

CAN WSSD GO BEYOND DOHA AND MONTERREY?

Issues related to trade and finance, including the relationship between multilateral environmental agreements (MEAs) and WTO rules, continue to deeply divide countries at the fourth and last official preparatory meeting (PrepCom IV, 27 May - 7 June, Bali, Indonesia) for the World Summit on Sustainable Development (WSSD), bringing to light fundamental differences regarding the purpose of WSSD and its relationship to the Fourth WTO Ministerial Conference in Doha (November 2001) and the International Conference on Financing for Development in Monterrey (March 2002). With another week of negotiations still to come, it now lies in the hands of Ministers whether and how the World Summit can complement and/or go beyond Doha and Monterrey.

Disagreement over 'added value' of WSSD underlies trade discussion

While trade-related references are spread throughout the text, most attention has focused on provisions related to trade and finance in section IX (Implementation), which were discussed in a separate contact group. The US and Australia, and to a lesser extent Canada and Japan, have again proven most reluctant to go beyond what was agreed in the Doha Declaration and the Monterrey Consensus, restricting themselves to references to the relevant paragraphs of the two documents as they represent a sensitive balance that should not be upset by reopening the agreements. The US and Japan furthermore cautioned against prejudging the outcomes of the WTO negotiations launched at Doha which are scheduled to be finalised by January 2005. In addition, the US repeatedly emphasised the need for national-level action and commitments by developing countries. According to one US delegate, the US believes that WSSD should focus on environmental protection, thereby providing the third pillar of sustainable development in addition to poverty reduction and sustained economic growth, which were addressed by Doha and Monterrey.

Describing the trade and finance provisions in the Implementation section as "possibly the most important chapter in the whole document", the G-77 group of developing countries strongly resisted extensive references to Doha and Monterrey paragraphs, which they said was making the text look like a "banking agreement". Instead, more "productive, ingenious and legitimate" language was needed to ensure that WSSD would "build on" Doha and Monterrey in an effort to achieve the political objective of sustainable development. G-77, however, also resisted the inclusion of environmental language that might add new obligations for developing countries or could be used by industrialised countries to justify protectionist measures, arguing that the trade and finance provisions referred to the economic pillar of sustainable development and should aim to support economic growth.

In the course of the negotiations, the EU repeatedly pointed out the need for action-oriented, sustainable development-related language, arguing that the added value of WSSD should be to bring a sustainable development perspective into trade and finance issues by building on the outcomes of Doha and Monterrey "as part of a process of achieving sustainable development". Nevertheless, with regard to commitments made at Doha, the EU preferred to cite Doha language, arguing that the Declaration was a "complete package" with an "internal equilibrium". Also, while advocating a "minimalistic approach" to changing the proposed text, the EU again introduced the highly contentious issue of core labour standards in the context of trade despite a request by the chair of the contact group to avoid such references, leading some to suggest that this move should be seen as part of the EU's broader negotiating strategy.

Amongst the key negotiating countries, Norway proved to be most constructive and progressive, repeatedly stressing the need to go beyond Doha and Monterrey by including follow-up initiatives. Efforts were also made by Switzerland to help find compromises between the increasingly polarised positions of the US and G-77.

The meaning of coherence

In the context of section X on an 'Institutional Framework for Sustainable Development' (formerly 'Sustainable Development Governance'), significant differences were apparent during negotiations on the relationship between WTO rules and MEAs -- one of the key issues repeatedly raised by civil society groups which have called on governments to reaffirm the relative jurisdictions of MEAs and the WTO. Discussions focused primarily on the term "coherence", proposed by the EU and supported by the US. G-77 strongly opposed this term, fearing that it might open the door to bring this issue into the WTO beyond the mandate agreed at Doha to negotiate on the relationship between existing WTO rules and specific trade obligations set out in MEAs. Instead, G-77 proposed language calling for building the capacity of developing countries to effectively participate in trade negotiations. As one source speculated, countries are most likely to agree on the concept of "mutual supportiveness" -- subsequently put forward by the EU in response to developing country concerns -- which had also been included in the Doha Declaration. One observer stressed the importance of this section of the text, noting that it could become the most important trade-related outcome of WSSD given that the trade and finance discussions in the Implementation section are unlikely to go beyond the previously agreed texts.

