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WORLD TRADE ORGANIZATION HIGH LEVEL SYMPOSIUM ON TRADE AND ENVIRONMENT 15-16 MARCH 1999
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The World Trade Organization (WTO) High Level Symposium on Trade and Environment was held at the WTO in Geneva from 15-16 March 1999. The Symposium was divided into three panels to consider: linkages between trade and environment policies; synergies between trade liberalization, environmental protection, sustained economic growth and sustainable development; and interaction between trade and environment communities. The WTO High Level Symposium on Trade and Development was held from 17-18 March 1999. Participants met during three panel discussions to consider: linkages between trade and development policies; trade and development prospects of developing countries; and further integration of developing countries, including the least developed countries (LDCs) into the multilateral trading system.

A BRIEF HISTORY OF WTO AND THE COMMITTEE ON TRADE AND ENVIRONMENT The WTO, established on 1 January 1995, is the successor to the General Agreement on Tariffs and Trade (GATT) and the embodiment of the results of the Uruguay Round. As the legal and institutional foundation of the multilateral trading system, the WTO provides the principal contractual obligations that determine how governments frame and implement domestic trade legislation and regulations. The WTO provides the platform on which trade relations among Members evolve through collective debate, negotiation and adjudication.

The WTO provisions include several references to the environment, such as the Preamble to the Marrakech Agreement, which notes the importance of "allowing for the optimal 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." Specific references to the environment are included in the Agreements on Subsidies and Countervailing Measures, Agriculture and Technical Barriers to Trade and a number of other WTO provisions.

The principal focus of the WTO's work on trade and environment is contained in the Uruguay Round Final Act, under which Ministers adopted a Decision on Trade and Environment that called for the establishment of the Committee on Trade and Environment (CTE) and outlined its work programme. The decision states that the purpose of the CTE is "to identify the relationship between trade measures and environmental measures in order to promote sustainable development," and "to make appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required, compatible with the open, equitable and non-discriminatory nature of the system." The CTE builds on progress achieved in the GATT's Group on Environmental Measures and International Trade, the Committee on Trade and Development and the GATT Council.

The 1996 report of the CTE summarizes the discussions and presents the conclusions of the CTE on its work programme. The Singapore Ministerial Declaration, adopted in December 1996 at the WTO Ministerial Conference, noted that the CTE had made an important contribution toward fulfilling its Work Programme. The Declaration also notes that the breadth and complexity of the issues covered by the CTE Work Programme show that further work needs to be undertaken on all items of its agenda.

The WTO's first Symposium on Trade, Environment and Sustainable Development was convened from 20-21 May 1997 in Geneva and attended by over 70 NGOs. The Second WTO Symposium of NGOs was held at the WTO in Geneva from 17-18 March 1998. The Symposium was attended by over 150 individuals representing environment and development NGOs, private corporations, research and academic institutes, and over 60 individuals representing Member governments. The objective of the Symposium, organized by the WTO Secretariat, was to broaden and deepen the constructive dialogue between NGOs and the WTO on the relationship between international trade, environmental policies and sustainable development.

REPORT OF THE SYMPOSIUM ON TRADE AND ENVIRONMENT

OPENING SESSION

Renato Ruggiero, Director-General, World Trade Organization, welcomed the participants and noted with pleasure the participation of large number of high ranking delegations from capitals and representatives of civil society. He said Sir Leon Brittan had proposed and President Bill Clinton endorsed the holding of a High-level Symposium on Trade and Environment. He read a message from President Clinton that stressed the need to strengthen environmental protection; ensure trade rules support national policies providing for high levels of environmental protection and effective enforcement; and achieve greater inclusiveness and transparency in WTO proceedings. President Clinton's message indicated proposals the US would make at the symposium including the reduction of environmentally damaging subsidies and a pledge by the US to conduct an environmental review of the next round of negotiations.

Ruggiero said the aim of the symposium was to improve the critical relationship between trade and environment and better understand the objectives and functions of the WTO. He identified the objectives of the WTO as lowering barriers between peoples and nations, avoiding discrimination and creating a global trading system that is rule-based not power-based. He stressed the need to accelerate the work of the CTE, consider environmental assessments of WTO work and tackle the problem of poverty. He emphasized that the WTO is an ally of sustainable development and underscored the common objectives of the trade and environment communities - strong rule-based trading regime and strong and effective environmental regimes. He said this common objective could not be attained through unilateralism, discriminatory actions and protectionism but through consensus and negotiations. He underscored the need to reach global consensus on all environmental issues and give this consensus a stronger institutional voice. He concluded with a call for a new vision of global governance that would embrace more nations at the highest level of decision making.

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Sir Leon Brittan, Vice-President of the European Commission, identified the key to successful policy on trade and environment to be a coordinated approach to sustainable development. He informed the delegates of an EC study on the likely impact on sustainable development of a Round based on the proposed Millennium agenda and encouraged others to follow suit. He indicated a preference for MEAs as compared to unilateral actions and stressed the need for confidence that WTO rules accommodate aims of Parties to MEAs. He said it was undesirable for each WTO member to take whatever trade measures it sees fit, based on its view of the acceptability of the way in which products are made in other countries. The issue of PPMs was linked to that of labeling and he stressed the need to adopt a clear and workable approach to eco-labeling. On the precautionary principle, he said there was a need to give it greater definition and prevent it being invoked in an abusive way. He underlined the importance of coherence in policy-making and suggested that all WTO members, including developing countries, pursue integrated trade and environment policies. He suggested, in conclusion, that negotiators "mainstream" sustainability at the ministerial meeting in Seattle.

KEYNOTE ADDRESSES

Klaus Töpfer, Executive Director of UNEP, stressed that trade or environmental policy cannot be isolated from the impacts of international debt, the need to alleviate poverty, the equitable imperative to transfer technology or the need to enhance the capacity of developing countries to face the challenges of sustainable development. He said it was neither fair nor reasonable to expect the WTO to shoulder all the responsibility and recalled that the UNEP Governing Council last month gave UNEP a strong mandate to assume a key role on environment and trade.

He said the first step was to identify the environmental strengths and weaknesses of existing and proposed trade rules. He noted that UNEP would give priority to collecting empirical data on the environmental consequences of international economic policies. The second step is to exploit the environmental benefits of economic liberalization, such as full cost internalization and the removal of price distorting subsidies. The third step, he said, was to articulate and clarify the fundamental principles of international environmental policy that must be accommodated by the rules of the multilateral trading system. The final step would be to determine how the multilateral trading system should accommodate fundamental environmental principles in the service of sustainable development. Economic liberalization has vastly different effects depending on the underlying social, economic and environmental conditions.

Ian Johnson, Vice President, Environmentally and Socially Sustainable Development of the World Bank, said the challenge facing the world was to take advantage of the trade flows that had lifted millions out of poverty while doing a better job of protecting the environment. As to whether trade liberalization helps or hurts the environment, he noted that the answer depends on which sectors of the economy expand or contract as a result of liberalization. Equally crucial are the effectiveness of the liberalizing country's environmental policy and how much of its trade-generated wealth is used to improve the environment.

He noted that trade polices are not the best way to attain environmental objectives. Since virtually all environmental damage is related to production and consumption, trade measures can only be justified if more direct instruments do not work or are not feasible. He also stressed that allowing unilateral sanctions against pollution or environmental degradation in another country would fundamentally shift the trading system towards one based on power rather than on rules.

Maritta Koch-Weser, Director-General, the World Conservation Union (IUCN), highlighted several fronts on which there must be action including: capacity building within countries; intellectual property rights and the sharing of benefits from international use of genetic resources and biosecurity; creation of a standing committee on trade and the environment; strong role for the civil society; and an evaluation of the existing rules of trade to determine how they might be used to inform the next round of negotiations. She said that IUCN would be proactive in responding to these challenges.

