

## **“Environment As a New Issue in the WTO”**

### **Speech given by Tom Spencer to the European Commission DG Trade ‘EU - Africa Seminar’, 7th February 2001, Cape Town, South Africa**

Your Excellencies, fellow members of an endangered species, let me join in thanking the South African Department of Trade and Industry and the European Commission. This seminar on “New Issues in the WTO: Investment, Competition, Environment and Trade Facilitation” comes at an important moment in the trade dialogue between Europe and Africa. One might legitimately ask what is new about the trade and environment debate in the WTO? I remember debating the subject as a member of the European Parliament’s External Trade Committee as long ago as 1982. Indeed I wrote the first parliamentary report on trade and environment back in the eighties.

However I think we may legitimately claim that while the fundamentals of the debate remain constant, the context of the debate has changed. For example, the debate is no longer about dolphin survival, it is about human survival. In the last twenty years we have become increasingly aware of the global threats to the stability of mankind as a species. Climate disruption is only the most obvious example. The scientists tell us that the world is warming twice as fast as we assumed ten years ago, yet meaningful action has been delayed by the fossil fuel lobby. As is so often the case with such global problems Africa is the number one victim. Africa has more than its share of fragile eco-systems. It has numerous disputes where climate induced land hunger has led to war and refugees. Yet it is Africa which has the least economic ability to adapt to avoid the consequences of climate disruption. In this context Africa has not been helped by a G-77 mindset. The Africa Group in the Conference of Parties on Climate Change are quite right to establish an African position to meet Africa’s needs.

Globalisation has changed the context of the trade and environment debate, with the perceived imperfections in the relationship between trade and environment being held up as one of the prime examples of the negative effect of globalisation. The debate on globalisation is evolving rapidly and in a way that is important to the WTO. First we had the business promoted model of turbo-capitalism characterised by some as “aggressive liberalism”. Arising out of the post-1989 excitements at the end of communism and socialism, globalisation was presented as inevitable, near perfect and effectively compulsory. In recent years the anti-globalisers have presented the antithesis. Globalisation is seen as a terrible force which must be stopped and the WTO is presented as its central pillar. Seattle was merely the moment when an ad hoc alliance of trades unions, animal welfare and environment lobbies was assembled effectively by the anti-trade anti-globalisers. In recent months I believe we have seen an inevitable and desirable synthesis. The insufferable self confidence of the pure globalisers has been dented by the dot com crash and the relative weakness of the US economy. Similarly the simplicities of the anti-globalisation campaign are recognised as no basis for policy development by developing countries.

Of all the much hyped aspects of globalisation, I think it is the concept of “super territoriality” that will prove to be the most lasting. We have genuinely begun to think and talk to each other in a different way, aware of our inter-dependence and of the holistic nature of many of the challenges which we all face. Whereas ten years ago the use of DDT in East Africa was regarded in Europe as merely regrettable, we now know that the climate circulates such poisons in a polar direction and that Americans and Europeans, not to mention Inuits, have DDT residues in their blood. Similarly we are beginning to recognise the ethical problems of exporting to the developing world goods which are banned from sale in Europe, be they cigarettes or mercury soap. We have become used to talking more, communicating more and interacting globally whether as non governmental organisations or as governments.

Similarly I believe we are beginning to recognise that economics should not automatically have primacy over politics. We can now see the dangerous consequences of an economic globalisation without a parallel framework of political governance. The nation states have not withered away. They have learned that to retain any real sovereignty in a globalising world they need to become better at collaborating with each other in international organisations.

One of the more dangerous and simplistic arguments of the anti-globalisers is to identify the WTO as one of the three ugly sisters of globalisation in the company of the World Bank and the IMF. This leads to a belief that reform of the WTO, up to and including its abolition, would somehow constitute a solution. Speeches by Pascal Lamy have made clear the truth that it is neither wise nor possible to reform the WTO without considering first its links with the rest of global governance. Indeed similar organisational debates are occurring in the environment community. While we meet here in Cape Town, the UNEP Governing Council is locked in debate in Nairobi on a surprisingly parallel set of issues. One does not have to be a Professor of Global Governance to see that there are clear links between the next WTO Ministerial and the launching of a WTO Round and the World Summit on Sustainable Development in Johannesburg in 2002.

So the context of the debate has changed and there is a political and institutional immediacy to the debate. Perhaps as I am in the presence of a distinguished gathering of African trade officials, I might be forgiven for asking why Africa should care about such issues. The Director-General of the WTO is inviting you to be active protagonists in the evolution of the debate. The European Union is convening seminars such as this. However there must be a temptation to continue to enjoy the blocking of any consensus in the WTO. I want to argue that blocking is not a sensible strategy however emotionally satisfying.

Let me tackle the assertion often made that the protection of the environment in the context of developing countries always leads to trade protection. I detect that much of this argument is fuelled by a fear of restrictions on your growth. This argument is most clearly confronted in the context of climate change where issues of historical equity have to be addressed. Secondly I suspect that discussions of environmental protectionism are often used as a proxy for fears about human rights and labour issues. Let me be politically incorrect for a moment. I want to argue that the environment is qualitatively different. It would be possible for the species to go on abusing human rights and exploiting the weakness of labour for many more centuries

without endangering the survival of the species. This is simply not the case with environment issues. Global environmental challenges are one of the driving forces behind both globalisation and the pressure for more effective global governance. While I am being politically incorrect let me also speculate that were I an African trade official I might well have a different view coming from a society with much reduced political pressure from domestic NGOs and parliamentarians. I would certainly be aware of the problems of administrative capability and of the desire to do nothing which might render my country less attractive to foreign direct investment. However the evidence that we now have shows that high quality environmental standards are a good indicator for the attraction of new investment. There is not so much a “race to the bottom” as a race to invest in societies that can demonstrate a determination to achieve good governance.

As an African, I would certainly take every advantage of the current situation to force open access to northern markets. I would be vigilant and noisy if I detected that “Everything but Arms” was degrading into “Everything but Agriculture”. I believe there is a very good chance to find win-win solutions in the areas of agriculture, fisheries, energy, leather and textiles. I accept however that forests are a much more difficult proposition.

I think it is important to stress the shift in the philosophy of development aid. I have the honour to chair Counterpart Europe which is a capacity building, environment and development NGO active in sixty countries. It is clear to us that in the future money is likely to flow in response to particular problems rather than as part of an exercise in numerical gamesmanship be that 0.7% or any other figure. The Clean Development Mechanism in climate change or actions on AIDS, health or desertification are all subject to review as Europe considers the efficacy of its past efforts, not least in its relationship with non governmental organisations.

Success for Africa in all of these fields is to an extent going to depend on concerted action. Concerted action between African governments. Concerted action inside African governments, with trade, environment and development officials co-operating closely. Above all Africa should benefit from the new connectedness at global governance level. The North cannot have a new Round without reform in the other institutions of global governance. It is in this context that I think we should be creative about linkage. I am delighted to learn of the new life to be found in the WTO Committee on Trade and Environment. It would be in the spirit of the age to consider organic links between the CTE and UNEP and UNDP. It might even be wise to consider formalising more links to civil society.

I am a great believer in incremental reform and in joined-up thinking. I believe that it is in all our interests to make progress in this area. My advice to governments represented at this conference would be two-fold. Do it as Africa and do it first with Europe.

