

A well functioning and coherent architecture for the global system of governance would ensure that trade and sustainable policies are mutually supportive and effective. By looking at the existing structure and the underlying problems, this Ecologic Brief aims at structuring the debate on how to enhance global governance on trade and sustainable development. Thereby, the central focus lies on Multilateral Environmental Agreements, the WTO and non-State actor participation.

Ecologic Briefs

▶ The Architecture of the Global System of Governance

The Nexus between Trade and Sustainable Development

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The Architecture of the Global System of Governance

The Nexus between Trade and Sustainable Development

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Table of Contents

2	Introduction
4	The role of the global architecture in multi-level governance of trade and sustainable development
6	Strengthening the way the international sustainable development regime addresses trade policy
8	The role of the WTO in supporting sustainable development
10	WTO disputes and sustainable development
12	Improving the interaction between the international sustainable development regime and the WTO
14	Participation of non-State actors in the global governance of trade and sustainable development
16	The corporate sector and the global governance of trade and sustainable development
18	The role of networks and partnerships
20	Moving the debate forward
22	List of participants
24	Selected links



Introduction

A well functioning and coherent architecture for the global system of governance would ensure that trade and sustainable development policies are mutually supportive and effective. The general consensus at present is that the current architecture is neither well functioning nor coherent. Trade and sustainable development policies at the global level sometimes compete or are not fully effective within their respective spheres, and the institutions that develop these policies do not interact consistently or holistically. This brochure will explore some of the many implications involved in confronting the challenge of constructing an effective architecture of governance. Despite the great deal of research that has been carried out about the nexus of trade and sustainable development on the global scale, important uncertainties and areas for further research continue to exist.

The recent growth in number and scope of international institutions and instruments that make up the global architecture has profound implications for sustainable development in the context of globalisation. The international sustainable development regime itself is composed of a diverse range of institutions and instruments. Although individual instruments and institutions may function well, collectively the regime is perceived of as suffering from insufficient organisation and inefficiency, which takes away from its potential clout. By contrast, the international trading system is anchored by a single institution, the World Trade Organisation (WTO), which is continuously broadening its scope. Initially concerned with the elimination of quantitative trade restrictions and the reduction of tariffs, the GATT/WTO system now incorporates issues such as services, intellectual property rights, and in the near future will likely take on competition and investment. In the process, the WTO abuts – and overlaps with – other international regimes, including that of sustainable development. However, even though the WTO is considered to be relatively powerful, it is rapidly becoming an organisation of economic globalisation (rather than simply trade) to such an extent that it runs the risk of overload.


Thus, an examination of the global architecture of governance of trade and sustainable development must begin with considering the relative strength and weakness of each respective regime in relation to addressing both trade and sustainable development. On this basis, one can explore whether the interaction between the two is appropriate, and what mechanisms are available to achieve improvement.

The recent World Summit on Sustainable Development (WSSD) demonstrated the limitations of intergovernmental institutions in moving the trade and sustainable development agenda forward. At the same time, however, it reaffirmed the vitally important role of non-State actors in promoting sustainable development. Accordingly, an analysis of the global architecture must also examine how such actors interact with and either support or undermine the formal international institutions and instruments.

This brief is based on the outcome of the international workshop “Architecture of the Global System of Governance of Trade and Sustainable Development” – the second workshop in the SUSTRA project – which was convened in Berlin on 9 and 10 December 2002, and brought together academics, researchers, and policy makers from several European Countries, Canada and the US. The workshop was structured around the following key questions:

- How can the international, sustainable development regime be strengthened vis-à-vis international trade issues?
- What role should the WTO play in support of sustainable development?
- How can the interaction between the international sustainable development regime and the WTO be improved?
- How can the contribution of non-State actors in support of the global system of governance be leveraged?

Based on the background paper of the workshop and the debates which took place during the discussions, this brochure seeks to give an overview over the complex issue of global governance of trade and sustainable development and to convey the main questions facing the research community to a wider audience.



The role of the global architecture in multi-level governance of trade and sustainable development

Trade and sustainable development both have high priority on the global policy agenda. And yet, in parallel, action and norms on these issues are also developed regionally, bilaterally and nationally. The relationship between all these levels is not only complex, but also dynamic. The architecture of global governance on trade and sustainable development must be both sufficiently resilient and flexible to effectively address global matters, while leveraging supporting action at the lower scales.

