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Unit F-3 - Sustainable Development (including Trade and Environment);
Coordination of dialogue with civil society
The Head of Unit

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NOTE FOR THE ATTENTION OF THE 133 COMMITTEE

SUBJECT: TRADE AND SUSTAINABLE DEVELOPMENT:

SUSTAINABLE DEVELOPMENT AND IMPLEMENTATION OF THE DOHA DEVELOPMENT AGENDA

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133 COMMITTEE
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Sustainable Development and the Implementation of the Doha Development Agenda

Introduction

Following the launch of the WTO Doha Development Agenda, and preparations for the World Summit on Sustainable Development, the 133 Committee on 18 January requested a discussion on the trade aspects of the WSSD preparation, as well as an update on the sustainable impact assessments of the WTO negotiations being carried out by the Commission. The present note provides information on both points, and also sets out ideas on how to give sufficient weight to the sustainable development link in the preparation and conduct of WTO negotiations. It is offered as background for the planned discussions on the WSSD.

1. Sustainable Development and the WTO Doha Ministerial Declaration

The Doha Ministerial Declaration, referred to as the Doha Development Agenda (DDA), reconfirms the WTO commitment to sustainable development as a key objective of the multilateral trading system. In particular § 6 deals with this aspect and reads as follows:

"We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakech 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. We take note of the efforts by Members to conduct national environment assessments of trade policies on a voluntary basis. We recognise 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. We welcome the WTO's continued co-operation with UNEP and other inter-governmental environmental organisations. We encourage efforts to promote co-operation between the WTO and relevant international environmental and developmental organisations, especially in the lead-up to the World Summit on Sustainable Development to be held in Johannesburg, South Africa, in September 2002."

This is fully in line with the EC objective, as reflected in the Council Conclusions of October 1999 stressing that sustainable development should become an overarching objective of the negotiations. Both environmental and socio-economic developmental considerations should consequently be integrated into WTO negotiations. This is reflected in the DDA in that "the Committee on Trade and Development and the Committee on Trade and Environment shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected."

This objective, as the 1999 Council conclusions, inter alia means ensuring that (a) WTO rules do not constrain the ability of WTO members to adopt and implement effective and non-protectionist environmental legislation, with a view to make sure that further trade

liberalisation and environment are mutually supportive and (b) WTO members maintain the ability to implement appropriate domestic social policies, and (c) that both trade liberalisation and rule-making commitments taken pursuant to the DDA negotiations positively contribute to a sustainable development.

2. State of play on the Community's Sustainable Development Strategy

The upcoming World Summit on Sustainable Development (WSSD) is an important event which will set the international agenda as regards sustainable development and influence the political climate surrounding the negotiations on the Doha Development Agenda (DDA). The issue of making globalisation sustainable will be one of the main items on the agenda of the WSSD. Just as the Rio Conference on Environment and Development clearly influenced the drafting of the Preamble of the Marrakech Agreement, the outcome of the WSSD could very well have an impact on the discussions under the Doha Development Agenda. It is therefore essential that the Community sustainable development strategy, in all its external aspects, contribute to a successful outcome of the WSSD, including an agenda that will support the DDA in a positive way.

2.1. *The Commission Communication on the External Dimension*

At the Göteborg European Council in June 2001, the Commission was invited to consider the Union's contribution to global sustainable development. The Union has already established an internal strategy on how to ensure sustainable development: it is now recognised, however, that the external dimension of this strategy needs to be further developed. A Commission Communication on this dimension, was presented to the Barcelona European Council and to the European Parliament

2.2 *Preparations for the Johannesburg summit*

The preparatory process for the WSSD is now ongoing, notably in the UN Commission on Sustainable Development. EU preparation is ongoing, notably in the Environment and Development Council Working Group which is in charge of these preparations.

Two important trade related elements should be noted in this context:

- (i) **EU preparatory process:** Within the framework of the Council group preparations, a number of *lead country papers* on different items are being produced, some by Member States and some by the Commission. These papers are intended for internal purposes as a basis for further developing EU's positions on the WSSD agenda. In this context, a paper on "Making Globalisation Work for Sustainable Development" was prepared which focused on how trade policy can contribute to sustainable development and suggested commitments at both national and international level (sent to 133 March 18th). The Commission will circulate a document which presents more specific elements for a the WSSD based on this document.
- ii) **UN preparatory process:** PrepCom III took place in New York at the end of March on the basis of a Prep Com Chair paper. The Commission, on behalf of the EC, has put forward a large number of proposals on trade and globalisation stressing the importance to be attached to these issues. In particular, the Commission has stressed the role that trade policy can play in making globalisation sustainable and the importance that WSSD contributes to supporting and complementing the DDA.

Building on the lead country paper on “Making Globalisation and Trade Work for Sustainable Development”, the EU has provided concrete suggestions on a number of key areas.

As is the case for the Financing for Development process, the WSSD process and outcome should be seen as being complementary to WTO negotiations, including by fully respecting the Doha result, while avoiding in any way to prejudge negotiations. The WSSD should support a sustainable outcome of the DDA, that is support the full and effective implementation of the DDA itself but also consider which other initiatives or actions should be developed or reinforced in other fora and policy areas to make sure that the globalisation process will work for sustainable development and for the benefit of all.