DISCUSSION

CANADA supported by the US and FINLAND, stated that environmental considerations must necessarily feature in upcoming WTO negotiations. Key issues include: clarifying the relationship of MEAs and WTO rules through an interpretative statement; ensuring that eco-labels relying on life cycle analysis avoid disguised trade restrictions; promoting the work of the CTE; and exploring possible collaboration on an environmental review of WTO negotiations. The US stressed the rights of Member countries to have high levels of environmental protection and, with CANADA, highlighted the importance of an early environmental review for the next round of negotiation. DENMARK, with SWEDEN, said the WTO must pull its weight on the environment. He stressed the need to identify "triple win" situations: measures that lead to trade liberalization, better environmental protection and improved economic and social development of developing countries. FRANCE called for WTO rules to promote voluntary initiatives and liberalization of goods that have a favorable impact on the environment. GERMANY highlighted the need for "cooperation" - between states, governments and civil society and trade and environment policies. The UK said governments must avoid forging new protectionist tools. Wherever possible, environmental regulation must be multilaterally based and command the widest support. However, trade rules must not be used to frustrate legitimate environmental protection. JAPAN suggested a review of Article XX with a view to introducing a link between MEAs and trade.

INDIA underscored the importance of common but differentiated responsibilities of countries toward the goal of environmental protection and sustainable development. He said that poverty is the biggest environmental problem facing the world. He questioned the demand for NGO involvement in WTO negotiations, noting that delegations act as per the wishes of the governments, almost all of whom are democracies. PAKISTAN called for a reaffirmation of Rio principles and strengthening of mechanisms to comply with Rio obligations. He objected to measures taken on grounds of PPMs. INDONESIA, supported by INDIA and PAKISTAN, noted the importance of taking measures to alleviate poverty. He said that while environmental protection is important, the international community should be more sensitive to other problems.

GREENPEACE stated that the lack of transparency and adequate consultation with all stakeholders must be urgently addressed. He called upon WTO to, inter alia, recognize the equal legal status of MEAs, recognize the permissibility of unilateral trade measures, and not commence negotiations on investment liberalization. INTERNATIONAL FUND FOR ANIMAL WELFARE welcomed statements made on PPMs and noted that unilateral action in the past had spurred action on the environment. COMPASSION IN WORLD FARMING said he was not asking WTO to solve animal welfare problems, but to stop getting in the way of those who do. WWF supported conducting an environmental impact assessment of trade and making sustainable development an overarching goal of the WTO. SIERRA CLUB CANADA called for a review of the Uruguay Round before any new round of negotiation begins. She said the WTO needed to incorporate labor standards and human rights and reduce tariffs on goods and services produced in an environmentally sustainable manner. The NATIONAL ASSOCIATION OF MANUFACTURERS said that multilateral trade rules must not allow the use of unilateral trade measures or sanctions for environmental purposes. INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT (IISD) said it was unfortunate that the environment and development symposia were being held separately as such separation ran the risk of making development a Southern and environment a Northern agenda.

PANEL I - LINKAGES BETWEEN TRADE AND ENVIRONMENT POLICIES

Moderator Michael Zammit Cutajar, Executive Secretary, United Nations Framework Convention on Climate Change (UNFCCC), noted that both generational and philosophical conflicts existed in the field. While trade policies were "old as hills," environment policies "to keep those hills green" were recent. And while trade policies emphasized liberalization and freedom, environment policies emphasized conservation and protection.

MAIN SPEAKERS

Luis de la Calle, Under-Secretary of International Trade Negotiations, Secretariat of Trade and industrial Promotion, Mexico, stressed that the challenge in the current debate lay in separating the environmentalist from the protectionist. He said that rather than being subject to trade sanctions, developing countries must benefit from access to sophisticated environmental technology, technical and political support from the international community and funding for environmental protection from multilateral lending institutions. He said the

future of the international trading system was dependent on the integration of developing countries into the trading system. Unless developing countries have access to global markets in order to create sustained economic growth they will not have the resources to protect their domestic environments and the global commons.

Durwood Zaelke, Center for International Environmental Law (CIEL), said that environment and development issues must be considered together and formally discussed in the work plan for the 1999 Ministerial. The current system does not ensure equitable distribution of wealth. He noted a great disparity in consumption and income and said that new rules may thwart efforts to address this imbalance. He also noted that the WTO must re-assess the role of the principle of national treatment. Implementation of common but differentiated responsibility and more work on technology transfer, backed up with meaningful amounts of money, are also needed.

He stated that governments must ensure that growth remains within the limits of the ecological boundaries of the planet and noted that the concept of "sustainable scale" was finally entering into the mainstream literature. All WTO committees should have the mandate to examine policy integration as part of their ordinary work. This will require greater coordination and reorganization of the Secretariat. WTO members must evaluate the environmental and societal impacts. Civil society is unlikely accept further trade liberalization until they understand the impacts of the Uruguay Round.

DISCUSSANTS

John Mugabe, Director, African Centre for Technology Studies, Kenya, noted the need to address a cluster of issues including the use of trade measures to secure environmental goals, trade effects of environment-related measures and environmental regulation of production. He stressed that trade restrictions did not necessarily improve the status of the environment.

Sylvia Ostry, Senior Research Fellow, Center for International Studies, University of Toronto, noted that the world changes too quickly for governments. Policy is often made in a rear view mirror and unintended consequences emerge. She said there are enormous difficulties in formulating operational policies to deal with trade, environment and development. The trading system operates on the notion of diffused reciprocity or "you do your thing, I'll do mine." She said this is alien to environmental issues, which are global commons concerns. If something is not worked out, the legitimacy of the WTO is at stake. There are two possible routes. One, which she cautioned against, is the litigious route, wherein governments continually seek legal redress for their disputes. The other is a political route involving negotiations.

Hanns R. Glaz, Member, Commission on International Trade and Investment Policy, International Chamber of Commerce, noted that trade is not an economic goal in itself. It creates competition and promotes division of labor based on comparative advantages and therefore creates growth. He said there should be no conflicts between MEAs and trade rules. If unilateral measures are justified, even on the basis of precaution, then the WTO could allow them to be applied in a non-discriminatory way. He stressed that environmental policies were as legitimate as other policies. He suggested that the best solution would be to resolve conflicts, should they arise, within international agreements.

John Cuddy, Officer in charge of Trade Division and Coordinator for Sustainable Development (UNCTAD), noted that capacity building needs and economic and social adjustment costs in developing countries had been underestimated. He referred to the multi-stake holder approach and suggested setting up working groups of trade experts to review the trade effects of MEAs. He said that little progress had been made in implementing enabling mechanisms at the international level to aid developing countries to liberalize effectively. He said that imbalances in the trade and environment agenda could only be worked out if enabling mechanisms were put in place.

DISCUSSION

Participants expressed a range of views on, *inter alia*: the need to curb protectionism in the name of the environment; the use of unilateral measures; the need to amend Article XX; transparency in the WTO; and the relationship of MEAs to WTO rules. ARGENTINA said that the developing countries as a general category had more doubts than enthusiasm as far as this debate was concerned. BANGLADESH expressed apprehension about a new round and criticized the use of unilateral measures on environmental grounds. ECUADOR stressed the need to avoid protectionism and generate wealth in order to alleviate environmental problems in developing countries. PORTUGAL said that the environmental problem was a global one and a global solution should be implemented so as to prevent protectionism. MALAYSIA rejected the need to amend Article XX and said PPM-based measures were inappropriate. BRAZIL stressed that reinforcement of multilateralism should be the highest priority for the WTO. A legitimate trade-related environmental measure should only be imposed after multilateral consensus is sought. JAPAN said a multilateral approach was clearly preferable to a unilateral one. THIRD WORLD NETWORK said the trade and environment conflict was a political one. He called for a change in attitude in developed countries. He said there was a need for transparency in the WTO for members of small developing countries that are often kept out of important discussions in small informal groups.

NEW ZEALAND said there was a need for clarification regarding non-parties to MEAs. A "first best" solution would be for countries to actively seek to involve others in adopting multilateral solutions to global environmental problems. CANADA suggested a "Principles and Criteria Approach" to deal with the issue of application of trade measures to non-members to the MEAs and said that in eco-labeling it should be possible to take life cycles considerations into account. The US said it must retain the right to have products entering its markets conform to the US standards and to take measures even where there is lack of full scientific certainty. UNITED STATES COUNCIL FOR INTERNATIONAL BUSINESS (USCIB) cautioned against an overemphasis on the precautionary principle as it undermines sound science. KOREA stressed that that integration of WTO rules and MEAs cannot be an overnight process because it is very technical and intricate. He noted that so far no dispute had arisen out of trade measures from MEAs, but the threat remains.

