

**UNCTAD INFORMAL BRIEFING SESSION
CLIMATE CHANGE, SDGS AND TRADE: AT THE CROSSROADS OF
SUSTAINABLE DEVELOPMENT**

**10:00 to 13:00, 10 February 2015
Palais des Nations - Room XXVI
Geneva, Switzerland**

KEYNOTE ADDRESS BY WTO DEPUTY DIRECTOR-GENERAL DAVID SHARK

Ladies and gentlemen,

It gives me great pleasure to be with you today, and to share this panel with such distinguished speakers.

At the outset, allow me to congratulate Guillermo and his team here at UNCTAD. Their initiative to bring us together to compare notes on our respective negotiations is particularly timely.

Many of you are working tirelessly this week to make progress towards a meaningful agreement on climate change for the post-2020 period. In the meantime, your UN colleagues in New York are continuing their deliberations on the final shape of the new development agenda for the next 15 years. And down the street at the WTO, intensive negotiations are taking place to craft a work programme on the remaining issues of the Doha round of multilateral trade negotiations.

As these negotiations unfold, it is critically important to ensure that the outcomes of our respective processes fully support each other. Otherwise, we will have missed a unique opportunity to usher in a new era of sustained and inclusive economic growth, social development, and environmental protection. Today's informal dialogue provides a useful platform to make progress on this front.

What is ultimately at stake in 2015 is nothing less than the future capacity of countries around the world to act collectively and coherently in support of sustainable development. I would like to brief you on recent efforts by WTO members to rise to this challenge by strengthening the multilateral trading system under the WTO. In doing so, I shall seek to clarify how international trade and the WTO can bolster your own efforts to combat climate change and to achieve sustainable development goals.

Trade as a platform for inclusive and sustainable development

We all know that economic growth is needed to support prosperity, social cohesion, and environmental protection - all the ingredients necessary for sustainable development. We also know that no country in the last 50 years has sustained high levels of growth and per capita incomes without greatly expanding trade.

Indeed, during the past 50 years or so, several countries have successfully experienced fast, sustained economic growth, sometimes of 7% per year in real terms for 25 years or more. What is remarkable about this group is its diversity. The familiar Asian examples may dominate the list, but every other region of the developing world is represented. Some of the countries are rich in natural resources, others are not; some are big - like China, with well over 1 billion people, and others like Botswana, small, with a population of about 2 million.

While each of these countries has combined policies differently to reflect specific national circumstances, they also share a common thread - the ability to reap the gains from more open trade. Through trade many countries have gained access to a source of demand far greater than that offered by their home markets. They have tapped into technologies and knowhow from the world's most efficient suppliers. And they have specialized, boosted value-addition, and increased output many times over, in the process contributing to the achievement of several MDG targets.

As Secretary-General Ban Ki-moon succinctly put it when he visited the WTO last year: An ounce of trade can be worth a pound of aid.

It is therefore a welcome development that the proposed Sustainable Development Goals identified trade as a powerful catalyst of sustainable development. Goal 17 in particular identifies trade as a cross-cutting “means of implementation”, along with finance, technology and capacity building. It also reflects the value attached by countries to multilateralism under the WTO as the preferred approach to creating the global conditions to use trade to its full potential.

The SDGs themselves recognize that the successful conclusion of the Doha round of trade negotiations would make an important contribution to strengthening multilateralism. Allow me to say a few words on where these negotiations stand.

In a nutshell, the negotiations progressed significantly in late 2013 with the adoption of the so-called “Bali package”. The package included specific and tangible results in certain areas of agriculture and development, and on trade facilitation. Trade facilitation is the first multilateral trade agreement in the WTO’s 20-year history. I am very pleased to let you know that WTO members have already started to ratify the Trade Facilitation Agreement. This is a very significant result not only in its own right but also in building momentum to complete the Doha round negotiations as a whole.

Building on Bali, WTO members are engaging constructively on establishing a work programme on the remaining issues of the Doha round by a new target date of July this year.

The first week of intensive negotiations to craft this work programme took place at the end of January. It saw good progress and strong engagement. Consultation meetings were held on each of the core Doha areas of agriculture, non-agricultural market access and services. In addition, there was a meeting of ministers at the World Economic Forum in Davos organised by Switzerland.

Over the coming weeks this intensive work will continue in the various negotiating groups on Doha issues. As WTO Director-General Azevêdo put it, what is needed and expected from WTO members now is "to move from ideas to proposals".

WTO: A framework conducive to tackling climate change

Some of you may be aware that the Doha round includes a trade and environment chapter. Given that these negotiations are relevant to climate change, I would like to say a few words on this.

But before let me provide some context about the issue of climate change in the WTO.

Climate change is not part of the WTO's ongoing work programme per se. Nor are there any WTO rules specific to climate change. That said, the WTO establishes an institutional framework that can assist global efforts to tackle this issue.

For starters, there are several provisions in the WTO rulebook that may be relevant to key mitigation measures adopted by governments. Examples of such measures are carbon taxes, carbon-friendly labels and standards, and green subsidies.