Levels of implementation

Most MEAs and the WTO establish frameworks and principles at the global scale, but leave the means for implementation to other scales of governance, e.g. the Convention on Biological Diversity or the GATT (1994). Yet there are also other types of rules in both regimes that are very specific and leave little room for discretion in the implementation, e.g. Montreal Protocol on Substances that Deplete the Ozone Layer or the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. The development of both types of rules is often the result of pragmatic and political realities. The significance of these differing approaches needs to be further analysed in the context of trade and sustainable development

Interacting of different levels

A related matter to identifying the right level for each issue is the necessity to avoid conflicts between different scales of governance where there may be overlaps, which begs the question as to what the appropriate boundaries of global and regional scales, respectively, should be. Moreover, action at the regional level can influence the global one, and vice versa. This may be the case when global rules are minimum standards, and regional agreements adopt higher standards. Another scenario is where a regional consensus is used as a basis for leveraging global agreement.

The need for a principled approach

Addressing trade and sustainable development issues at regional, inter-regional, and bilateral levels may reflect the reality that consensus is easier to obtain at these scales, as opposed to globally. But questions remain as to whether there is a principled approach that can be taken to opt for a more local scale, so as to ensure that the outcomes are truly supportive of sustainability.

At present, there is no holistic approach for identifying the right level of governance and implementation. Accordingly, more research is needed to better understand the linkages and to develop proposals that will ensure that issues are addressed effectively at each of these scales, and that the corresponding governance architectures mutually support effective and equitable developments.

A starting point might be to structure the analysis along the particular type of global public good being addressed and provided. However, a more sophisticated analytical framework is needed to determine the most appropriate basis for achieving subsidiary and decentralisation.

Strengthening the way the international sustainable development regime addresses trade policy

Global governance of sustainable development needs strengthening to ensure sustainable outcomes. This perception is founded on several aspects, namely the lack of enforcement mechanisms, low cost of opting in or out of the concerned regimes, and fragmentation of the sustainable development regime as compared to the international trading system. While individual instruments may contain effective trade measures, trade aspects tend not to be sufficiently integrated into a holistic approach that addresses the wider challenges of sustainable development. Indeed, piecemeal environmental policy is often isolated from trade policy. At the root is the question whether the sustainable development regime should be more centralised or the existing structures should be better organised.

Strengthening existing international institutions

One option to remedy deficiencies in the governance of sustainable development is to strengthen existing international institutions, e.g. UNEP. A well known proposal is to upgrade UNEP to a UN specialised agency. It is argued that the increase in political weight and financial resources would bolster UNEP's current trade activities, including capacity building for integrated decision making and facilitation of international cooperation. A related option is to broaden membership and mandate of the Global Ministerial Environmental Forum (GMEF). The GMEF is a new entity that considers important and emerging policy issues in the field of environment, promotes policy guidance, sets priorities and provides overall coordination. However, until now, the GMEF does not have a well defined status, and proposals to open it up to universal membership have not gathered sufficient consensus. This appears to limit the GMEF's potential to be effective in tackling trade issues. Additionally, there is concern about whether strengthening one sustainable development institution will weaken others, especially when there are overlapping mandates, such as between UNEP and the CSD. Indeed, none of the many proposals made in recent years to strengthen UNEP has yet been adopted.

Enhancing synergies between MEAs

Most MEAs were negotiated on an ad-hoc basis without taking other MEAs and potential synergies into consideration, and there have been calls to cluster related MEAs to enhance synergies and promote the standing of MEAs in relation to the WTO. One option is to cluster MEAs that deal with related topics. However, clustering is not without difficulties, given the variety of structures and procedures currently in place.

Another option is to have MEAs jointly carry out common actions, such as

research, capacity building, monitoring or possibly dispute settlement. Common standards and procedures could foster transparency and facilitate participation. In both cases, it is unclear how relevant trade policy will be affected. Clustering may potentially address relevant trade issues in a more cohesive and integrated manner, e.g. by harmonising MEAs influence on WTO policy and decision making process, but no research has been done on these aspects.