The moderator then summarized some of the central themes of the discussion. He noted that the comments reflected a difference in worldviews. While they could be reconciled, he echoed one discussant's comment that it was difficult to "make the deal stick." He noted a second discussion among the practitioners about possible conflicts and recalled a statement that there had been no conflicts yet and they remained unlikely. He recalled one discussant's caution regarding two possible paths: a litigious regime or a precautionary exploration to avert conflict. Lastly, he highlighted the importance of good coordination between governments and others. He recalled that the agreement emerging from Kyoto, while agreed by environment ministers, was an economic agreement.

PANEL II - SYNERGIES BETWEEN TRADE LIBERALIZATION, ENVIRONMENTAL PROTECTION AND SUSTAINED ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT

Moderator Fred Bergsten suggested that the panel focus on determining how the removal of trade distortions could have a positive impact on both environment protection, economic growth and development, i.e. "win-win-win" solutions.

MAIN SPEAKERS

Martin Khor, Third World Network, Malaysia, emphasized that the ultimate objective of the trade system should be sustainable development and liberalization should be pursued only where it contributes to sustainable development. He called for a "deep and honest review" of the Uruguay Round agreements and greater leeway for developing countries to implement the Agreements. In illustrating the need for state intervention and international cooperation in channeling trade towards sustainable development goals, he suggested that there be a new round of commodity agreements, and the trade community reorient the trading system to promote safe products and discourage or bar trade in harmful products.

He called for the removal of protectionist measures used by the North against the exports of the South. He referred to the TRIPs agreement as a protectionist device that enables technology owners to reap profits from monopoly pricing while hindering or preventing the transfer of technology. He endorsed a suggestion made by India in the CTE that exemptions or flexibility in implementing provisions of the TRIPs agreement be permitted for environmentally sound technologies and products. Finally he called for the resolution of the systemic issues of non-transparency and non-participation in the WTO to alleviate the atmosphere of suspicion and tension between civil society and the trade system.

Dan Esty, Yale Law School noted that protection is an ultimate goal of environmental regulators and the greatest fear of traders. The key is to ensure that the trading system is sensitive to environmental concerns and that the environmental regimes understand the need for economic growth. As a way forward he suggested refining the rules of the GATT. If possible synergies between trade liberalization and environmental protection are to be realized, the rules of the GATT must not be slanted or even appear to be slanted toward the promotion of trade interests at the expense of other values including environmental protection. He suggested a refinement of Article XX, including the "necessary" clause, which has been problematic. He proposed a "proportionality" test. He also suggested that PPM-based discrimination should not always be rejected and judged indiscriminately to be in violation of the GATT. It would be appropriate to spell out the limitations of the use of PPM standards. He said the WTO is still perceived by many people as a mysterious "black box" decision-making mechanism and suggested that initiatives to increase transparency should be shifted into high gear.

DISCUSSANTS

Stefan Bogdan Salej, President of the Environmental Council of the National Confederation of Brazilian Industries, Brazil. stressed the need for a change in attitude towards industry, which is currently treated as the enemy of the environment. He identified a need for resources and partnerships in the development and use of clean technology in developing countries. He called for an improved dialogue between the NGOs, government and industry. He recommended a redefinition of the production philosophy and suggested that organizations such as the UNIDO play an active role in the improvement of technology and process in developing countries.

Vandana Shiva, Research Foundation for Science and Technology and Ecology, emphasized that synergy cannot happen between unrelated and disconnected systems, as demonstrated by the convening of separate high level meetings for environment and development. She also cautioned against declaring synergy without demonstrating the will to resolve the conflicts. The absence of synergy between WTO rules and the MEAs is clearest in the area of biodiversity. She said that free trade rules create an environmental non-discipline that destroys biodiversity and encourages non-sustainable use. Since biodiversity is the basis of 70-90 per cent of livelihoods in the Third World, destruction of biodiversity translates into destruction of development options for the poor. The access to biodiversity is also undermined by the TRIPs agreement, which allows and encourages piracy of indigenous knowledge. She sought examination of the impact of WTO rules on the democratic functioning of countries, which she characterized as "thoughtless rules framed by detached people." She noted the "killing" of the biosafety protocol in Cartagena and said a handful of countries and corporations prevented agreement.

David Spencer, Deputy Secretary, Foreign Affairs and Trade Ministry, Australia, underscored the need to take a balanced approach to the relationship between trade liberalization and environment protection and capture the benefits of both. He said the big challenge was to search for "win-win-win" outcomes - trade reforms that also take account of social equity and environmental concerns. He suggested that the WTO play a role in reforming a range of policy interventions that exacerbate environmental problems. He called for the elimination of export subsidies, substantial reduction in agricultural domestic support, significant market access improvements, greater monitoring of fisheries subsidies and elimination of tariff peaks and escalation.

David Schorr, World Wildlife Fund (WWF-US) focused on fisheries subsidies noting that they amount to tens of billions of dollars annually and take wide variety of forms. They also have inevitable trade distorting effects and clear negative impacts on development. Many of these subsidies contribute directly or indirectly to the overcapacity of the world's fleets that helps drive overfishing. He called for careful work on how to distinguish good subsides from bad and better enforcement of current WTO rules, particularly Article 25 of the Agreement on Subsidies and Countervailing Measures, which requires notification to the WTO of all specific subsidies. He highlighted a statement issued by the governments of Australia, Iceland, New Zealand, the Philippines and the US calling for the WTO to pursue work on fisheries subsidies. Regarding "win-win-win" synergies, he stressed that some of the best opportunities lie outside the mandate and scope of the WTO and can be much better pursued through "parallel" arrangements with regional trade agreements. He also called for "mainstreaming" environmental concerns into the work of all relevant WTO bodies and agreements, rather than leaving the topic to a single disconnected committee.

DISCUSSION

Participants expressed views on, *inter alia*, the need for enhanced market access, removal of trade distorting subsides and the integration of development and environment concerns. LATVIA favored integration of environmental concerns into the WTO system but cautioned against this integration process serving as an obstacle to continued market openings and non-discriminatory trade. EGYPT noted studies demonstrating that textiles and agriculture, areas of developing country interest, are products most frequently subjected to environmental standards that lack sound science. CENTRO DE INVESTIGACIONES PARA LA TRANSFORMACION (CENIT) highlighted the difficulties in finding win-win solutions in developing countries and stressed the need for greater market access and removal of subsidies. ENVIRONNEMENT ET DÉVELOPPEMENT DU TIERS-MONDE (ENDA) highlighted the need to strengthen capacity building and enhance market access. He referred to the failure of delegates to agree to the Biosafety Protocol at Cartagena to illustrate the need for the WTO rules to encompass the culture of precaution and risk management.

INDIA said that no MEA had yet been prevented from coming into effect due to the WTO and opposed any amendments to Article XX as only unilateral measures would run afoul of Article XX. He supported BRAZIL and said NGO participation would raise problems of accountability. The PHILIPPINES and THAILAND cautioned against amending Article XX and said that if MEAs need to be changed, it should not be through the WTO's back door. CHILE suggested that environment protection be a state task, a gradual approach be adopted and the civil society be assigned a role in the process. He stressed the need for proportionality between the level of environmental protection and the stage of development of the country.

The US said that providing a free market for goods and services fosters technology transfer and provides access to the latest approaches to pollution prevention. JAPAN stressed, in dealing with rules for agricultural, forestry and fishery sectors, the need to consider factors such as the costs accruing from conducting appropriate production and maintenance, and enlargement of environmental benefits brought about by appropriate production. GERMANY stipulated that competitiveness would deteriorate and growth and prosperity would be seriously affected if environmental problems were ignored. The EUROPEAN PARLIAMENT cautioned against "eco-pessimism" in demanding a moratorium on a new round and said that now is the time for action. He said ideas, institutions and courage were essential now, noting these were the Ides of March.

ARGENTINA, CANADA, JAPAN and NORWAY supported examining subsidies. ARGENTINA said that countries presenting themselves as environmental champions need to remove trade-distorting subsidies that are creating poverty around the world. ICELAND cited it's fisheries as the only one in Europe that was market-based and free of subsidies. As a small nation, its only recourse on the issue is the WTO. OLDEPESCE questioned the approach of addressing fisheries subsidies and said problems stemmed instead from management. He said figures have been manipulated on endangered populations and subsidies. NEW ZEALAND noted that subsidies in agriculture do not have an environmentally helpful feature and those arguing in their favor are only defending domestic policy.