WTO rules, which are multilaterally agreed, give countries broad autonomy to pursue legitimate environmental and other public policy goals. At the same time, this autonomy is disciplined by specific conditions to ensure that measures are not applied arbitrarily and are not disguised protectionism. Thus, the rules perform the critically important function of helping to manage expectations and concerns regarding the potential trade effects of climate change policies.

The institutional role of the WTO in assisting efforts to combat climate change is not limited to its rules. The WTO has a highly developed institutional framework

to promote transparency, mutual understanding and cooperation on a broad range of trade and trade-related issues relevant to climate change. As climate change and post-2015 negotiators consider the issues of transparency, they may wish to draw on the decades-long experience of the WTO in this area.

For example, through its Committee on Trade and Environment (CTE), the WTO serves as a venue for constructive dialogue among its members on the links between trade and the environment. It is, in essence, an incubator of ideas on how to improve trade policies in a way that makes them more supportive of sustainability. In recent years, the CTE has discussed several issues relevant to climate change. Examples include the benefits of removing trade restrictions in the energy and forestry sectors and the effects of carbon footprinting on the market access opportunities of developing countries.

The Committee on Technical Barriers to Trade is yet another example of a WTO body whose work on transparency is relevant to climate change. Its extensive discussions on energy efficiency labelling and other product related environmental requirements seek to ensure that these measures do not create unnecessary obstacles to trade.

Let me turn now to the WTO's trade and environment negotiations, the third avenue through which WTO members can assist global efforts on climate change.

A major focus of the negotiations has been to achieve fewer and lower trade barriers applied to environmental technologies embedded in goods or services. This issue is highly relevant to climate change. Take for example goods and technologies related to renewable energy: some of these goods confront high tariffs in a number of developing countries including, over 20 per cent for solar water heaters, over 15 per cent on wind turbine towers and over 10 per cent on tanks for the production of biogas. High tariffs, of between 10 and 25 per cent, are also found in certain developed countries, for instance on energy efficient vehicles.

Reducing trade barriers on climate-friendly products should reduce the price and facilitate access to these products by a larger number of countries. In addition, more open trade could spur domestic innovation. This could happen through the adaptation of foreign technologies to meet local conditions or the development of new innovations based on imported technologies.

WTO members have tabled many proposals to advance the multilateral negotiations on environmental goods. To date, the crux of these negotiations has revolved around the coverage of the agreement. Several approaches have been suggested. For example, under the list approach, multilateral agreement would be reached on a list of environmental goods for liberalization. Under the integrated approach, WTO members would first identify, and agree on, environmental activities of concern to them. All goods imported by notified entities for carrying out these activities would be granted preferential tariff treatment during a specific period. An additional approach –request and offer – would involve bilateral negotiations on the basis of requests and offers on those goods that members consider as environmental goods and for which they are willing to assume liberalization commitments.

Intensive negotiations in 2011 yielded two approaches that sought to find a compromise among members by incorporating elements from these previous approaches. Nonetheless, more work is needed to overcome the challenges towards a positive outcome of the negotiations. In trying to find pragmatic and concrete ways forward, it would be important not to lose sight of the potential benefits for trade, the environment and development that such an agreement could yield.

Parallel to the multilateral negotiations, in July of last year, a subset of our members formally launched their own plurilateral process to liberalize trade in environmental goods. Their intention is to build on an agreement by APEC economies to reduce tariffs on a list of 54 environmental goods.

The 15 members involved in the plurilateral initiative have regularly briefed the rest of the WTO members on their progress so far. In doing so, they have stressed that: first, the initiative remained open to all WTO members similarly committed to liberalization; second, any resulting agreement would come into force once a critical mass of global trade in relevant goods is reached; and third, the ensuing tariff concessions would be extended to all WTO members in accordance with the WTO's most-favoured nation principle.

Four rounds of negotiations have taken place since mid-2014 to discuss the identification of possible environmental goods. The latest round, held in late January, featured discussions on products for cleaner and renewable energy and energy efficiency.

The potential contribution of the Doha trade and environment chapter is not limited to improving market access. Discussions between WTO members have also focused on the relationship between the WTO and Multilateral Environmental Agreements (MEAs).

The outcome of these negotiations would formalize existing cooperation between the WTO and MEA secretariats, including UNFCCC. In addition, it would establish concrete means to avoid potential conflicts between WTO and MEA rules, for example by strengthening national cooperation between trade and environment government agencies.

At this stage, WTO members are holding discussions on how to move forward the trade and environment chapter of the Doha round as part of the broader work to define the post-Bali work programme.

Conclusion

In conclusion, I believe it would be fair to say that the stakes are high and the choices we face are stark. Ongoing multilateral processes on climate change, development and trade provide an unprecedented opportunity for all of our institutions to pull collectively in the direction of sustainable development. Going

it alone is simply not an option when confronting the increasingly complex and irreversibly interconnected challenges that our respective initiatives are seeking to address.

Thank you.