

INTERNATIONAL POLICY COUNCIL

SEMINAR ON SUSTAINABILITY IN THE FOOD AND AGRICULTURAL SECTOR: THE ROLE OF THE PRIVATE SECTOR AND GOVERNMENT

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PANEL VI: SUSTAINABILITY AND TRADE
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Ladies and gentlemen, I thank you for inviting me to participate in this Panel on "sustainability and trade". It is a pleasure for me to do so.

Today, we are meeting at a time when there is a strong global concern on the one hand, and major aspiration or hope on the other. The concern is regarding the environmental effects of our activities, embodied most tellingly in the issue of climate change. The importance of this concern has been acknowledged recently also by the Nobel Prize Committee.

The aspiration is embodied in the Millennium Development Goals or MDGs. Among the 8 MDGs, we combine different aspirations, including environment and sustainable development, and developing an open trading and financial system that is rule-based, predictable and non-discriminatory, which includes a commitment to good governance, development and poverty reduction.

While people question whether the various MDGs can be achieved in time, one MDG that is likely to be fully met is the aim under the goal to "eradicate extreme poverty and hunger by 2015", namely to "Reduce by half the proportion of people living on less than a dollar a day" and "Reduce by half the proportion of people who suffer from hunger". Much of this will happen in Asia, with African countries still needing much more continuing attention.

In the sense that we are in a position to meet this important Millennium Development Goal, we stand at the threshold of a historically unprecedented improvement of a large number of people being raised out of abject poverty. A key contributor to this result has been and will be, inter alia, greater international trade which has led to high growth rates and greater access and opportunities.

We need to bear in mind at least these two important considerations of strong concern and hope when we discuss the topic of sustainability and trade.

The scope of sustainability is much wider than that of trade. We could examine sustainability (or lack of it) in terms of, for example, lifestyles, production patterns, attitudes, barriers, positive and mutually supportive interactions, etc. Very quickly we can see a number of relevant factors:

- * Efforts to address the issues of sustainability require mutually compatible actions by the various persons or nations involved;

- * Achieving sustainability, for example sustainability of the environment, would involve not just an over-arching concern, but also different but focused, and sometimes overlapping, initiatives. We see this reflected in several MEAs to address different environmental problems;

- * We have to achieve sustainability in a situation with inexorable pressures for change. In such a situation, sustainability does not necessarily mean maintaining rigidity or no change;

- * In fact, change is often required for maintaining sustainability, and such a change may fundamentally alter the initial framework of reference itself. For instance, I recently read that today there are 540,000 words in the English language, 5 times more than there were in the time of Shakespeare, a great inhabitant not just of this town but of the

world as a whole. Without such a change, the language would have become largely irrelevant, and hence not sustainable.

* This change in the English language reflects both the major changes that have occurred in society, and the adaptive capacity of the language. It is essential that we remember both these factors whenever we consider the issue of sustainability in general.

* This is especially so when change brings about a conflict between multiple desirable objectives, e.g. the environment and economic development. An attempt to consistently address these two objectives gave rise to the concept of "sustainable development".

In this context, we have an interesting situation. A number of groups view trade, and by transitivity the World Trade Organization, as standing in the way of achieving environmental or sustainability goals. This is in contrast to the views repeatedly expressed by a larger comity of nations.

For example, as far back as 1992, the Rio Summit recognized trade as an engine of economic growth and poverty alleviation and stressed the importance of an equitable, secure, non-discriminatory and predictable international trading system towards achieving sustainable development. It is noteworthy that these are the objectives and the features of the underlying framework of the WTO Agreement.

More recently, the Plan of Implementation adopted at the 2002 World Summit on Sustainable Development highlighted the many inter linkages that exist between the trade and environment regimes. The Plan also identified numerous areas where the successful completion of the WTO's Doha Round could make a genuine contribution to sustainable development. Similarly, the 2005 World Summit inter alia reaffirmed commitment to trade liberalization and to ensuring that trade plays its full part in promoting economic growth, employment and development for all.

There has to be good reason for the international community to reach these conclusions, which show the importance of an agreement such as the WTO. I want to share with you the contribution of the WTO in this context.