CANADIAN ENVIRONMENTAL LAW ASSOCIATION supported the call for a comprehensive assessment of the Uruguay Round. With GREENPEACE INTERNATIONAL, she cited the failure to achieve Biosafety Protocol as demonstrating problems with the WTO rules. CONSUMER UNITY AND TRUST SOCIETY said that the protection of the human being has been missing from this debate and sought discussion of inequities arising from over-consumption. INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU) said MEAs must have priority over WTO rules, and gender and equality issues, as well as core labor standards need to be respected.

FEDERATION OF GERMAN INDUSTRIES said the spreading of environmental management systems is a key issue, and advocated the use of the life cycle approach and life cycle assessment. INTERNATIONAL INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (IIED) said that businesses and the private sector are already linking trade and environment ahead of this debate. AMERICAN FARM BUREAU stated that MEAs are against the interests of the US,

noting that the Kyoto Protocol would limit American agriculture and the biosafety protocol would restrict trade in genetically modified foods, even though they are safe. He said the WTO SPS Agreement already provides a venue for health and safety concerns.

BRAZIL characterized the WTO as a member-based rule-based organization and stressed that it was the member countries rather than the WTO that took decisions. She explained that it was up to member countries to listen to their civil society, arbitrate between competing opinions and identify their legitimate national interests. In response, Esty said that if the decisions of the WTO were to be seen as legitimate and fair, a broader set of voices would have to be built into the process. Schorr questioned if a WTO obligation requiring national transparency would be helpful. Brazil countered that such a rule was unnecessary because if the national governments did not consult civil society they would lose their jobs.

In responding to comments, Shiva questioned the American Farm Bureau statement regarding the safety of genetically modified products and the validity of the testing methods. As for the European Parliament statement that courage was required to continue negotiations, she said it does not take courage to rush into something in a "foolhardy" way, it takes courage to stop and assess the results of past negotiating rounds. On the Biosafety Protocol, she said that WTO rules had subverted agreement.

Spencer replied that the lack of policy coherence was not because of the WTO. The key problem in Cartagena was that it was not ripe for consensus. Shorr said the issues for future consideration should include PPMs, intergenerational equity, and the need to ensure the protection of the environment is not being used as disguised protectionism.

Khor suggested that developing countries be exempted from some WTO obligations on developmental grounds. He said it would be a mistake to support a new round believing that the environment would be addressed as all the issues slated for discussion are ones intended to pry open the markets of the developing countries. He recommended that the global system be looked at from the view-point of economic sustainability and social and environmental equity.

Esty recommended a refinement of Article XX to structure an ongoing balance between trade and environment regimes and interpret "necessary" consistent with common use rather than contorted GATT jursiprudence. He said PPMs needed to be taken into account because of spillover effects. He said there was no conflict between holding governments accountable and hearing a diversity of voices within the WTO.

PANEL III - INTERACTION BETWEEN THE TRADE AND ENVIRONMENT COMMUNITIES

Moderator, Prince Sadruddin Aga Khan commenced the session by outlining the various issues he expected to be covered in the session inter alia, relationship between the civil society and the WTO, relationship between environment and other international organizations and coordination between trade and environmental policy-makers.

MAIN SPEAKERS

David Runnalls, Interim President, IISD, emphasized the need to demonstrate that trade liberalization can bring real gains in sustainable development. He expressed concern at the separation of environment and development issues in the organization of the two symposia. In response to previous statements, he said the failure of the Rio bargain resulted from the failure of the North to take its agenda seriously. He predicted a genuine possibility for a bargain in the Millenium Round. He supported the call by Sir Leon Brittan for a sustainability assessment for the next round. He suggested the creation of a multi-stakeholder group to advise Renato Ruggiero's successor. He recommended: a focus on sustainable development in general; a focus on sustainable development in the South in particular; the creation of a standing conference on trade and environment; and the consideration of a WTO Agreement on Environment, taking into account PPMs and the promotion of transparency and participation. He concluded on a note of caution against the negotiation of an investment agreement in the WTO.

Michael Windfuhr, Coordinator of German NGO Working Group on Trade and Environment, Vice President of German Watch, said the far-reaching scope of the trade rules makes it essential to discuss their linkages to other areas and called for mutually respectful policy regimes. He called upon WTO members to consult at the national and international levels before negotiations take place. Regarding transparency, WTO should pursue formal cooperation agreements with other international bodies, not just other economic bodies. On NGO participation, he supported adoption of a consultative status system. He sought time to assess the impact of the Uruguay Round and suggested slowing the preparations for a new round of negotiations.

DISCUSSANTS

Taimoon Stewart, Research Fellow, University of West Indies, Trinidad and Tobago, suggested moving towards conciliation with a respect for the fears and concerns of each Member. She highlighted the importance of building capacity in the South. She explained that the South supported the WTO rules because they see these as protection against unilateralism, yet they had difficulties with TRIPS because these were perceived as unfair. She rejected "harmonization of environmental standards" because environmental conditions and requirements differed from territory to territory and uniform standards could result in inappropriate allocation of limited resources.

Fermaud Thumes, on behalf of James Currie, Director General, Directorate for Environment, Nuclear Safety and Civil Protection, European Commission, stressed that the WTO cannot work in isolation from other international bodies and noted that organizations like UNEP, UNCTAD, the CSD and the OECD have an important contribution to make. In this context, the efforts undertaken by UNEP to become more actively involved in the international debate on trade and environment and to develop cooperation with the WTO are particularly welcome. He focused on the need for transparency in WTO activities and highlighted the EU's broad consensus on the topic. The experience of the MAI negotiations demonstrates that lack of transparency generates tensions and social resistance. The WTO itself does not carry the primary responsibility in trade matters, its Members do. They must develop mechanisms for public consultation.

Gary Sampson, Visiting Academic, London School of Economics, UK, outlined critical trade and environment issues that need to be dealt with on the road to Seattle. On transparency and public access he stressed access to WTO documents and dialogue with civil society. On trade liberalization and the environment, he recommended removal of distortions in the fisheries, agriculture, forest product and energy sector. He recommended resolution of issues related to PPM - based environmental standards and the inter-relation of MEAs and WTO. He suggested the establishment of a consultative approach, characterized by full transparency and widespread participation, to deal with disputes such as those related to the environment.

Hajime Ohta, Executive Counselor, Keidanren (Japan Federation of Economic Organizations), recommended that the WTO treat those MEAs that represent international consensus as exempt from the application of WTO principles. He referred to the possibility of another type of international consensus. He said that though the Kyoto Protocol represented international consensus on the goal of reducing greenhouse gas (GHG) emissions, concrete measures undertaken to realize this aim which could require a particular level of energy efficiency in certain devices, both domestic and imported, could give rise to future trade and environment frictions. In conclusion, he said that trade liberalization is intended not only to raise standards but also to realize the effective distribution and utilization of resources, a necessary part of mitigating environmental impact.

Konrad von Moltke, Senior Fellow, WWF, rejected the suggestion by Ruggiero for a world environmental organization citing the inability to limit the consideration of environmental concerns to one organization. He said one of the basic problems was that the environmentalists had failed to make their case to the South. He said the Southern countries were concerned about falling commodity prices and if that issue were resolved they would have a larger share of the economic rent. In recommending that investment not be taken up in the next round of negotiations, he said that the WTO, as a "policy wholesaler" that looks for one silver bullet to apply to complex problems, could learn from the approach of environmental regimes, which were "policy retailers", creating new regimes where needed. The failure of the MAI in the OECD teaches this lesson.

DISCUSSION

Discussions in this session centered on, *inter alia,* the need for civil society participation in the WTO, institutional reform, and coherence between trade and environment policies. BOLIVIA and COLOMBIA noted that much is published about WTO negotiations. The role of NGOs is important, but at the national level. OLDEPESCE said there should be reciprocity and Members should be entitled to know whom the NGOs represent. He asked why NGOs are absent in the IMF discussions, which may affect the environment more than trade.

