regional economic communities and their development partners. It is multi-faceted, encompassing a diverse range of delivery mechanisms and development partner organizations including, among others, bilateral donors, international financial institutions (including the World Bank Group and regional development banks) and multilateral agencies. No new mechanism was established to deliver Aid for Trade. Instead, the focus is on making existing mechanisms work better. Aid for Trade flows reached US\$ 40 billion in 2009 – a 60 per cent increase in real terms since 2005.

Enhanced Integrated Framework

The Enhanced Integrated Framework (EIF) for trade-related assistance to least-developed countries is a multi-donor programme that supports LDCs to become more active players in the multilateral trading system.

The EIF, under the global Aid for Trade framework, supports Agenda 21 through its trade and development partnership, with countries in the driving seat on sustainable development. Working in 47 countries in Africa, Asia and the Pacific, the EIF helps LDCs to build national institutional and technical capacity to trade on their own terms, contributing to lifting communities out of poverty. EIF countries, in collaboration with development partners and international partner agencies (the International Monetary Fund, the International Trade Centre, the United Nations Conference on Trade and Development, the United Nations Development Programme, the World Bank and the WTO, plus the United Nations Industrial Development Organization), the private sector and civil society, are strengthening their institutional and supply-side capacity to create future prosperity for local people.

Box 5. Aid for Trade

"We need to listen to the development community and make the case why trade is important for economic growth. We can do a better job of explaining why Aid for Trade can support broader policy objectives like poverty alleviation, social welfare, food security, gender empowerment, climate change adaptation, energy generation and sustainable development. In so doing, we will be promoting deeper coherence within the initiative and with the broader international context.

Equally though, we must not lose sight of the fact that in making the case for Aid for Trade, we are really making the argument for the multilateral trading system. Aid for Trade is all about logging on to this world-wide trading system."

WTO Director-General Pascal Lamy closing remarks, 2011 Third Global Review of Aid for Trade

The EIF works through tools including the Diagnostic Trade Integration Study (DTIS) and the Action Matrix of priority areas to address national supply-side blockages to trade, including issues around trade and the environment. To take forward these priorities, the EIF works on building local capacity and developing projects in support of the trade mainstreaming agenda. Putting in place the right trade foundations, the EIF supports countries in driving targeted projects on the ground, focusing on results and impact that leads to more businesses, higher incomes and stronger livelihoods. It also takes into account issues on sustainable land management and an inclusive community approach, involving local farmers, traders and entrepreneurs, that respects the environment in line with Agenda 21.

Standards and Trade Development Facility

The Standards and Trade Development Facility (STDF) is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary (SPS) standards, guidelines

and recommendations as a means to improve their human, animal and plant health status, and ability to gain and maintain access to markets. Improved SPS capacity in developing countries supports sustainable economic growth, poverty reduction, food security and environmental protection.

The STDF's mandate is to increase awareness about the importance of SPS capacity-building, mobilize resources, strengthen collaboration, identify and disseminate good practice, and provide support and funding for the development and implementation of projects that promote compliance with international SPS requirements. Some 40 per cent of the STDF's project resources are devoted to LDCs and other low-income countries. The STDF was established in 2002 by the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organization (WHO) and the WTO. The Facility is committed to the Paris Principles on Aid Effectiveness and to achieving the Millennium Development Goals.

VII. Doha Round

Proposed Rio+20 message

Affirm support for the successful conclusion of the Doha Round as a powerful contribution to the sustainable development vision.

Sustainable development permeates all aspects of the Doha Round. There are specific trade and environment negotiations and environmentally harmful trade distortionary measures are also being addressed. Other aspects of the negotiations, ranging across agriculture, industrial goods, services and trade facilitation also support the vision of sustainable development and a green economy.

At Johannesburg, leaders recognized the need for action at all levels to support the successful completion of the work programme contained in the 2001 Doha Ministerial Declaration. While WTO members presently are considering possible next steps in the Doha Development Agenda negotiations, potential gains for sustainable development remain clear.

Doha Round and sustainable development

At the WTO's Fourth Ministerial Conference in Doha in 2001, Ministers recognized that international trade can play a major role in the promotion of economic development and the alleviation of poverty. Acknowledging that the majority of WTO members are developing countries, Ministers agreed to continue making positive efforts to ensure developing countries, and especially LDCs, secure a share in the growth of world trade commensurate with their development needs. Developing countries' needs and interests are thus at the heart of the Doha work programme.

A successful outcome of the Doha Round will greatly support sustainable development. Further tariff reductions and strengthening of the rules will help all WTO members reap maximum gains from trade. A more level playing field

and open markets will improve efficiency of resource use. The Round also addresses issues of concern to developing countries as well as specific environmental and green economy objectives comprehensively, including through the removal of trade barriers and distortions and promotion of green goods and services.

The following section gives examples of how the Doha Round negotiations offer real potential for ensuring that the WTO's trade liberalization mission and rules help to address environmental problems as well as advance development goals.

Doha negotiations

Trade and environment

The trade and environment negotiations target three key areas: liberalization of environmental goods and services; negotiations on the relationship between multilateral environmental agreements (MEAs) and the WTO; and fisheries subsidies.

