

Report No. 70

**Environmental Debates in the WTO:  
Defining Bangladesh's Interests**

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**Centre for Policy Dialogue (CPD)**

House 40/C, Road 11, Dhanmondi R/A, GPO Box 2129, Dhaka 1209, Bangladesh

Tel: 8124770; Fax: 8130951; E-mail: [cpd@bdonline.com](mailto:cpd@bdonline.com)

Website: [www.cpd-bangladesh.org](http://www.cpd-bangladesh.org)

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*In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research programmes of the CPD include **The Independent Review of Bangladesh's Development (IRBD), Trade Policy Analysis and Multilateral Trading System (TPA), Governance and Policy Reforms, Regional Cooperation and Integration, Investment Promotion and Enterprise Development, Agriculture and Rural Development, Ecosystems, Environmental Studies and Social Sectors and Youth Development Programme.** The CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns.*

*As part of CPD's publication activities, a CPD Dialogue Report series is brought out in order to widely disseminate the summary of the discussions organised by the Centre. The present report contains the highlights of the dialogue on **Environmental Debates in the WTO: Defining Bangladesh's Interests** organised by the CPD. The dialogue was held at the CIRDAP Auditorium, Dhaka on August 7, 2003.*

**Report prepared by:** Samir Mainuddin, Intern, CPD.

**Assistant Editor:** Fatema Yousuf, Head (Dialogue & Communication), CPD.

**Series Editor:** Professor Rehman Sobhan, Chairman, CPD

*Dialogue on*

**Environmental Debates in the WTO: Defining Bangladesh's Interests**

**The Dialogue**

The Centre for Policy Dialogue (CPD) organised a dialogue on *Environmental Debates in the WTO: Defining Bangladesh's Interests*, under the study on "Capacity Building in Trade-Environment Issues in Bangladesh: Addressing the WTO Work Programme". The dialogue was held on August 7, 2003, at the CIRDAP Auditorium in Dhaka.

Professor Rehman Sobhan, Chairman, CPD, moderated the dialogue. The Honourable Minister for Environment and Forests, Mr. Shajahan Siraj, MP, was present as the Chief Guest on the occasion while Mr Suhel Ahmed Choudhury, Secretary of the Ministry of Commerce and Mr Sabihuddin Ahmed, Secretary of the Ministry of Environment and Forests attended the dialogue as special guests. The dialogue also brought together a wide range of participants, including political leaders, bureaucrats, development activists, business leaders, academics and other eminent figures of the civil society.

Dr Fahmida Khatun, Research Fellow at the CPD, presented the keynote paper, which covered issues on trade and environment in the WTO, post-Doha development and current debates, issues of interest for Bangladesh, and strategies for addressing trade-environment concerns.

Initiating the dialogue, Dr Debapriya Bhattacharya, Executive Director of CPD, welcomed the guests of the dialogue and emphasised the need to build a bridge between the environmental debate and the trade debate, so that the environmental activists can learn the language of trade, and those who are dealing with trade issues become more sensitive to environmental concerns. He also expressed the need to strengthen the institutional structure, the regulatory framework, the standard setting process and other issues related to trade and environment. He recommended that a more detailed examination should be done on various international rules and regulations that exist with regard to trade and environment and the problems that might have to be faced while implementing these rules. He then invited Professor Rehman Sobhan to preside over the dialogue.

### **Introductory note by the Chairman**

Presiding over the dialogue, Professor Rehman Sobhan reiterated the importance of focusing on the relevant issues that define Bangladesh's interests, addressing two groups in particular: the environmental pressure groups and the commercial interest groups. Professor Sobhan requested the Secretaries of Ministries of Environment and Commerce to provide a guideline regarding the activities of the ministries in the pre-negotiation process to the upcoming Cancun Ministerial meeting in September 2003. He inquired about the level of involvement of the stakeholders, the extent of monitoring and assessment of the WTO agreements, and whether there is any conflict of interest between the two ministries.

Professor Sobhan also expressed his concern regarding certain domestic exports, particularly the shrimp and seafood products as well as the leather products, all of which have had severe polluting impacts for over half a century. There have been many discussions on these issues. Regrettably, corrective measures were attempted only under pressure from foreign stakeholders and international organisations such as the EU and the WTO. Professor Sobhan also emphasised that there should be a sense of domestic responsibility and agenda to address these environmental concerns.

### **The Keynote Presentation**

Dr Fahmida Khatun, Research Fellow, CPD, in her keynote presentation, highlighted the importance of bridging the gap of understanding the linkages between trade and environmental policies. She mentioned that a thorough participatory discussion is needed in order to adopt a mutually supportive policy on trade and environment, and to develop Bangladesh's own negotiating position in the WTO on the issue.

#### ***The Trade-Environment Nexus***

Dr Fahmida started her presentation by emphasising the linkages between trade and environment. She pointed out that though trade liberalization may potentially have positive economic impacts, gains from trade are not without costs.

Bangladesh should take these issues into consideration since trade liberalization has been taking place in Bangladesh since 1990s at a fast pace and at the same time Bangladesh is grappled with a number of environmental problems, some of which are related to trade.

Environmental issues first incorporated in the WTO through “GATT Article XX”, which made exceptions to the general free trade requirements. Article XX (b) allows exceptions for measures “necessary to protect human, animal or plant life or health”. Article XX (g) specifies measures “relating to the conservation of exhaustive natural resources if such measures are made effective in conjunction with restriction on domestic production and consumption”. There are other agreements that also have environmental positions, such as “*Technical Barriers to Trade*” (related to product and industrial standards), and agreements on “*Sanitary and Phyto-sanitary Measures*” (related to animal and plant health and hygiene).

During the *Marrakesh Ministerial Decision* on trade and environment (1994) the Committee on Trade and Environment (CTE) was established with the mandate to identify the relationship between trade measures and environmental issues. The subsequent ministerial meetings of the Commerce Ministers recognized the importance of the issue. However, trade and environment was tabled for negotiation for the first time at the Doha Ministerial Meeting.

Dr Fahmida then went on to focus on the Doha Ministerial Declaration (DMD) and current state of play in the WTO on trade and environment.

