FOURTH INFORMAL CONSULTATION BETWEEN THE OECD TRADE COMMITTEE AND CIVIL SOCIETY ORGANISATIONS (CSOs)

Submission by Civil Society Organisation

Try Telling Him that Trade Liberalisation is like Riding a Bicycle

Paris, 28 October 2002

This paper has been submitted by World Wildlife Fund International. The views expressed herein are those of the author and are not necessarily shared by Members of the OECD.

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The Johannesburg Summit must ensure that progress on poverty and environmental agendas is made at the same pace as that at which global economic governance is pursued. The Johannesburg Summit can and must build on agreements forged at Doha and Monterrey to put the world economy on a more sustainable footing.
Can you be serious? What the Johannesburg Summit must do if trade policy is to deliver for sustainable development

A metaphor, beloved of trade policy makers, likens the pursuit of global economic liberalisation to riding a bicycle: having begun to pedal, you can’t stop without falling off.

This picture neatly justifies the single-minded pursuit of current economic orthodoxy: it also perpetuates the idea that the interests of global elites – as pursued through global economic liberalisation – converge with those of the world’s poorest people and the natural environment. But in fact, as the bicycle is pedalled ever onward – now with the launch of further trade negotiations in Doha – progress on the poverty and environmental agendas languishes further and further behind.

If they were serious about promoting sustainable development, governments and leaders at the Johannesburg Summit would accept the challenge of developing international trade policy by undertaking the following nine commitments:

1 End forced liberalisation by International Financial Institutions
Ensure that developing countries have the flexibility to set the sequence, pace and direction of macroeconomic and trade policies, consistent with their national poverty reduction strategies by inviting the International Financial Institutions, beginning at their September 2002 annual meetings, to end lending conditionalities that force developing countries to open their markets without regard to the impacts on poor people and the environment.

2 End harmful subsidies
Agree that developed countries must reduce, with a view to eliminating, subsidies harmful to the environment or detrimental to poverty eradication efforts. They must also provide technical and financial assistance to developing countries, which should work towards the gradual elimination of these subsidies. Developed countries must immediately agree a clear timetable and targets for phasing out export dumping, particularly export subsidies and export credits.

3 Stabilise commodity prices
Reverse the long-term price decline of primary commodities by requesting the UN Secretary General, with relevant international commodity organisations and financial institutions, to host, in 2003, a high-level conference on the commodity crisis, to be followed by a series of conferences on specific commodities. These conferences should agree the provision of political, institutional and financial support for initiatives designed to: correct imbalances in commodity supply and demand, ensure reasonable prices to producers, support sustainable and diversified commodity production, and implement strategies for increasing the value of exports to developing countries.

4 Undertake sustainability assessments
Undertake sustainability assessments at the national level to identify and address the environmental, economic and developmental implications of trade agreements and policies. Governments and international organisations with experience in this field should provide assistance to developing countries for this purpose. Preliminary assessments relating to current WTO negotiations should be completed by 2003.

5 Multilateral Environmental Agreements (MEAs) should be presumed to be consistent with WTO rules
Reaffirm the principle, already accepted by Members of the WTO, that disputes between Parties to an MEA should be resolved through the MEAs, and undertake to strengthen the mechanisms for dispute settlement, compliance and enforcement under existing MEAs, according to timetables specific to each of them. These timetables should be published by the end of 2003. Ensure that measures pursuant to MEAs are presumed consistent with WTO rules, unless there is clear evidence that their application involves discrimination that is arbitrary and unjustifiable.

6 Review plans to launch investment negotiations
Negotiations on investment in the WTO should not be launched because the current international debate over investment rules fails to address the relationship between foreign direct investment and the basic needs of sustainable development. Rather, governments should undertake to review the large body of existing work which examines both the impacts of foreign investment, and possible frameworks for the development of investor obligations and the rights of host countries in alternative forums, drawing upon the expertise of UN agencies and MEA Secretariats, academics, development agencies and civil society.

7 Initiate negotiations on TNC regulation
Initiate negotiation of an international legally binding framework for corporate accountability and liability, drawing on current experiences with voluntary initiatives, independent certification, and market mechanisms. Simultaneously, companies and governments should take active steps to clarify and implement the OECD Guidelines for Multinational Enterprises in an open and transparent manner, and ensure that the designated National Contact Points are given greater prominence, with powers for monitoring and enforcement.

8 Recognise that every human being has a fundamental right to water
Recognise that every human being has a fundamental right to water, sufficient in quantity and quality to meet essential social, environmental and economic needs. Recognise that water must not be used as a commodity at the expense of such needs, and must therefore be exempted from existing and future international trade agreements, and from credit agreements between governments and the IMF, World Bank and other multilateral banks. Governments should introduce full cost recovery for commercial uses of water – that is, water use above that needed for basic human and environmental needs – and not use cheap water as an agricultural trade subsidy.

9 Reform TRIPs
Commit to reform the global regime of intellectual property rights which currently impedes sustainable development by excluding poor people from access to vital “knowledge goods” such as medicines and seeds, and which encourages piracy of biological resources and traditional knowledge of farmers and indigenous people. Reforms should ensure longer periods for the implementation of the TRIPs agreement in developing countries; unrestricted access to affordable medicines for developing countries with unmet health needs, including through the import of generics; the effective prohibition of patenting of plants and genetic resources without the prior informed consent of, and benefit sharing arrangements for, communities and countries of origin; and an end to pressure on developing countries to introduce higher levels of intellectual property protection that are incompatible with their development needs.

Notes:

The world’s ecological footprint – a measure of our collective use of renewable natural resources – is set to continue growing over the next half-century from 20 per cent above the Earth’s biological capacity to between 80 and 120 per cent. This means that if we continue at our present rate of consumption, we’ll soon require the natural resources of two planet Earths.

People in western Europe and North America are consuming resources at an unsustainable level. In 1999, the average western European required the equivalent of five hectares of productive land and sea space, and the average north American 9.6 hectares – whereas the average Asian and African consumer consumed less than 1.4 hectares. Yet despite rising levels of world output, trade and investment, the fact that more than 1 billion people are living in poverty (the same number as a decade ago) is treated by the “Washington – and now the Monterey – consensus” as evidence of the need for more economic growth, more open markets.

Clearly, something has to change.

If countries were serious about pursuing the goal of sustainable development for all, they would both fulfil their commitment, made in 1992 at Rio, to “common but differentiated responsibility”, and honour their reaffirmation, at Doha, of the principles and objectives establishing the World Trade Organisation (WTO): that the relations of Parties should allow “use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”.

<table>
<thead>
<tr>
<th>Year</th>
<th>International trade in goods and services</th>
<th>Growth in global output</th>
<th>Equality of income distribution</th>
<th>Ecosystem health</th>
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<tr>
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<td>-100</td>
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Note: All trends represent changes since 1992 levels.