

**The World Trade Organization
and Sustainable Development:**

An Independent Assessment Summary

**A Report by the
International Institute for
Sustainable Development**



IISD

**INTERNATIONAL INSTITUTE FOR
SUSTAINABLE DEVELOPMENT**

**INSTITUT INTERNATIONAL DU
DÉVELOPPEMENT DURABLE**

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Preface

The interlocking of the world's economy and ecology presents difficult but also bold choices. The relationship of trade and sustainable development is perhaps the most significant. We cannot afford the costs of trade derived through resource and environmental degradation. Nor can we ignore the unmet social and economic needs of billions of people.

IISD has focused on the WTO because this new organization is the global bell-wether for action on the linkages of trade, environment and development. It is the meeting place of nations from South and North on the key subject of wealth creation through free trade. But we know there are important differences to be bridged. The period from the Rio Earth Summit to Marrakesh introduced many of the necessary concepts. Since then what has been the action?

This is the central question in this first independent assessment of WTO performance on trade and sustainable development. We are releasing both a complete and an abridged report in the months prior to the December 1996 Singapore Ministerial Conference and in advance of the June 1997 Special Session of the UN General Assembly five years after the Earth Summit. Both are landmark events.

We consider the reports as benchmarks which can be used by decision-makers preparing for these meetings. And we expect to repeat the effort at an appropriate time in the future.

Konrad von Moltke played a central role in the research and preparation of the reports. He is a Senior Fellow of the Institute and a member of IISD's Trade and Sustainable Development Working Group. David Runnalls, IISD Program Director for Trade and Sustainable Development, coordinated the activity and contributed to the writing and editorial work. The draft material was reviewed at a special meeting of IISD's Trade and Sustainable Development Working Group held in The Hague with the financial support of The Netherlands Ministry of Housing, Planning and the Environment. Members of the Working Group were not requested to sign off on the contents, but their contribution was immense.

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Aaron Cosby, Julie Wagemakers and others associated with IISD provided valuable input and assistance in editing and production.

Content of the final document is the responsibility of IISD's Trade and Sustainable Development Program. I endorse the conclusions and look forward to their acceptance by both the trade and sustainable development communities.

Arthur J. Hanson
President and CEO

The unabridged version of this publication is entitled *The World Trade Organization and Sustainable Development: An Independent Assessment* and is available from the IISD.

Highlights of these reports and other IISD Trade materials can be found on the Trade Program homepage of IISDnet
[Http://iisd1.iisd.ca/trade/trdhome.htm](http://iisd1.iisd.ca/trade/trdhome.htm)

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The World Trade Organization and Sustainable Development:

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Executive Summary

GENERAL OBSERVATIONS

The World Trade Organization (WTO) is barely two years old. It will convene its first meeting of the world's trade Ministers in Singapore in December 1996. That meeting will review progress of the implementation of the commitments made in the Uruguay Round. It will also consider the report of its Committee on Trade and Environment.

The idea of sustainable development is also in its youth. Spawmed by the Brundtland Commission and the Earth Summit in 1992, sustainable development is included in the preamble to the Uruguay Round Agreement. The Ministerial session seems a good time to review the progress of the WTO in linking trade and sustainable development. Sustainable development touches on the work of the WTO in many ways, this report deals with the organization as a whole, rather than dwelling solely upon the work of the Committee on Trade and the Environment, the most important body for sustainability within the organization.

Linking Trade and Sustainable Development

Making the transition to sustainable development will require substantial amounts of capital. And it is clear that little of this money will come from parsimonious Northern parliaments.

For many countries, much of the new capital will have to come from increased trade revenues. In that sense, trade liberalization may be said to be a necessary, although not sufficient, condition for the achievement of sustainable

Hardly any area of policy poses problems with respect to inter-institutional relations that are as complex as those relating to the agenda of sustainability.

development. Greater access (and quicker access) to Northern markets than that provided under the Uruguay Round would provide substantial sums to Southern economies. But trade liberalization without adequate environmental policies can be very damaging to the environment.

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Committee on Trade and Environment

This Committee is the most crucial to the sustainability agenda. However, the working agenda which it has adopted is narrower than the task originally outlined: to address trade and sustainable development and to make recommendations on whether any modifications of the provisions of the multilateral trading system are required. Instead, the Committee has chosen to settle on a number of specific issues related to the trade impacts of environmental policies.

The CTE has addressed its essentially political task in a largely technical manner. Few of the issues on the agenda appear ready for action, so the most likely outcome of two years of work will be to recommend a renewed mandate for the Committee. The CTE has struggled with the conundrum that faces any environmental body: the issues it addresses are cross-cutting, affecting virtually every part of the WTO, and numerous organizations outside the WTO. Environmental issues occur explicitly or implicitly on the agenda of numerous other WTO bodies.

Dispute Resolution Regime

It is worth noting that the first dispute under the new regime to reach the stage of a complete panel report concerned an environmental issue. Venezuela complained against the impact of aspects of the implementation of the Clean Air Act in the United States on Venezuelan refineries.

The WTO Venezuela Panel addressed technical issues of environmental policy. Yet, there is no evidence that the use of experts was considered in this instance, by the panel or by any of the parties.

The panel report also entered territory which has long posed particular difficulties for GATT panels. The US argues that its regulation treated imported gasoline similarly to gasoline for “similarly situated” domestic parties. The panel rejected this view because “any interpretation of Article XX (g) in this manner would mean that the treatment of imported and domestic goods concerned could no longer be assured on the objective basis of their likeness as products” (emphasis added).

Making the System More Transparent

The main emphasis in the new WTO approach to openness is on providing information by derestricting documents and making them available on-line, although with an indefensible six month delay. The

Secretariat is encouraged to be somewhat more active in its direct contacts with non-governmental organizations (NGOs). However, no formal submissions of NGOs to the WTO are envisaged at any stage. No process is created to give recognition to major international NGOs with proven competence in some or all areas of the work of the WTO. No access is provided to interested non governmental parties to the dispute resolution process.

The environmental agenda will become an instrument of change in the GATT/WTO system because it responds to different incentives. It has raised the problems of transparency and participation in the WTO, as it did within the UN system, the World Bank and in bilateral relations between countries, which are in fact issues which transcend the environmental agenda and stand at the center of important changes in contemporary international society. It is unlikely that the WTO will long be able to resist the pressure exerted by these changes.

A culture of closed decision-making has persisted, inefficient internal structures have carried over without reflection, and the dispute settlement process still resembles the rules committee of a club, with the single exception of the first opinion from the Appellate Body.