#### ***Current Debates and Issues of Interests for Bangladesh***

The keynote speaker discussed relevant paragraphs of the DMD that are of particular importance to Bangladesh, and the necessary steps that Bangladesh needs to take.

**Relationship between MEAs and WTO:** There is quite a lot of debate regarding the meaning of Specific Trade Obligations (STO) set out in Multilateral Environment Agreements (MEAs). Various suggestions have been made in this regard: (i) identification of the most specific trade obligations in the relevant MEAs to be addressed, and the appropriate WTO rules, (ii) discuss these provisions with the relevant MEA secretariats, and (iii) move to a negotiating phase.

The debate also relates to the meaning of STOs in MEAs. In this regard, some countries have identified 6 MEAs: (i) the United Nations Framework Conventions on Climate Change (UNFCCC); (ii) the Convention on Biological Diversity (CBD); (iii) the Cartagena Protocol on Biosafety; (iv) the Rotterdam Convention on the Prior Informed Consent (PIC) Procedure for Certain Hazardous Chemicals and Pesticides in

International Trade and the Stockholm Convention on Chemicals Persistent Organic Pollutants (POPs); (v) the International Tropical Timber Organisation (ITTO); and (vi) the United Nations Forum on Forests (UNFF)

Bangladesh is a signatory to about 45 MEAs, therefore Bangladesh should closely monitor and participate in the procedures of the MEAs to extract the benefits from such agreements, and should find out which MEAs affect its trade performance. There should be studies on the impact of MEAs on trade performances, particularly CITES, CBD, Montreal Protocol, and Basel Convention.

**Environmental Goods and Services:** Currently there is no widely accepted definition of Environmental Goods and Services (EGS). There are two separate lists by Organisation for Economic Cooperation and Development (OECD) and Asia Pacific Economic Cooperation (APEC) that are being used as references, listing 164 and 109 products respectively. There is a concern that developed countries focus on industrial products that are used to clean the environment or to mitigate environmental pollution. Developing countries are concerned on the issue of desirability of inclusion of Production Process Method (PPM). PPM is basically making information available on the way products are manufactured or processed and the way natural resources are extracted or harvested.

Bangladesh is an importer of environmental goods, which comprised of 2.2% of total imports in 2000. The ministries of Commerce and Environment, with the help of experts, should draw up a list of environmental goods and services for exports. However, prior to the drawing up of a list, studies should be made on the comparative advantage of the products. It was mentioned in the deliberation that it is not in the best interests for Bangladesh to broaden the list, as it would bring along complications.

**Fisheries Subsidies:** There is a concern that the CTE is not the right forum of discussion for fisheries subsidies, and this matter should be discussed in the Committee on Rules. The existing WTO subsidies agreement is sufficient to deal with trade practices in fish, while the issue of fish stock depletion was not covered by the Doha mandate. Some developed countries attribute poor management to the depletion of fish stock. Others view that subsidies are the cause of over-capacity and over-fishing, and developing countries in particular are opposed to fisheries subsidies.

The fisheries industry is of significant importance to Bangladesh since apart from being a valuable source of nutrition to the local populace it constitutes a large share in the global trade in fishery products. However, this sector receives very little subsidy whereas there is potential for development of the sector. Subsidies given by developed countries in this sector significantly affect access to global resources for LDCs. Bangladesh may push its case in favour of redistribution of global resources through withdrawal of huge subsidies given by developed countries in the fisheries sector.

**Environmental Measures on Market Access:** The protection of the environment and health are legitimate policy objectives, and countries have the right to set their own environmental policy measures. However, measures such as taxation, subsidies and labeling may adversely affect the competitiveness and market access opportunities for LDCs in particular. There is sufficient scope in the WTO agreements to ensure that environmental measures (such as Technical Barriers to Trade, and Sanitary and Phyto-Sanitary measures) do not unduly restrict exports.

Environmental provisions in the agreements on TBT and SPS should be studied in the context of Bangladesh to assess the impact of these measures on trade. Bangladesh should also get involved in designing environmental measures and participate in international standard setting bodies.

**The Provision of TRIPS:** Several countries see a conflict between the TRIPS agreement and the Convention on Biological Diversity (CBD). TRIPS does not present or promote measures that provide farmers' rights, or sharing of benefits in genetic resources or traditional knowledge with countries or communities, whereas Article 8(j) of CBD encourages equitable sharing of benefits arising from usage of traditional knowledge. In reality, genetic resources and traditional knowledge of developing countries are often used mostly giving no benefit to the owners.

It is of significant importance to Bangladesh to amend the TRIPS agreement to accommodate some essential elements of CBD, namely (i) disclosure of the source and country of origin of biological materials and/or traditional knowledge used in the invention; (ii) evidence of prior informed consent through approval of authorities; (iii) evidence of fair and equitable benefit sharing.

**Labeling Requirements:** Labeling requirement is a type of standard that enables consumers to be informed about a product's characteristics or its conditions of production. Developing countries are concerned that labeling requirements may play the role of a non-tariff barrier to trade, because (i) environmental schemes are complex and diverse in export markets; (ii) it may involve new product related PPMs, (iii) high costs of labeling; (iv) lack of technical expertise; (v) lack of information on the latest development on labeling requirements.

In this regard, Bangladesh should develop its own national and voluntary eco-labeling scheme with the help of domestic standard-testing bodies to get access to niche markets. Bangladesh also has to take part in international standard setting bodies such as ISO, Codex, etc.

**Technical Assistance (TA) and Capacity Building (CB):** There is a need for more TA and CB in developing and least developed countries in order to understand the implications of various trade-related environmental provisions as well as to enable compliance for various trade and environmental obligations.

It is imperative that Bangladesh taps the existing TA provisions and participate in CB programming in order to (i) understand WTO rules and procedures; (ii) analyse and assess implications of agreements; (iii) formulate appropriate domestic policies; and (iv) take the right negotiating positions in the WTO. TA and CB are needed by all the participants in the economy: civil society, private sector, business community, NGOs and by officials of government agencies, particularly the Ministries of Commerce, Environment, and other related ministries such as Agriculture, Industry, and Health. TA and CB can take the form of training, seminars, workshops, as well as funds for research to foreign trade institutes, standard-setting bodies and legal institutions.

