

WTO's contribution to sustainable development governance: balancing opportunities and threats

Conference, Paris, 20 & 21 October 2005

Program

Salle François Goguel

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The preamble of the Agreement establishing the World Trade Organization (WTO) lists among its priorities sustainable development and raising standards of living. While the latter goal dates back to the seminal 1947 GATT preamble, the explicit mention of expanding production of and trade in goods and services “while allowing the optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with [Members’] respective needs and concerns at different levels of economic development” is an innovation of the WTO compared with GATT (WTO, 1995: 9).

The WTO is also in the process of substantially altering the body of rules defined by the 1947 GATT, making the Organization into a multilateral authority that, despite some shared basic principles, has little in common with its predecessor. The new agreement repealed the Protocol of Provisional Application, which had given the GATT a temporary and limited legal framework subjecting implementation of Part II of the Agreement (chiefly concerning non-tariff barriers) to its compatibility with national laws. Negotiations are permanent and the commitment of the signatory countries is to a single undertaking. The number of member countries has more than quintupled in the past fifty years, with the most significant expansion followed the initiation of the Uruguay Round. Dispute settlement, which has been reformed considerably, gives the WTO a restrictive conflict resolution mechanism that the GATT did not have or used very little (Jackson, 1997; Lloyd, 2001). What is more, WTO agreements cover fields that go beyond trade in goods, to which the GATT was limited – references to Multilateral Environmental Agreements or MEAs are explicit, while the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are new pillars of the Organization.

The expansion of the trade agenda – toward the so-called “trade and” agenda – has provoked some controversy (Hoekman, Kostecki, 2001). Voices clamor to put the WTO back on the tracks laid by its preamble and to make trade liberalization a means rather than simply an end, leaving open the policy space governments need to satisfy collective preferences and develop the institutional innovations without which development and growth, even with free trade, can neither occur nor endure (Rodrik, 2001; Lamy, 2004; Unctad XI, 2004). In the meantime, the objective of sustainable development stated in the preamble does not seem sufficiently clear or consensual to legitimate the expanding prerogatives of the WTO.

As a consequence, the WTO now finds itself at a crossroads: behind it lies the GATT, with its outdated objectives and operation, and ahead of it looms the redefinition of its prerogatives and jurisdiction within global governance, the architecture of which remains unfinished. A consensus does seem to agree on the necessity of leaving the status quo behind. This requirement is supported by the WTO itself, as attested by its commissioning a report on its future from a committee of experts chaired by Peter Sutherland (2004). At the same time, Pascal Lamy and the Trade DG of the European Union have asserted that without rapid and radical reform, the WTO may face deeper and destabilizing accusations of ineffectiveness, denial of sovereignty and threats (European Commission, 2003; Lamy, 2004).

The objective of the Conference is to clarify the possible threats posed by the WTO to the governance of sustainable development as well as the opportunities it offers by taking stock of the most recent findings of academics from various disciplines. Our view is that until diagnosis of the issues is shared, the main avenues for reform will remain either pious formulas or so conservative that no real progress towards trade compatible with sustainable development will be possible.

The Conference will convene high-level policy makers and academics; in each session, it will move back and forth from debates on ideas to debates on empirical findings with the aim of delineating a consensus at least on the issues the world trading system faces and on some promising ways to address them. The ultimate goal is to translate the academic debate on the opportunities and threats of the WTO back into the WTO's own arena and reform agenda.

References

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Concerted Action on Trade & Environment - CAT&E

www.cat-e.org

CAT&E brings together researchers from more than 20 institutions all over Europe, who are focusing their work on international trade and environment. The project puts its primary focus on the environmental dimension of trade policy, but will also consider the interactions between trade and social policy concerns that can impact on consideration of trade and environment linkages. Thus also trade and sustainable development issues are addressed. CAT&E responds to the need to develop dialogue between European researchers in this field in order to identify emerging results, consider research hypotheses and strategies and foster productive dialogue with policy makers.

CAT&E is funded by the 5th Framework Programme of the European Commission and co-ordinated by IVM (Amsterdam), Ecologic (Berlin) and Iddri (Paris).

Thursday 20 October 2005

- 12:30 pm** Registration of participants
1:15 pm Introduction: **Laurence Tubiana**, Director, Iddri and Chaire développement durable

Session I **WTO and Sustainable Development: Taking Stock of Ideas**

Chair: **Hafiz Pasha**, UNDP

1:30 pm

Terms of the Political Debate: Between Threats and Opportunities – Laurence Tubiana, Iddri and Chaire développement durable

We revisit the seemingly converging path of the sustainable development agenda and the trade agenda after Doha and delineate the salient controversies about the WTO's capacity and legitimacy in "allowing the optimal use of the world's resources in accordance with the objective of sustainable development" as stated in its Preamble. In particular, the issues raised by the shifting from negotiations on trade toward negotiations on "trade and" will be clarified and examined in the light of current WTO reform proposals.

Reforming the Multilateral Trading System: A Developing Country Perspective - Munir Akram, Permanent Representative of Pakistan to the United Nations in New York and President of UN Economic and Social Council

Briefly tracing back the history of reforms in erstwhile GATT and its transformation into WTO, the presentation would analyze contemporary global trends, particularly the need for reform of international institutions in a globalized economy. The need for coherence and coordination at the policy and operational levels has been crystallized during the preparatory process for UN Reform at the 2005 Summit. The recommendations made for WTO Reform by the Sutherland Report will be juxtaposed against the discussions and decisions at the 2005 Summit and some suggestions offered at how the WTO could be reformed to contribute to the creation of a fair, equitable and development-orientated multilateral trading system.