WTO and Sustainable Development

The WTO is a legal treaty which provides a system of rules dedicated to open, fair and undistorted trade. It also serves as a forum for further trade liberalization. But trade is not an end in itself; it is tied to crucially important human values and welfare goals captured in the Marrakesh Agreement Establishing the WTO.

Thus, WTO members have put sustainable development as one of the key objectives of the WTO Agreement, together with expanding production and trade in goods and services through trade liberalization, and substantial reduction of trade distortions and elimination of discriminatory treatment in international trade. WTO's goals include optimal use of the world's resources in accordance with the objective of sustainable development and protection and preservation of the environment.

Trade opening and the reduction of trade barriers have been and will remain essential to promote growth and development, to improve standards of living and tackle poverty reduction, and also to provide greater resources to protect the environment. In the WTO context, an important concern is that restrictions used for achieving the sustainable goals should not be disguised form of protection.

To better understand the strength or weakness of the WTO system, it is useful to consider an instrument or an agreement which could provide a good basis to address the objectives related to sustainable development, together with trade liberalization and eliminating discriminatory or arbitrary treatment in trade.

In addition to recognizing sustainable development as an objective, such an agreement should:

- * recognize that specific restrictive actions can be taken for meeting environmental objectives,
- * encourage international discussion and seeking solutions to problems,
- * emphasise the policies that would meet various concerns,
- * have a dispute settlement mechanism affirming these objectives,
- * provide a forum to continue discussions of important issues, or of issues on which there is lack of consensus to seek viable solutions,
- * maintain contact with other relevant initiatives in the area of sustainable development,
- * when there is any effort to extend of its rules, this objective should be an important part of those efforts, and
- * have a structure with flexibility to raise and address new issues in the area.

These are quite a demanding set of conditions, but the framework of WTO meets them. Allow me to explain.

(a) The WTO Agreement

The commitment of Members to sustainable development and environment is explained in WTO Agreements. Take for example, the Technical Barriers to Trade (TBT) Agreement and the Sanitary and Phytosanitary Measures (SPS) Agreement. These Agreements deal with technical regulations, standards and conformity assessment procedures, food safety and animal and plant life, and recognize explicitly the right of Members to take measures to protect human, animal and plant life or health and the environment. Under the agreements, WTO Members may introduce or maintain regulatory measures aimed at inter alia health or environmental objectives - so long as such measures are non-discriminatory and do not create unnecessary obstacles to international trade.

The Agreements contribute to sustainable development in other ways as well. They help guard against the misuse of environmental protection as an excuse for trade protectionism; they include transparency disciplines (e.g., requiring Members to notify draft regulations and to provide opportunity for other Members to comment on such drafts) that can assist developing country producers; and they encourage harmonization of technical regulations and testing procedures through the use of relevant international standards - recognizing both the wide consensus embodied in these standards and the contribution that these standards can make to improving efficiency of production, facilitating the conduct of international trade, and assisting the transfer of technology from developed to developing countries.

The TBT and SPS Committees provide a forum for dialogue and discussion on trade-related environmental measures. Over the past ten years, for example, around 10 percent of Members' TBT notifications cited environmental protection as the legitimate objective. Approximately 20 percent of specific trade concerns raised in the TBT Committee were environment-related.

These WTO fora provide all Members, especially developing countries, opportunities to raise particular problems, challenge measures imposed on their exports and identify specific technical assistance needs.

(b) Dispute settlement mechanism In addition to WTO rules, the work of the dispute settlement mechanism is also relevant. For example, WTO jurisprudence has affirmed that Members may adopt trade-related measures to protect the environment and human, animal and plant life or health as long as such measures are not applied in a discriminatory manner, and are not used as a disguised form of trade protection.

(c) An important institutional venue Since its inception, the WTO has provided a unique institutional venue - the Committee on Trade and Environment (CTE) - for dialogue on the trade and environment interface. The CTE has a broad-based mandate consisting of identifying the relationship between trade measures and environmental measures in order to promote sustainable development, and making appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required. More recently, the CTE, together with the Committee on Trade and Development (CTD), has an important role to play as a forum to identify and debate developmental and environmental aspects of the Doha negotiations (the Paragraph 51 mechanism).