SOLIDAR said that social activism has gone global and the genie of civil society involvement is out of the bottle. SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS said the CTE has been a failure and a distraction and a delay to any serious progress. He questioned why NGOs were excluded from it. KOREA recalled that NGO symposia had been held in 1997 and 1998. The Secretariat should extend its outreach activities, although primary responsibility for public acceptance is the governments. GREENPEACE noted that the reluctance for NGO involvement in WTO was similar to that exhibited by MEA negotiators when NGOs first became involved. They now proudly speak of NGO contributions. The US, with AUSTRALIA and CANADA, emphasized the need for increased transparency in the WTO. The US said the dispute resolution procedure must be open to observation by all members of the civil society. SIERRA CLUB CANADA called for further discussions on the interactions with the civil society.

The MONTREAL PROTOCOL SECRETARIAT recalled a recent decision under the Montreal Protocol involving trade restrictions. No one challenged this is in the WTO panels, because in spirit the WTO provides for this. This implies that conflict could be avoided if MEAs and the WTO consult. UNICE spoke against having a repetition of the situation with the Basel Convention, which violates the WTO. He proposed amending WTO agreements to include a provision on the relationship with other agreements. WORLD FEDERALISTS OF CANADA said a next step toward institutional reform could be including UNEP in the integrated framework for technical consultation.

ZIMBABWE expressed concern that liberalization has not addressed greater integration of all countries into the multilateral trading system and called for recognition of common but differentiated responsibilities. He was also concerned that that Article XX may be used as an excuse to protect domestic production. ANGOLA said it was unjust to expect developing countries to deal with environmental problems to the detriment of more immediate problems. JAMAICA said the focus should be on the individual and his/her welfare. SOUTH AFRICA stressed that the need to address environmental issues should be commensurate with the country's level of development. FRIENDS OF THE EARTH-INTERNATIONAL called for a reduction of consumption in the North, a review of the Uruguay Round and a moratorium on any further rounds. TURKEY said that synergy for environmental matters can be created with involvement of informed consumers who will change their habits, businesses making environment sustainability part of their corporate strategy, and countries ready to forego short-term national interests. SWITZERLAND, with the representative of CITES, said that the players concerned have to cooperate and called for improved coordination domestically so that countries can have consistent positions in different fora. HUNGARY with NORWAY said that the environment had to be predominantly dealt with at the national level but complemented by a dialogue in an international level

CLOSING STATEMENTS

The moderator then provided a summary of the discussions. He said environmental conditions are worsening daily and the dialogues within these walls have failed to proceed quickly enough to stave off damage. This session discussed the linkage between trade and environment communities. Several participants stressed that that trade, environment and development must be considered together. Public support for the WTO is waning and civil society needs to be engaged in the debate. The result could be combined with the trade and development symposium and submitted as a joint contribution to the WTO.

Ruggiero concluded the Symposium by declaring it an important and positive event. He said the quality of speakers and interventions had been extremely high. He noted that many participants had urged that trade, environment and sustainable development be addressed in a comprehensive way, which means inclusion of improved market access, capacity building, technology transfer, debt relief and other things. He said all participants agreed that WTO must avoid a situation that opens up a new North-South divide. He noted that many participants see the issue of transparency differently, but there is an appreciation of progress by many in this area. He noted that the idea for an environmental review was supported by many. MEAs are the best way for governments to tackle transboundary issue, but there were strong views on Article XX and how PPMs should be addressed. There was also agreement that trade restrictions are not the best means of addressing environmental problems. He welcomed statements on cooperation between UNEP and WTO and more coherence between two, as well as those for policy coordination at the national level. In conclusion, he declared the meeting closed, but said a new dialogue was now open.

REPORT OF THE WTO HIGH-LEVEL SYMPOSIUM ON TRADE AND DEVELOPMENT

OPENING STATEMENTS

Renato Ruggiero, WTO Director-General, introducing the Symposium, said that in some ways the dialogue on trade and development was an old one, because development was one of the central goals of the GATT. However, the dialogue was also new because, in the age of globalization, interdependence and instantaneous communications, the level of inequality between countries and people is becoming increasingly unacceptable. He noted that more than two billion people—a third of humanity—live on less than 2 dollars a day, 1.5 billion people lack access to fresh water, and 130 million children have never gone to school. The idea that billions are mired in poverty, while others grow richer, was not just unsustainable it was unconscionable. The second difference is that the role of developing countries in the trading system has changed profoundly. When the GATT was born there were just 23 members, and only 11 of these were from the developing world. Today the WTO had 134 Members, of which 80 per cent were developing, least developed or transition economies. Of the 30 candidates negotiating to join, practically all were developing economies or economies in transition. He said that developing countries are becoming more and more important to the health of the world economy. Between 1973 and 1997, the developing countries' share of manufactured imports into developed markets tripled-from 7.5 per cent to 23 per cent. This reflected the reality that the development challenge is no longer a challenge only for developing countries but should be a concern of the advanced economies as well.

Ambassador Ali Mchumo, Chairman of the WTO's General Council, said the symposium should contribute to: facilitating the integration of developing countries in the multilateral trading system; building coherence among trade, finance and development policies and institutions; improving the participation and reducing the vulnerability of LDCs in the trading system; and developing the role of the WTO in supporting the developmental objectives identified in the Marrakesh Agreement.

Rubens Ricupero, Secretary-General of UNCTAD, stressed that there must be a clearly established strategy with a definite timeframe for the eradication of poverty. He said trade and development should mutually support and reinforce each other. He characterized the Asian financial crisis as a "crisis of development," examined its many dimensions and proceeded to discuss the needs of developing countries in future trade negotiations—more access and more flexibility. He said there was a need for greater access to markets for developing country goods and services. He proposed addressing the unfinished business of the Tokyo and Uruguay Rounds, *inter alia*, tariff peaks and tariff escalation in food, textiles, clothing, footwear and leather industries; the postponement until 2005 of economically meaningful removal of restraints on developing countries' exports of textiles and clothing; embryonic liberalization of trade in agriculture; abuse of anti-dumping procedures; the problem of rules of origin; and technical standards and environmental barriers. He also called for re-invigorated special and differential treatment, and enhanced trade-related technical cooperation. These goals, to be achieved through cooperation between international organizations, could help developing countries become active protagonists in future negotiations.

KEYNOTE ADDRESSES

Paolo Fulci, President of ECOSOC, stressed the need to ensure policy consistency and coherence between trade, aid, financial and environmental aspects of policies. Poverty eradication should be the top priority. He said poverty was our main enemy as it generated ignorance, hunger, illiteracy, unemployment, environment degradation, intolerance and hatred. He called for globalization to assume a human face. He stressed that partnership not hegemony is the key element. He said trade must be inclusive of all and the poor, weak and vulnerable had to be able to partake of the benefits of trade.

Shigemitsu Sugisaki, Deputy Managing Director, International Monetary Fund, stated that one of the greatest disappointments of the last two decades has been the failure of living standards in the world's poorest countries to converge toward those of the richer countries. This disappointing performance, despite all the efforts so far, underscored

the urgent need to look for far-reaching and bold solutions. He noted three critical components: action by the LDCs to sustain and strengthen their own policies for growth and development; action by the international community to improve the external financial environment, particularly through appropriate debt relief, bound duty-free access for all LDC products and concessional assistance; and, improved access to industrial countries' markets that would increase incentives for trade and investment activities in LDCs. He also endorsed the proposal for bound, duty-free access for LDC exports.

Caio K. Koch-Weser, Managing Director, Operations, the World Bank, stated that for nearly two decades, developing countries as a group have been in the vanguard of progress on trade liberalization, and this openness to trade has paid off not only in higher growth but also in providing a stimulus to the world economy as a whole. He stressed the importance of protecting these gains and resisting a return to protectionism. He said that everyone has a role to play in moving this agenda forward, from the World Bank and other international institutions, to countries themselves. Trade alone cannot form the basis for lasting development. It must be part of a broader development agenda to invest in the poor and integrate them into the global economy. He also stressed the necessity of integrating trade policies into an overall framework of macroeconomic, sectoral and social policies geared to poverty alleviation, and the need for "good governance".

