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# **UN COMMITTEE ON TRADE AND ENVIRONMENT** **AND ITS ROLE IN BALANCING INTERNATIONAL** **TRADE AND ENVIRONMENT ISSUES**

AUTHORED BY - K. AASHIKA

## **ABSTRACT**

The links between international trade and environmental policy have been an extremely active field of research during the last years. The literature in this field started with a few contributions in the 1970s. However, particularly during the last decade it has expanded rapidly and a diverse set of questions and issues has been addressed. One important issue was the concern that increasing economic integration could make governments reluctant to burden local firms with stringent environmental regulations, which would result in inefficiently low environmental policies and deteriorating environmental quality. A second source of contention has been the use of trade policy to reduce environmental degradation abroad. One important example is the use of trade bans or of labelling schemes for tropical woods to reduce tropical deforestation. Another prominent example was the tuna-dolphin dispute between the United States and Mexico. Finally, there have been a large number of trade disputes over new national environmental policies.

### **1. Aim/ object of study**

Ensuring proper goals, rules, institutions and forward looking agenda, the WTO and UN Committee on Trade and Environment provides the important means of advancing international environmental goals. The main aim is to ensure the sustainable development, environmental requirements and market access, labeling, environmental reviews, trade and technical barriers etc... This has been discussed further.

### **2. Scope of study**

The main scope of this paper is to produce qualitative content on UN Committee on trade and environment. This issue includes the history of sustainable development as well as the pillars and principles of this concept. About the sustainable development goals and the associated debate regarding the trade offs, costs and benefits of the improvement to the developing countries. Non-tariff measures of WTO covers the anti dumping duties, import licensing, subsidies, safeguards,

environment and labour standards. Among these measures environment and labour standards are the two major non-tariff measures, which would affect India's international trade, rather than other non-tariff measure.

### **3. Research problem**

The aim of this paper is to provide an outline of some of the main strands in the diverse and voluminous literature that has investigated the interactions between trade and the environment and UN Committee on Trade and Environment. The approach will be grouped under four main questions:

What are the properties of optimal environmental and trade policies in open economies with local pollution?

What are the properties of such SDG policies in the case of trade aspect?

What are the environmental and welfare consequences of trade exports?

How can we explain the political economy of the trade and environment nexus?

Should Trade Policy be used to achieve environmental objectives?

How Multilateral Environmental Agreements of WTO achieve environmental objectives in India?

### **4. Research hypothesis**

The way to improve hunger and poverty issues is to open trade and generate the standard of living of people through greater productivity, increased competition and more choice for consumers at better prices. Other government can give needy products on subsidy. Contribution to the food security, affordable medicines and legal pathway as free is a stepping stone to success.

### **5. Method of study**

This article was guided by doctrinal methodology. The data were collected through review of relevant materials including articles, conference presentations and other documents on UN committee on trade and environment, role of the UN Committee on trade and environment, principles, sustainable development. Pieces of information gathered were analyzed, combined for a qualitative content analysis.

## CHAPTER I

### INTRODUCTION:

The WTO's objective is to reduce trade barriers and eliminate discriminatory treatment in international trade relations by adopting specific agreements of trade-related measures aimed at protecting the environment provided a number of conditions to avoid the misuse of protection of environment in the practice of trade.

For the betterment of the society, we must all make the necessary contribution to for the protection and preservation of the environment through its objective of trade openness. This is carried out by the WTO organization through its ongoing efforts under the Doha Development Agenda. The Doha Agenda includes specific negotiations on trade and environment and some tasks assigned to the regular Trade and Environment Committee.

### HISTORY

The necessity of Trade and environment was seen in earlier times, it was also seen as an issue. There was always a fragile bond between trade and environment since there was always a chance of exploitation of recourses of environment when dealt with trade. The impact of environmental policies on trade, and the impact of trade on the environment were recognized as early as 1970. Growing international concern about the impact of economic growth on social development and the environment led to a call for an international conference on how to manage the human environment. The 1972 Stockholm Conference was the response.

The members of GATT were urged to examine what the implications of environmental policies might be for international trade in 1971 by Director General Olivier Long. In the same year the council of representatives agreed to set up a Group on Environmental Measures and International Trade (EMIT) which was open to all GATT members from 1991 only when the members of the European Free Trade Association asked for the EMIT Group to be convened. As a result of further developments from the year 1971–1991 it was declared truthfully that the EMIT group's proposal met with a positive response.

Along with the environmental protection policies, the EMIT group focused also on the effects of environmental measures such as eco-labelling schemes on international trade, the relationship between the rules of the multilateral trading system and the trade provisions contained in

multilateral environmental agreements such as the Basel Convention on the Transboundary Movement of Hazardous Wastes and the transparency of national environmental regulations with an impact on trade.<sup>1</sup>

Further in the years, the preamble to the Marrakesh Agreement Establishing the World Trade Organization is an inclusion of its importance of working towards sustainable development.

