



MODEL WTO

Introduction to the Topic Paper

Please note that the information below is prepared by the Model WTO 2020 under its own responsibility and is intended only to provide a general introduction to the topic. The Model WTO 2020 takes full responsibility for any information that might be falsely stated in this document.

Sustainable Trade and the WTO

There is a material, legal and institutional interdependence between international trade and the environment. Natural resources provide raw materials and energy for economic production and its residual products enter once again the environmental sphere. There is a general consensus that the impact of global trade on the environment requires protection. Since we live in a world whose economies are narrowly intertwined and where environmental issues spread over national borders, it is to be expected that interest groups increasingly concentrate on influencing institutions, which are dedicated to promoting international trade (Liebig, 1999). Trade and the environment are mostly governed by two separate but interacting legal systems: the World Trade Organization and Free Trade Agreements. In the context of this topic paper, we will mainly focus on the former.

The optimal use of natural resources while also preserving the environment has become one of the fundamental concerns of the WTO. These goals, enshrined in the Preamble of the Marrakesh Agreement, go hand in hand with the WTO's objective to reduce trade barriers and eliminate discriminatory treatment in international trade relations. For WTO members, the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, on the one hand, and acting for the protection of the environment and the promotion of sustainable development, on the other, can and must be mutually supportive (WTO, n.d.).

What has been done?

An important element of the WTO's contribution to sustainable development and protection of the environment comes from providing stable and predictable conditions that enhance the possibility of innovation. An efficient allocation of resources, economic growth and increased income levels provide additional

possibilities for protecting the environment. Under WTO rules, members can adopt trade-related measures aimed at protecting the environment. The commitment of WTO members to sustainable development and the environment is apparent in regular reports. WTO rules and directives support the member states by providing a clear framework and a scope for environmental objectives to be followed and for necessary trade-related measures to be adopted. One of the biggest challenges is to find the appropriate balance between the right of members to take regulatory measures to achieve legitimate policy objectives and the rights of other member states under basic trade disciplines (WTO, n.d.). In addition, the WTO has to ensure that environmental measures are not used by its member states as an excuse for protectionism.

Since its origins, the WTO Dispute Settlement Body has had to deal with a number of disputes concerning environment-related trade measures. Those measures have sought to achieve a variety of policy objectives. WTO jurisprudence has made it clear that WTO rules do not take precedence over environmental concerns. An example is a dispute settled upon in 2001, where the WTO ruled in favor a member state to maintain its ban on the importation of asbestos so it could shield its people and construction workers from the harmful effects it has on their health.

The WTO also supports the environment through some specialized committees and bodies. One unique institutional venue is the Committee on Trade and Environment (CTE). As a forum for dialogue on trade and the environment, the Committee is an incubator for ideas on how to move environment related debates forward. Some concerns first raised in the CTE have become fully-fledged negotiations. Another significant body is the Committee Administering the Technical Barriers to Trade Agreements, where governments share information on actions they have taken and discuss how some environmental regulations may affect trade.

For the first time, environmental issues have taken an important role in the agenda of the trade-negotiation round of the WTO. The current Doha Round of

negotiations gives members a chance to achieve an even more efficient allocation of resources on a global scale through the continued reduction of obstacles to trade. The Round is perceived as an opportunity to pursue win-win results for both, trade and the environment (WTO, n.d.). WTO members have long recognized the need for coherence amongst international institutions in addressing global environmental challenges. A further milestone are the current negotiations on the WTO-MEA (multilateral environmental agreements) relationship, which provides a unique opportunity for generating positive synergies between the trade and environment agendas at international level (WTO, 2002).

References

- Liebig, K. (1999). The WTO and the trade-environment conflict. *Intereconomics*.
- WTO. (2002). *ENHANCING SYNERGIES AND MUTUAL SUPPORTIVENESS*. Research Institute of Industrial Economics.
- WTO. (n.d.). *An introduction to trade and environment in the WTO*. Retrieved November 2019, from https://www.wto.org/english/tratop_e/envir_e/envt_intro_e.htm