Creating new international institutions

The most far reaching and controversial proposal to enhance global environmental governance is to set up a new World Environmental Organisation (WEO) that could act as a counterweight to the WTO. Key arguments often cited in favour of this option are the expected efficiency gains, combined with the greater political clout, especially vis-à-vis the WTO. Another option is the creation of a WEO with the organisational, legal and financial power to establish markets and associate property rights for global environmental public goods. However, uncertainties about its structure and actual functioning persist, as well as the fear that it may add yet another bureaucratic layer without leading to meaningful results. To date, there appears to be little political appetite to establish such a body.

A proposal to establish a World Environment Court stems from concerns about the lack of judicial enforcement of MEAs and possible conflicts between international environmental and trade norms. Its would be to solve conflicts in international environmental law in a more juridical manner, thus increasing predictability and facilitating enforcement. In principle, such a body might offer an alternative to environmental cases ending up before the WTO, but this would likely be the case only if it had compulsory procedures. Even if it did, questions of potential overlap with the WTO, and possibly the International Court of Justice, would need to be addressed. In any event, it does not appear likely that such a body will be established in the near future, as no State has yet endorsed the idea.

Evolution not revolution

Despite the aforementioned problems and challenges, the actual weakness of the sustainable development regime should not be exaggerated. First, the diversity of instruments and institutions is testament to the flexibility and innovation of environmental negotiators in crafting solutions to particular problems. Secondly, the global environmental regime has been successful in pressing environmental concerns widely on the global political agenda. Thus, it seems sensible that any new organisation of the global governance of sustainable development should be the result of an evolutionary process and should first seek to make better use of existing institutions, while it remains fundamental to identify a desirable long-term structure and the accompanying procedure for an evolutionary reorganisation.

The role of the WTO in supporting sustainable development

The relationship of the WTO to sustainable development is complex. On the one hand, it is commonly asserted that the WTO is not an environmental organisation or an organisation whose mandate is directly focused on sustainable development. On the other hand, references to environment and sustainable development appear in the Preamble to the Agreement establishing the World Trade Organisation, provisions impacting on sustainable development appear in several Agreements, and sustainable development has been a standing topic of discussion in various WTO bodies. For the first time, Doha Development Agenda brings sustainable development issues squarely into the trade negotiations.

Some key questions arise from this. What should the boundaries of the WTO be in relation to sustainable development? How should the right balance within the WTO between sustainable development and trade liberalisation be ensured? What procedural consequences flow from this? These questions are linked to the more fundamental dilemma of whether priority should be given to “deepening” the WTO agenda (i.e. going further with existing obligations) or “broadening” it (i.e. extending WTO rules to new areas).

Uneven power distribution in the WTO

The relationship of the WTO to sustainable development must be considered against the background of an unbalanced power distribution among WTO Members, who have different priorities in regard to environmental conservation and economic development. The North-South divide in the WTO on environmental issues is well known. One current argument from developing countries is that environmental standards could be abused as hidden trade barriers, thus reinforcing the unbalanced power distribution in the WTO. Concerns of developing countries are reflected in the priority they place on “implementation issues”, relating to TRIPS, agriculture and textiles. Moreover, at present different capacities exist among WTO members to influence actual outcomes of disputes. In order to increase the leverage of developing countries, some advocate allowing developing countries to take collective retaliation against developed countries that contravene WTO rules, so as to strengthen the impact of their remedies. In addition, despite the establishment of the Advisory Centre on WTO law in 2001 to provide expertise for developing countries, many developing countries continue to feel marginalised.

The impact of this power imbalance in the WTO needs to be better understood. It is fundamental to explore ways to enable developing countries to

engage more proactively in agenda setting in the WTO. Experiences with the current “implementation” issues, especially in the context of the DDA, will be instructive.

Internal transparency in the WTO

The decision taking process in the WTO is not conducive to achieving sustainable development. The infamous “Green Room” style of decision-making, combined with the under-representation of many developing countries and the high cost of participating in dispute settlement has tended to favour OECD countries. To some extent this situation has improved, with concerted efforts now being made at capacity building and a decline in the exclusionary methods of taking decisions.

Demands continue to be made for more internal transparency: decisions should be taken in meetings open to all WTO Members and based on an active consensus, differences should remain in brackets until resolved, and the chair’s discretion should be limited. However, more research is needed to identify solutions that enhance the negotiation of effective and appropriate solutions in a manner that does not cause inequitable imbalances, especially vis-à-vis developing countries.