Professor T. N. Srinivasan, Chair, Department of Economics, Yale University, highlighted the folly of trying to achieve too many policy objectives with one instrument and suggested that the TRIPS be taken out of GATT and handled by WIPO; the CTE be wound up and environment tackled by UNEP; and labor be excluded from the purview of GATT and handled by the ILO. He stressed the need for agricultural trade to be brought under GATT. He understood "developing country hesitancy" in entering into a new round of negotiations. He characterized anti-dumping as the equivalent of a "nuclear weapon in the armoury of trade policy" and suggested removing it. He said the issue of regional agreements could be dealt with by introducing a "sunset clause," whereby preferences available to the members of the regional agreement would be extended to all WTO members in five years. He said developing countries had contributed to their own marginalization from the multilateral trading system and had forfeited many benefits owing to their insistence on special and differential treatment. It was not in the interest of developing countries to postpone a new round. They should adopt a pro-active agenda focusing on key interests. He also doubted the utility of preferential market access for least-developed countries.

DISCUSSION

BANGLADESH stressed the need to review all past commitments made to LDCs by the developed world, as well as their implementation. He highlighted the limited capacity of LDCs to take on any new commitments. With INDIA and ZIMBABWE, he was unwilling to take on any new issues as the WTO agenda was overloaded. PAKISTAN and INDONESIA called for coherence in macro-economic policies and renewed international development cooperation. COSTA RICA highlighted the need to open up markets, strengthen trade disciplines, and counter protectionist trends and unilateralism. He stressed that the new round should ensure *inter alia*, greater liberalization of customs procedures and elimination of tariff peaks and escalation. SENEGAL highlighted the need for debt relief measures and greater policy coordination. EGYPT said the WTO had contributed to trade promotion, but there are increasing concerns over imbalance. He requested the Secretariat to analyze the distribution of the benefits from the Uruguay Round. COLOMBIA called for an instrument that will provide equal access to justice in the WTO dispute settlement process. He noted that a group of countries have proposed an autonomous center for legal assistance for the least developed countries.

THIRD WORLD NETWORK disagreed with the idea that trade always leads to growth and that the Uruguay Round benefited everyone. He cited a number of recent studies demonstrating that inappropriate trade liberalization can lead to losses and economic stagnation, as seen in many African and Latin American countries. The WORLD DEVELOPMENT MOVEMENT recalled his group's opposition to the Multilateral Agreement on Investment (MAI) because it proposed to sweep away policies that governments used to meet their development objectives.

The EUROPEAN UNION said that the best way for developing countries to prevent unilateralism and protectionism and ensure integration into the multilateral trading system would be to enter into a new round. He said the EU would put all its current tariffs on table for the new round. He stressed the need to help developing countries with implementation, develop an approach to capacity building and ensure institutional reform to facilitate developing country participation in the WTO system. With the UK and DENMARK, he called for LDC concerns to be given specific consideration. The US elaborated on the elements of President Clinton's conception of the new round. It included an accelerated agenda for negotiation, institutional reform to ensure transparency and capacity building and ongoing trade liberalization. She said the US was willing to work on increasing market access in agricultural and industrial goods, discussing implementation problems on a case-to-case and issue-by-issue basis and making improvements to dispute settlement procedures.

PANEL I: LINKAGES BETWEEN TRADE AND DEVELOPMENT POLICIES

This panel was moderated by Paul Collier, Development Research Group, World Bank.

MAIN SPEAKERS

C. Fred Bergsten, Director, Institute of International Economics, Washington D.C., identified the urgent need for a new round based on his estimation that the openness of the trading system was at risk from protectionist measures in the EU and US. He enumerated possible priority interests the developing countries could pursue in the new round including increased market access for textiles and agricultural goods, elimination of preferential tariffs in regional arrangements, new agreements on foreign direct investment, tougher discipline on the use of anti-dumping duties, liberalization of the movement of natural persons and further strengthening of the dispute settlement mechanism. He said developing countries had a great deal to gain from launching a new round and as a strategy it was preferable to re-negotiating the Uruguay Round. He also advised developing countries to avoid a push for renewed "special and differential treatment" but rather to seek full and active participation as equal partners in the trading system. He said that a new round was essential to keep the "bicycle" of trade liberalization moving forward.

DISCUSSANTS

María Livanos Cattaui, Secretary General, International Chamber of Commerce, argued that any new approach must account for micro-economic aspects. As for LDCs, she called for a focus on local business, local markets and proper partnerships with international business. She regretted that many developed countries still maintain protectionist policies in textiles and agriculture. There were also many practical issues that impede the free flow of goods, such as technical standards and labeling requirements. She said the role of trade in promoting development should not distract from the essential preconditions for development, such as stable political systems, a solid framework of business laws, an independent judiciary and an efficient and honest bureaucracy. She also asserted that the capital-hostile environments of many developing countries discouraged both foreign and domestic investment.

Keith Bezansen, Director of the Institute of Development Studies, UK, said a new round of global trade negotiations was urgently required to further the interests of development. He encouraged tackling the unfinished business of the Uruguay Round, i.e. textiles, clothing and agriculture. Whatever could be said about the defects, dangers and consequences to development of economic openness, there was for him little doubt that a new era of protectionist trade policies emanating from the US would severely damage the prospects of poorer countries. He said there were many lessons yet to be learned about the linkages between trade policy and development, as this was such a complex area. The experience of East Asia and some countries in Latin America highlighted the importance of the proper phasing of economic opening and the need for caution with regard to capital account liberalization. He emphasised that trade policies should be integrated into a wider framework of development policies that include savings and investment, macroeconomic stability and the development of human resources.

Wontak Hong, University of Seoul, Republic of Korea, suggested focusing on ways for developing countries to be more active partners in the WTO system. He recommended learning from the East Asian experience. Expansion of labor-intensive manufacture exports could be an important engine of growth as it would increase employment opportunities, improve overall labour efficiency and create a dynamic learning effect. He emphasized the need for an appropriate role for

government and cited this as the lesson of the Asian economic crisis. Industrialized countries and the WTO must learn to tolerate a more active governmental role in developing countries.

Deepak Nayyar, Jawaharlal Nehru University, New Delhi, stressed that trade was not an end but a means, and development was not about economic growth but about improving living conditions. He said that export orientation is not the same as openness. The degree of openness and nature of intervention are strategic choices in the pursuit of industrialization that cannot be defined "once and for all" as they depend on the stage of development and must change over time. He also said it was essential to redefine the economic role of the State *vis-à-vis* the market so that the two institutions complement each other as circumstances or times change. Highlighting the fact that striking asymmetries exist in a world of unequal partners, he said different rules exist in different spheres. For example, free movement of capital contrasted with the absence of free movement of labour. He said the emerging asymmetry in international rules significantly reduced the autonomy of developing countries in the formulation of economic policies in the pursuit of industrialization and development.

John Toye, UNCTAD, acknowledged that it was urgent to launch a new round of trade talks, but raised questions as to whether this would be feasible in the timeframe envisaged. He wondered whether sufficient time remained to implement a programme of technical assistance for developing countries to be ready for negotiations due to open in November. He noted that if they feel rushed, Members may not cooperate in the necessary launch of the next round. He stressed that special and differential provisions should not grant generalized exemptions.

DISCUSSION

Participants expressed a range of views on the impact of increased trade liberalization and emphasized different priorities regarding issues that should be taken up in the WTO. INDIA said that developing countries had not gained from the Uruguay Round and underscored that only issues of importance to the industrialized countries had been dealt with in the previous rounds. He called for a re-balancing not re-negotiation of the Uruguay Round. He interpreted Fred Bergsten's remarks to imply that if developing countries do not agree to a new round and further liberalization, developed countries may renege on the full implementation of commitments already undertaken. EGYPT agreed that unexpected problems had arisen in the implementation of Uruguay Round commitments and the anticipated benefits had not materialized. With CUBA, he objected to the abuse of unilateral measures by industrialized countries. He recommended using the process of built-in review, mandated by the Uruguay Round results, to assess whether the system was working.

The SOUTH CENTRE sought a WTO where developing countries did not find themselves outmanoeuvred and outgunned on every issue and called for an institutional review of the WTO procedures. DOMINICAN REPUBLIC said the right to specialized treatment was a "dead letter." MOROCCO noted that there was a need to assess the impact of free trade on developing country economies. The AFRICAN, CARIBBEAN and PACIFIC GROUP OF STATES (ACP) SECRETARIAT said technical assistance was no substitute for ensuring capacity building to implement the agreements. He also noted that economic reform was a necessary foundation for participation in the world economy but those burdened by debt could not afford to undertake economic reforms. CONSUMER UNITY AND TRUST SOCIETY emphasized that the issues constraining market access for developing countries were to be given high priority. ICFTU said that developing countries respect core labor standards only under pressure from developed countries, which means the losers are workers in developing countries.

