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**INTERNATIONAL SYMPOSIUM
ENVIRONMENTAL REQUIREMENTS AND MARKET ACCESS
TURNING CHALLENGES INTO OPPORTUNITIES**

UNEP-UNCTAD CBTF

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Opening Session

Keynote statement

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- Mr. Kakakhel, Distinguished Panel Members and invitees, Ladies and Gentlemen
 - I want to thank the organisers for inviting me to participate in this Symposium. I would also like to take this opportunity to note the good collaboration that exists between UNCTAD, UNEP and the WTO.
1. The area of environment covers a large ambit. Various efforts to address the diverse environmental concerns have to take place through initiatives in different fora, and include both domestic policies as well as cooperation among nations.
 2. Today's topic of course is narrower, and can be seen in at least two ways. One is to consider turning the challenges of environmental requirements into market access opportunities. Another could be to turn the challenges of both environmental requirements and market access into opportunities. The ambit of the latter is wider, and particularly for developing countries, market access and growth provide greater possibility of addressing environmental requirements. Despite this difference in these two ways of considering the topic, the broad policy level issues involved have considerable overlap. Thus, many of the desired policy principles are the same, and

include several of those embodied in the WTO system. This makes it easier to examine them together.

3. A key factor characterising environmental requirements is that they bring about a change in the prevailing market conditions.
4. At times, they expand the market available for certain existing products, including products from developing countries (e.g. organic food, packaging). In such cases, the challenge of market access may depend on addressing the conventional market access issues such as trade barriers, and the supply side factors which affect overall production and transport, storage and even disposal facilities. Utilising the market opportunities thus require addressing *inter alia* the relevant tariff and non-tariff measures, and the importance of the trade barriers addressed by the WTO becomes evident in these cases.
5. On the other hand, environmental requirements may create opportunities for certain products involving greater technical expertise, thus limiting opportunities. In this context, at least four important points come to mind. One, sometimes, the lack of market access is perceived on account of limited information, and with better information the market access may be improved again. Two, in several cases, improving market access would require acquiring a new set of skills and technology, involving *inter alia* substantially increased costs. Three, if there is a proliferation of environmental requirements, each with different criteria, this would create market fragmentation and major uncertainty for producers and exporters or importers. Four, it is possible that protectionist elements use these requirements to serve their narrow purpose rather than the environmental objectives as such.
6. These points show that for enhancing market access opportunities, there is a need to be informed in a timely manner, that the requirements be based on legitimate concerns and criteria and not be a disguised form of protection, that even though relevant changes in requirements may take place the trading system should be based on stable and predictable set of principles, and of course, there is a need to augment capacity through improved skills, technology and infrastructure. It is in the context of these

factors and framework, that I want to share with you the important contribution of the WTO system.

7. Sustainable development is a key objective of the WTO and is reflected in its Agreements. Take for instance the Agreement on Technical Barriers to Trade (**TBT**), which deals with product regulations, standards and conformity assessment procedures, or the Agreement on Sanitary and Phytosanitary Measures (**SPS**), which deals with food safety and animal and plant health. These Agreements incorporate disciplines including those which emphasise transparency, and providing information, notifying draft regulations and standards, and allowing opportunities for comments at an early stage in the design of new requirements; they also have disciplines for providing non-discriminatory treatment and to avoid unnecessary obstacles to trade when preparing regulations and standards; they encourage harmonization through the emphasis on use of international standards, recognizing the contribution that these standards can make to improve efficiency of production, and facilitate the conduct of international trade and the transfer of technology.
8. Further, the WTO Committees established to implement the Agreements provide a very useful forum to raise concerns. For example, in the context of today's topic we can take the TBT Committee where Members have raised concerns and debated them in a multilateral setting. In 2006 alone, out of the 875 TBT notifications, 179 (approximately 20%) related to environment protection. Around 9% of past TBT notifications related to energy conservation, 8% concerned waste and hazardous material, and a number of them dealt with organic food.
9. Members raise trade concerns in the Committees. In the last 10 years, 20% of the concerns raised in the TBT Committee related to environment. Subsequently, in some cases, the concerns raised in the TBT Committee were transmitted to capitals and further information and clarification were provided. In other cases, comments were replied and notifications were made; bilateral consultations were held; or drafts regulation were further examined taking into account the concerns raised. In certain cases, prolongation of adaptation period and technical assistance were provided, and in one case, the proposed requirement was withdrawn.

10. Developing countries should make further use of the Committees as fora to raise particular problems, challenge measures imposed on their exports, and identify specific technical assistance needs.
11. Besides these Committees, the effect of environmental measures on market access, especially for developing countries, is one of the important items on the work programme of the Committee on Trade and Environment (which I shall refer to as CTE) since its establishment in 1995. In 2001, the Doha Ministerial Declaration instructed the CTE to give particular attention to this subject, since it holds the key to ensure that sound trade and environmental policies work together.
12. The topics we are addressing today are not new to the CTE.
13. CTE has noted the growing complexity of environmental requirements, and the increase in private sector voluntary and global supply-chain driven initiatives. For instance, in the CTE discussion on organic agriculture, Members noted a rapidly growing consumer demand for organic products. While highlighting their possible contribution to a win-win-win situation for trade, the environment and development, a number concerns were raised on the difficulties faced by producers due to the proliferation of different government regulations and private voluntary standards in the market, the lack of international standards, as well as the high cost of multiple inspection, certification and accreditation requirements. The importance of providing the possibility for smallholder group certification, as well as a multilateral solution on harmonization, equivalency and mutual recognition were emphasized.
15. I trust that the CTE will further its work to explore market access challenges and opportunities regarding environmental requirements.
16. In the WTO context, the most important initiative at present is the ongoing **Doha Round**. Ministers have launched environment negotiations in the Round – the first time in the history of the multilateral trade talks that such negotiations have been pursued. Under these negotiations, WTO Members are working towards liberalizing

trade in the products, technologies and services that can benefit the environment. They are also striving to ensure greater harmony between WTO and Multilateral Environmental Agreements (MEAs). The process is ongoing with substantial interest. There is in fact a recent proposal from Brazil, which is another attempt to try and seek ways to have convergence.

17. Other parts of the Doha Round are also relevant to sustainable development and the environment. For example, Members are seeking to reduce trade distorting agricultural subsidies, and fisheries subsidies. More efficient allocation of resources and the economic growth fuelled by a successful Doha Round can contribute to market access and addressing environmental and sustainable development challenges. In the context of market access, which is part of our topic today, the negotiations in both Agriculture and NAMA are paving the way for significant opportunities. These results will help deliver positive results for trade, the environment and development.
 18. To the extent that domestic capacity is limited to avail the opportunities, technical co-operation and infrastructure development become key to success. In this context, I want to mention the ongoing initiative of Aid For Trade, at the WTO, which is envisaged to address these aspects in a structured manner with enhanced funds, and with demand driven projects involving all stakeholders. This initiative has considerably increased the awareness of various stakeholders to address capacity constraints in a focused manner, and the important role that international trade plays in the development process.
 19. Those who want to take a view based on narrow self-interest need to consider the evolving economic interaction among nations in a medium-term scenario. This will show that co-operation and inclusiveness within a stable and predictable framework, and not conflict, can provide a viable base for economic and social interaction among stakeholders across nations. We all stand to benefit from the framework provided by the WTO, the ongoing work of WTO and other institutions on environmental requirements and market access, and the economic boost that a successful Doha Round can provide.
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