**The preamble states:**

“that their relations in the field of trade and economic Endeavour should be conducted with a view to raising standards of living 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.”

Recognition and importance of such environmental and trade and sustainable development can be made from the fact that the first paragraph of the preamble recognizes sustainable development as an integral part of the multilateral trading system.

On 1994 ministerial decision the ministers also signed a “Decision on Trade and Environment” which states 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 environment, and the promotion of sustainable development on the other.”

This decision leads to the creation of the Committee on Trade and Environment which we know now.<sup>2</sup>

**The Committee on Trade and Environment’s role:**

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.

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<sup>1</sup> [https://www.wto.org/english/tratop\\_e/envir\\_e/envir\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/envir_e.htm)

<sup>2</sup> [https://www.wto.org/english/tratop\\_e/envir\\_e/hist1\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/hist1_e.htm)

The UN Trade and Environment contributes in balancing international trade and environmental issues by creation of committee. The committee which was set up by the Marrakesh ministerial decision on trade and environment as explained before has the goal to identify the relationship between trade measures and environmental measures in order to promote sustainable development and make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system. Since the 2001 Doha Ministerial Conference, the regular Committee on Trade and Environment CTE began work with a 10-point work programme focusing on Doha negotiations but they have not recommended any changes to the rules of the multilateral trading system so far.

The UN Committee on Trade and Environment balances the issues relating to the international trade and environment through the process of negotiation. The points of their discussions would be regarding, Trade Rules, trading system, environment agreements, environmental protection and disputes, how taxes and other environmental requirements fit in (i.e.) the charges and taxes for environmental purposes; requirements for environmental purposes relating to products and recycling requirements.<sup>3</sup>

Another very concerning issue arises in maintaining the transparency of environmental trade measures for environmental purposes. An environmental database was established in 1998 for compiling to measure related the documents regarding the environmental and trade policies. These transparencies were also discussed in CTE's 1996 report.

Other work under UN Committee on Trade and Environment discussions would be regarding the Environment and trade liberalization, measures affect market access, Domestically prohibited goods, also in regards to the particular hazardous waste exports, the relevant provisions of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement , the service work programme envisaged in the Decision on Trade in Services and the Environment and several other negotiations related to WTO and other organizations.

### **Labelling:**

Concerns have been raised about the growing complexity and diversity of environmental labelling

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<sup>3</sup> [https://www.wto.org/english/tratop\\_e/envir\\_e/envir\\_negotiatio](https://www.wto.org/english/tratop_e/envir_e/envir_negotiatio)

schemes. Labelling is one of the subjects assigned to the Committee on Trade and Environment (CTE). It is part of the committee's work programme in which the committee is assigned to consider the relationship between the provisions of the WTO's agreements and the requirements governments make for products in order to protect the environment. Environmental labelling schemes are complex, causing concerns about developing countries' and small businesses' ability to export. WTO members generally agree that labelling schemes can be economically efficient and useful for informing consumers, and tend to restrict trade less than other methods. This is the case if the schemes are voluntary; allow all sides to participate in their design, based on the market, and transparent.<sup>4</sup>

### **The multilateral trading system and climate change:**

Greta Thunberg, a 16 year old climate activists states the issues of climatic changes in the environment that should be seen as a crisis, she states,

"Humanity is now standing at a crossroads. We must now decide which path we want to take. How do we want the future living conditions for all living species to be like?"

The main goals of this UN trade and environment are raising standards of living, optimal use of the world's resources in accordance with the objective of sustainable development, and protection and preservation of the environment.

The issue of climate change, per se, is not part of the WTO's ongoing work program and there are no WTO rules specific to climate change and ambitions for economic growth and human advancement. However, the WTO is relevant because climate change measures and policies intersect with international trade in a number of different ways. Climate change is the biggest sustainable development challenge the international community. It is a challenge that transcends borders and requires solutions not only at national levels but at the international level as well.

The Marrakesh Agreement also promotes the freer trade as not an end in itself; it is tied to crucially important human values and welfare goals captured in this WTO's founding charter. The WTO provides a framework of disciplines to facilitate global trade and serves as a forum to negotiate further trade openness and is one part of the architecture of multilateral cooperation.

It is also to be noted that trade openness can help efforts to mitigate and adapt to climate change,

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<sup>4</sup> [https://www.wto.org/english/tratop\\_e/envir\\_e/wrk\\_committee\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/wrk_committee_e.htm)

for example by promoting an efficient allocation of the world's resources including natural resources, raising standards of living and hence the demand for better environmental quality and improving access to environmental goods and services. The WTO is relevant because national measures to mitigate and adapt to climate change may have an impact on international trade as they may modify conditions of competition and may be subject to WTO rules.<sup>5</sup>

### **Green Economy:**

International trade is a key component of sustainable development. Sustainable development and trade that may be pronounced at the United Nations Conference on Sustainable Development which is commonly known as Rio+20 that took place in Brazil in June 2012. They speak about the workings of the WTO and how the multilateral trading system supports countries' efforts to realize sustainable development and a green economy. It examines the contribution of trade to sustainable development and refers to green economy measures.<sup>6</sup> It discusses how WTO rules and monitoring mechanisms help ensure such measures are not disguised protectionism. The brochure also looks at WTO efforts to help developing countries maximize the benefits of participation in international trade. The final part discusses the contribution to sustainable development that can be made through a successful completion of the Doha Round.