The Politics of Trade and Sustainable Development

Few governments have shown much enthusiasm for the agenda of trade and environment. It is viewed as primarily a concern of the developed countries, yet it is difficult to identify any among these, with the possible exception of the Nordic countries, which have consistently urged forceful action within the WTO to address environmental concerns.

Many developing countries have sharply articulated their concern that environmental issues may be used to create new barriers to trade and

Continuing support for liberalization and globalization depends vitally on the ability of government at all levels to ensure that the benefits are as widely distributed and that the legitimacy of the trade regime is widely accepted.

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thwart hard-won gains in market access. Experience with a number of prominent cases, shows that this may well be true - ranging from US measures to impose certain standards to protect dolphins on Mexican and other ships fishing for tuna in Mexican and international waters, to Austrian requirements to label tropical timber, to U.S. measures implementing clean air standards in a manner that disadvantaged Venezuelan and Brazilian refineries.

CONCLUSIONS

The successful conclusion of the Uruguay Round and the launching of the WTO have come to symbolize a new era in international relations. The trading system has finally begun to deal with a number of issues which were previously taboo, such as agricultural subsidies. Progress has been made on dealing with services and intellectual property rights and a new system for resolving disputes has been put in place. Most important of all, the temporary, Northern dominated GATT, has been replaced by a soon to be universal trade organization which consolidates the results of Uruguay and previous rounds in the text and under one roof. But the accolades for the WTO may well be premature.

A period of unrivaled wealth in much of the world is being accompanied by rising levels of insecurity even in affluent societies and growing inequality between those who succeed and those who do not. Continuing support for liberalization and globalization depends vitally on the ability of government at all levels to ensure that the benefits are widely distributed, and that the legitimacy of the trade regime is widely accepted.

They must also persuade an increasingly skeptical public that liberalization can contribute to environmental improvement. The WTO has failed to recognize the central message of sustainable development — that the world's economy and its environment are joined at the hip like Siamese twins. Progress in one area depends upon progress in the other. Trade liberalization without adequate environmental safeguards will lead to environmental deterioration, often on a massive scale. And trade liberalization and the increased revenues which it brings is an essential condition for the achievement of sustainable development.

Will the WTO be able to respond to these essentially political challenges? The first two years have not been encouraging. The dominant theme has been continuity from the GATT to the WTO. A culture of closed decision-making has persisted, inefficient internal structures have carried

over without reflection, and the dispute settlement process still resembles the rules committee of a club.

The Committee on Development has achieved nothing notable and the Committee on Trade and

Environment may continue a record of futility which now dates back 24 years to the first creation of the abortive environment committee of the GATT. The Councils on Intellectual Property Rights and Trade in Services have spent most of their two years on mundane housekeeping tasks.

Sustainable development depends upon open decision-making. The WTO must shed the habits of a club and become a global forum for trade policy.

Reform of the WTO

Sustainability must be built into the mandates of the Councils and Committees of the WTO. The Committee on Trade and Environment could play a key role in defining the relationship between the trading system and the environment if it begins to treat the issue as a vital part of the integrity of the trading system and not just as an annoyance imposed from the outside.

The TRIPS regime is critical to the shift to new, more eco-efficient technologies. Trade in services, from the more narrowly defined environmental service industries, to consulting services, finance and banking, will be critical to the achievement of sustainable development. The reform of the notification procedures under the TBT agreement will be important to help insure against protectionist capture of the environmental agenda. TBT is also at the centre of the discussion about ecolabeling.

The key to ensuring the support of many developing countries for the sustainability agenda in the WTO is a renewal of some elements of the Rio Bargain. This renewal will need to be built on guarantees of increased market access and further progress on the reduction of market distorting subsidies in the North. The Committee on Trade and Development could take on some of these responsibilities within the WTO structure if it is given a new mandate and renamed the Committee on Trade and Sustainable Development.

Further progress must also be made on reform of the dispute resolution mechanism. The US/Venezuela Panel Report demonstrated the same kinds

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of eco blindness displayed by panels under the old system. But the Appellate Panel decision gives some cause for hope that the system can become more even handed.

It seems inevitable that further difficult environmental disputes will soon reach the panel process. Controversial panel reports are less likely if future panels take advantage of the new rules which allow them to hear expert environmental advice. Efforts should also be made to ensure that the panel reports are released as soon as possible and not restricted to everyone but the cognoscenti and readers of insiders' newsletters as they have been in the past. A somewhat bolder step, which would do more to reinforce the legitimacy of panel reports, would be to permit the filing of "amicus" briefs by concerned parties from civil society.

Transparency and Participation

Sustainable development depends upon open decision-making. The WTO has a long way to go to meet basic criteria for access to information and scope for participation. The processes of globalization must also extend the rights which traditionally counterbalance the risks of abuse of public authority and the unfettered exercise of private power. The WTO must shed the habits of a club and become a global forum for trade policy. The two approaches to decision making are fundamentally incompatible.

Increased transparency and scope for participation are also essential to the attainment of the basic goals of trade policy. The ratification of the Uruguay Round agreements was a close run thing in many national parliaments. The success of future agreements will at least partly hinge on the public perception that these agreements have not been arrived at by special interests operating behind veils of secrecy.

The WTO should recognize that its performance will be judged by whether adequate transparency and participation are achieved, rather than by whether the WTO has done as much as it believes it can.

No-one is suggesting that NGOs and business groups should sit around the table while trade agreements are actually being negotiated. That is still the business of sovereign states. But the WTO is no longer simply a club of contracting bodies and there are plenty of ways of involving civil society

in its work. The WTO should learn from the wide range of experience in other international organizations that pragmatic solutions can be found, that increased transparency and participation do not endanger the effectiveness of an organization and that a step by step approach is feasible. Obviously, the WTO should not simply adopt the practices of other organizations without considering whether they suit its particular needs. It should, however, recognize that its performance in this area will be judged by whether adequate transparency and participation are achieved, rather than by whether the WTO has done as much as it believes it can.

A WTO Implementation Gap

Whatever rules emerge in the coming years to address the complex relations between trade, environment and sustainability, it is important to ensure from the outset that they are not only equitable but also equitably implemented. Experience has shown that the most important steps towards the implementation of international agreements frequently occur long before these are signed or enter into force. Most of the necessary measures will be taken at the international level so that the need to ensure accountability for national measures is one of the most important functions of the WTO.

