

between 7 and 9 AM when the final deal was struck between the USA, EU, Mexico and Brazil.²⁴

While the CTE report makes it clear that ecolabelling clearly falls within the general coverage of the TBT Agreement, it does not clarify how the WTO and TBT should address the non-product related PPM aspects of such programs. In the view of many delegations, such decision on coverage and application of the TBT Agreement is more likely to arise from a panel rather than a Committee decision, given the divergence of opinion among WTO Members. Thus, Canadian objectives on the "coverage" question were largely met, but Canada did not succeed in obtaining a specific reference to future work on non-product related PPMs.

Other CTE issues:

In addition to MEAs and ecolabelling, the following issues were addressed in the CTE. Canadian interests in these issues were limited given the assessment that many of these issues had less direct relevance to trade and environment and had been placed more as markers to provide negotiating coinage.

Market Access:

Market access included two major issues: the effects of environmental measures on market access, particularly on developing countries, and secondly, the environmental benefits of removing trade restrictions and distortions.

Developing countries were relatively inactive on the first issue, with the exception of the non-paper by India. Part of the problem was that ecolabelling, packaging and recycling requirements were part of another agenda item. A more fundamental problem was that many developing countries did not have the policy and analytical expertise to advance discussion or positions.

The second issue was largely hijacked by agriculture discussions. Argentina presented a non-paper in March that argued that removal of trade restrictions and distortions in the form of agricultural subsidies would reduce policy failures that had negative impact on the environment. Australia pursued the issue, in a more nuanced form, and tried to broaden the discussion to related issues and other sectors. The USA contributed a sophisticated economic analysis that only contributed to what was becoming an increasingly abstract debate. The extreme defensiveness of Japan and Korea, combined with the more sophisticated arguments of the EU and Switzerland, essentially resulted in a stalemate with the drafting, both in the open-ended informal meetings and the drafting groups, becoming more and more inward looking.²⁵ Canada stayed largely out of the discussions, given our focus on other issues, our own sensitivities in agriculture, and the realization that the balance of interests in the room would not result in a substantive result.