### ***Strategies for Addressing Trade-Environment Concerns***

Dr Fahmida proposed several strategies to address the trade-environment issues, which can be incorporated at the domestic and international level. Domestic strategies include, (i) mainstreaming of environmental concerns in the trade policy to be carried out under the auspices of the Ministry of Environment; (ii) information exchange and coordination of work between the ministries of Commerce and Environment in order to formulate an integrated policy on trade-environment issues; (iii) impact assessment

of trade policies on the environment; (iv) environment/sustainability impact assessment of trade agreements.

Strategies that can be incorporated at the international level include: (i) monitoring the development of WTO negotiations in all sectors, particularly those having environmental implications – for example AoA, GATS and TRIPS; (ii) careful study of WTO rules which are environmentally motivated such as WTO provisions on subsidies, SPS, TBT; (iii) improving the capacity of the Geneva mission by engaging more people, with private sector representatives also having their own representatives in Geneva; (iv) engaging non-government experts in negotiations given the scarcity of trade and environment specialists on WTO issues and rules.

### **Observations of the Chief Guest**

#### ***Mr Shajahan Siraj, MP***

*Honourable Minister for Environment and Forests, Government of Bangladesh*

Extending his appreciation to CPD for organising a dialogue on an issue of crucial national and global importance, Mr Shajahan Siraj, Honourable Minister for Environment, acknowledged the fact that at present, where countries around the world are dependent on each other economically, there is also an increasing concern about the impact of economic activities on the environment.

The 1990s, in particular, has seen the rapid escalation of environmental issues and the influence that they have had on trade policies. Hence, many long-term development plans today incorporate trade policies which pay particular attention to the environment, and likewise there are also environmental policies that incorporate trade issues. The Doha Ministerial Declaration has stressed on long term development and trade liberalisation, while protecting the environment at the same time.

The Minister noted that discussions in the WTO on trade and environment have not generated significant benefits for the least developed countries. On the other hand, developed countries are concerned only with their own interests, and major issues discussed have reflected this attitude. Hence, it is important for Bangladesh to actively participate in the debates on trade and environment in the WTO. Since Bangladesh is signatory to 45 MEAs, it is imperative that the nation starts examining the trade

obligations of the MEAs more closely and makes an assessment of which ones may create barriers, or which ones are difficult to fulfill.

While the Minister acknowledged the fact that reduction and removal of tariffs from environmental goods and services would facilitate trade, it is important to identify the environmental goods and services for Bangladesh and whether domestic products such as jute, tea, leather, natural gas, etc. can be classified as environmental goods. In this regard, he suggested that the Ministries of Environment and Commerce should get together with a panel of experts to prepare such a list and present it to the WTO.

The Minister also noted that it is gradually becoming more and more difficult for Bangladesh to gain market access for different products in the world market. Hence, it is important for Bangladesh to examine environmental measures such as standards, PPM, labeling, etc., and to what extent they are implemented at home. Extensive research needs to be conducted in this regard, and the civil society should also be involved. That way, Bangladesh can make a more definitive stand in the world market.

It is also important to assess Article 27.3(b) of the TRIPS agreement, which incorporates patent rights for flora and fauna, and which is not in accordance with the Convention on Biological Diversity (CBO). If the Article 27.3(b) is not amended, the impact on the farmers from poor nations such as Bangladesh would be drastic, as the farmers would have to procure seeds at exorbitant prices.

The Minister noted that the WTO is gradually evolving into an organisation for rules and regulations. In order to properly understand, analyse and implement these rules in a manner beneficial for Bangladesh requires extensive knowledge compatible with its international counterparts. As Bangladesh is lacking in such knowledge and expertise, the nation is not being able to make significant contribution to the WTO and MEA negotiations. In this regard, one of the most feasible remedies is capacity building for all relevant stakeholders.

In conclusion, the Minister once again stressed the importance of trade and environment for a less developed country such as Bangladesh. While it is important to reap benefits from greater competitiveness in the world market, it is equally important to protect the environment, and he would welcome more discussions various problems and solutions on this issue.

### **Open Floor Discussion**

Following the valuable comments made by the hon'ble Minister for Environment, Government of Bangladesh, the chairman invited the participants to share their thoughts on the issues which were put on the table. Following is a summary of the major points raised in course of the dialogue.

#### ***WTO-MEA Relationship***

Mr Suhel Ahmed Choudhury, Secretary of the Ministry of Commerce, said that the environmental issue in the multilateral level has not really started and that the ministry is still in a discussion phase regarding other issues of importance to Bangladesh, such as market access, capacity building, development of exportable products, enlarging the export basket etc. Recently, the ministry has set up the Bangladesh Foreign Trade Institute (BFTI) as a think tank to aid the ministry as well as the private sector.

Mr Sabihuddin Ahmed, Secretary of the Ministry of Environment and Forest, particularly highlighted Paragraphs 31 and 32 of the Doha Ministerial Declaration to be of significant importance to his ministry. He stressed the need to establish a hierarchy of importance for the different MEAs that Bangladesh is signatory to.

Mr M A Mannan, Former Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC), having worked with the Bangladesh mission in Geneva, gave a few personal insights on the WTO and MEAs. WTO did not have any agreement touching on specially environmental issue, and so the Committee on Trade and Environment (CTE) came into being to identify which agreements could be classified as MEAs in order to reconcile conflicting issues between trade and environment. This committee also ensures that the MEAs have priorities over other agreements, as long as they do not impede national treaties or "most favoured" nation treaties. He also noted that since Bangladesh has a relatively small mission in Geneva it becomes difficult for Bangladesh to actively participate in WTO meetings, particularly to deal with lawyers and experts on complex issues. Hence, the mission focuses only on the immediate interests of Bangladesh.

Dr Mahfuzul Huq, Deputy Secretary (Environment), Ministry of Environment and Forests, on a cautionary note, said that Bangladesh needs to better understand the different MEAs and the specific trade obligations under MEAs, since Bangladesh has

been signatory to some of the MEAs that have benefited other countries at the expense of Bangladesh's interests.

Dr Harun-ur-Rashid, Former Planning Secretary, reiterated this point by saying that the concerned parties in Bangladesh should start working on the issue immediately, rather than waiting for the outcome of the Cancun ministerial to pass.