There is some evidence that the GATT adopted notification requirements as a no-cost alternative to more stringent international measures with little thought given to their effectiveness or to ensuring that they were forcefully implemented. The existence of more than 200 such requirements suggests that their implementation was never seriously considered. The result is a potential implementation gap as serious as in any other international regime. There is no evidence that these notification requirements have been effective in the trade regime. Notification systems between states do not function unless they are linked to strong incentives or are subject to public scrutiny.

The new WTO procedures for the circulation and derestriction of WTO documents should, in theory, provide an opportunity for public scrutiny of the notification experience within the trade regime.

The significantly international character of the trade and environment issue comes to the forefront in the relationship between the multilateral trade regime and multilateral environmental agreements, particularly those which directly affect trade.

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Experience in other regimes, however, suggests that states dislike the exposure to public criticism, and even on occasion ridicule, which such scrutiny can bring with it and may therefore seek to curtail opportunities for it. The credibility of the WTO, and possibly the future of the trade regime, depend on the willingness of all concerned to tolerate such scrutiny.

An Agreement on Trade and Environment: Addressing PPMs

Sustainable development requires that producers move away from the old approach of react and cure to the anticipation and prevention of environmental problems before they occur. This approach places a premium on the redesign of production processes and the promotion of “eco-efficiency”, in the words of the Business Council for Sustainable Development.

It requires the development of an Agreement on Trade and Environment, essentially an agreement on the use of PPMs to promote sustainable development.

The ability to distinguish between sustainably and unsustainably produced goods in international trade is vital to ensuring that trade liberalization does not undermine essential environmental protection but contributes to sustainable development. This is particularly true when no other measures, such as patents, provide manufacturers with protection within the trading chain, (i.e., for commodities and commodity manufactures).

Distinguishing between like products on the basis of their contribution to sustainability could open the door to new forms of protectionism. Protectionist interests in all countries have always proven adept at using trade rules to their advantage. And they are perfectly capable of forming alliances with environmental groups to clothe their traditional concerns in more fashionable green clothing.

The answer to this dilemma does not lie in an amendment of the existing trade rules. It will require the development of an Agreement on Trade and Environment, (essentially an agreement on the use of PPMs to promote sustainable development). This agreement would be analogous to the agreements on Trade and Services and TRIPS. It would set out principles for the necessary balancing of goals and would establish institutional procedures which can enjoy widespread support to implement them.

The WTO cannot negotiate such an agreement on its own. Indeed, it will need to reach out to those responsible for environmental management at all levels, certainly national and international but probably also subnational, in an attempt to generate the necessary consensus and acceptance of the solutions which may emerge. Therefore relations between the WTO and other organizations are of central importance to the future of sustainability in the trade regime.

Singapore and Sustainability

It is critical that the Singapore Ministerial recognize the limitations of the WTO and reach out towards other appropriate organizations to seek an understanding on an approach to the issues. Just as the WTO must find ways to relate to environmental bodies, the national ministers of trade who are its masters must meet with their counterparts from the environment side.

Trade and Environment Ministers should meet in the year between WTO Ministerial meetings to ensure that there is appropriate focus of the agenda of trade and sustainability in all the international fora for which such a group of ministers bears responsibility. Such a meeting should not take the form of a general get acquainted chat. Rather, Singapore will need to set in motion a careful preparatory process, leading to the preparation of specific draft decisions for discussion.

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Background

The World Trade Organization is barely two years old. It will convene its first meeting of the world's Trade Ministers in Singapore in December 1996. That meeting will review progress in the implementation of the commitments made in the Uruguay Round. It will also examine the issue of environment and trade, based upon the report of its Committee on Trade and Environment.

The idea of sustainable development is also in its youth. It is grounded on the insight of the World Commission on Environment and Development that the world's economy and its environment are so closely interlocked that policies in one sphere which ignore the other are bound for failure.

Sustainable development requires that Ministers of Finance and Trade and decision-makers from the private sector include the environment as a major factor in their economic and financial decision-making processes.

Although sustainable development did not play a major role in the Uruguay Round itself, the negotiations took place against a backdrop of significant global negotiations on the environment. They began in the year in which the Brundtland Commission delivered its final report and continued through the Earth Summit five years later. During this period, governments negotiated and signed the Montréal Protocol for the protection of the ozone layer, the Basel Convention on the transboundary movement of hazardous wastes, the framework convention on climate change, the convention on biodiversity and completed much of the negotiations on the desertification convention.

This period saw the first major flashpoint in the trade/environment dispute — the report of the US-Mexico tuna/dolphin panel. It also witnessed the negotiation of the environmental side agreement to the NAFTA. This agreement, largely designed to appease the US environmental community, made NAFTA the first international trade pact to build the environment into its initial agreements.

As a recognition of the importance of these issues to the trading system, the phrase sustainable development was included in the preamble to the Uruguay Round. And over the last two years a good deal of rhetoric has been expended by international bureaucrats, national governments and civil society about the relationship between trade liberalization and sustainable development.

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The approaching Ministerial session seems a good time to review the progress of the WTO in linking trade and sustainable development. Since sustainable development touches on the work of the WTO in many ways, this report deals with the organization as a whole, rather than dwelling solely upon the work of the Committee on Trade and the Environment, the most important body for sustainability within the organization.

Two years is not long in the history of an organization, especially given the enormous task for many countries of simply making all of the changes in national laws, patent protections, tariffs, trade policies and practices necessary to implement the myriad commitments of the Uruguay Round. The following is a brief assessment of progress on issues where there has been enough action to allow us to assess progress; where there has not, we look at the issues that ideally should be addressed, exploring relevant linkages.

This analysis draws upon four years of work by the Trade Program at the International Institute for Sustainable Development and especially by its Trade and Sustainable Development Principles Working Group. The Institute was one of the first to explore the link between trade and sustainable development, rather than the simpler and more contentious, trade and environment relationship. In 1993, the Institute convened a group of nine people, representative of the trade, environment and development communities (see Working Group Members) to develop a set of principles for trade and sustainable development. This group has commented on various drafts of this assessment, but have not been asked to endorse the result.

Many trade experts resent the intrusion of the “trade ands” — trade and environment, trade and labour standards and child labour, into the trade debate. They feel that trade negotiations are already sufficiently messy and cumbersome without the addition of even more “extraneous” factors.

Many environmental experts are also suspicious of the linkages. They feel that it is naive at best to equate sustainable development with more trade, more energy spent on transport, more natural resource exploitation and rising levels of consumption. Much of the remarkable surge in economic growth in Asia, for example, seems to have done precisely the opposite. Between 1981 and 1990, the rate of deforestation in East Asia was more than 50% higher than in Latin America. Acid rain is a growing problem in Northeast Asia. And China’s rapid economic growth could make it the world’s largest single emitter of CO₂ within 25 years. The economic costs

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of these rates of pollution growth can be very high. Vaclav Smil, a Canadian economist, estimates that the costs to China may be as high as 15% of GNP per annum¹.