Institutional capability and legitimacy

Environmental organisations and environmental policy makers frequently question whether the WTO is institutionally and legitimately capable of dealing with complex environmental issues. Advocates of trade liberalisation argue that addressing environmental issues in the WTO risks overburdening the regime, thus jeopardising the legitimacy and credibility of the international trading system.

It has been pointed out that the WTO is well placed to handle broad-based agendas because this allows political deadlocks to be broken by package deals. It could be argued that a result favourable to sustainable development, coupled with the WTO’s strong dispute settlement system, could ultimately result in very powerful norms. However, there is little in the WTO negotiating procedures that ensures that outcome actually favours sustainable development. Moreover, as the WTO is based on the principle of comparative advantage, which theoretically ensures that every country benefits from every deal, it is open to question whether the WTO provides the right institutional fit to deal with issues that are not ruled by this principle, such as investment or intellectual property rights.

Accordingly, research should assess whether and how the WTO can retain sufficient legitimacy to succeed with a broadened agenda, including sustainable development and what implications an (over)extension of the WTO mandate might have on the overall effectiveness.

WTO disputes and sustainable development

The Dispute Settlement Body (DSB) of the WTO is a cornerstone of the international trading system, ensuring that it is a rule based system, rather than a power based one. Although the DSB has proven to be robust in its treaty interpretation, it remains uncertain as to the extent to which it can tackle the complex interactions between trade liberalisation and sustainable development in a balanced manner.

Juridical approaches are not the only alternative

A less juridical approach to resolving controversies over sustainable development may be effective in enabling countries to comply with their obligations, thus avoiding conflicts. This could be achieved by relying more frequently on mediation, conciliation and good offices and by encouraging members to exhaust all non-binding WTO remedies before invoking their right to launch formal proceedings. A more far reaching proposal is to set up a new conciliatory body that makes recommendations about a conflict, before the formal dispute settlement proceedings are launched. Both of these proposals may be well suited to some types of sustainable development and trade issues, as they emphasise multilateral cooperation aspects rather than purely legal issues, which may better reflect the complex realities relating to trade and sustainable development. However, the outcomes of these processes are not legally binding and they may be delayed or obstructed by participating parties. In addition, power inequities between parties may influence the process and outcome, and it is not clear how outside stakeholders will be able to relate to these processes. Accordingly, more assessment is needed on when such options are appropriate, and which mechanisms best fit which circumstances.

Integration of environmental expertise into the WTO DSB

Some actors have also called for better integration of environmental expertise into the Dispute Settlement Body. Proposals range from the creation of informal links among MEAs and WTO in relevant disputes, to an obligatory consultation process that includes environmental organisations, NGOs and individual experts. In the past, NGOs have advocated for the ability to submit amicus curae briefs – in recent cases, this practice has been adopted by the DSB. However, as this procedure has not been fully formalised within the WTO system, more policy development is needed to identify how to achieve consensus within the WTO so as to ensure its long term availability and effectiveness as a means of bringing environmental views into the DSB. One apparent challenge is the concern of some developing countries that some NGOs will have more resources to make interventions than some developing countries. However, this tool may not always be to the detriment of developing countries, as is evident by the experience in the Sardines case, where a developing country NGO submitted an amicus curae brief in support of a developing country complainant.

The importance of the overall political context

Since trade disputes can have strong repercussions on the further development of the trade and sustainable development regimes, the overall political context in which these disputes occur can influence how WTO Members approach and use the DSB. The current deliberations inside the US about whether to challenge the EU ban on GMOs indicates that an array of factors, apart from pure legal considerations, influence the decision about whether to bring certain cases in front of the WTO. The Beef Hormone case demonstrated that even a successful case does not always lead to a change in the behaviour of the offending party, while such cases can have spillover effects onto general public opinion that can undermine the legitimacy of the international trading system. The role of strategic political considerations as well as the impact of public opinion and civil society on dispute settlement outcomes have not yet been sufficiently studied.