Ms Ferdous Ara, Secretary, Dhaka Chamber of Commerce and Industries (DCCI) sought more details on WTO rules and fisheries subsidies, and mentioned that studies should also examine policies of our neighbours such as India, since they also have a significant impact on the affairs of Bangladesh.

Mr Syed Jamaluddin, Former Secretary General of the Federation of Bangladesh Chambers and Commerce Industries (FBCCI) noted that Bangladesh has not made any submission of its own to the CTE and suggested to make a submission in the near future in order to bring its own problems into focus.

#### ***Environmental Goods and Services***

Dr Mustafa Abid Khan of Bangladesh Tariff Commission reiterated the fact that there is no concrete definition of environmental goods, and different countries are giving different list of products. Apart from the APEC and OECD list of environmental goods other countries such as Japan and Qatar have also given their own lists based on their own national interests, he added. He mentioned that from Qatar, there is a proposal to include the generator turbine, specifically the gas turbine which according to them is a less polluting instrument.

Dr Khan then elaborated on several debates regarding the classification of environment goods and services. According to one argument, the classification can be based on technology that reduces pollution. Policies in Bangladesh support the import and production of these technologies. If Bangladesh agrees to reduce tariffs on environmental technology, it will not seriously affect economic growth but would on the contrary improve the environment. Another good is cleaner technology, when used in production, do not pollute the air or water. However, the problem remains on how to define cleaner technology. Some technology which is considered to be clean today may not be considered to be clean several years down the road. Another group of environmental goods include PPM, a proposal made by the EU. Developing countries are opposed to include these types of products as environmental goods. Another

grouping which can be considered, and which Bangladesh can work on, is environmentally preferable product (EPP). Jute products can be considered to be environmentally preferable, so if Bangladesh can incorporate it, it would enhance export potential. Once again, the problem remains as to how to define the environmentally preferable products. It is said that organic products, which are produced without fertilisers in fertile land, can be considered as environmentally preferable products for which the EU would argue that PPM, which uses environmentally friendly technology, can also be considered as an environmentally preferable product.

***Market Access***

Mr Suhel Ahmed Choudhury highlighted market access as a major issue in the WTO. He said that share of LDCs in world trade has fallen from 0.7% in 1980 to 0.4% in 1990. Market access was the foremost issue discussed during the LDC Ministerial meeting in Dhaka in May 2003, during which it was assessed that LDCs did not make any significant gains in the past two years, as the approach was not result oriented. In the Dhaka Declaration of the LDC Ministerial, market access was tagged with market share in order to improve the situation.

The EU representative Ms Anne Marchal acknowledged that environmental issues are coming much more to the fore and are affecting trade in the process. She said that incomplete and incorrect information has often led to preemptive environmental campaigns that have damaged the export potential of several products of Bangladesh, particularly shrimp. Hence, Bangladesh needs to look into its major export sectors, namely garments, leather, and shrimp, and strengthen these sectors. A crucial means would be to bring in the environment and strengthen corporate social responsibility on a voluntary basis. In Europe, the buyers are interested only in how the products that they import affect their own constituencies. She mentioned that process is not a major issue for granting market access, but Sanitary and Phyto-Sanitary (SPS) is. In the garments and other sectors of Bangladesh, if the producers add the environment issue to their checklist of objectives, it would be a positive step towards improving the environment as well as export potential.

***TRIPS and CBD***

Mr Sabihuddin Ahmed said that Article 27.3(b) of the TRIPS agreement contradicts the CBD Article 8, and extended his gratitude to the Commerce Secretary for highlighting the issue in the Dhaka Ministerial Declaration earlier during the year.

Mr Mahfuz Ullah, Chairman, International Union for Conservation of Nature (IUCN) cautioned the Ministry of Agriculture that the Ministry was not seriously concerned about the Agreement on Agriculture (AoA), whereas AoA would indeed be a major issue in the Cancun Ministerial Meeting. He went on to discuss that, in Bangladesh, in accordance with AoA various NGOs and seed companies with the help of five different multinational companies are providing seeds to local farmers. However, these seeds, which are labeled “terminator seeds” since they have a useful life of only a year, would not yield any crop if used after a year. These types of seeds qualify as genetically modified organisms (GMO), which are being produced under the auspices of the TRIPS Article 27.3(b) by developed countries who are taking full advantage of this article. He also mentioned that the CBD and WTO agreements are all binding, and have to be accepted in its entirety, not just selected parts of the agreement. The AoA goes against the interest of domestic farmers, which is all the more critical since most people in Bangladesh are dependent on agriculture as their livelihood unlike in other countries. Making these farmers dependent on seeds from multinational companies would only serve to destroying their livelihood. He also expressed his disappointment that many ministries are not seriously pressing for amendments for these harmful laws, but on the other hand are making changes in laws and causing further deterioration in most cases.

Mr Mahfuz Ullah also expressed his concern that, on one hand, Bangladesh is waiting for the TRIPS agreement to be amended, on the other hand it is discussing a Trade and Investment Framework Agreement (TIFA), where it is mentioned that Bangladesh and the USA should work together in the WTO.

Mr Abdul Mannan mentioned that the knowledge in Bangladesh on GMO is very superficial, and it is imperative for the nation’s scientists, biologists and environmentalists to study the nature and impact of GMOs in the context of Bangladesh.

### ***Eco-labeling and Standards***

Mr Suhel Ahmed Choudhury said that the SPS measures create a lot of problems as far as exports are concerned, particularly in products such as frozen food, shrimp and fish, whose exports significantly dropped in 1997. Hence, over the past few years, the Commerce Ministry has worked with farmers in several coastal districts in order to improve product standards. Recent initiatives have led to the formulation of the Shrimp Seal of Quality (SSOQ), and various seminars are in the pipeline which would bring the policy-makers and the producers together and work in a pragmatic manner so that SSOQ is ensured from all the exportable items from different production units from the frozen food industry. This would also significantly achieve a lot in elevating SPS measures and environmental standards. The ministry also aims to set up other organisations similar to SSOQ to ensure quality products from other sectors.

However, Brig. General M Mofizur Rahman psc (Retd), Executive Chairman, Bangladesh Export Processing Zone Authority (BEPZA) mentioned that so far only four firms had applied for SSOQ, and only one is using it. The government needs to play a crucial role in implementing the SSOQ, since it was able to initially attract a lot of firms for being compliant.

