

MEA INFORMATION SESSION 24 OCTOBER 2000

Statement by the Executive Director of UNEP, Dr. Klaus Töpfer

1. It is with great pleasure that I have accepted Mr. Moore's invitation to address you here today. It gave me equal pleasure to welcome him to the event we hosted yesterday in collaboration with multilateral environment agreements, in the Palais des Nations.

2. Such meetings and cooperation between trade and environment institutions are, of course, more than just a question of pleasure. They are an absolute necessity. Current trends and recent events have shown that "business as usual" is no longer an option – for either the global environment or the multilateral trading system. Ongoing, and in many cases accelerating, environmental degradation around the world shows there is much more we have to do in environmental terms. WTO disputes and the Seattle Ministerial show the dangers of too many expectations being loaded onto one institution to solve all the problems related to trade, environment and development.

A sustainable global economy

3. We face the enormous challenge of making an increasingly globalized economy a sustainable one. No individual country or multilateral institution can do this on its own – we have to cooperate in developing our understanding of how that economy, the environment and human society interact. We have to cooperate in crafting the policy responses to the crises that face us – and in particular, I mean both those of poverty and environmental degradation.

4. My message to you here today is that we, i.e. the trade and environment communities, can no longer work on the problem and its solution in our own little sealed boxes. Neither can we tolerate deadlock inside our institutions, which prevents us from crafting solutions. UNEP's meeting on Enhancing Synergies and Mutual Supportiveness of MEAs and the WTO on 23 October and the MEA Information Session in the CTE today are about coming together to find ways to innovate, to break deadlock, mobilize resources and move forward. They are about international institutions coming together to provide a coherent, overarching framework for national policymakers to build sustainability from the ground up.

5. Crucially, it is not just about trade and environment – it is about trade, environment and development. The income gap between developed and developing countries continues to grow and World Bank figures show that nearly half of the planet's human population is living on \$2 a day or less. UNEP understands this challenge, and I believe that one of my main tasks here today is to convince you of that by showing you how we integrate that concern into our work programme.

Barriers to sustainability

6. Sustainability has three elements: an economic one, a social one and an environmental one. While UNEP's mandate requires that it focus on the third one, the policies and tools that this institution designs must be economically viable and efficient, and must also help countries and

communities achieve their often pressing need for poverty alleviation and sustainable economic development.

7. In trade terms, this means that the policy tools we offer must exploit the efficiency gains offered by trade, and must not create unfair barriers to trade. Inefficiency and trade protectionism, whether it is "green" or otherwise, are both barriers to sustainable development.

8. The other major barrier for many countries in the world is lack of financial, technical and technological resources. This was reflected in the outcome of the Rio Earth Summit as a commitment by developed countries to provide finance and technology on the one hand, while expanding market access on the other hand. These also constitute some kind of criteria against which you can test the work programme and policies designed by UNEP. In the remainder of this presentation I provide a sample of our work, much of it collaborative, in four related areas.

Capacity Building

9. A poor understanding of the complex linkages between trade, environment and development, and a lack of technical capacity and financial resources prevent the identification and formulation of appropriate policy responses in many countries.

10. I understand that lack of capacity and resources are often the root cause of failure to integrate trade and environment policies. The recently launched UNEP-UNCTAD Capacity Building Task Force (CBTF) on trade, environment and development, has been established to address this problem directly. The overwhelming response we have had to our call for proposals for the CBTF – over 30 projects proposed by 24 countries – suggests that many developing countries both recognize the importance of these issues, and the need to build their capacity to address them.

11. I would urge more developed countries to contribute to the Trust Fund that we have established to fund the CBTF, as both a practical step for improved policy-making and as a way to build confidence and trust between North and South on these issues. In this way the CBTF embodies both capacity building and a form of financial and technical assistance from developed countries.

Assessment of trade liberalization

12. Assessment of the economic, environmental and developmental effects of trade liberalization, at the national level, is a key to applying this policy reform in a manner which supports sustainable development. Effective assessment will guide successful policy integration. Thus, for example, UNEP's country-level work on the environmental assessment of trade liberalization is designed to foster development, while also addressing environmental concerns. These projects are being undertaken by nationally based institutions and experts, in close contact with the government, and with the involvement of other stakeholders, notably business and NGOs. Both the assessment itself, and the policy responses designed from them, spring from country-level, multi-stakeholder processes, which will provide governments with practical and cost-effective policy packages.

13. Such projects are currently under way in Argentina, China, Ecuador, Nigeria, Senegal and Tanzania, in sectors ranging from banana production to fisheries. Capacity-building is also an integral element of these assessments, which aim to provide the information necessary to design policies which maximize the net economic benefits of trade to the country. Furthermore, the experience of these researchers is being fed into another UNEP project, to develop a reference manual for integrated assessment of trade-related policies, which will provide a menu of options for governments wishing to undertake their own assessments.

14. I hope that at a future CTE meeting it will be possible for those nationally based country project leaders to give presentations on their work. I believe it will be more compelling if they come

and describe this work directly to you, and illustrate how it is constantly being adapted to local needs and conditions.