Environmental goods and services

A major focus of work has been on liberalizing trade in goods and services that can benefit the environment – goods like solar panels and solar water heaters, hydropower turbines

Box 6. Environmental goods and services

The Intergovernmental Panel on Climate Change (IPCC) has identified a range of mitigation and adaptation technologies that can assist in the challenge of climate change. Many of these technologies involve products being discussed in the WTO trade and environment negotiations. Some examples include landfill liners for methane collection, wind hydropower turbines, solar water heaters, and tanks for the production of biogas. Lowering barriers to trade in these types of products will reduce their price and make them more accessible. Increased competition will foster technological innovation in areas related to protection of the environment and climate change.

and equipment for biogas production, and services like environmental consulting or soil conservation services and nature and landscape protection services. Removing tariff and non-tariff barriers in these areas can improve access to products and services which directly impact on the protection of air, water and soil, and conservation of natural resources.

By reducing barriers to trade in environmental goods and services, the negotiations could improve access to a broader range of cheaper and more efficient goods and services that can help meet environmental goals. Increasing the use of environmental goods and services can yield a range of benefits, including reduced air and water pollution, resource conservation and improved energy efficiency.

Market opening in these sectors can also be a powerful tool for economic development by generating economic growth and employment and helping spread the valuable skills and technology embedded in such goods and services.

The WTO and multilateral environmental agreements

As part of their work on trade and environment, WTO members are negotiating ways to ensure a harmonious co-existence between WTO rules and specific trade obligations in various agreements that have been negotiated multilaterally to protect the environment. There are over 250 multilateral environmental agreements (MEAs) currently in force and around 20 include trade provisions (such as bans, licensing requirements, and notification, packaging or labelling requirements).

WTO members have long recognized the need for “coherence” among international institutions in addressing global environmental challenges. While there has been no conflict between trade and environmental regimes – and the WTO’s Appellate Body has repeatedly confirmed that the WTO can take other bodies of international law into account when interpreting its own rules – the negotiations on the WTO-MEA relationship provide a unique opportunity for creating synergies between the trade and environment agendas at the international level. In this regard, the WTO’s work is directly relevant to Rio Principle 12 which, among other things, expresses the preference of nations that environmental measures addressing transboundary or global environmental problems should, as far as possible, be based on international consensus.

Fisheries subsidies

The fisheries chapter of the Doha Round demonstrates how the trade and environmental agendas can meet, as eliminating trade distortions can help conserve the natural resource. In the negotiations, WTO members are aiming to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. The mandate reflects the increasing attention being paid in many international forums to the grave problems of overcapacity and overfishing in today’s modern fisheries fleets, and the role that subsidies could play in contributing to those problems. While the negotiations are on-going (for example, members have very different views as to whether, and if so which, subsidies in fact contribute to overcapacity and overfishing, and what sorts of disciplines should apply to different kinds of subsidies), multilateral disciplines could help ensure the sustainability of fish stocks so all countries, including fishing-dependent developing countries, can have long-term access to a reliable supply of fisheries resources.

Other negotiating areas

Agriculture

Agriculture has traditionally been a highly protected sector in some countries. While agriculture makes a significant contribution to the economies of many countries, including a large number of developing countries, many of the world’s agricultural producers are disadvantaged in the world trading environment because of high tariff barriers and competition from other producers that receive high



levels of domestic or export-related support. Not only are efficient agricultural producers deprived of the development benefits of trade, but over-production in certain parts of the world due to production-linked subsidies can have negative environmental effects. A reduction in protection and support can therefore lead to important gains for both developed and developing country agricultural producers, including environmental benefits.

In the agriculture negotiations, WTO members are committed to achieve substantial cuts in tariff barriers and trade-distorting domestic support. They have also already agreed as part of the overall package to eliminate agricultural export subsidies. The negotiations could therefore have a profound impact. They would lead to a more efficient allocation of global resources and production. They would increase trade opportunities for developing countries with competitive agricultural sectors, and this could lead to important income gains for these countries. In addition, LDCs would enjoy significant improvements in market access for their agricultural products, in particular from the implementation of a duty-free, quota-free decision taken by members in 2005.

Many existing and newly emerging forms of subsidies in the agriculture sector can result in damage to the environment by encouraging a faster pace of land conversion, loss of forests and loss of biological diversity. It is critical for sustainable development that as part of the agriculture negotiations, members persevere in tackling these harmful subsidies.

Industrial goods

Important market access opportunities can be expected for developed and developing countries in the non-agricultural area. Trade in industrial products accounts for more than 90 per cent of world trade in goods and encompasses some key products of export interest to many developing countries. Thanks to previous rounds of trade negotiations, tariffs in developed countries on industrial products are today on average relatively low. However, this average can sometimes hide remaining high tariffs on products in which developing countries have a particular stake. Also, the reduction of non-tariff barriers (NTBs) that affect international trade has been considered important. In on-going negotiations in the area of NTBs, countries are, among other things, considering ways of increasing the transparency of such measures (for example, by improving on existing notification procedures and finding ways of further enhancing the use of international standards). A reduction in both tariffs and non-tariff barriers to industrial trade could provide important export opportunities for developing countries, helping them in their goals for growth, poverty alleviation and sustainable development.