More sustainable forms of development will not emerge simply because governments have more money from more trade to spend on environmental protection. It is likely, however, that more sustainable forms of development will not emerge without increased availability of capital.

1 Smil, Vaclav. 1996. *Environmental Problems in China: Estimates of Economic Costs*, East-West Centre Special reports no. 5, Honolulu, HI: East-West Centre, 52pp.

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Openness to foreign trade has a number of positive effects:

- increased resources to invest in environmental protection;
- the transfer of more efficient, cleaner production technologies via direct foreign investment and imports;
- the learning and norm building that occurs through crossborder exchanges of goods, services, capital and ideas, including ideas of sustainable development;
- transmission of higher environmental standards through import requirements from other countries and through “best practice” multinational corporations.

The negative effects include the pressures to compete at any cost, and the inability of commodity producers, in particular, to pass on any price increases resulting from internalizing environmental costs. They can include pressures from international private and intergovernmental lenders to boost export production in order to service debt, thus leading to the kind of “desperation production” cycle common in Africa. As a number of studies for the World Wildlife Fund have shown, structural adjustment can lead to increased pressures on fragile natural resource bases².

This paper is perhaps not the place to rehearse further the familiar arguments for and against globalization and trade liberalization. The trends seem irreversible, at least for the medium term future; they can lead to tremendous environmental damage. Strong national and international policies will be needed to minimize the damage. But they can also produce the technology and resources needed for more efficient and sustainable development.

Making the transition to sustainable development will require substantial amounts of capital. And it is clear that little of this money will come from parsimonious Northern parliaments. In the words of Maurice Strong (Secretary-General for UNCED), “never have the rich felt so poor”. Foreign direct investment may help some countries. It has risen from being roughly equal to official flows at the time of Rio to at least four times the official flows today. But the impact of FDI funds is uneven. Virtually all of it goes to a dozen or so countries. And the largest share of that by far, goes

2 Reed, David ed. 1996. *Structural Adjustment, the Environment, and Sustainable Development*. Earthscan Publications: London, 286 pp.

to one country — China. Furthermore, it is obviously concentrated on profit making activities. Despite some recent progress in BOT (build, operate and transfer) projects for water supply and wastewater treatment, it does not affect many of the sectors critical for sustainable development.

For many countries, much of the new capital will have to come from increased trade revenues. In that sense, trade liberalization may be said to be a necessary, although not sufficient, condition for the achievement of sustainable development. Greater access (and quicker access) to Northern markets than that provided under the Uruguay Round would provide substantial sums to Southern economies.

How then has the WTO reacted to the challenge set out in its preamble to make sustainability into one of the hallmarks of the international regime?

Our analysis of all of the organs of the WTO is set out in more detail in *The World Trade Organization and Sustainable Development: An Independent Assessment*. This summary document for policymakers contains the conclusions of that document along with a resumé of the major issues.

Trade and Sustainable Development in the WTO

The Role of the General Council

It is still unclear how much the WTO will differ from its predecessor, the GATT. The central principles of the trade regime remain unchanged. The principle of non-discrimination (most-favoured-nation treatment) is embodied in Article I of the GATT. The principle of national treatment is embodied in Article III which stipulates that “The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use.” Both of these principles depend on the meaning given to “like” product. More about that later.

The WTO has the potential to be a dynamic regime, capable of evolving over time without resort to the cumbersome multilateral negotiations which characterized the GATT rounds. Institutional changes should be judged primarily in terms of the ability of the organization to achieve its new mandate. This reaches well beyond the administration of multilateral rules governing trade to the political task of articulating the reasons for these rules and ensuring that they remain appropriate in a changing world.

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This political task is one of the important differences between the GATT and the WTO. It is widely recognized that the GATT was organizationally incapable of undertaking a political role; the WTO will need to find a way to fulfill this function.

The Politics of Trade and Sustainable Development

Few governments have shown much enthusiasm for the agenda of trade and environment. It is viewed as primarily a concern of the developed countries, yet it is difficult to identify any among these, with the possible exception of the Nordic countries, which have consistently urged forceful action within the WTO to address environmental concerns. The voices of Sweden and Finland have been muted since these countries joined the European Union, although they may be contributing to changing the attitude of the EU to these issues.

Portions of the agenda of the Committee on Trade and Environment, in particular those dealing with the export of domestically prohibited goods (DPG), trade-related intellectual property rights (TRIPs) and market access, are viewed as developing country concerns.

This “ownership” question is further complicated by the situation in national capitals. Representation of countries in the WTO is handled by trade ministries whose primary concern is economic policy, and which are not known for environmental fervor. The 15 Member States of the European Union are represented by the Commission of the European Community, sharply muting individual voices. Therefore, the environmental agenda is widely viewed as a problem imposed on the WTO from the outside, rather than as a necessity to achieve the goals of trade liberalization.

Many developing countries have sharply articulated their concern that environmental issues may be used to create new barriers to trade and thwart hard-won gains in market access. Experience with a number of prominent cases, shows that this may well be true — ranging from US measures to impose certain standards to protect dolphins on Mexican and other ships fishing for tuna in Mexican and international waters, to Austrian requirements to label tropical timber, to US measures implementing clean air standards in a manner that disadvantaged Venezuelan and Brazilian refineries, to European regulations concerning the use of leg-hold traps.

Much of this conflict stems from the reluctance of many in the environmental community in the North to come to grips with the challenges of sustainable development. They still see environmental protection measures as ends in themselves, rather than as essential components of sustainable development. All too often environment and development are viewed as antithetical and those who eloquently defend the need to recognize the environmental imperative fail to address the urgent need to generate wealth to provide for the essential needs of poor people, particularly in developing countries.

WTO General Council: Transparency, Participation and Relations with Other Organizations

The WTO has a notionally pyramidal structure, with all issues ultimately reported to the Ministerial Conference or to the General Council. Membership of most subsidiary bodies is open to all WTO Members, and the most important will

actually include all Members. The predictable result is that many important decisions are taken outside the formal meetings, in informal sessions, special discussions under the authority of the chair of the respective body or simply in the corridors. This diminishes transparency, effectively reinforcing the feeling of the WTO as a “club.”

The WTO has a notionally pyramidal structure, with all issues ultimately reported to the Ministerial Conference or to the General Council. Membership of most subsidiary bodies is open to all WTO Members, and the most important will actually include all Members.

