

## **2<sup>nd</sup> Intersessional Meeting of UNCSD**

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### **Discussion on the compilation document: comments and guidance for the zero draft outcome document**

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#### *Trade and Sustainable Development*

The contribution of trade to sustainable development is now widely accepted. Around 50 Member States and Political Groups referred to "trade" in their Rio+20 submissions. This reflects today's reality that sustainable development and trade cannot be considered in isolation: international trade is a key component of sustainable development.

The contribution of trade to sustainable development was recognized in Rio in 1992 and Johannesburg in 2002; it is confirmed in the multilateral trading system of the WTO. With the creation of the WTO in 1995, WTO members established an explicit link between sustainable development and disciplined trade liberalization to ensure that market opening goes hand-in-hand with environmental and social objectives.

The Rio+20 outcome document should reaffirm the vital contribution of trade to sustainable development, and to recognize the importance of an open and equitable rules-based multilateral trading system in helping the international community turn the vision of sustainable development into reality.

#### *Trade and Green Economy*

The submissions for Rio+20 show that the on-going transition to a green economy is often seen as a challenge for international trade. One main concern relates to the possibility of protectionism in the guise of measures to shift to a green economy.

Twenty years ago in Rio, the international community responded to a similar challenge by expressing its determination that trade measures with an environmental purpose should not be a disguised restriction on international trade.

This message remains vital. The shift to a green economy is transforming the environmental policy landscape in important ways, giving rise to new friction points between green economy measures and international trade.

When considering how the outcome document could address green protectionism, a useful starting point is to recognize that the multilateral trading system already offers a host of tools to help countries ensure that green economy measures are not green trade barriers.

Let me briefly illustrate how WTO rules and its work on transparency provide an effective safeguard against green protectionism.

From the trade perspective, the most common types of measures that countries are using to green their economies are non-tariff measures such as environmental requirements, taxes and tradable permit schemes, and subsidies.

WTO rules have long addressed non-tariff measures, trying to achieve a crucial balance: on the one hand they support the right of countries to take non-tariff measures to advance legitimate goals such as protecting the environment; and, on the other, they ensure that non-tariff measures do not impose an undue burden on international trade.

Besides the rules, a key safeguard against green protectionism is the WTO's work to foster transparency. This work ranges from exchanges of information to more "active" forms of transparency like "peer review" of measures that cause trade concerns. Active forms of transparency take place in committees and other bodies dedicated to technical regulations, subsidies, intellectual property and government procurement - areas that are at the heart of the green economy.

The outcome document should encourage the international community to make full use of these and other transparency-enhancing activities of the WTO, including the system set up

recently to monitor trade measures taken in response to the financial crisis. This would help achieve greater transparency in, and understanding of green economy measures and their impact on international trade.

### *Trade and developing countries*

It is abundantly clear from the Rio+20 submissions that many developing countries do not have the capacity to take advantage of trade opportunities.

This is a longstanding problem. In 1992, the Rio Declaration confirmed that trade can be a powerful engine for economic growth, poverty reduction and sustainable development, but it also recognised that harnessing its power is often difficult for many developing countries.

The WTO gives developing countries extensive technical assistance and helps them build the economic capacity to take advantage of trade opportunities - including green export opportunities. The WTO is also a leading player in a range of trade-related international capacity-building initiatives.

The outcome document should reaffirm the international community's commitment to promote an international trading system that takes account of the needs of developing countries. As part of this, it could emphasize the importance of ensuring that initiatives to build trade capacity in developing countries also support these countries' transition to a green economy.

### *Conclusion*

To conclude, the compilation document shows the strong aspiration of the international community to capture the full benefits from trade for sustainable development, and to minimize the risk of protectionism in the guise of green economy. Rio+20 offers a unique opportunity for the international community to reaffirm its commitment to realize this dual aspiration by means of an open and equitable rules-based multilateral trading system.