December 10, 2013  
OECD Joint Working Party on Trade and Environment  
Consultation with civil society

“WHERE NEXT FOR THE TRADE AND ENVIRONMENT AGENDA?”

Statement by Norine Kennedy, USCIB for BIAC

Discussion Questions:

- **What are the remaining and emerging areas of potential conflict between trade and environment policy?**
- **How can we improve coherence and what analyses would be helpful to achieve this - are there important data gaps that need to be filled?**

My name is Norine Kennedy, and it is a privilege to represent BIAC at this meeting. Thank you for the invitation, and the opportunity to join this important discussion of where the OECD JWPTE should focus its future work program.

As other speakers have observed, trade and environment issues and areas of tensions are well known, and this Working Party has made substantial contributions of insight and analysis on them. However, the framework and context of several of the well known areas of potential conflict are changing.

- The financial crisis has called trade and global markets into question in the minds of many - and this skepticism is worrying insofar as it places a drag on pursuing economic growth through multilateral trade. Luckily, there is also reason to feel optimistic -- we are fortunate to have reached a good outcome in Bali, and U.S. companies are keenly interested in building momentum for TPP and TTIP.

- Ongoing post 2015 development agenda deliberations at the U.N. are bringing trade and environment issues back to the fore, as have UNFCCC discussions toward a long term comprehensive climate treaty to be finalized in Paris in 2015. Common to both these related discussions, governments are seeking the means to deploy cleaner technologies and knowhow, and generate jobs and economic opportunity, especially in developing countries.

- OECD hosted its annual Green Growth and Sustainable Development Forum just last week on the topic of unlocking private sector investment for green growth.

Economic growth and trade go hand in hand, generating the resources needed for sustainable development and poverty eradication. We encourage the OECD JWPTE to reinforce the case for trade as a critical way to generate the surpluses and investments and deploy cleaner technologies as broadly as possible.
Trade and investment are highly inter-related, and these are bottom line matters for the private sector. Too frequently, national “green” policies bring market distorting outcomes, whether through subsidies or otherwise, which can lead to protectionist pressures that the international trading system does not need. We need to get back to multilateral trade measures, and avoid trade barriers and unilateral approaches.

BIAC is a partner in the International Business Green Economies Dialogue (GED), an initiative that creates opportunities to talk about how to design policies to green economic growth. GED’s broad message: “Green growth” policies must function in synergy with global markets and trade. In that connection, GED emphasizes the potential to use trade “carrots” rather than “sticks.”

BIAC has prepared a written input that is available in the back of the room. I would like to highlight several points from that paper in terms of where BIAC feels the JWPTE could add value with future work:

- BIAC welcomes continued efforts to lower tariffs for environmental goods and services (EGS), most recently in APEC. We should get progress towards trade liberalization wherever possible. At the same time, BIAC continues to call for lowering trade barriers for ALL goods. There is a relationship and potential that other speakers have also alluded to in looking at supply and value chains connected to EGS. Environmental goods depend on a range of other inputs, so further work in the JWPTE to understand these connections and the benefits of trade liberalization both for EGS and EGS inputs would be useful.

- BIAC encourages the JWPTE to continue evaluating the risks and downsides of unilateral measures to combat climate change and/or protect competitiveness - in this context, additional work could focus on the importance of strong IP protection for the dissemination of cleaner technologies.

- BIAC suggests additional areas for JWPTE analysis:
  - Environment related product regulations
  - The rising use of environmental approval and permitting processes and implications for trade. Are existing agreements effectively handling misuse, poor policy?
  - Linkages between recyclables and trade policy
  - Mandatory country of origin labels to trade and environment