3. Sustainable Impact Assessments of WTO negotiations

In paragraph 6 of the Doha Ministerial declaration, WTO members "take note of the efforts by members to conduct national environmental assessments of trade policies on a voluntary basis." Moreover, in paragraph 33, the declaration encourages that "expertise and experience be shared with members wishing to perform environmental reviews at the national level" and that a report shall be prepared on this activity for the fifth session.

The Sustainability Impact Assessment is a tool aimed at contributing to the integration of the sustainability dimension into European trade policy:

- by better identifying effects of trade policy on sustainable development
- by informing negotiators of the possible economic, social and environmental consequences of positions taken in the negotiations,
- by providing the necessary information and assessment to help in the design of possible policy mix, the sphere of activity of which can exceed the commercial field (internal policy, capacity building, international regulation), which make it possible to maximise the positive impact and to reduce the negative impact of the result of the negotiations in question.

In addition, SIAs contribute to transparency and the inclusiveness of the negotiating process by providing a basis for discussion with civil society and other Members in the WTO (presentation or sectoral reports and studies in the CTE, CTD and other Committees, workshops) and in other international fora.

The SIA methodological framework which was first developed and applied by the EC in the context of the preparations for the Seattle Ministerial (Phase I and II) has been further developed and will be carried out along the DDA negotiations.

For the implementation of Phase III, a framework contract with a consortium led by IDPM Manchester has been signed. This contract will be implemented in the next 4 years. The framework contract allows the Commission the flexibility to adapt the SIA process to the negotiation developments and priorities.

The Commission foresees launching three sectoral SIAs this year. It remains to be decided what sectors will be studied in 2002: the first sectoral study will be launched once the final report of two small studies underway (methodology study and food crops SIA) will be available (i.e. early March) .

The results of sectoral SIAs, when available, will be forwarded to the 133 Committee. Member States are also encouraged to identify new experts, both in their administrations and more broadly, who are interested in contributing to the DG Trade SIA network. Given that the completion of the two studies already mentioned and the launching of Phase III are imminent, the close association of Member States' experts in the work on SIAs should be renewed and reinforced. In this context the Commission finds the creation of a network of SIA expertise in relevant Member States' departments very useful, to help guide the further development of SIAs.

In addition, in order to share expertise and experience with WTO Members wishing to perform environmental sustainability reviews at national level, the Commission intends to intensify its co-operation with UNEP in this field with a view to linking the Commission's SIA with UNEP's Country-driven sustainability impact assessments in Developing Countries.

4. Ideas for discussion

4.1. Sustainable Development is a priority in all Community policies, including its trade policy, and sustainable development merits close attention in all areas of the future Doha Round of negotiations. We can contribute considerably to a sustainable outcome of the agenda through the negotiations on "trade and environment" topics, as identified in paragraph 31 of the Doha declaration, but also by integrating sustainable development considerations in all other relevant issues under negotiations and discussions, whether it is in the market access or rule-making fields, and by providing trade-related capacity building and technical assistance which takes into account the sustainable development dimension. To ensure a result that is supportive of sustainable development, due attention has to be given to it in all items of the negotiating agenda, including by ensuring coherence between policies.

4.2. As recognised in the Doha Ministerial Declaration, the mainstreaming of trade into development and poverty reduction strategies is necessary, in particular in order to design and implement effective and well-targeted trade related technical assistance and capacity building that responds to the needs of developing countries, while taking account of their overall development strategies. Trade has been identified as one of six core priority areas of Community development assistance, and the Commission is in the process of mainstreaming trade in all its country and regional development programmes.

The Doha Ministerial Declaration equally recognises the importance of technical assistance in the field of trade and environment, while it is no less important in the area of social development. The Commission will give due attention to these dimensions in technical assistance and capacity building measures and intends to present concrete ideas in this connection. The Commission would also like to benefit from member States' experience in this field. A future meeting of trade and environment and trade and development experts could develop the matter further.

4.3. The EC should also actively support further co-operation between the WTO and other IGOs operating at the trade, environment and development inter-face with a view to achieving a cross-fertilisation and identify synergies among them. Making progress towards a more effective and operational international governance for sustainable development has become urgent, which is particularly relevant in view of the up-coming

WTO negotiations and discussions on specific issues where a great deal of work has already been done by specialised organisations (UNEP, UNCTAD, UNEP/UNCTAD Capacity-building task force on trade, environment and development ...).

Likewise, the EC should continue to support the co-operation between the WTO and the ILO, as was agreed at the first WTO Ministerial Conference in Singapore and reaffirmed by the Doha Ministerial Declaration. An important aspect will be in relation to work under way in the ILO Working Party on the Social Dimension of Globalisation. The contribution of the WTO as an organisation as well as its individual members to better identifying the social consequences of trade liberalisation and globalisation will be important in order to best ensure sustainable outcomes.

4.4 The Doha Development Agenda has given a specific role to the Committees on Trade and Environment and Trade and Development to identify and debate aspects of the negotiations in their respective remits, in order to help to achieve that the objective of sustainable development is appropriately reflected in the result of the negotiations. Now that the structure of the negotiations has been decided, the EC should present specific ideas to ensure that CTE and CTD fulfil their role. It is, however, clear that a close co-operation between the CTE and the CTD, , and between the CTE/CTD and the Trade Negotiating Committee (TNC) and the negotiating groups will be required. The CTE/CTD should be able to review and provide input through the TNC, on a continuous basis in the work of the negotiating groups.

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