Economic instruments and market incentives

15. Distorted world markets and a failure to apply economic instruments which support sustainable development, remain a critical problem. It will be necessary to remove those market distortions, which damage the environment or hinder development prospects, as well as to develop market-based instruments, which can achieve objectives such as the internalization of environmental costs. UNEP is already working in both these areas, most recently by initiating an assessment of the extent to which the Polluter Pays Principle has been implemented since its inclusion in the Rio Declaration in 1992.

16. Environmentally damaging subsidies, which also limit market access and development prospects for developing countries, are another clear priority for policy reform. UNEP has been working on the issue of fisheries subsidies since 1997. I was encouraged by developments in Seattle, where momentum built for negotiations on rules to discipline these subsidies. Reducing such subsidies can not only benefit marine ecosystems, but also safeguard the fisheries upon which developing country fleets and artisanal fishermen depend. The sea is the primary source of protein for many poor people. UNEP is seeking to expand its programme in this area, both in analytical terms and by engaging more countries in efforts to secure subsidy reform.

17. The agricultural sector offers similar win-win opportunities, on an even larger scale and of even more importance for poverty alleviation, given the number of livelihoods world-wide that are dependent on it. UNEP intends to develop its work in this sector to help identify and initiate the subsidy reductions and reforms necessary to achieve sustainability; reforms which can also increase market access that is so desperately needed by many developing countries.

Global economic and environmental governance

18. Developing a coherent relationship between MEAs and the WTO will be a vital element in creating a sustainable global economy. Discussions on this issue in the WTO's CTE have perhaps deepened understanding of some elements of the relationship, but have not reduced the uncertainty surrounding the interaction of these two legal regimes. This we must do because for as long as uncertainty remains, there is the possibility of conflict between provisions of the WTO and MEAs, and because there remain many unfulfilled synergies between the two systems.

19. The meeting organized by UNEP yesterday, in close collaboration with UNEP-administered conventions and in consultation with the WTO and UNCTAD secretariats, focused on concrete examples of synergies and potential tensions between the trade and environment regimes. In comparison to many previous approaches to this issue, which focused narrowly on trade-related tensions, the meeting yesterday focused more on the potential synergies. Technical assistance, capacity-building and technology transfer provisions to be found in MEAs featured substantially in this discussion. This focus arose from UNEP's own careful analysis on this issue, in collaboration with the MEAs themselves, the WTO Secretariat and UNCTAD.

20. The meeting did not ignore tensions that can arise from the use of trade measures in MEAs, nor did it avoid the issue of how dispute settlement systems in the two regimes might relate to each other. However, in its treatment of all issues, the objective was maximizing synergies and reducing tensions.

21. Some key points arising from the meeting were:

- More emphasis was needed on enhancing communication and dialogue between developing and developed countries;
- there is a need to enhance coordination between the trade and environment ministries at the national level;
- capacity building was acknowledged as an important area requiring the concerted efforts of UNEP, the MEAs and the WTO;
- the WTO and UNEP should provide substantive input to each other's work and workshops;
- WTO, UNEP and MEAs should analyse which trade measures work and which don't work, to help ensure that trade measures have a positive outcome;
- UNEP and MEAs should deal with non-compliance issues;
- there is a need for more supportive measures such as technology transfer, financial transfer, the use of market incentives and capacity building to achieve sustainable development;
- there is a need to develop win-win scenarios between WTO and MEAs, especially the Convention to Combat Desertification, CBD and CITES;
- poverty is a major cause of environment degradation, which must be addressed in developing policy solutions; and
- assessment of the environmental impacts of trade liberalization, as well as the economic and trade impacts of MEAs, was emphasized as an area requiring special attention.

22. Today, we are circulating a draft of the Chairman's Summary of that meeting, including a section on possible next steps, to secure the input of the participants before finalization.

Conclusion

23. The work outlined above is being developed in a way that builds cross-linkages between the different activities. The CBTF will call on the assistance of both MEAs and the WTO in the implementation of its work at national and regional levels. The CBTF in turn can help implement capacity-building provisions in MEAs. The work on environmental and integrated assessment will feed into the design of more efficient, trade-neutral and environmentally friendly economic instruments and can help guide subsidy reform and reduction.

24. Building a sustainable global economy will require the cooperation of other relevant international institutions, going beyond the WTO, MEAs, UNCTAD and UNEP. It will also require the willing cooperation of all countries. That will require dialogues and consensus-building, involving all the stakeholders, both to build trust and accurately define the objectives of policy integration. It will also require careful analysis and policy formulation to operationalize the Rio Principles, including cost internalization, the Polluter Pays Principle, common but differentiated responsibility and the precautionary approach/principle.

25. That is a daunting task – in both technical terms and in terms of maintaining the necessary balance between the economic, social and environmental elements of sustainability. I am extending UNEP's hand in cooperation, in the hope of receiving yours, which we need to complete the task.