Transparency and Participation

The Council repeatedly addressed the linked issues of transparency and “consultation and cooperation with nongovernmental organizations.” There does seem to be a willingness to be more forthcoming with information concerning developments within the WTO. All WTO documents will now be circulated as unrestricted, with certain exceptions set out in an annex. These are either to be automatically derestricted at the latest six months after circulation or to be considered for derestriction at that time. In the latter instance, derestriction will occur unless a Member State objects in writing within a specified time.

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Dispute panel reports will be circulated to all Members as restricted documents and derestricted no later than 10 days later unless one of the parties of the dispute asks for a delay. In that case, a panel report circulated as a restricted document must indicate the date upon which it will be derestricted. Trade policy reviews are to be made publicly available after discussion in the Council.

The main emphasis in this new approach is on providing information by routinely derestricting documents and making them available on-line. However, it should be noted that six months is a long time to wait, even for documents as mundane as agendas for a meeting. The Secretariat is encouraged to be somewhat more active in its direct contacts with NGOs. However, no formal submissions of NGOs to the WTO are envisaged at any stage. No process is created to give recognition to major international NGOs with proven competence in some or all areas of the work of the WTO. And certainly no process is envisaged which would give these organizations access to the hallowed meeting halls of the WTO.

The WTO assumes a world in which states are the only significant actors on the international stage and governments can control the international actions of their citizens. The real world is much more diverse. Many important nongovernmental actors exist on the international stage. From an environmental perspective, the most important are industry and commerce, the international scientific community, environmental organizations and the media. Each of these groups has developed in response to its own set of incentives but each of them has by now learned to play the intergovernmental structure with some degree of virtuosity.

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This independent sector is largely unstructured. Many thousands of nongovernmental organizations are engaged at the international level. An organization such as the WTO cannot be expected to know all relevant organizations nor to seek them out in a systematic manner. The only possible response is to increase transparency and permit participation based on clearly stated criteria. It is then up to the NGOs to exercise their rights and to make themselves known as appropriate.

The environmental agenda has become an instrument of change in the GATT/WTO system because it responds to different incentives. It has raised the problems of transparency and participation in the WTO — as it did within the UN system, the World Bank and in bilateral relations between countries — which are in fact issues which transcend the environmental agenda and stand at the center of important changes in contemporary international society. It is unlikely that the WTO will long be able to resist the pressure exerted by these changes.

Relations with other Intergovernmental Organizations

Despite a clear mandate, not even the apparently simple matter of establishing guidelines for observer status for international intergovernmental organizations was resolved during the first year. Clearly the WTO wishes to establish close relations with some organizations while keeping others at a distance.

Cooperation between organizations is often invoked and seldom successfully practiced. There is a distinctive difference in attitude towards varying organizations: the WTO would like strong ties to the Bretton Woods institutions; it recognizes the need to deal with the United Nations; it would like to keep most specialized agencies at a distance; the relationship with UNEP remains a puzzle; and it is unsure

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The specialized agencies and other organs of the United Nations system pose a dilemma for the WTO. It does not want to be seen as a part of that system. Yet its governance and the political nature of its mandate are similar. And much of the international work essential to sustainability is carried out in practice through the specialized agencies. Some of these agencies are of greater concern to the WTO than others, for example UNCTAD, FAO (through the Alimentarius Commission and in relation to agricultural trade).

The GATT and UNCTAD have long had a peculiar symbiotic relationship. Founded to articulate a vision of international economic policy, and of trade policy in particular, which would provide an alternative to GATT, UNCTAD has often been a forum for strong developing country criticism of the trade regime.

The themes of the recent UNCTAD IX were globalization and liberalization, both almost universally accepted as given at the present time. The question posed at the outset and continuously throughout concerned the role of UNCTAD in the face of the economic forces unleashed by globalization and liberalization. A good deal of attention was devoted to preparing developing countries for membership in the WTO. Increasingly UNCTAD seemed to be described as a junior partner of the WTO whose principal role was to help developing countries deal with the consequences of globalization and liberalization.

Cooperation between the WTO and UNCTAD occurs in many ways. Frequent formal and informal contacts between the WTO Secretariat and UNCTAD occur at all levels. The WTO and UNCTAD jointly operate the International Trade Centre in Geneva. And UNCTAD has a much larger research capacity than the WTO. All of these factors could contribute to a strong continuing relationship between the WTO and UNCTAD.

The lack of significant contact between the WTO and UNEP is particularly striking from the perspective of sustainability. UNEP has been somewhat active in the trade and environment field and it has been central to the creation of a number of the international environmental agreements. The proliferation of international agreements on the environment has led to the creation of a number of Secretariats to oversee the agreements. And a number of these Secretariats are administered by UNEP. The WTO does

not need to establish formal relations with most of the environmental secretariats but it must relate to those concerned with multilateral environmental agreements which contain trade provisions or which impact trade. A number of proposals have been advanced in this regard by Canada, Hong Kong and others, along with an informal EU proposal dealing with Multilateral Environmental Agreements containing provisions for direct and continuous relationship between the WTO Secretariat and the Secretariat of the MEAs.

The establishment of appropriate relationships with these Secretariats is one of the difficult choices currently facing the WTO. On the one hand it is attempting to establish itself as a new international organization, a task that requires continued focus on its central mission. On the other hand it is incapable of addressing many of the issues currently emerging on the trade agenda without forming strong relationships with other organizations.

“New” Issues on the Trade Agenda

Environmental issues are on the trade agenda because there are objective linkages between trade policy and environmental policy at the international level. In fact, neither environmental policy nor trade policy can succeed without the other.

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Labor standards are on the agenda because they differ widely between countries — and sometimes even within countries — reflecting differing social choices. Differences in labor standards can be morally unacceptable and international solidarity of labor is an essential tool in balancing the unequal power of various actors in the marketplace. Yet it remains a fact that the level of protection afforded labor in different countries is a matter of social choice and not subject to the kind of objective constraints based on environmental phenomena that transcend international boundaries and drive the international environmental agenda.

Many of the issues emerging before the Singapore Ministerial which are important from the perspective of sustainability are not necessarily labeled “environmental” or “sustainability.” They concern the character and the operations of the WTO, whether it will prove responsive to a range of issues, whether its judgment on matters affecting sustainability is to be

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trusted. In this context, the broad organizational decisions concerning transparency, accountability and participation may prove the most important aspect of the Singapore Ministerial in relation to sustainable development.