Improving the interaction between the international sustainable development regime and the WTO

International trade and sustainable development governance can only be mutually supportive if both bodies of law and policy do not undermine each other, and the relevant institutions cooperate efficiently and effectively. Theoretically, the point of departure for achieving mutual supportiveness ought to be a division of labour between the regimes based on an appropriate approach within each to trade and sustainable development. In principle, the extent of interaction and the modalities for it should flow from this. Recently there has been an increase in WTO interaction with UNEP, FAO, ILO and MEA secretariats, but it is open to question as to how effective this has been in creating meaningful synergies in policy development and implementation.

MEAs and the WTO

The considerable debate over the past decade has created greater awareness of the complexities of the relationship between sustainable development and the WTO, and although many sustainable development advocates no longer fear an all-out assault by the WTO on sustainable development rules, the potential for conflict remains. Despite the absence of an actual adverse ruling by the WTO on an MEA measure, the clarification of the relationship between international trading rules and MEAs was put onto the Doha Development Agenda, which calls for negotiations on the relationship between existing WTO rules and specific measures in MEAs. However, these negotiations appear, *prima facie*, limited in scope as they should neither “prejudice the WTO rights of any member that is not a party to the MEA in question” nor “add to or diminish the rights and obligations of members under existing WTO agreements”.

There is a long history of debate and proposals to deal with the relationship between MEAs and the WTO. The US and the majority of developing countries have consistently argued that the status quo should be maintained. By contrast, the EU initially proposed amending GATT Article XX(b) – the exception for measures necessary to protect human, plant and animal life or health – to expressly include measures pursuant to MEAs, and currently advocates a broad interpretation of Paragraph 31 of the Doha Mandate. Other developed countries have proposed lesser instruments to further accommodation, such as interpretive understandings, guidelines, and principles and criteria. For example, Switzerland proposed an interpretive understanding or amendment that would ensure that MEAs are entitled to determine the objective, proportionality and necessity of trade measures, while

the WTO would have the authority to assess whether the trade measure is applied in an arbitrary, discriminatory or protectionist manner. Such a proposal is interesting because it would ensure a clearer division of labour between the WTO and MEAs.

Enhanced cooperation between MEAs and the WTO

In addition to proposals calling for the adoption of new or modified instruments, there have been calls to promote the exchange of information between MEAs and WTO if novel trade questions arise, and the incorporation of transparency and non-discrimination principles in MEAs trade measures. Other options include tasking the International Court of Justice with reviewing decisions that concern both sets of rules. Less judicial approaches involve using sustainability impact assessments to examine how trade liberalisation affects measures in other treaties, ensuring coherent implementation of both regimes, capacity building, and enhancing cooperation between national trade and sustainable development officials.

Win-win situations

Another possible way to render trade and sustainable development mutually supportive is to pursue win-win situations. One example is the mandate provided for in the Doha Declaration for the elimination of subsidies in the fisheries sector. Another is the negotiations on reducing or eliminating tariff and non tariff barriers to environmental goods and services. But there is so far no consensus on what is encompassed by “environmental goods and services” and to what extent they relate to processing and production methods. A related issue is whether such goods and services could also be labelled as such. Thus, the discussion about special treatment of environmental goods and services may help advance consensus on the contentious labelling debate in the WTO.

The role of international standard setting

Agreed international standards may play an important role in resolving potential conflicts between trade and sustainable development. Several WTO agreements, like the TBT or the SPS Agreement, expressly defer to international standards, which could potentially include those established by MEAs. But difficult cases are unilateral standards, which may create trade barriers that may sometimes be applied extra-territorially. The Shrimp Turtle decisions provide useful guidance on the design and establishment of such measures, but more research is needed on how to transfer those lessons to other contexts.

Participation of non-State actors in the global governance of trade and sustainable development

The World Summit on Sustainable Development reconfirmed the significant role non-State actors play in the architecture of global governance on trade and sustainable development. However, there has been relatively little analysis on how to consider this role both in terms of the architecture, per se, and the relationship between civil society actions and policies developed by global institutions.

Participation of civil society is well established in international sustainable development institutions, and is solidly grounded in law and practice to the point of being taken for granted by all concerned. By contrast, the WTO provides only limited participation possibilities for non-State actors, such as observing plenary sessions of Ministerial Conferences or submitting amicus curae briefs in certain circumstances. The US and the EU were recently successful in pressing for faster public release of WTO documents and in enhancing the de-restriction of documents. However, non-State actors are still not admitted into committee or working group meetings, where meaningful negotiations take place, and do not yet have as much access to documentation as in other international fora. The United States and EC have consistently urged greater transparency, but developing countries have been reluctant to agree so long as "internal transparency" issues remain unresolved. Addressing this imbalance in the architecture of global governance is a priority. However, achieving consensus will entail addressing equity issues, including the unequal capacities and conflicts among members of civil society.