Some issues that were first raised in the CTE later migrated to other bodies where more rule-based work is taking place. For instance, the fisheries subsidies issue was discussed at length in the CTE before being taken up in the Rules context - and negotiations are now ongoing.

(d) Links with other international environmental initiatives In a multidimensional issue such as sustainable development, WTO also has to reach out to our partners in the international governance architecture. We are doing this. As I mentioned, WTO Members are exploring ways to enhance mutual supportiveness between the trade and environment regimes. In the various Committees of the WTO, Members keep in touch with relevant MEAs, and have organised information sessions on issues of concern. At Secretariat-level, we participate in international environmental meetings to inform the environmental community of our work in WTO, to urge their engagement in our efforts, and to learn about the work that they are undertaking. We interact with international organisations dealing with sustainable development and also together organise technical co-operation events; and side events are organised by the WTO secretariat at international environmental meetings. An example of our most recent collaborative efforts is a joint literature review on trade and climate change that is being prepared by the UNEP and WTO secretariats.

(e) The Doha Negotiations In the WTO context, the most important initiative at present is the ongoing Doha Round. In the broadest sense, the Round focuses inter alia on sustainable development and the environment, and Members are looking for results for a unique opportunity of the Round to deliver win-win-win results for trade, the environment and development. This is being done both through direct focus on trade and environment, and the efficiency related contribution of a less distorted trading system.

The mandate adopted by Trade Ministers in Doha in 2001, which forms the basis of current negotiations in the WTO, reaffirms the commitment of Members to the objective of sustainable development. It also expresses the conviction that the aims of an open and non-discriminatory multilateral trading system, on the one hand, and acting for the protection of the environment and the promotion of sustainable development, on the other, must be mutually supportive.

For the first time environmental issues have featured in the context of a multilateral trade round, and negotiations are taking place in the area of environment.

The negotiations include a focus on the relationship between WTO rules and multilateral environmental agreements. While there is no conflict between trade and environmental regimes - and the Appellate Body has repeatedly confirmed that the WTO can take other bodies of international law into account when interpreting its own rules - they nevertheless seek to ensure that these legal regimes operate harmoniously.

Under the environment-related negotiations, WTO Members are also working towards liberalizing trade in the environmental goods and services. Different approaches to the mandate continue to be discussed. One approach proposes that the Committee establish a multilateral list of environmental goods for liberalization. Another approach has been to grant concessions to environmental goods and services required under environmental projects. The elimination of barriers to trade in this area can facilitate access to goods, services and technologies which directly impact on the protection of our air, water and soil, and natural resources conservation.

Cooperation between the WTO and relevant environmental institutions is another important mandate of the negotiation. Members have made useful progress in exploring avenues for enhancing information exchange and cooperation between the WTO and MEA secretariats and concrete elements are being discussed to improve existing practises and cooperation mechanisms.

In addition to the negotiations addressed directly with trade and environment, other elements of the Doha Round are also important in the pursuit of sustainable development. I have already mentioned the negotiations on fisheries subsidies. Agriculture plays a vital role in the development of many WTO Members, especially developing and least developed countries. However, many of the world's agricultural producers are currently disadvantaged in the world trading environment because of high tariff barriers and competition from producers that receive high levels of domestic or export-related support. A reduction in protection and support can lead to important gains, especially for developing countries farmers. Reduction of trade distorting agricultural subsidies that have led to overproduction will have a positive impact on the environment. Likewise, tariff reduction, and developing a mechanism to address non-tariff barriers will make it easier to acquire products and technology to meet environmental objectives. And this would be within a framework where environmental objectives can be addressed through measures provided they are not discriminatory nor disguised form of protection.

Conclusion

I have highlighted some aspects of the work in WTO that seem particularly relevant to the interface between trade, sustainable development and the environment. Let me conclude by saying that the global community faces sustainability and environmental challenges of unprecedented magnitude. Poverty persists in many parts of the world. Global warming is a reality and there is no doubt that human activity is largely responsible. Responding to these challenges requires action at all levels - by individuals, local communities, businesses and governments. As well, since the challenges often transcend local and national borders, the response must also include concerted action at the international level.

International trade, the WTO Agreement and the Doha Round can make a contribution to the goal of sustainable development. Our contribution is only a part of the full answer, but it is an important contribution in this area.