WTO Bodies

Council on Trade in Goods

This Council includes the essential elements of the GATT as it existed before the Uruguay Round. In environmental terms, the Agreement on Technical Barriers to Trade (TBT) is perhaps the most important component of its agenda. TBT sets out complex rules concerning the development of standards, including rules defining the extent of a national government's responsibility for standards prepared by subnational authorities or nongovernmental bodies. The key criteria are national treatment and the avoidance of unnecessary obstacles to international trade.

This Agreement requires governments to inform other governments of technical regulations which they have implemented. Whenever a relevant international standard does not exist or a technical regulation is not in accordance with an international standard, governments are required to notify the WTO Secretariat. These extensive requirements have given rise to a patchwork of actual notifications. In 1995, Japan provided 49 notifications, the United States 41, the Netherlands 33 and Germany, a country well known for the extensiveness of its standards system, 2 (on ultra light aircraft and ships and ship safety equipment).

The TBT Agreement is an important part of the WTO's environmental responsibilities, especially as it concerns ecolabeling schemes. The agreement permits the use of standards based upon the way in which a product has been produced (the so-called PPMs), subject to them being applied in conformity with the disciplines of the TBT.

Difficulties encountered with notification obligations led to the establishment of a Working Group on Notification Obligations in 1995. According to a Secretariat report, GATT 1994 and WTO involve 215 notification procedures relating to 74 different WTO provisions.³ Large numbers of these are potentially significant from an environmental perspective.

3 WT/CTE/W/10 (also G/TBT/W/11), 29 August 1995, p. 2.

The other two WTO Councils, on Intellectual Property Rights (TRIPS) and on Trade in Services, focused largely on housekeeping issues relating to the implementation of the Uruguay Round.

Yet the issues facing these Councils are crucial to the achievement of sustainable development. An intellectual property regime which encourages widespread access to environmentally desirable technologies under favourable conditions is essential to achieving the central goal of sustainability: equitable and environmentally sound development.

Many services have significant environmental aspects. Among the most important are so-called environmental services, transport, tourism as well as banking and accounting. "Environmental services" under the GATS are typically pollution abatement services such as drinking water treatment, wastewater treatment or industrial cleanup services. These are in fact a limited group of services from the perspective of sustainable development.

Committees

Committee on Trade and Environment

This Committee has been perhaps the most active committee of the WTO. It is also the most crucial to the sustainability agenda. However, the agenda which it has adopted is narrower than the task originally outlined: to "address trade and sustainable development and to make recommendations on whether any modifications of the provisions of the multilateral trading system are required." Instead, the Committee has chosen to settle on a number of specific issues related to the trade impacts of environmental policies.

There is a clear trend in the work of the CTE, away from broad issues of trade policy towards technical details, away from sustainable development towards environmental management, and away from matters requiring cooperative solutions towards those issues which might be handled by the WTO alone.

The CTE has addressed its essentially political task in a largely technical manner. Few of the issues on the agenda appear ready for action, so the most likely outcome of two years of work will be to recommend a renewed

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mandate for the Committee. The CTE has struggled with the conundrum that faces any environmental body: the issues it addresses are cross-cutting, affecting virtually every part of the WTO, and numerous organizations outside the WTO. Environmental issues occur explicitly or implicitly on the agenda of numerous other WTO bodies.

There is a clear trend in the work of the CTE, away from broad issues of trade policy towards technical details, away from sustainable development towards environmental management, and away from matters requiring cooperative solutions towards those issues which might be handled by the WTO alone.

The delegations certainly cannot be criticized for lack of effort. Comparisons are difficult but there are indications that the CTE has involved more effort on the part of the Secretariat and the representatives of Member States than other WTO bodies. However, only three items appear possible for action by the time of the Singapore Ministerial. Since transparency must be handled by the General Council, Multilateral Environmental Agreements (MEAs) and domestically prohibited goods (DPG) have become the focus of attention in the CTE.

It is proving difficult to isolate the issues concerning MEAs in the trade regime from the wider agenda of trade and sustainability: transparency and

participation, the adequacy of the dispute resolution process from an environmental perspective, relations with other international organizations, the implementation of the WTO's own notification requirements and PPMs. All of these impinge upon the MEA debate so that quick resolution is unlikely.

The GATT had attempted to deal with the export of goods prohibited for use in their country of origin before the Earth Summit. The 1991 draft decision sought to establish a notification scheme to supplement existing schemes managed by the United Nations and several of its organs and

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specialized agencies. It was blocked by the United States. In principle such a scheme could be useful. However, given the difficulties encountered with other notification obligations, the lack of evidence for the effectiveness of prior notification where it is presently required, and the complexity of managing a proactive international notification scheme, it is highly unlikely that the WTO would actually contribute significantly to the alleviation of the undeniable problems which exist.

Several developing countries have identified this as an issue which is important to them and there is some risk that they may be embarked on a path which produces a false bargain: DPG in exchange for concessions elsewhere.

It is highly unlikely that the WTO would actually contribute significantly to the alleviation of the undeniable problems which exist.

The narrowing of the CTE agenda from sustainable development to environment is unfortunate in several ways. It suggests strongly to developing countries that environment and development are unrelated, contrary to all efforts to identify the linkages and incorporate them in the “Rio bargain.” It implies that global environmental problems are the responsibility of developed countries. It allows developed countries to treat environmental matters apart from their obligations in relation to development. It favors an approach that is increasingly detailed and technical and risks losing sight of the ultimate goal of sustainable development. And it permits the WTO to continue to pursue solutions on its own to issues that demand cooperative approaches.

Committee on Trade and Development

Linking development and environment is the central idea behind sustainable development. In practice this implies opening environmental debates to the development dimension and vice versa, and seeking ways to better integrate them. Consequently the work of the Committee on Trade and Development (CTD) should be an essential part of any WTO response to the challenge of sustainable development.

Unfortunately, the CTD chose to devote most of its time to organizational and technical issues such as notification and technical cooperation activities which relate to the implementation of the Uruguay Round. The only substantive discussions seemed to have involved a review of the

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participation of developing country WTO Members in the multilateral trading system.

The preamble to the WTO clearly identifies sustainable development as one of the purposes of the organization; yet the CTD continues to take a traditional view of development. If the Committee on Development were to be renamed the Committee on Sustainable Development, it could perform a critical function. It could begin to restore some of the critical aspects of the “Rio Bargain”, unfulfilled since the Earth Summit in 1992.

The original Rio bargain is bankrupt.

The only thing which remains from the Rio agreement is the promise of greatly enhanced resource transfers through increased market access. These transfers could enable developing countries to pursue more sustainable patterns of development through greater social and environmental investment.