### **The WTO and the Sustainable Development Goals:**

There is an agenda created by the WTO and UN trade and environment for the protection and preservation of sustainable development of the resources used for trade related activities. They is central to achieving the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), which set targets to be achieved by 2030 in areas such as poverty reduction, health, education and the environment. By delivering and implementing trade reforms which are pro-growth and pro-development, and by continuing to foster stable, predictable and equitable trading relations across the world, the WTO is playing an important role in delivering the SDGs.

The issues regarding the mitigating factors that are more likely is an helping hand in the creation of or exploitation of recourses that are bound to be saved by the UN trade and environment. These mitigating factors are seen to be reduced or gained based upon the factors itself for the betterment of society and sustainable development. There is increasing evidence that well planned and

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<sup>5</sup> [https://link.springer.com/chapter/10.1007/978-94-017-0333-8\\_6](https://link.springer.com/chapter/10.1007/978-94-017-0333-8_6)

<sup>6</sup> Limits to growth by Meadows in 1972

strategically executed trade policy initiatives can impact positively on sustainable poverty reduction. Trade opening has also generated higher living standards through greater productivity, increased competition and more choice for consumers and better prices in the marketplace. Eliminating subsidies that cause distortions in agriculture markets will lead to fairer more competitive markets helping both farmers and consumers while contributing to food security. And by ensure access to affordable medicines for all. An important amendment to the WTO's TRIPS Agreement recently entered into force. This measure will make it easier for developing countries to have a secure legal pathway to access affordable medicines which is seen as a boon in every developing and under developed countries.

Opportunities for women's employment and economic development are another very important aspect for trade. Through trade, job opportunities for women have increased significantly. Jobs in export sectors also tend to have better pay and conditions.<sup>7</sup> Export sectors are an important job provider for women in developing countries. Trade-led inclusive economic growth enhances a country's income-generating capacity, which is one of the essential prerequisites for achieving sustainable development. The transfer of technology, knowledge and innovation is an advantage. Open markets have been identified as a key determinant of trade and investment between developing and developed countries allowing for the transfer of technologies which result in industrialization.

The Decision on Fisheries Subsidies taken by WTO members in December 2017 is a step forward in multilateral efforts to comply with committing members to prohibit subsidies that contribute to overcapacity and overfishing, and eliminate subsidies that contribute to illegal, unreported and unregulated fishing, with special and differential treatment for developing and least-developed countries. The WTO plays an important role in supporting global, regional and local efforts to tackle environmental degradation of our oceans Members committed to fulfilling this commitment by the 12th Ministerial Conference.

It is also certainly important for the countries to promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system; the increase of developing countries' exports and doubling the share of exports of least-developed countries and the implementation of duty-free helping the least developed countries also.<sup>8</sup>

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<sup>7</sup> Our common future by Gro Harlem Brundtland of Norway in 1987

<sup>8</sup> [https://www.wto.org/english/thewto\\_e/coher\\_e/sdgs\\_e/sdgs\\_e.htm](https://www.wto.org/english/thewto_e/coher_e/sdgs_e/sdgs_e.htm)

The key contributes of the sustainable development goals are as follows:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Gender Equality
5. Decent Work and Economic Growth
6. Industry, Innovation and Infrastructure
7. Reduced Inequalities
8. Life below Water
9. Partnerships for the Goals

### CHAPTER III

#### **Conclusion:**

The paper hence convenes with a notion as the process of economic development generally involves substantial expansion of international trade. A very significant portion of raw materials and capital goods essential for the sustenance of economic growth needs to be imported, either because these are not produced domestically or because it is cost effective to import them. In order to pay for these imports, adequate foreign exchange has to be earned by exporting Indian products to the rest of the world. For example, Indian policy makers were pessimistic about the possibility of large-scale expansion of exports and emphasized import substitution as a strategy for growth. This strategy, however, did not help India to realize its full growth potential, as import restrictions - a major ingredient of the strategy - encouraged inefficiency in domestic production. Sustainable economic growth would require both expansion of trade in certain sectors and cleanliness of the environment. The policies adopted in the areas of trade and environment would have major implications on each other. The policy response in either area cannot be fully analyzed independent of possible actions by other players at the global level trade competitors and the international agencies dealing with trade and environment.

This study is concerned with the analysis of these linkages, the impact of trade on environment and of environment on trade, in the Indian context. Hence the study will confine the issues relating to environmental and trade related aspects.

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