Civil society frustrated with excessive trade focus

Non-governmental organisations have expressed growing frustration with the intransigent position of the US in the trade and finance negotiations. They strongly criticised the text discussed in the contact group as a "trade document" that lacked sustainable development elements. In particular, WWF, Friends of the Earth and Oxfam attacked the EU for what they called a "remarkable U-turn" with regard to subsidies, contrasting a previous commitment made at the WSSD preparatory meeting of the UN Economic Council for Europe in September 2001 to the "removal" of trade-distorting and environmentally harmful subsidies, while now restricting themselves to "encourage reform of subsidies that have considerable negative effects on the environment". The three environmental NGOs furthermore urged governments to recognise in the text that trade liberalisation cannot be presumed to automatically lead to sustainable development and has in fact already led to negative impacts on the environment and poverty alleviation.

While agreeing that the current trade and finance provisions were largely restricted to development, a financial source cautioned that trying to renegotiate Doha and Monterrey was a lost cause, and that delegates should rather focus their efforts on environmental issues as the added value of WSSD. One environmental source, however, questioned the point of WSSD if it did not go beyond Doha and Monterrey, suggesting that the World Summit could complement the other two processes by providing guiding principles for and conducting an environmental assessment of the WTO negotiations, by enhancing the coherence between economic and environmental governance, in particular between WTO rules and multilateral environmental agreements (MEA), and by defining in more detail the type of technical assistance and capacity building needed to ensure that trade policies become supportive of sustainable development.

Regarding the political declaration of the Summit, WWF called on delegates to make a clear statement that trade measures taken pursuant to MEAs should be presumed consistent with WTO rules unless there was overwhelming evidence that their application involved arbitrary and unjustifiable discrimination, and to strengthen the dispute settlement, compliance and enforcement mechanisms in MEAs. WWF also stressed the need for governments to assert that "global economic liberalisation" was a "process driven and controlled by national governments"

which governments must use, alongside other policy instruments, "to deliver greater social and environmental well-being".

Still to come....

PrepCom Chair Emil Salim issued a text on Sunday night combining all sections. Negotiations are set to continue on Monday during an informal plenary, starting with negotiations on trade and finance (sections V and IX) followed by the remainder of the text. Chair Salim advised delegates that any text that was not agreed on by Monday night would be transmitted to Ministers for discussion during the high-level segment scheduled for 5-7 June. Given that a large majority of the text on trade and finance in the Implementation section has been left in brackets, it remains to be seen what progress can be made before Ministers arrive on Tuesday night. As one source pointed out, there was a danger that countries might be consuming too much energy on the trade and finance provisions in the Implementation section, detracting attention from the implementation of environmental protection measures. Delegates will furthermore discuss possible elements of a political declaration.

While estimating that the majority of the drafting has already been completed, UN Undersecretary General for Economic and Social Affairs Nitin Desai acknowledged that "the hard core differences still need to be negotiated". Senior summit official Lowell Flanders also speculated that some of the document's text could remain bracketed for discussion at Johannesburg. The WSSD Secretariat is reported to be getting increasingly concerned regarding the fate of WSSD and discussions have been underway on how to raise the Summit's profile and ensure high-level attendance. As some observers pointed out, success of the conference would depend on four factors, namely the completion of the document, a bracketed but workable political declaration, definition of criteria for Type 2 outcomes (partnerships) and some sort of "divine intervention". The possibility of a pre-Summit meeting in Brazil in June remains open should delegates fail to make sufficient progress at PrepCom IV. Others have also speculated that some countries might try to focus their efforts on showcasing Type II outcomes (partnerships) at WSSD in an effort to raise public opinion and to detract attention from negotiated documents.

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