Trade Policy Review Mechanism

The mechanism which reviews the trade policies of individual countries (TPRM), was first established on a trial basis by the GATT in 1989.

No clear pattern emerges from the reviews which have so far been completed with regard to their treatment of sustainability. Clearly they will not become reports on sustainability, but they should more systematically ask questions concerning policies adopted by countries to promote sustainability which could have impacts on international trade, and seek to help answer the related question. Is increased international trade promoting sustainability within the countries in question?

Dispute Settlement Body

The Uruguay Round strengthened the legalistic character of dispute resolution. Important innovations concerned making explicit the ability of panels to hear experts, changes in the procedure for the establishment of panels and the adoption of panel reports (eliminating the ability of parties on one side of a dispute to block either the establishment of panels or the finalization of the procedure), and the creation of an Appellate Body. The Appellate Body has an independent secretariat reporting directly to the Office of the Director-General.

The new dispute settlement process can no longer rely on the authority of the Council to engender respect and compliance. It must do so almost exclusively by virtue of the legitimacy of its process and the flawlessness of the outcome. This places a heavy burden on panels and on the new WTO Appellate Body.

Current Disputes

Not surprisingly, the only dispute under the new regime to reach the stage of a complete panel report concerned an environmental issue. Venezuela complained against the impact of aspects of the implementation of the Clean Air Act in the United States on Venezuelan refineries.

There are disturbing similarities between the Venezuela/US panel report and the first GATT report in the Mexico/US tuna/dolphin dispute. These do not concern the final result of the panel but the process by which it was reached and some of the arguments advanced. The WTO Venezuela Panel addressed technical issues of environmental policy. Yet, it was composed of three trade experts with no discernible environmental expertise. The new dispute settlement procedure permits the use of experts to ensure that technical issues are adequately addressed. There is no evidence that the use of experts was considered in this instance, by the panel or by any of the parties.

Nevertheless the panel states categorically that alternative policies for environmental protection were available to the United States. Since the record of the panel proceeding is not publicly available it is not possible to determine the basis on which such a statement was made, irrespective of whether it is accurate or not.

There is little doubt that the Venezuela Panel had to find against the United States. It also had to reach a determination whether domestic and imported gasoline are “like” products. In doing so, however, it entered territory which has long posed particular difficulties for GATT panels. The United States argues that its regulation treated imported gasoline similarly to gasoline for “similarly situated” domestic parties. The panel rejected this view because “any interpretation of Article XX (g)⁴ in this manner would mean that the treatment of imported and domestic goods concerned could no longer be assured on the objective basis of their likeness as products” (emphasis added).

4 WT/DS2/9 20 May 1996. Appellate Body Report and Panel Report. United States - Standards for reformulated and conventional gasoline.

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This entirely original language (without basis in the texts), reopens the door on the critical issue of “process and production methods” which were at the center of broad environmental resistance to the tuna/dolphin panel. By substituting “like” with “objective basis of their likeness” the panel effectively takes the most limited view possible of what constitutes a “like” product.

It would be a serious mistake to perpetuate the WTO interpretation that products may not be distinguished by the environmental impact of their production.

Conclusions

The successful conclusion of the Uruguay Round and the launching of the WTO have come to symbolize a new era in international relations. The trading system has finally begun to deal with a number of issues which were previously taboo, such as agricultural subsidies. Progress has been made on dealing with services and intellectual property rights and a new system for resolving disputes has been put in place. Most important of all, the temporary, Northern dominated GATT, has been replaced by a soon to be universal trade organization which consolidates the results of Uruguay and previous rounds in one text and under one roof. But the accolades for the WTO may well be premature.

A period of unrivaled wealth in much of the world is being accompanied by rising levels of insecurity even in affluent societies and growing inequality between those who succeed and those who do not. Continuing support for liberalization and globalization depends vitally on the ability of government at all levels to ensure that the benefits are widely distributed, and that the legitimacy of the trade regime is widely accepted.

They must also persuade an increasingly skeptical public that liberalization can contribute to environmental improvement. The WTO has failed to recognize the central message of sustainable development — that the world’s economy and its environment are joined at the hip like Siamese twins. Progress in one area depends upon progress in the other. Trade liberalization without adequate environmental safeguards will lead to environmental deterioration, often on a massive scale. And trade liberalization and the increased revenues which it brings is an essential condition for the achievement of sustainable development.

Will the WTO be able to respond to these essentially political challenges? The first two years have not been encouraging. The dominant theme has been continuity from the GATT to the WTO. A culture of closed decision-making has persisted, inefficient internal structures have carried over without reflection, and the dispute settlement process still resembles the rules committee of a club, (with the promising exception of the first opinion from the Appellate Body). The Committee on Development has achieved nothing notable and the Committee on Trade and Environment may continue a record of futility which now dates back 24 years to the first creation of the abortive environment committee of the GATT. The Councils on Intellectual Property Rights and Trade in Services have spent most of their two years on mundane housekeeping tasks.

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Reform of the WTO Structure

It is difficult to see how the new organization can meet these challenges while expanding its membership without some major reforms in its structure. At the moment, all of the WTO bodies are essentially committees of the whole. This has the effect of moving many of the most important decisions into the corridors or informal sessions, thereby limiting transparency. It also leads to a tortuous decision-making process with the same delegates from the same countries discussing the same issue at several different levels within the organization. Surely there must be a move to limit membership of the Committees and Councils.

Sustainability must be built into the mandates of the Councils and Committees of the WTO. The Committee on Trade and Environment could play a key role in defining the relationship between the trading system and the environment if it begins to treat the issue as a vital part of the integrity of the trading system and not just as an annoyance imposed from the outside.

The TRIPS regime is critical to the shift to new, more eco-efficient technologies. Trade in services, from the more narrowly defined

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environmental service industries, to consulting services, finance and banking, will be critical to the achievement of sustainable development. The reform of the notification procedures under the TBT agreement will be important to help insure against protectionist capture of the environmental agenda. TBT is also at the centre of the discussion about ecolabeling.

The key to ensuring the support of many developing countries for the sustainability agenda in the WTO is a renewal of some elements of the Rio Bargain. This renewal will need to be built on guarantees of increased market access and further progress on the reduction of market distorting subsidies in the North. The Committee on Trade and Development could take on some of these responsibilities within the WTO structure if it is given a new mandate and renamed the Committee on Trade and Sustainable Development.