Dr Anwara Begum, Research Fellow, BIDS, suggested that, rather than focusing on initiating the development of credible national standards, Bangladesh should rephrase the issue and focus on the assessment and development of internationally negotiable standards.

Mr Jamaluddin observed that Bangladesh is not yet in a position to actively engage in the standard setting process, since it lacks sufficient manpower. In this regard, he suggested that people should be sent to other major standard setting bodies to gather adequate knowledge in the subject.

### ***Technical Assistance and Capacity Building***

Mr Suhel Ahmed Choudhury highlighted that technical assistance is very expensive at present, mentioning that it is difficult to alleviate poverty in Bangladesh with higher export earnings bolstered by technical assistance mainly because 70% of the earnings are taken away by consultants. Capacity building would also entail major infrastructure, rural development, as well as coordination between various ministries. However, the major problem relates to finance. The small and medium enterprises do

not have sufficient funds, and the government also has its limitations for which it cannot financially support all of these enterprises.

In order to better understand the linkages and implications of the trade-environment nexus, Mr Sabihuddin suggested to have a working group between the Ministries of Environment and Commerce along with the civil society, and said that the Ministry of Environment would be happy to provide secretarial support. In this regard, Mr Choudhury responded that although there are five working groups within the Ministry of Commerce, there is none that involve the Ministry of Environment. However, it is not necessary to formulate such a group before the Cancun Ministerial meeting, as major environmental issues would not be likely to come up before then.

Mr Abu Naser Khan, Secretary General of BAPA, disapproved Mr Choudhury's stance on the matter and lamented at the Commerce Secretary's apparent lack of interest in giving importance to environmental issues. He further mentioned that the failure to pay attention to the environment would likely to hamper the country's exports as well, as it would deter foreign importers. Therefore, it is imperative that the Ministry of Commerce takes environmental issues seriously and formulates a working group to deal with these issues pragmatically.

Before giving the floor to the EU representative, Professor Sobhan mentioned that there have been plans for the past four decades in setting up an effluent treatment plant in Hazaribagh in Dhaka. He queried as to whether the EU would be interested, if jointly approached by the Ministries of Commerce and Environment, in financing such a project as part of its support for trade and environment, to which Mr Sabihuddin added that such a project would require approximately US\$ 7 million.

Mr Mahfuz Ullah interjected that many projects had been rejected in the past due to politically motivated reasons. The EU representative Ms Anne Marchal mentioned that the EU does have a commission called the National Indicative Programme for Bangladesh, where in the current framework there is a pledge for US\$ 33 million in trade related technical assistance and economic cooperation, out of a total of US\$ 49, according to a country strategy paper which was running from 2002 to 2006.

Brig. General M Mofizur Rahman psc (Retd), Executive Chairman, BEPZA mentioned that, in the Dhaka and Chittagong EPZs, there are many plants of a particular industry

scattered all over the country which create problems for small and medium enterprises because SMEs find it problematic and uneconomic to have individual plants. In this regard, having a central plant would help alleviate this problem to some extent and utilise the potential of small and medium enterprises.

Ms Ferdous Ara highlighted the importance of capacity building in Bangladesh, particularly focusing on the need for knowledge on relevant issues in all walks of life, so that people as a whole are knowledgeable and better prepared. In this regard, she gave the example of China, where various pertinent trade agreements were translated in their own language and distributed even up to the grassroots level.

Mr Jamaluddin mentioned that more extensive capacity building is needed for environmental products, and that people from the private sector should be actively involved in this matter since they are the ones who are most intimately involved in the export process. As a cautionary note, he also said that the EU did not wait in imposing restrictions on Bangladeshi exports; hence, the private sector should not wait for favourable conditions, but should be more dynamic in adapting to restrictive situations.

#### ***Other Issues***

Mr Sabihuddin Ahmed said that in the WTO, just like there is a gap between developed countries and LDCs regarding different issues, there is also a gap within developing countries and LDCs themselves. Mr Mahfuz Ullah wholeheartedly concurred on this matter, adding that the issue of the movement of natural persons is important to Asian countries, but is not so to African countries. He also mentioned that the Botswana had been chosen to represent a group of African, Caribbean and Pacific countries to press their own interests in the WTO Ministerial meeting in Cancun.

Mr Mahfuz Ullah also expressed his concern that although Bangladesh is a party to a lot of MEAs, many of them were signed without considering their social and national impact. In this regard, he mentioned that CBD prohibited trade of “alien invasive species”. However, recently, there was an initiative to bring in “hybrid telapiya fish” by various NGOs and individuals, although this may have serious implications on biodiversity. Hence, this is a classic case of trade interest with environmental interest.

Mr M A Mannan, on a cautionary note, said that Bangladesh should let the need to expand its export potential override sustainability issues. In this regard, an ample portion of export earnings should be channeled towards spending on renewable

resources, since there should be an obligation to saving and protecting the long term interests of Bangladesh as well. He also noted that some countries tend to dispose of their nuclear waste and food products in other countries, and that there have been instances where certain countries have allowed Bangladeshi exports in return for importing their waste to be disposed of in Bangladesh. Hence, it is important to assess the impact of such ventures as it may be harmful to the environment.

Brig. General M Mofizur Rahman psc (Retd) mentioned that countries around the world engage in tactful negotiations in order to further their own interests. One of the failures of Bangladesh in this regard is the lack of proper negotiating skills, for which the country is losing out in many areas where benefits can actually be reaped. The concerned parties of Bangladesh should work for improving their negotiating skills to handle international negotiations in a more fruitful manner.

He also mentioned the lack of reliable data and lack of proper planning as major problems for Bangladesh. Time and again, Bangladesh has been a late starter in formulating and implementing plans; hence there is a need to prioritise. On the issues of trade and commerce, it is not possible to focus on each and every product as far as imports and exports are concerned. Therefore, it is necessary to examine various products and prioritise them. He noted that out of a total of US\$ 6 billion worth of exports in a given year, roughly US\$ 5 billion is attributed to the garments sector. The remaining US\$ 1 billions comes mostly from four items, namely shrimp, frozen food, jute and leather products. Hence, it is imperative to focus on these products.

