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(ENVIRONMENTAL ECONOMICS).
TRADE AND ENVIRONMENT IN
WTO REGIME (UNIT-4).**



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The WTO's main function is to help trade flow as freely as possible but not at the expense of the environment. The key principles of sustainable development and the protection of the environment are enshrined in the Marrakesh Agreement, the founding charter of the WTO, in which the preamble recognizes the need "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".



Ministers also signed a "Decision on Trade and Environment", which states that efforts to uphold the multilateral trading system and to protect the environment must be complementary. The WTO's principles aim to ensure members' environmental measures are not unnecessary trade barriers, unjustifiable discrimination or protectionism in disguise. The WTO also provides a forum for discussions and negotiations on environmental issues as they relate to trade.



- **The WTO has also handled disputes concerning environment-related trade measures, such as the conservation of sea turtles and the welfare of seals. WTO jurisprudence has affirmed that WTO rules do not take precedence over environmental concerns. These have also required members to pursue environmental solutions in a cooperative manner.**
- **Trade and environment, as an issue, is by no means new. The link between trade and environmental protection — both the impact of environmental policies on trade, and the impact of trade on the environment — was recognized as early as 1970. Towards the end of the Uruguay Round (1986–1994), attention was once again drawn to trade-related environmental issues, and the role of the soon-to-be-created World Trade Organization.**



The Committee on Trade and Environment ('regular' CTE)

- **The 1994 Ministerial Decision on Trade and Environment created the WTO's Committee on Trade and Environment (CTE), which is open to the entire WTO membership, with some international organizations as observers. The committee's mandate is broad, and it has contributed to identifying and understanding the relationship between trade and the environment in order to promote sustainable development.**
- **In the Doha Round, WTO members received a mandate to negotiate certain aspects of the link between trade and the environment, particularly the relationship between the WTO's agreements and those of other agencies, and market access for environmental goods and services. These talks take place in "Special Sessions" of the Trade and Environment Committee.**



Environmental Goods Agreement (EGA)

- On 8 July 2014 State group of WTO members launched plurilateral negotiations for the establishment of the EGA, which seeks to promote trade in a number of key environmental products, such as wind turbines and solar panels. Since then, the number of participants has grown, with the current total representing 46 WTO member.
- Participants : Australia, Canada, Costa Rica, Europlan Union, Hong Kong, Israe, Japan, Korea, Ice land, Norway, New Zealand, Singapore , Switzerland, Liechtenstei, Turkey, United States, Chinese Taipe.



Eighteen participants representing 46 WTO members are engaged in negotiations seeking to eliminate tariffs on a number of important environment-related products. These include products that can help achieve environmental and climate protection goals, such as generating clean and renewable energy, improving energy and resource efficiency, controlling air pollution, managing waste, treating waste water, monitoring the quality of the environment, and combatting noise pollution. The participants to these negotiations account for the majority of global trade in environmental goods. The benefits of this new agreement will be extended to the entire WTO membership, meaning all WTO members will enjoy improved conditions in the markets of the participants to the EGA.



Moreover, WTO rules, including specialized agreements such as the Agreement on Technical Barriers to Trade (which deals with product regulations), and the Agreement on Sanitary and Phytosanitary Measures (which concerns food safety and animal and plant health), provide scope for environmental objectives to be followed and for necessary trade-related measures to be adopted. WTO rules set up the appropriate balance between the right of members to take regulatory measures, including trade restrictions, to achieve legitimate policy objectives (e.g., protection of human, animal or plant life or health, and natural resources) and the rights of other members under basic trade discipline.



The Technical Barriers to Trade (TBT)

- Agreement aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade. At the same time, it recognises WTO members' right to implement measures to achieve legitimate policy objectives, such as the protection of human health and safety, or protection of the environment. The TBT Agreement strongly encourages members to base their measures on international standards as a means to facilitate trade. Through its transparency provisions, it also aims to create a predictable trading environment.



For example : under TBT a country can restrict/reject imports which do not carry appropriate environmental certification or labels.

- **A technical regulation is defined in the TBT Agreement as “Document which lays down product characteristics or their related processes and production methods. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, and its process.”**
- **Technical regulation includes green marketing, eco-labelling and general principles of environmental management and auditing systems. These approaches will help the multinational corporations in maintaining environmental quality in developed and developing countries.**



Sanitary and phytosanitary measures

- **A separate agreement on food safety and animal and plant health standards (the Sanitary and Phytosanitary Measures Agreement or SPS) sets out the basic rules.**
- **It allows countries to set their own standards. But it also says regulations must be based on science. They should be applied only to the extent necessary to protect human, animal or plant life or health.**



The agreement includes provisions on control, inspection and approval procedures. Governments must provide advance notice of new or changed sanitary and phytosanitary regulations, and establish a national enquiry point to provide information. The agreement complements that on technical barriers to trade. For example : under the SPS, if the level of pesticide residue or genetically modified organism is higher than stipulated tolerance level, imports can be banned.



The Doha Agreement

- **A new round of multilateral trade negotiations was initiated at the WTO's Fourth Ministerial Conference in Doha, Qatar in November 2001.**
- **According to the Doha Development Agenda, 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.**
- **The Doha Development Agenda has created a new debate in the WTO. It has created new opportunities for environmental community to influence the trading system. It stresses on to implement a programme on eco-labelling.**



STUDY MATERIAL REFERENCES :

- <http://www.yourarticlelibrary.com/environment/role-of-world-trade-organization-wto-in-dealing-with-environmental-issues/39719>
- https://www.wto.org/english/tratop_e/envir_e/envir_e.htm