Even were there to be a willingness to make the WTO more transparent and participatory, there would still be a number of challenges and trade-offs to be reckoned with. First, determinations need to be made regarding the amount and type of transparency and participation that is appropriate to the varying types of negotiations in the WTO. Second, some matters under consideration might be bona fide confidential, and, third, there can be an overall restraint in resources in implementing effective participation. Moreover, it is important to ensure effective participation from each region and sector.

Another aspect of the involvement of civil society in global governance is the participation in the national/regional development of policies and positions aimed at the global level. In this regard, the Aarhus Convention may have significant implications for civil society participation in policy making relating to trade and sustainable development, by leveraging better access to the national authorities by NGOs.

To bolster the role of non-State actors in global governance, several issues need to be further researched and assessed. What amounts and kinds of transparency and participation are appropriate to the different types of WTO bodies? To what extent can capacity building ensure effective participation? What lessons can be learnt from other experiences and models of stakeholder inputs into economic decision-making, such as the World Bank inspection panel?

The corporate sector and the global governance of trade and sustainable development

The range of non-State actors concerned with trade and sustainable development is diverse. There are those who are antagonistic to either trade liberalisation or sustainable development and those who pursue initiatives that bridge both objectives. At present, many civil society groups accept that trade liberalisation can promote investments in sustainable development, increase in welfare and technology transfer. As a result, many NGOs now cooperate with the private sector, while the corporate sector itself has launched a large number of initiatives on trade and sustainable development.

The role of Corporate Social Responsibility and voluntary initiatives in supporting sustainable development

On one hand corporate actors can be engines of trade, promote economic growth and contribute to technology transfer. On the other hand, as profit maximisers, businesses are frequently engaged in environmentally unsound activities and seek loopholes to avoid environmental and developmental regulation.

Responding to pressure from many sources, including to some extent their own shareholders, a growing number of voluntary initiatives have been developed to enhance corporate social responsibility. While the majority of these initiatives was launched by the business community itself, others are officially encouraged, e.g. EC Eco-labelling or EMAS Regulations, OECD Guidelines for Multinational Enterprises, Global Compact or ISO 14000.

Voluntary initiatives can have a number of advantages over regulations. First, in contrast to binding regulations, voluntary initiatives tend to be more flexible as they define certain goals but not the exact means through which these goals can be achieved. By avoiding direct government involvement, time and financial resources are saved in monitoring and enforcing. Yet another possibility is for voluntary initiatives to evolve into internationally accepted standards, opening the debate about a privatisation and proliferation of norms without full legitimacy. At the same time, they may encourage a lack of collective action by governments.

Voluntary initiatives may also interact with trade policy. On the positive side, widely applied transnational standards may act to diminish trade conflicts. On the other hand, they may involve labelling of products based on processing and production methods, which may sit uneasily with WTO rules. Furthermore, such initiatives may influence investment patterns or even the making of investment policy in home and host countries. To better assess the role and contribution of voluntary initiatives it is essential to carry out further research on the motivations of actors, necessary conditions for success, and impediments to participation, as well as the impacts of these initiatives on trade patterns and policy.

Financial services and investment

Financial capital flows have grown at an immense rate in recent decades, bolstering the role of investments in supporting or undermining sustainable development goals. Investment liberalisation is prevalent in bilateral and regional relations, and is currently on the global trade agenda.

A key concern of sustainable development advocates is how investment liberalisation impacts on the ability of States to regulate the behaviour of foreign investors. This arises out of the experience under NAFTA Chapter 11, where investment liberalisation provisions have been a basis for requiring governments to pay significant amounts of compensation to investors after enacting environmental regulations. Despite the collapse of the negotiations for a Multilateral Agreement on Investment at the OECD in 1998, negotiations on investments in the WTO may be launched at the next WTO Ministerial Conference in September, 2003. Canada, Chinese Taipei, the EU and Japan have recently submitted papers in support of having a new agreement on investment, whereas India and Pakistan are against it, arguing that investment is not a trade issue.