SWEDEN underscored the importance of market access in the coming negotiations. He supported the Chair's proposal to commit to ensuring duty free access for LDC exports at the Seattle discussions. He also stressed the importance of South-South trade, binding of tariffs at applied rates by developing countries and improved technical assistance. FRANCE called for adoption of a generous and ambitious programme of debt relief and highlighted its proposal to suspend payment on debts for 30 years. He emphasized the need for LDCs to take advantage of the access to technical cooperation and the use of generalized preferences. JAPAN emphasized the need for a new round and for it to deal with investment. He also stressed the importance of capacity building.

Fred Bergsten, in response to India, said that a World Bank Study had indicated a 1.2 to 2% annual benefit in additional GDP growth for developing countries from the Uruguay round. In response to Bezansen, he said that every one of the postwar negotiations had been triggered by protectionist measures - a result of macro-economic and monetary crisis. He said it was time for the "bicycle" to be started again.

In summing up, Paul Collier said that differing views had been expressed—that trade liberalization is a necessary and sufficient condition for development, that it is neither necessary nor sufficient and that it is necessary but not sufficient. He endorsed the view that trade liberalization was a necessary but not sufficient condition. He said many LDCs had created capital-hostile environments and did not have a social agenda in place to enable growth to be complemented by equity. He said trade policies need to be integrated into a wider framework of development strategies geared toward poverty alleviation. He said that specialization by LDCs and low-income countries in a narrow range of commodities had left them vulnerable to external shocks. Developing countries had contributed to their own marginalization by following closed policies. The WTO was therefore a natural organization for low-income countries. He said it was in the interest of small low-income reforming countries to try to get rid of anti-dumping activity, determine which environment and labour concerns are genuine and which are not and focus on agriculture and textiles as their key areas for reform in the next round. He supported the initiative on bound, duty free access for all LDC exports and upheld Fred Bergsten in his prediction that unless action is taken the future could be one of protectionism.

The following day, THIRD WORLD NETWORK, presenting a statement signed by a number of NGOs, said many participants were upset at the way the first panel was conducted and the moderator's conclusions. He said African countries were insulted by the moderator's remarks implying that they were deliberately marginalizing themselves within the WTO. He also characterized the moderator's message as stating that developing countries will only change when they are shocked and that the US was about to shock them with protectionism. Therefore, they had better prepare for a new round of negotiations. He also questioned Bergsten's remarks, which he said implied that developing countries must offer full market access to the US and Europe or face increased protectionism. He said this amounted to propaganda rather than economic science.

PANEL II - TRADE AND DEVELOPMENT PROSPECTS OF DEVELOPING COUNTRIES

Moderator Rubens Ricupero, Secretary General of UNCTAD, recalled that the previous day's discussion had demonstrated that development is an extremely complex issue and the trade and development relationship is even more complex. While there is no denying the relationship, its benefits are not automatic and many variables intervene.

MAIN SPEAKER

Carlos Magariños, Director-General of UNIDO, said more targeted efforts were needed to level the playing field for developing countries and allow them to improve their prospects for development. He said trade policy should be integrated into a wider framework of macroeconomic, structural and sectoral policies. As part of technical cooperation and knowledge transfer, he said that multilateral organizations should set up special task forces to help developing countries to better understand their own interests in trade negotiations and help them prepare their strategies and positions, individually or collectively. They should also contribute to developing country efforts to be included in the preparation of trade negotiations. He also suggested that mechanisms be found for information dissemination on the benefits of the Generalized System of Preferences (GSP) to those countries eligible. He proposed expedited entry into WTO of developing countries who have expressed a desire to join. He called for careful study of the timing, sequencing and degree of market liberalization, which would allow developing countries to adapt individually to the consequences of open markets. He highlighted the impact of technological advances that have lowered the cost of communication and transport, which could benefit developing countries.

DISCUSSANTS

Marcelo de Paiva Abreu, Rio de Janiero, Brazil outlined a possible agenda for the New Round and recommended removal of distortions in agricultural trade, improvements in the international discipline in anti-dumping duties and strengthening the multilateral system to deal with the use of unilateral measures. He suggested a re-examination of special and differential treatment for developing economies and said

such treatment should be geared towards integrating LDCs and low-income countries into the multilateral trading system. He referred to the importance of binding commitments and schemes relating to the general systems of preferences.

Arjun Sengupta, Centre for Policy Research, New Delhi, India stressed that unless trade liberalization was supported by policies in investment, infrastructure, social security and social development it would not lead to growth. He cited the failure of IMF adjustment programs in several African countries, suggested that this failure was due to the lack of sufficient resources and recommended that trade liberalization be accompanied by the provision of finance for developing countries. He highlighted the need for special and differential treatment for developing countries and justified it on the ground that it was essential for trade between unequal partners.

John Whalley, Universities of Warwick and Western Ontario, noted the complexity of considering environmental matters. He cited several factors such as progress in reducing tariffs, reduced transportation costs, technological innovation, strong growth in south-south trade, and events outside the WTO, such as the Kyoto Protocol process. The heterogeneity of the developing countries further complicated the picture. Regarding technical assistance, he said there had been a heavy focus on implementation of the Uruguay Round decisions, but there was an equal need to enhance capacity to negotiate. He recalled that in the Uruguay Round, the nature of special and differential treatment provisions had changed to reflect an increased emphasis on flexibility and transition times to meet adjustment costs. He noted the need to deal with "reverse" special and differential treatment, wherein developing countries are subject to particularly adverse rules for textiles and some components of agriculture. He questioned whether a focus on special and differential treatment could remain as the overall negotiating strategy of the developing countries and expressed doubt that this would serve their interests. He said access to the dispute settlement mechanism by LDCs should be strengthened and agreed that an independent legal advisory centre should be established. He noted the importance of overseas development assistance and debt relief.

DISCUSSION

Many participants focused on whether to pursue a new round of trade negotiations and highlighted issues that should be considered, either before or during further talks. HONG KONG, CHINA said that many Members were convinced that the agenda for a new round was unbalanced. The areas of interest to the developed countries were on it, while those of interest to developing countries were not. BOLIVIA said the most protected sectors were those where the developing countries are most competitive. He supported calls for a Legal Advisory Centre. SRI LANKA said that LDCs were becoming further marginalized while also being urged to "get in gear" by countries seeking access to their markets. GUINEA cautioned against overlooking the weakness of production capacity. BANGLADESH INSTITUTE OF DEVELOPMENT STUDIES expressed dismay that some countries and blocs were not seriously considering the issue of zero tariffs for LDCs. He said the Seattle meeting should agree to this. UNION OF INDUSTRIAL AND EMPLOYERS' CONFEDERATIONS OF EUROPE (UNICE) favoured including investment in the next round and urged that the failed MAI negotiation not prevent WTO from considering it. BRAZIL suggested, *inter alia*, increasing of minimum access quotas in agriculture, development of multilateral disciplines aimed at restricting abusive recourse to anti-dumping investigations, inclusion of services in the built-in agenda and multilateral monitoring of GSP schemes.

CONFEDERATION OF INDIAN INDUSTRY (CII) stressed the need for capacity building to precede any discussion of a new round. She said there was a need to examine issues related to special and differential treatment and anti-dumping. SWITZERLAND supported the need for coherence in policy between international organizations and between and among governments. He favoured the launching of a new round of negotiations and promised a focus on tariff peaks and tariff escalation, issues of importance to developing countries. NORWAY said it was unnecessary to wait until a new round to introduce improvements and called for improved access to dispute settlements mechanisms. FINLAND and UGANDA said WTO must ensure capacity building through adequate technical assistance programmes and with NEW ZEALAND supported duty free market access for LDC exports. KOREA called for exploiting the possibility of improved market access and said the next round should consider maintaining special and differential treatment. RESEARCH FOUNDATION FOR SCIENCE, TECHNOLOGY AND ECOLOGY (RFSTE) expressed disappointment at the "low level of metaphors being used in the high level symposia." She stressed that if there is a punctured tire on the bicycle it would make better sense to get off, the punctured tire being the ecological crisis. She suggested that every country be given two years for a democratic debate on the course of their future before coming back to the WTO. MEXICO underlined a need for developing countries to be proactive in preparation for the next round of negotiations. INSTITUTE FOR AGRICULTURE AND TRADE POLICY identified the need to review policies with regard to domestic and export subsidies and stressed that a new round of negotiations was premature.

