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TRADE AND DEVELOPMENT BOARD  
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Agenda item 4

Sessional Committee I

SUSTAINABLE DEVELOPMENT: TRADE AND ENVIRONMENT -  
THE IMPACT OF ENVIRONMENT-RELATED POLICIES ON  
EXPORT COMPETITIVENESS AND MARKET ACCESS

Draft agreed conclusions submitted by the Chairman

1. The Board held an exchange of views on the impact of environment-related policies on export competitiveness and market access. Its discussion was aided and enriched by the high quality analysis contained in the documentation prepared by the UNCTAD secretariat and the contributions of a panel of experts drawn from several regions. The Board noted the following points.

2. Environmental standards and regulations are tending to become more stringent and more comprehensive. Measures of this kind should not be used as disguised protectionist measures. At the same time, policies which are initiated to achieve environmental objectives may nevertheless have effects on market access and competitiveness. The link between environmental policies, market access and competitiveness is however a complex one which needs further examination in the light of specific cases.

3. With regard to product-related environmental policies, measures which address consumption and disposal externalities by specifying the characteristics of products should be regarded as any other quality standard, provided they are adopted in an open, equitable and non-discriminatory manner. Dissemination of information, technical assistance, and technological cooperation are important

in this context, particularly when there may be a negative trade impact of such measures. Existing trade rules in this area allow countries to establish high standards of environmental protection, provided that these are enforced in a manner consistent with the principles of GATT. In this context, the Uruguay Round Agreements on Technical Barriers to Trade (TBT) and on Sanitary and Phyto-Sanitary Measures (SPS), which up-date the existing GATT rules, are very important.

4. Measures, such as eco-labelling, eco-packaging and recycling, are primarily directed at environmental objectives. Some delegations pointed out that such measures may have negative trade effects. These measures may result in differing trade effects among countries or industries. Their impact on trading partners, in particular exporters in developing countries and countries in transition, should be considered at the earliest possible stage of their development; ex-ante transparency and an exchange of information on environmentally related policy measures which have significant trade effects are of key importance. Reliable and timely information on requirements is of the utmost importance to exporters. The Ad Hoc Working Group on Trade, Environment and Development should contribute to the analysis of these measures within its terms of reference.

5. Environmental protection is as relevant to developing countries as to developed countries and many have already taken important initiatives to enhance their environment. Appropriate environmental measures should take account of the capacity of each country to implement such measures and in some cases such standards may need to be phased in gradually. Infrastructural investment is a high priority in sustainable development policies, in particular in developing countries. With regard to processes with domestic effects, each country is responsible for designing and implementing its own domestic environmental measures. In cases where there are transboundary environmental effects, international environmental agreements based on the Rio Declaration may be appropriate.

6. More stringent process requirements generally result in environmental benefits, provided that the specific environmental and developmental situation of each country is taken into account. However, since the costs of compliance are borne by individual firms, increased costs associated with process standards might affect competitiveness at the sectoral or enterprise level. Further analysis is needed of the competitiveness effects, if any, of environmental policies on developed and developing countries, as well as on natural resources based products and manufactured goods, taking into account other factors affecting competitiveness internationally.

7. Access to environmentally sound technologies is important to improve the environmental standard of developing countries. It may have a positive impact on competitiveness of firms in developing countries. Technical assistance and adequate finance should be provided to enable developing countries to effectively integrate technologies that have a positive impact on sustainable development in their production processes.

8. Environmental measures should not be seen as directed only at certain groups of countries or achieved at the cost of one part of the world. All members of UNCTAD, whether developed or developing, have a role to play in ensuring sustainable development through close cooperation.

9. Informal intersessional activities, such as the workshop on "eco-labelling and trade" organized by the UNCTAD secretariat in Geneva on 29-30 June 1994, could be useful in assisting the Working Group's deliberations. The Standing Committee on Commodities will be analysing at its third session in October 1994 means by which the competitiveness of natural products with environmental advantages could be improved. These deliberations would also provide useful inputs to the Working Group. The UNCTAD secretariat's technical assistance activities could help in strengthening the process of capacity building in developing countries, particularly in the least developed countries, in making trade and environment mutually supportive and in assisting them in participating effectively in the GATT/WTO and UNCTAD deliberations.

10. The Board noted with appreciation that the Commission on Sustainable Development at its second session had stressed the important role of UNCTAD in the area of trade, environment and development. The Board noted that the CSD had requested the secretariat to report annually on UNCTAD's activities in this field. The Board recommended that interaction between UNCTAD and other intergovernmental and regional organizations working in the field of trade and environment should continue to be developed. The results of the work of the Working Group could provide useful inputs to the WTO Committee on Trade and Environment.