During floor discussion poverty was highlighted as a vital problem in Bangladesh which should not be allowed to worsen as a consequence of trying to ameliorate environmental problems. In this regard, it was mentioned that abolishing polythene and plastic bags has caused 40 thousand people in the Lalbagh area of Dhaka to become unemployed.

Professor Nazrul Islam, Department of Geography and Environment, University of Dhaka, noted some of the damaging impact of trade on environment in Bangladesh. When the EPZs were located in Dhaka city, 3 to 4 million families moved to Dhaka, creating slums. Slums have also arisen from the operation of the garments factories located in Dhaka, and significantly added to the environmental and urbanisation problems in the city. Also, industrial effluence from Tejgaon and Tongi have severely

polluted the rivers in and around Dhaka. The Saidabad Water Treatment plant is becoming more and more incapable of treating the water from the increasingly polluted rivers.

Dr Harun-Ur Rashid, former Secretary, Ministry of Planning, Government of Bangladesh highlighted the need to define Bangladesh's interest with regard to both exports and imports, and make a proper assessment of their environmental impacts.

Mr Nurul Islam, President, Bangladesh Trade Union Kendro reiterated the past experiences which have shown that leaders in Bangladesh have formulated a lot of plans, but have not been serious in carrying them out. Hence, the most important issues that need to be addressed at the moment are those related to good governance, advocacy, democracy and leadership.

***Dr Debapriya Bhattacharya, Executive Director, CPD***

Dr Bhattacharya noted that the major objective of the dialogue was to sensitise the importance of the trade-environment nexus, and thanked Dr Fahmida for throwing new light on the matter. There is a broader debate between trade and investment and there is a specific debate about trade and investment with respect to WTO, and the dialogue mainly focused on the debates specifically with respect to the WTO. It is often seen in the WTO that there are offensive agenda and there are defensive agenda, which stall the negotiation process. In the offensive phase, it is desirable to broaden the opportunities that are being created by the WTO. For example, the EU cannot be brought under discipline and prevented from taking a unilateral action if they are not brought into the multilateral mechanism. Hence, in a paradoxical way, the weakest country needs the WTO most, because that is the only organisation that functions as a redressal mechanism.

The issue that came up in this dialogue is the matter of priority, whether it relates to the environment, market access or trade. There is however, a win-win scenario where it is necessary to explore and concentrate everyone's efforts. The dialogue was an attempt to understand the linkages better, and to understand the need to highlight the implications in the context of Bangladesh, whether it concerns MEA or other WTO instruments. The most paradoxical factor regarding the MEA-WTO relationship is the "Party/Non-Party" issue, where WTO acts only on the "Party". The biggest country in the world did not sign many of the agreements, and is hence a "Non-Party", but at the

end of the day no country can criticise the USA for being “Non-Party”. It is necessary to understand the implications, including TRIPS, CBD and others, and there is an immediate need for an assessment of the trade-environment nexus because such an assessment has not been done as yet.

There are several issues that have come up in this regard. One relates to exports, which has two parts. The first relates to market access, Dr Bhattacharya agreed with the Commerce Ministry that market access is the priority. Regrettably, many members of the Chamber of Commerce are unaware of the environmentally motivated trade barriers, apart from the shrimp industry. There is a need to study and identify the environmentally motivated trade barriers. Unless these barriers are known, there cannot be any pressure for them to be removed. Such barriers may also exist for other vital export items such as leather and garments. However, it is the responsibility of the Chamber of Commerce, rather than the Ministry, to identify these barriers. The second issue of exports relates to compliance and finding the niche areas. If either the process or the product has to be environment friendly, there is a need for technological upgradation of industries to internalise the cost of environmental upgrades, and there is the question of financing, access to technical assistance, but these have to be done with or without the assistance from WTO.

Regarding the issue of environmental goods and services, it is true that there is no accepted definition and several definitions exist, but in this regard OECD is the most authoritative one at present. Different countries have proposed their own national products, so Bangladesh also needs to participate in defining its environmental goods. There is also a need to assess the economic impact of liberalising the environmental goods.

On the issue of eco-labeling and standards, it has been proved that countries that have established their own credible national standards and moved proactively have also had the best influence on international standards. International standards as well as national standards are not constant but change over time. The SSOQ, child-labour free labels are commendable steps, and this issue also has to be taken by the Chamber of Commerce, because it is in the domain of those who are actively involved in trade.

Finally, the fisheries subsidies issue is one that should not be discussed under the environmental programme. It has to be agreed under the Subsidies Agreement under the rules of the WTO. However, it does not mean that it should not be studied.

Dr Bhattacharya concluded by saying that he hoped that the proposal from the Secretary of the Ministry of Environment that was accepted by the Secretary for Commerce will be followed up in order to strengthen the negotiating position of Bangladesh.

***Dr Abdur Razzaq, Honourable Member of the Parliament***

Dr Razzaq thanked CPD for taking the initiative to organise a dialogue on an issue that is of vital national importance. Environment is a long-discussed issue in Bangladesh, and is taken into consideration in the projects in the development agenda. However, underdeveloped countries have always been blamed for the inability to understand and analyse the linkage between environment and human welfare. The environment is now understood a lot better, all the more due to the addition of a new dimension, which is trade. It has therefore become a very complex subject.

He acknowledged Commerce Secretary's statement that Bangladesh's share in international trade has declined, and it has been attributed mostly to trade liberalisation and globalisation, though the volume of overall world trade has increased. As the population of Bangladesh is increasing, so is the demand for food and other commodities. Domestic trade will continue to increase, but it will definitely have some impact on the environment. The agriculture sector is the most polluting sector by far, as it uses agro-chemicals and pesticides that degrade the environment.

TRIPS is a major issue in the international arena. Bangladesh is almost self-sufficient in grain production, and is considering boosting production in other high value crops. Recently the EU suggested that Bangladesh's export is based solely on garments. Hence, it is imperative for the nation to diversify, and agriculture is an important sector to consider. India is dumping rice into Bangladesh at extremely low price. If the TRIPS agreement holds, Bangladesh will not have access to vital technology, particularly seeds. As a result, competition in the global market would not be feasible. Hence, capacity building is an important step that needs to be taken to ensure competitiveness. Political will is also important in addressing environmental issue, and it is necessary to take steps in formulating an efficient body to address this issue.

