

# **Climate, Capital, CAP and Cotonou**

**Europe's Global Responsibility to Govern  
Trade and Investment Sustainably**

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# Governance of Sustainable Development (GOSD)

- Paper written 6 months ago as part of a proposal for an "Integrated Project" of the European Commission initiated by the Sustainable Europe Research Institute (SERI).
- Highlights:
  - Common Agricultural Policy (CAP)
  - Russia on Kyoto / accession to WTO

# Update

- Issue areas discussed in the paper which have developed further most recently:
  - Multilateral Environmental Agreements (MEAs) and **Investment**
  - MEAs and **trade**
  - Permissibility of using trade preferences as an inducement to reach nontrade goals challenged and clarified
- The biggest wildcard of all? Later..

# MEAs and investment

- Foreign Direct Investment (FDI) now dwarfs development assistance by a factor of 6.
- Cannot such an important tool as this investment be used for Sustainable Development (SD)?
- Prompted by this perspective, two Canadian and British sustainability think tanks issued a paper on “Investment, Doha and the WTO“<sup>1</sup> and launched it at a workshop at the trade talks held in Mexico last September <sup>2</sup>.

# Summary of think tanks' paper

- Includes lists of sample rights and obligations of host states and foreign investors, and
- calls negotiations on such a multilateral treaty a great challenge to the WTO, if it were chosen as venue.
- Likewise, I say, developing countries could negotiate better multilaterally than individually (there are > 2000 bilaterals).

# U-turn in EC's negotiating strategy

- However some developing countries mistrust the idea as “green protectionism”.
- The EC has recently ***dropped*** its insistence on including new issues (“Singapore issues“ such as investment) in order to rescue the foundering trade talks forming part of the Doha Development Agenda (2001).<sup>3</sup>
- Impasse!

# More modest recent developments

- The EC submitted a document on the relationship between WTO rules and MEAs in the context of the global governance system (TN/TE/W/39) to a special session of the WTO's Committee on Trade and Environment (CTESS) on 19-20th April 2004.
- Trade and MEAs is also the topic of ...

# New Web portal at ICTSD

The screenshot shows a Netscape browser window titled "trade and environment -Netscape". The address bar contains "http://www.trade-environment.org/". The browser interface includes a menu bar with "Datei", "Bearbeiten", "Anzeigen", "Gehe", "Lesezeichen", "Extras", "Fenster", and "Hilfe". Below the menu bar is a toolbar with navigation buttons and a search box labeled "Suchen". The website content is displayed in a teal-themed layout. On the left, there are vertical navigation menus for "Themes", "Legal Instruments", and "ICTSD". The main content area features a "Welcome to trade-environment.org" message, a list of "In the News" items, a "New and Notable" section, and a "T&E Info Exchange" sidebar. The status bar at the bottom indicates "Dokument: Done (0.26 Sek.)".

**trade & environment.org**

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### Themes

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- ▶ Risk & Precaution
- ▶ Climate Change
- ▶ Biotechnology
- ▶ Env. Services
- ▶ Biodiversity
- ▶ Env. Goods
- ▶ Standards
- ▶ IPRs
- ▶ MEAs
- ▶ Chemicals
- ▶ At the WTO
- ▶ Agriculture
- ▶ In the Regions

### Legal Instruments

- ▶ International
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- ▶ Bilateral

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- ▶ News
- ▶ Dialogues
- ▶ Resources
- ▶ Partnerships
  - Southern Agenda
  - TKN
  - Others

## Welcome to trade-environment.org

trade-environment.org is a web portal at the crossroads of international trade and the environment. Conceived by ICTSD, the site contains a wide range of key resources related to trade, environment and sustainable development. It includes the latest news on T&E, a calendar of T&E events, links to institutions working on T&E and relevant legal texts. You can also explore [trade and environment issues of primary interest to developing countries](#) through the Southern Agenda project.

**This site is still under construction.** If you have any relevant resources you would like to see announced on this site, please send them to [Hugo Cameron](#).