Further progress must also be made on reform of the dispute resolution mechanism. The US/Venezuela Panel Report demonstrated the same kinds of eco blindness displayed by panels under the old system. But the Appellate Panel decision gives some cause for hope that the system can become more even handed. It seems inevitable that further difficult environmental disputes will soon reach the panel process. Controversial panel reports are less likely if future panels take advantage of the new rules which allow them to hear expert environmental advice. Efforts should also be made to ensure that the panel reports are released as soon as possible and not restricted to everyone but the cognoscenti and readers of insiders' newsletters as they have been in the past. A somewhat bolder step, which would do more to reinforce the legitimacy of panel reports, would be to permit the filing of "amicus" briefs by concerned parties from civil society.

Transparency and Participation

Sustainable development depends upon open decision-making. The WTO has a long way to go to meet basic criteria for access to information and scope for participation. The WTO must shed the habits of a club and become a global forum for trade policy. The two approaches to decision making are fundamentally incompatible.

Increased transparency and scope for participation are also essential to the attainment of the basic goals of trade policy. The ratification of the Uruguay Round agreements was a close run thing in many national parliaments. The success of future agreements will at least partly hinge on

the public perception that these agreements have not been arrived at by special interests operating behind veils of secrecy.

No-one is suggesting that NGOs and business groups should sit around the table while trade agreements are actually being negotiated. That is still the business of sovereign states. But the WTO is no longer simply a club of contracting bodies and there are plenty of ways of involving civil society in its work. The WTO should learn from the wide range of experience in other international organizations that pragmatic solutions can be found, that increased transparency and participation do not endanger the effectiveness of an organization and that a step by step approach is feasible. Obviously, the WTO should not simply adopt the practices of other organizations without considering whether they suit its particular needs. It should, however, recognize that its performance in this area will be judged by whether adequate transparency and participation are achieved, rather than by whether the WTO has done as much as it believes it can.

A WTO Implementation Gap

Whatever rules emerge in the coming years to address the complex relations between trade, environment and sustainability, it is important to ensure from the outset that they are not only equitable but also equitably implemented. Experience has shown that the most important steps towards the implementation of international agreements frequently occur long before these are signed or enter into force. Most of the necessary measures will not be taken at the international level so that the need to ensure accountability for national measures is one of the most important functions of the WTO.

There is some evidence that the GATT adopted notification requirements as a no-cost alternative to more stringent international measures with little thought given to their effectiveness or to ensuring that they were forcefully implemented. The existence of more than 200 such requirements suggests that their implementation was never seriously considered. The result is a potential implementation gap as serious as in any other international regime. There is no evidence that these notification requirements have been effective in the trade regime. This corresponds to experience elsewhere, ranging from the European Community to the International Atomic Energy Agency and from the International Register of Potentially Toxic Chemicals to the Commission on Sustainable Development, that notification systems between states do not function unless they are linked to strong incentives or are subject to public scrutiny. The new WTO

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procedures for the circulation and derestriction of WTO documents should, in theory, provide an opportunity for public scrutiny of the notification experience within the trade regime. Experience in other regimes, however, suggests that states dislike the exposure to public criticism, and even on occasion ridicule, which such scrutiny can bring with it and may therefore seek to curtail opportunities for it. The credibility of the WTO, and possibly the future of the trade regime, depend on the willingness of all concerned to tolerate such scrutiny.

An Agreement on Trade and Environment: Addressing PPMs

Sustainable development requires that producers move away from the old approach of react and cure to the anticipation and prevention of environmental problems before they occur. This approach places a premium on the redesign of production processes and the promotion of “eco-efficiency”, in the words of the Business Council for Sustainable Development.

The ability to distinguish between sustainably and unsustainably produced goods in international trade is vital to ensuring that trade liberalization does not undermine essential environmental protection but contributes to sustainable development. This is particularly true when no other measures, such as patents, provide manufacturers with protection within the trading chain, (i.e., for commodities and commodity manufactures).

Distinguishing between like products on the basis of their contribution to sustainability could open the door to new forms of protectionism. Protectionist interests in all countries have always proven adept at using trade rules to their advantage. And they are perfectly capable of forming alliances with environmental groups to clothe their traditional concerns in more fashionable green clothing.

The answer to this dilemma does not lie in an amendment of the existing trade rules. It will require the development of an Agreement on Trade and Environment, (essentially an agreement on the use of PPMs to promote sustainable development). This agreement would be analogous to the agreements on Trade and Services and TRIPS. It would set out principles for the necessary balancing of goals and would establish institutional procedures which can enjoy widespread support to implement them.

The WTO cannot negotiate such an agreement on its own. Indeed, it will need to reach out to those responsible for environmental management at

all levels, certainly national and international but probably also subnational, in an attempt to generate the necessary consensus and acceptance of the solutions which may emerge. Therefore relations between the WTO and other organizations are of central importance to the future of sustainability in the trade regime.

But the WTO has failed to establish appropriate relations with a wide range of other international bodies which can impact its agenda. The exceptions are a number of organizations with clearly shared agendas, such as UNCTAD and the World Intellectual Property Rights Organization (WIPO).

Singapore and Sustainability

The trade regime must change to accommodate the needs of sustainability. Apart from the broader issues relating to transparency, participation and relations between the WTO and other international organizations, these changes have to do with the extension and interpretation of the Agreements rather than with fundamental changes in them. The Singapore Ministerial represents the first opportunity to set out a path toward such an outcome. Despite this similarity with past trade policy experience, the agenda of sustainability brings some additional challenges to the trade regime that are rooted in the structure of the linked agenda of environment and equity. Both require unprecedented levels of international cooperation.

It is critical that the Singapore Ministerial recognize the limitations of the WTO and reach out towards other appropriate organizations to seek an understanding on an approach to the issues. Just as the WTO must find ways to relate to environmental

The WTO must begin to display substantial progress on the trade and sustainable development agenda soon. Failure to do so will not be without costs. The intimate linkages between the global economy and the global ecology will inevitably produce more conflicts of the type we have seen already. If some governments do not believe that the WTO can solve the problem, they will be tempted to resort to unilateral measures. And if the environmental community and consumers feel that the trade community cannot deal with the problem, the threat of green protectionist alliances will become real.

The World Trade Organization and Sustainable Development:

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bodies, the national ministers of trade who are its masters, must meet with their counterparts from the environment side.

Trade and Environment Ministers should meet in the year between WTO Ministerial meetings to ensure that there is appropriate focus of the agenda of trade and sustainability in all the international fora for which such a group of ministers bears responsibility. Such a meeting should not take the form of a general get acquainted chat. Rather, Singapore will need to set in motion a careful preparatory process, leading to the preparation of specific draft decisions for discussion.

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