**Mr Sabihuddin Ahmed, Secretary, Ministry of Environment and Forests**

Mr Ahmed mentioned that in Doha, environmental issues were put forward in the last minute, and will continue to be addressed in future. Environment cannot be seen as a separate issue when dealing with world trade. If Bangladesh's development has to be based on trade and not aid, it is imperative to develop the capacity and inherent capability to foresee what the future has in store.

He thanked the Honourable Commerce Secretary to have taken the initiative to establish a WTO Cell in the Ministry of Commerce, which has given the encouragement to set up an MEA Cell in the Ministry of Environment.

**Mr Suhel Ahmed Choudhury, Secretary, Ministry of Commerce**

Regarding the capacity building in the Ministry of Commerce, Mr Choudhury mentioned that the ministry has worked extensively on the issue over the last two years. Also as mentioned earlier, the Foreign Trade Institute has been in operation for the past one and a half months, and steps are being taking to establish a WTO Cell in the ministry, which would come into operation within the next two months. Measures are also being taken to strengthen the Tariff Commission, which is in the advanced stage and would take another three months. Hence, Bangladesh will be better prepared for a possible 6<sup>th</sup> WTO Ministerial meeting in future.

As for negotiating strategies, there is already an advisory committee on WTO issues, which meets almost once a month, and the private sector is also involved in these meetings. There are five working groups in the ministry, and if needed provisions can also be made to increase the number of working groups.

With regard to TIFA, what the newspaper has quoted is factually incorrect. The ministry will not be coordinating actions on WTO issues through TIFA. Mr. Choudhury mentioned that the issue on the movement of natural persons has been mentioned in the Dhaka Declaration, and hoped to make further progress in the Cancun Ministerial meeting. He also stated that RTA is not necessarily opposed to the WTO or multilateral trade. RTA can still be concluded bilaterally, or within the region and is also WTO compatible.

With regard to the export basket, he recalled a participant mentioning four items He brought into light a little-known fact that Bangladesh has exported \$52 million worth

of bicycles in the previous year. It has also been exporting ceramic products for the last 20 years, but even after so long the export of ceramic products has not exceeded US\$ 20 million. Hence there is also the scope of diversifying into light engineering products such as bicycles. Steps are also being taken to boost ICT products and agro-processed products.

Mr Choudhury welcomed more interaction with the Ministry of Environment, and recalled a recent suggestion to the ministry to remove saw mills within 30 kilometres of forested areas in an attempt to protect the forests. Another suggestion included usage of plastic or steel doors and furniture to save forests.

Lastly, the Commerce Secretary touched on the issue of “hybrid telapiya” mentioned by Mr Mahfuz Ullah. He said that the Commerce Ministry has been liberalising the trade regime for more than a decade, and has made progress in the deregulation process. However, it does not allow import of hazardous products.

***Professor Rehman Sobhan, Chairman, CPD***

Professor Sobhan proposed a standing body which would include the Secretary of the Environment Ministry and civil society experts, in order to identify a number of important areas in which exports may face immediate dangers from environmental dimensions coming into the WTO discourse. In the event of such a discourse this standing body should be able to come up with concrete suggestions for appropriate corrective action.

He also mentioned that the issue of tanneries, which has persisted for over forty years, should be dealt with immediately with a time-bound solution with proper identification of the resources needed. The government should be able to come up with the necessary funds even if the EU does not come forward. After all, it does not bring any good to pollute the environment and at the same time pose a threat to an industry with serious export potential. With this remark, he concluded the dialogue, and hoped that it would continue in the near future.

***List of Participants***  
*(In alphabetical order)*

<i>Ms Dil Afroz</i>	Director, PSO, Forest, Bangladesh Agricultural Research Council (BARC)
<i>Mr Sabihuddin Ahmed</i>	Secretary, Ministry of Environment & Forests
<i>Ms Shirin Akhter</i>	President, Kormojibi Nari
<i>Engr. M. Liaquat Ali</i>	Director, Bangladesh Standards & Testing Institute (BSTI)
<i>Ms Shabnaz Amin</i>	Research Associate, Centre for Policy Dialogue (CPD)
<i>Ms Ferdous Ara</i>	Secretary, Research and Publication, Dhaka Chambers of Commerce & Industries (DCCI)
<i>Dr Anwara Begum</i>	Research Fellow, BIDS
<i>Mr Anowar Hossain Belu</i>	Director, Hashem Real Estate Ltd.
<i>Dr Debapriya Bhattacharya</i>	Executive Director, Centre for Policy Dialogue (CPD)
<i>Dr Irine Bhattacharya</i>	Gulshan, Dhaka.
<i>Dr Zafrullah Chowdhury</i>	Coordinator, Gonoshyastha Kendro
<i>Mr Suhel Ahmed Choudhury</i>	Secretary, Ministry of Commerce
<i>Ms Sumona Rani Das</i>	Team Leader, Forum for Regenerative Agriculture Movement (FoRAM)
<i>Ms Shanjida Shamsher Elora</i>	Programme Associate, CPD
<i>Mr Md Rafiqul Haider</i>	Programme Coordinator, Association for Land Reform and Development (ALRD)
<i>Mr Stephen K Halder</i>	Director, Partnership Services, World Vision of Bangladesh
<i>Mr Tom B Hansen</i>	Minister (Counsellor), Royal Danish Embassy
<i>Dr Mahfuzul Haque</i>	Deputy Secretary (Environment), Ministry of Environment & Forests
<i>Mr M A Haque</i>	Director General (Europe), Ministry of Foreign Affairs
<i>Mr Mir Nazmul Hasan</i>	Programme Officer, South Asia Partnership-Bangladesh (SAP-BD)
<i>Mr A K M Mozibul Hoque</i>	Director (LPR), Soil Resources Development Institute (SRDI)
<i>Mr M Mosabber Hossain</i>	Associate Coordinator, Action Aid-Bangladesh
<i>Mr Syed Saifuddin Hossain</i>	Programme Associate, CPD
<i>Ms Sylvia Islam</i>	Development Advisor, CIDA
<i>Mr Md Jahirul Islam</i>	Research Associate, BIDS
<i>Professor Nazrul Islam</i>	Department of Geography and Environment, University of Dhaka
<i>Dr A.K.M Nazrul Islam</i>	Professor, Ecology and Environment Laboratory, University of Dhaka
<i>Md Nurul Islam</i>	President, Bangladesh Trade Union Kendro