Services

Services – such as transport, finance, telecoms and law – have become the most dynamic segment of international trade and opening services markets can provide many new opportunities to both developed and developing countries. The Doha mandate instructs that the services negotiations shall be conducted with a view to promoting the economic growth of all trading partners and the development of developing countries and LDCs. In the negotiations, developing countries have voiced their interests in several sectors and modes of supply, in particular cross-border supply and the temporary movement of professionals across borders. From an environmental perspective, services activities may have both negative and positive impacts. Examples of negative environmental impacts may include contamination arising from transportation or over-use of natural resources caused by mass tourism. On the other hand, various services activities aim to protect the environment and prevent or remedy pollution, such as treatment of waste water and remediation of soil, water and air.

Trade facilitation

The WTO's commitment to supporting the international community's work on sustainable development and poverty reduction also takes the form of cutting distortive red tape. The aim of the trade facilitation negotiations is to make transactions more efficient by making it easier to

move, release and clear goods across borders. Simplifying border procedures would allow for a better allocation of scarce resources and result in important efficiency gains. Governments would then be able to dedicate more resources to other development goals, both in terms of manpower and with respect to their financial investments. There would also be a significant decrease in trade transaction costs. The work on trade facilitation could also increase government revenue by enhancing transparency, reducing corruption and boosting legitimate trade.

Other areas of WTO work related to sustainable development

In addition to the specific negotiations launched in Doha in 2001, Ministers also mandated work under the Doha Development Agenda in other trade-related areas that have an impact on sustainable development and a green economy.

WTO Committee on Trade and Environment

Through the Doha Development Agenda, sustainable development has become a standing item on the agenda of the WTO's Committee on Trade and Environment. The Committee has been looking at the subject sector by sector, especially in the following areas of the negotiations: agriculture, market access for non-agricultural products, rules, services, fisheries subsidies and environmental goods and services. The Committee also looks at a range of issues relevant to environmental requirements and market access, including environmental taxes and labelling, and sustainability aspects of trade in sectors such as forestry and energy.

Working Group on Trade and Transfer of Technology

In the global economy, technology and innovation help producers to achieve economies of scale and better product quality, improve competitiveness and increase their share of niche markets. No country can move up the development ladder without having built a sound technological base. Pursuant to a mandate contained in the Doha Ministerial Declaration, the WTO Working Group on Trade and Transfer of Technology is examining the relationship between trade and transfer of technology, while also considering steps that might be taken within the WTO's mandate to increase flows of technology to developing countries. Considerable analytical work has been undertaken. Recommendations that the Working Group may come up with could have immense development potential, and help put developing countries on the path to sustainable development.

Special and differential treatment

WTO members have been undertaking a review of all special and differential treatment (S&D) provisions for developing countries in the WTO agreements, with a view to making them more precise, operational and effective. For trade – and trade liberalization – to deliver economic growth and development, the constraints that prevent poorer countries from integrating into the international trading system must be addressed. Developing countries continue to negotiate S&D in different areas of the Doha Round negotiations. A positive outcome to the negotiations under the S&D work programme would play an important role in providing developing countries and LDCs with further flexibilities in their multilateral trade obligations. It would allow a more development-oriented integration into the multilateral trading system and help them reach their development goals, including sustainable development.

Least-developed countries

Ministers in Doha recognized that the integration of LDCs into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base, and trade-related technical assistance. Since the adoption of the Doha Development Agenda, the Sub-Committee on LDCs has been implementing a work programme for LDCs. Activities carried out under this programme are giving WTO members a better understanding of the trade and development challenges of LDCs and contributing towards the goals of poverty alleviation and sustainable development in LDCs. One important aspect of the Sub-Committee's work is to regularly review the market access



conditions of LDC exports. Greater market opening creates opportunities for increased trade and investment, bringing in technology, resources and other benefits that contribute to sustainable development in LDCs.

Small economies

Small economies face particular challenges. The main concerns of the small vulnerable economies (SVEs) relate to what they consider is their high vulnerability, concentration of exports in a few products, high transportation costs to reach their main markets, and a general lack of capacity. SVEs would like to receive treatment comparable to that extended to weaker and vulnerable members of the WTO. A work programme on small economies was launched with a mandate provided in the Doha Ministerial Declaration, with the objective to “frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members.” The SVEs have made various proposals to the Doha negotiating groups and have also made proposals for decisions by regular bodies of the WTO.

TRIPS and the Convention on Biological Diversity

The Doha Ministerial Declaration called on negotiators to look at the relationship between the Trade-related Aspects of Intellectual Property Rights (TRIPS) Agreement and the Convention on Biological Diversity (CBD). This work is to be guided by the public policy objectives and principles set out in the TRIPS Agreement and taking fully into account the development dimension. Work is taking place on proposed amendments to the TRIPS Agreement that would link the CBD principles of prior informed consent and equitable sharing of benefits. This amendment, which proposes a disclosure mechanism, has been opposed by several members, who advocate instead the use of the contract system and other measures to achieve the same ends.

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