Some commentators argue that most benefits accruing from investment liberalisation could be obtained by exploiting and expanding the mechanisms present in existing agreements, such as the TRIMs agreement and GATS. Others call for striking a balance between investor rights and obligations in regard to public environmental goods through a new, discrete regime, such as a framework convention on investment. However, further research is required on how to structure the balance between necessary regulation of investments and investment liberalisation.

The role of networks and partnerships

In recent decades, not only has the number and influence of non-State actors involved in global governance increased steadily, but also the number of coalitions and partnerships among different non-State actors has expanded. While good relationships between some NGOs and the corporate sector are not new, current coalitions frequently include universities, research institutes, municipalities, as well as parliamentarians.

Type two initiatives and Global public policy networks

These coalitions received prominence as “Type two” initiatives launched at the World Summit on Sustainable Development. In contrast to official agreements among governments (Type One agreements), Type Two initiatives are voluntary partnerships between various actors that act according to the principles for sustainable development that aim to support the WSSD Plan of Implementation.

Another form of coalition is reflected in the establishment of Global Public Policy Networks. These networks bring together a broad range of different stakeholders, including international organisations, governments, businesses and NGOs in order to break deadlocks on complex issues through transparent processes. While GPPNs have already been successful in some contexts, such as international policy on dams, it remains to be seen whether they can help to move forward the agenda on complex issues like trade in GMOs or the establishment of international environmental standards.

Thus, it is important to understand the exact characteristics of successful networks and the underlying reasons why other networks fail. Important issues to be considered include inter alia the composition of partnerships, the power equilibrium inside them, their transparency and participation procedures and the legitimacy of their outcome.

As with CSR, it would be useful to better understand the extent to which these partnerships distract from the need for government initiatives and legally binding rules, especially considering that the broad majority of non-State actors are not affected by these initiatives.

Monitoring and accountability

On one hand it is important to look for reforms of the institutional architecture of global governance to allow for effective participation of non-State actors. On the other hand the more influential non-State actors become, the more urgent the development of independent monitoring and accountability systems becomes. Consequently, research is needed on a legal and political framework for including lean but effective reporting and monitoring mechanisms for Type Two Initiatives, as well as access to information for affected parties and the interested public.

Coalition building

Another little studied phenomenon in the global trade and sustainable development arena has been the emergence of coalitions between NGOs and States. This practice has been seen in the WTO in the Sardines case, in which an NGO from a developed country supported Peru, or in the coalition between WWF and a number of countries to put fishing subsidies on the Doha negotiation agenda.

Moving the debate forward

This brochure surveys obstacles to and opportunities for creating an architecture of global governance that effectively enhances mutual supportiveness between trade and sustainable development. In addition, it raises a number of issues and questions that merit further investigation by researchers and policy makers in order to achieve this aim. Although there appears to be considerable interest in the topic among governments, research institutes and civil society in general, there remain significant gaps in the research. In particular, the following issues and questions regarding the formal architecture of global governance and the role of non-State actors should be highlighted.

Improving the formal architecture of global governance of trade and sustainable development:

- How can MEAs become more effective in addressing their relevant trade agenda?
- How do the sources of legitimacy of trade-related MEAs and the WTO impact on their functioning and effectiveness?
- How can the tension between subsidiarity and universality be resolved in relation to trade and sustainable development?
- What is the role of compliance with MEAs in preventing trade disputes, and how can compliance mechanisms be strengthened with this in mind?

Enhancing the ability of non-State actors to support the global governance of trade and sustainable development:

- What are the motivations and sources of influence for the business sector's engagement in support of the global governance of trade and sustainable development?
- What types of social controls are appropriate/feasible on the business sector's trade-related initiatives to enhance sustainable development?
- What are the general costs and benefits of participation by non-State actors in international processes that address trade and sustainable development and is there an optimal level of participation for specific cases or institutions?
- What constitutes efficient and equitable multi-stakeholder processes in the context of trade and sustainable development? How should these processes be structured and governed?
- Should any framework or internationally agreed guiding principles on the WSSD "Type II" Partnerships be developed for those partnerships that deal with trade and sustainable development (e.g. to ensure common definitions, balanced participation or effective implementation)?

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