<i>Mr Syed Jamaluddin</i>	Former Secretary General, Federation of Bangladesh Chambers and Commerce Industries (FBCCI)
<i>Mr M Fazlul Karim</i>	Deputy Secretary, DCCI
<i>Dr Md Omar Faruque Khan</i>	Director General , Department of Environment (DoE)
<i>Dr Mostafa Abid Khan</i>	Deputy Chief, Bangladesh Tariff Commission
<i>Dr Omar Faruque Khan</i>	Senior Development Advisor,CIDA
<i>Mr Najir Ahmed Khan</i>	Programme Support Officer, DFID
<i>Dr Wajedul Islam Khan</i>	General Secretary, Trade Union Kendro
<i>Mr Abu Naser Khan</i>	General Secretary, BAPA
<i>Ms Nasima Khan</i>	Programme Associate, CPD
<i>Dr Fahmida Khatun</i>	Research Fellow, CPD
<i>Mr Golam Kibria</i>	Member, BAPA
<i>Mr Samir Mainuddin</i>	Intern, CPD
<i>Mr M A Mannan</i>	Former Chairman, Bangladesh Small and Cottage Industries Corporation (BSCIC)
<i>Ms Anne Marchal</i>	Second Secretary, European Commission
<i>Ms Nadine Murshid</i>	Intern, CPD
<i>Ms Farah Naz</i>	Programme Associate, CPD
<i>Mr M Mizanur Rahman</i>	Program Officer, SEMP, CARITAS Bangladesh
<i>Ms Sharmin Farhana Rahman</i>	Research Associate, CPD
<i>Brig. General M Mofizur Rahman psc (Retd)</i>	Executive Chairman, Bangladesh Export Processing Zone Authority (BEPZA)
<i>Dr Harun-Ur Rashid</i>	Former Secretary, Ministry of Planning, Government of Bangladesh
<i>Mr Md Reazuddin</i>	Director (Technical), Department of Environment (DOE)
<i>Mr Amarnath Reddy</i>	Programme Coordinator, Royal Danish Embassy
<i>Professor Mesbah-us-Saleheen</i>	Department of Geography & Environment, Jahangirnagar University
<i>Mr Shajahan Siraj, MP</i>	Honourable Minister for Environment and Forests
<i>Professor Rehman Sobhan</i>	Chairman, CPD
<i>Mr Abdus Sobhan</i>	Director (Admn, Development, and Planning), Department of Environment (DOE)
<i>Mr Noor Md Wasi Uddin</i>	Research Associate, CPD
<i>Mr Mahfuz Ullah</i>	Secretary General, Centre for Sustainable Development
<i>Ms Anisatul Fatema Yousuf</i>	Head, Dialogue and Communication Division, CPD
<i>Ms Fatema Zohra</i>	Senior Research Fellow, Bangladesh Unnayan Parishad (BUP)

**List of Journalist**  
(In alphabetical order)

<i>Mr Tanim Ahmed</i>	Staff Correspondent, New Age
<i>Mr Wasir Uddin Ahmed</i>	Staff Reporter, Daily Spastobody
<i>Mr Mohsin Ashraf</i>	Staff Reporter, NNB
<i>Mr Masudul Karim Biswas</i>	Staff Reporter, The Daily Bangladesh Observer
<i>Mr M Hasan</i>	Reporter, Daily Rupali
<i>Mr Zakir Hossain</i>	Staff Reporter, The Sangbad
<i>Mr Arun Karmaker</i>	Senior Reporter, The Prothom Alo
<i>Mr Manjur Mahmud</i>	Senior Reporter, The Daily Star
<i>Mr Masumur Rahman Khalili</i>	Special Correspondent, The Dainik Inqilab
<i>Mr Jasim Uddin Khan</i>	Staff Reporter, The Financial Express
<i>Mr Amanullah Khan</i>	Chairman, United News of Bangladesh (UNB)
<i>Mr Sujan Mahmud</i>	Staff Reporter, The Daily Ajker Kagoj
<i>Mr M A Mannan</i>	Daily Jugantor
<i>Mr Syed Mizanur Rahman</i>	Staff Reporter, The Daily Dinkal
<i>Mr Md Azizur Rahman Dulu</i>	Assistant Editor, Dakpeon
<i>Mr Mobassher Shahid</i>	The Bangladesh Today
<i>Mr Khaled Mozammel Sinha</i>	Staff Reporter, The Daily Manab Jamin

### *Acronyms*

AoA	: Agreement on Agriculture
APEC	: Asia-Pacific Economic Cooperation
BAPA	: Bangladesh Poribesh Andolon
CB	: Capacity Building
CBD	: Committee on Biological Diversity
CPD	: Centre for Policy Dialogue
CTD	: Committee on Trade and Development
CTE	: Committee on Trade and Environment
CTERS	: Regular Session of Committee on Trade and Environment
CTESS	: Special Session of Committee on Trade and Environment
DCCI	: Dhaka Chamber of Commerce and Industry
DMD	: Doha Ministerial Declaration
EPZ	: Export Processing Zone
GATS	: General Agreement on Trade in Services
GATT	: General Agreement on Trade and Tariff
GMO	: Genetically Modified Organisms
HRD	: Human Resource Development
LDC	: Least developed countries
MEA	: Multilateral Environmental Agreements
NGO	: Non Government Organisation
OECD	: Organisation of Economic Cooperation and Development
PPM	: Production Process Methods
RTA	: Regional Trade Agreements
SD	: Sustainable development
SPS	: Sanitary and Phyto-Sanitary measures
SSOQ	: Shrimp Seal of Quality
STO	: Specific Trade Obligations
TA	: Technical Assistance
TBT	: Technical Barriers to Trade
TIFA	: Trade and Investment Framework Agreement
UNFCCC	: United Nations Framework Convention on Climate Change.
WTO	: World Trade Organisation