Trade and Sustainable Development: Prospects for Hong Kong - Ricardo Meléndez-Ortiz, International Center for Trade and Sustainable Development (Switzerland)

What is the current hierarchy of stakes and issues in the "trade and" negotiation agenda? What is the relevant time-horizon for the main issues and concerns raised during this first day of debates to become priority bullets in the negotiation agenda?

2:30 pm

Discussant: **Ronnie Hall**, Friends of the Earth International (United Kingdom) and **Robert Wolfe**, Queen's University (Canada)

2:50 pm Questions and discussion

3:30 pm *Pause café*

3:45 pm

Trade and Development: What Can Be Expected from the WTO? – Adrian Hewitt, Overseas Development Institute (UK)

Temporary disruptions in trade negotiations, such as those encountered after Seattle (1999) and Cancun (2003), explicitly call attention to the social damage incurred by an inappropriate pattern of trade liberalization, especially in developing countries. What can really be expected from the WTO on the development side? How far have we been down the development agenda? What are the hurdles on the road ahead? What are the opportunities at the systemic level (such as Special and Differential Treatment)?

Trade and the Environment: Where Do We Stand After Doha – *Nathalie Bernasconi-Osterwalder*, CIEL (Switzerland)

The Doha Ministerial Conference ambitiously built bridges between the WTO and MEAs hosted by the UN. The breakthrough the Doha round was expected to make in environmental governance has created high expectations of the WTO's contribution to sustainable trade. This session will dwell on questions including: How far have we moved on the trade and environment agenda? What lessons can be learnt from trade and environment disputes (for example, tuna-dolphin, shrimp-turtle, and asbestos)? How deeply can (or should) trade and environment be integrated into the WTO?

4:25 pm

Discussant: ***Kristian Weise***, ICFTU (Belgium) and ***Paul Ekins***, Policy Studies Institute (UK)

4:45 pm Questions and discussion

5:30 pm End of first conference day

Friday 21 October 2005

Session II

Trade and Development: Taking Stock of Facts

Chair: ***Alice Palmer***, FIELD (UK)

9:00 am

Does Trade Matter? Impact Channels from Trade down to Workers and Farmers – *Sylvain Chabe-Ferret* and *Julien Gourdon*, CERDI

Social Governance: The World Bank, the IMF and Trade as if Inequalities Mattered – *Jean-Pierre Cling*, DIAL

In the first part of this session, we feed into the trade and development debate data from the most recent academic literature on trade, openness, growth and inequality. While international organizations such as the World Bank assess these changes while focusing on ad-hoc, country-specific remedies – at least officially – the WTO seems to oscillate between a one-size-fit-all and an ad-hoc exemptions rule-based system. If inequality among and within nations matters to voters and stakeholders, what role could and should the WTO play along with or to balance the World Bank and the IMF? What role should these two institutions play in the definition of trade policies in LDCs?

9:50 am Questions and discussion

10:20 am *Pause café*

10:45 am

Agricultural market access versus subsidies: what's more important for developing countries? – *Marcelo Olarreaga*, The World Bank

Labor Standards and Trade Agreements - *Jean-Marc Siroën* and *Clotilde Granger*, Université Paris Dauphine

In this second part, the discussion will concentrate on unexpected consequences of trade liberalization and on the capacity of the WTO to allow member to adjust to such unexpected changes without either free-riding or manipulating possible safeguards and escape clauses to satisfy vested interests. The case for special safeguard mechanisms to be included in the Special and Differential Treatment in a sustainable development perspective will also be addressed.

11:30 am Questions and discussion

12:00 pm Lunch

Session III **WTO and the Environment: Taking Stock of Facts**

Chair: **Mark Halle**, IISD (Switzerland)

1:30 pm

Does Trade Matter? The Environment and Globalization – Meredith A. Crowley, Federal Reserve Bank of Chicago (USA)

Environmental Governance and Precaution – Olivier Godard, CNRS

We extend the discussion on safeguards and exceptions to trade and environmental issues. What are the most recent empirical findings on the links between environment, trade and growth? To what extent has precaution become part of the body of trade and environmental law? How can the WTO allow members to adjust to unexpected environmental damage without either free-riding or manipulating possible safeguards and escape clauses? This session will also include discussions of the links between trade, environment, and poverty and of WTO case law on trade and environment issues.

2:10 pm Questions and discussion

2:40 pm

Making Preferences for the Environment Compatible: A Case for International Compensation – Tristan Le Cotty and Tancrede Voituriez, Iddri

Conflicting Environmental Interests between North and South on Environment and Intellectual Property Rights Issues – Simon Tay, Singapore Institute of International Affairs (Singapore)

We delve into the environmental component of collective preferences in the second part of this session, addressing the issue of their possible incompatibility among nations, as well as their treatment in bilateral trade negotiations.

3:20 pm Questions and discussion

4:00 pm *Pause café*

Session IV **Trade and Services**

Chair: **Erika Mann**, Members of the European Parliament

4:30 pm

Trade Rules behind Borders: Public Services and the New Trade Agenda – Americo Beviglia-Zampetti, Unctad

Services trade liberalization involves the elimination of discrimination in the treatment of foreign and national services providers and the removal of market access barriers to both cross-border provision and establishment. Though it has often been reasserted that liberalization is not deregulation and that the positive list approach secures core services public provision, services trade liberalization remains one of the most conflicting issues in the trade agenda. The two speakers will detail the consequences of services characteristics on trade negotiations and will contribute to assess the impact on the economic and social fabric, and potentially on societal choices, of multilateral services trade rules.

4:50 pm

Discussant: **J. Anthony VanDuzer**, University of Ottawa (Canada)

5:00 pm Questions and discussion

5:30 pm Synthesis: **Laurence Tubiana**, Director, Iddri

5:45 pm End of the conference