### In the News

- ◆ [Food Security And Agricultural Trade In The Spotlight](#) (16 April)
- ◆ [GMO Update: Asia Conference, EU-US Dispute, Russia And Tanzania Regulations](#) (16 April)
- ◆ [more news...](#)

### New and Notable

- ◆ [New European Communities - Measures Affecting the Approval and Marketing of Biotech Products - First Submission of the United States](#), 21 April 2004.
- ◆ 19 May, 14h00 - 17h30: [Biotechnology and Trade - Untangling Key Issues](#), organised by ICTSD and the Geneva Environment Network, International Environment House.
- ◆ WTO Committee on Trade and Environment Special Session, 19 April 2004:
  - ◇ [Draft Annotated Agenda for the Meeting, Note by the Chairman](#). Includes list of ad-hoc invitations and summary of ideas proposed for greater information exchange with MEAs (JOB(04)25), 5 April 2004.
  - ◇ [The Relationship Between WTO Rules and MEAs in the context of the Global Governance System \(TN/TE/M/39\)](#), 24 March 2004. Submission by the European Communities.
  - ◇ [The Work Programme of the Committee on Trade and Environment \(CTE\) \(WT/CTE/M/234\)](#), 19 March 2004. Submission by Canada.
  - ◇ [Market Access for Non-Agricultural Products; US Contribution on an Environmental Goods Modality \(TN/TE/M/38\)](#), 7 July 2003. Submission by the United States.
- ◆ [News and Resources](#) on the EU biotech case at the WTO

### T&E Info Exchange

*Quick-box to support the exchange of information between the WTO, multilateral environmental agreements and other relevant agreements and bodies.*

Feature: [Trade @ COP-7 of the Convention on Biological Diversity \(CBD\)](#)

- ◆ Introduction to key issues
- ◆ Pre and post CBD Conference of the Parties
  - analysis
- ◆ Links to relevant trade-related provisions and decisions

### Upcoming events

- ◆ [New 22 April 2004: Ensuring Access to Water and Sanitation - The Trade Dimension](#)  
An ICTSD - IUCN Side Event for the UN Commission on Sustainable Development, 12th session, New York.

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# WTO's Public Symposium on 27 May

- Pascal Lamy announced EU's willingness to put CAP on the negotiating table.
- Also on "Environment and Governance" at the WTO a session was organized by the European Commission entitled "What role for the WTO?"

# SD aid survives challenge

- The EU had been favouring certain developing countries under a Generalised System of Preferences (GSP) until it was challenged by India.
- On April 7, 2004 a ruling was issued “implying that WTO Members are free to include sustainable development concerns in their GSP schemes provided they meet the relevant conditions and are justified under the relevant WTO rules.”<sup>4</sup>

# EU/ Russia on Kyoto, WTO, gas

- An EU/ Russia summit meeting was held in Moscow on May 21, at which Putin declared his willingness to get Kyoto ratified
- Getting Russia to ratify Kyoto is the first policy recommendation of my paper.

**“Kyoto could be Russia's ticket to Europe“**

predicted Anders Aslund on April 5, 2004 <sup>5</sup>.

**“EU's Prodi coaxes Russia on Kyoto offering WTO help,“**  
reported Reuters' Oliver Bullough on April 22 <sup>6</sup>.

# Further conclusions of my paper

- **On trade:** The EU should set up a commission to accelerate reform of the Common Agriculture Policy (CAP) in harmony with SD.
- **On investment:** The EU should convince developing countries of the need for a multilateral solution to investment outside the WTO.

# On knowledge:

The EU should follow lead of the British Commission on Intellectual Property Rights (IPRs):

- “Standards of IP protection that may be suitable for developed countries may produce more costs than benefits when applied in developing countries, which rely in large part on knowledge generated elsewhere to satisfy their basic needs and foster development.”
- “Too often, the interests of the “producer” dominate in the evolution of IP policy, and those of the ultimate consumer are either not heard or heeded. <sup>7</sup>“

# The biggest wildcard of all? the new constitution

- Reorganization of the policy areas foreign policy [new], trade and development cooperation is being discussed.
- Study from the European Center for Development Policy Management (ECDPM) welcomes mention of SD as an overall objective in the strategic vision, but lists disadvantages:
  - “Constitution does not establish a link between SD and other central objectives“
  - “Lack of explicit statement indicating links among external policies“ <sup>5</sup>