



5th WTO Ministerial Conference, Cancún WWF Briefing Series



Stick to Rules for Sustainable Trade

Progress should be made on the WTO work-programme at Cancún to demonstrate that multilateralism is alive and well. However, ministers must recognise the limits to the competence of the WTO: the WTO is not the appropriate forum for regulating many aspects of the issues central to the achievement of sustainable development. Whilst placing sustainable development at its core, the WTO must recognise the need for other organisations to operate fully within their own areas of expertise. WTO members should use Cancún to pursue those aspects of the WTO work programme that will support sustainable development. But they should also instruct the Committee on Trade and Environment to contribute, in partnership with bodies such as UNEP, CSD and the MEA Secretariats, to a formal process of dialogue on future regulatory and decision-making relationships between the WTO and other multilateral agencies.

WTO's Role into the Future

It is important to move beyond the uninteresting and counter-productive debate about whether trade is 'good' or 'bad', and recognise that multilateral arrangements for the regulation of trade through the WTO have the potential to contribute to the delivery of sustainable development. However, the underlying principles and the areas of competence and expertise of the WTO leave it ill-equipped to develop solutions to many current international problems. The WTO is but one of the multilateral organisations that have a role to play in global governance, and the temptation to view the WTO as the only show in town should be resisted. The WTO is no more the solution to all of the problems arising from globalisation than it is responsible for them.

The WTO should focus on those issues where there is scope for trade policies to be used to promote sustainable development – beginning with the most pressing concerns of developing-country members. There are clearly issues of environmental concern which can be addressed, to a greater or lesser degree, through careful use of the economic instruments in the WTO's toolbox. For example, the WTO can contribute importantly to the alleviation of the fisheries crisis through disciplines on harmful fishing subsidies.

Nevertheless, the WTO should not take on issues beyond its central competence. Often the WTO can make only modest contributions to shaping international frameworks to deliver sustainable development: consider, for example, frameworks for sustainable investment; approaches to dealing with scientific uncertainty – whilst safeguarding these against protectionist abuses; and the use of ecolabelling schemes. It is in these instances particularly that there is a need for humility about what the WTO can feasibly achieve.

The appropriate distribution of responsibilities between international bodies and the role of WTO in this system is the key issue that the WTO – and others – must address. The WTO must create the legal and institutional arrangements so that policy-making is conducted by those organisations with the appropriate competencies to do so.

How does Cancún fit into this?

There are many areas where the WTO work-programme impacts upon agreements and agencies aimed at sustainable development. There is considerable confusion as to where and how the relationship and distribution of responsibilities between the WTO and other international bodies and agreements should

be decided. The issue is not new. For example, at the Doha Ministerial meeting WWF was given assurances that the key issue of the relationship between the WTO and the international environmental governance system would be addressed at the World Summit on Sustainable Development in Johannesburg. This did not happen, on the grounds that the current, very limited WTO consideration of its relationship with multilateral environment agreements precluded discussion of these crucial wider issues. This prevarication cannot continue.

Rather than reflecting on the limitations to its competence and role, there is instead considerable pressure for the WTO to expand its activities at Cancún. The principal areas where new negotiations may be launched are the so-called New Issues: investment, competition, government procurement and trade facilitation. But ecolabelling represents another area upon which some WTO Members want negotiations. In addition, there are a number of areas where existing WTO negotiations will be pursued at Cancún and throughout the course of the round – including trade in environmental goods and services, and the on-going issue of the relationship between the WTO and multilateral environmental agreements.

What Should Happen at Cancún?

- 1. The WTO must make progress on those aspects of its work-programme that will support sustainable development, including addressing developing country concerns, and the reform of harmful agricultural and fishing subsidies**
- 2. The WTO must not pursue negotiations and agreements on those aspects with which it is not equipped to deal. Specifically at Cancún, the WTO should not launch negotiations on the ‘New Issues’ or on ecolabelling, and should recognise that it doesn’t have the competence to make decisions by itself on the liberalisation of trade in environmental goods and services.**
- 3. The Committee on Trade and Environment should be instructed to contribute, in partnership with bodies such as UNEP, CSD and the MEA secretariats, to a formal process of dialogue on future regulatory and decision-making relationships between the WTO and other multilateral agencies. WTO Members should commit resources for a small increase in Secretariat capacity to permit this process to be started.**
- 4. Governments should use their plenary statements, their interventions in working groups and their communications materials to assert that sustainable development should be the guiding principle in shaping and applying WTO rules – even where this may seem to conflict with expanding trade in goods and services.**

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- Fishing Subsidies
- Investment
- Ecolabelling
- Environmental Goods and Services
- Transparency in Government Procurement
- Environmental Governance
- Observer Status
- Green Protectionism
- Precaution