Moderator Rubens Ricupero, summarizing many of the common themes brought up by the speakers, noted that: trade policy must be integrated into a wider set of development strategies; increasing coherence in international policy making, supported by efforts in other areas of finance and debt relief is needed; technology is important to development; continued improvement in market access, particularly in clothing, textiles and agriculture, is needed; and access to the dispute settlement mechanism should be improved. He said many participants had stressed that technical assistance was essential to build capacity to participate in trade negotiations and the WTO in general. There were many opinions on special and differential treatment. Many participants spoke in favour of the need to update the necessity of providing special treatment. He said what came across was a pragmatic approach in looking at opportunities for liberalization and flexibility of rules.

PANEL III - FURTHER INTEGRATION OF DEVELOPING COUNTRIES INCLUDING LEAST- DEVELOPED COUNTRIES (LDCs) IN THE MULTILATERAL TRADING SYSTEM

Ambassador Iftekhar Ahmed Chowdhury (Bangladesh), moderator, began by outlining possible areas for discussion, including the extent and manner of participation of developing countries; impediments to development faced by them domestically and internationally, and ways of overcoming these impediments; the role and limits of technical assistance; and the role of trade and other institutions in aiding integration of developing countries into the multilateral trading system.

MAIN SPEAKER

Honourable Alec Erwin, Minister of Trade and Industry, South Africa, said it was imperative that the rules of the multilateral trading system be designed to achieve clear and equitable objectives. If this were not done, the world system would run on the interplay of power but under the guise of rules. He stressed the need for the next round to address structural changes not just in the developing but also in the developed world. He questioned the continuing existence of "grandfather industries," in the developed world that prevented expansion of markets for developing world products. He highlighted the need for the developing world to trade with existing markets that have the capacity to purchase. He recommended that the developing world manage its economies in a way that would enable domestic accumulation of capital to take place and underscored the role of the governments in this regard. He suggested that developing countries should pool their resources and expertise together to present a counterweight to the G-7.

Sir Leon Brittan, Vice President of the European Commission, suggested that the WTO endorse capacity-building in Seattle and develop a work programme that could enhance cooperation among donors, avoid duplication and improve targeting of assistance. He encouraged the consideration of a new round of multilateral trade negotiations and explained that the new round was of vital importance to the developing countries as the agenda-setting process was of an open-ended nature and the outcome would be determined by consensus. He promised to put all EU tariffs on the table in the new round. He recommended combining the virtues of the non-discriminatory nature of WTO rule-making with special and differential treatment where it is justified on economic and developmental grounds. He said the EU already offered duty-free access for 99 per cent of LDC exports and believed that all industrialized countries should make a commitment at Seattle to ensure duty free access to all products exported by LDCs. He highlighted the need for flexibility and transition periods for LDCs.

DISCUSSANTS

Moussa Touré, President of Commission, West African Economic and Monetary Union, said that liberalization can only be beneficial if accompanied by complementary policies, which is currently not the case in many countries. He emphasized the problem of customs procedures for agricultural goods and said many LDCs have an unrealized potential because of non-tariff barriers in the developed countries and protectionist use of SPS standards. Currency volatility had also had a harsh impact on developing countries. He highlighted the importance of regional integration for small countries to prepare for competitive markets.

Denis Bélisle, Executive Director, International Trade Center UNCTAD/WTO, said the idea that developing countries could not exploit the opportunities because they have no products to export was incomplete and inaccurate. He noted three principal bottlenecks to increased developing country exports. First, he called for wide dissemination of readily understandable information on the multilateral trading system among policy makers. Exporters need to know the business implications of the system and to have a clear understanding, for example, of technical barriers to trade and phytosanitary measures that can restrict their exports. Second, he called for remedying the lack of competitiveness and knowledge of trade opportunities with a multi-tiered approach. This approach would include strengthened trade information services at the national level, rationalized enterprise cost structures and improved labor productivity through human resource development. Third, he called for increased practical experience in exporting through increased South-South trade, which would stimulate improved production processes and marketing skills. This would equip them to tackle the more demanding markets of the North.

Anna Kajumulo Tibaijuka, Special Coordinator for the Least Developed, Land-Locked and Island Developing Countries, UNCTAD, stressed the need for the next round of negotiations to address ways to overcome the supply side constraints facing LDCs. She called for a focus on human and institutional development, improvements in governance, poverty reduction and strengthening of democracy and human rights. The "slogan" for LDCs, she said, would be more aid, combined with debt alleviation, improved trading conditions and greater investment. She pointed to the fact that 20-40 per cent of export earnings of LDCs was spent on debt servicing and called for the implementation of various debt relief schemes. She highlighted a need for improving infrastructure and increasing market access and technical co-operation in trade. She also highlighted the need for technical assistance for LDCs to create a legal and institutional framework for foreign investments.

Robert Sharer, Chief of the Trade Policy Division, IMF, said that despite special concessions and trade preferences, the LDCs had remained largely marginalized from world trade and economic prosperity. To some extent, this was the result of LDCs' own economic policies, which had until recently not promoted a pattern of openness and links to the international economy. The global trading environment had not helped, however, since it had discouraged export diversification and exempted LDCs from necessary economic reforms. The new round of WTO negotiations would represent a unique opportunity to bring the LDCs into the global trading system and establish the external conditions that will allow them to diversify exports and use trade as an engine for growth and development. Offering LDCs duty free access to industrial country markets in exchange for their participation in the global trading system would give them the incentives to implement domestic reforms, especially a more liberal trade policy, that would also enhance their prospects for growth. Further, while potentially significant for the LDCs, this proposal would not involve significant costs for industrial countries. Past schemes to help the LDCs integrate into the international trading system had not worked. He said it was time to try something new.

DISCUSSION

Several statements underscored the need for and different approaches to capacity building. Many countries, such as GUATEMALA and URUGUAY expressed support for the establishment of a WTO legal advisory unit. COMMUNATÉ ECONOMIQUE ET MONETAIRE DE L'AFRIQUE CENTRALE (CEMAC) stressed the need for technical assistance. CANADA called for more attention and resources on building capacity in: understanding the issues of new negotiations and developing negotiating positions; implementation of existing WTO obligations; and fostering an enabling environment for development. The US agreed that the WTO would benefit by involvement of the recipients of assistance, which would ensure that it is demand-driven. The UK called on others to make the next round of talks a "development round." He said that if it is to be a development round, developing countries must have the capacity to negotiate. GERMANY stressed the role of technical-assistance and announced the contribution of DM 1 million to the WTO Trust Fund to support developing countries in securing their own interests in the multilateral trading system.

Market access for LDCs was the focus of several statements. The US said improving market access is a shared responsibility and it had taken in an increasing number of developing country imports and had a range of duty free treatment for LDC products. The NETHERLANDS said that talk of improved access for agriculture and textiles was not just intended to induce developing countries into consenting to another round. He envisioned a world without tariffs in a decade or so. FAO noted that agricultural performance of LDCs is poor and said it was no surprise that they had suffered serious economic setbacks. He sought to raise competitiveness of this sector and stressed that, despite progress, access to market was still constrained by SPS and TBT standards. FAO had embarked on a training programme for the next round. AUSTRALIA welcomed duty free access for LDCs, but said this alone was insufficient. They should not have to compete with heavily subsidized products. HUNGARY expressed support for a new round of negotiations and the suggestion that all developed WTO members should permit duty-free access for all LDC exports. He said that improved market access must be complemented by enhanced trade-related technical assistance.

INDIA explained the WTO "scepticism" of the developing world by pointing to the fact that the issues promoted by the developed world such as intellectual property rights and services had resulted in agreements; investment and competition policy had resulted in the creation of working groups; and environment had resulted in the creation of the CTE. However, developing country concerns such as technology transfer, financial mechanism, capacity-building, debt relief and supply side constraints had not been addressed. NEPAL called for an inclusive approach, assured market access for products of LDCs and increased bilateral and multilateral assistance to tackle supply side constraints. KOREA stressed the need to provide more flexible procedures for accession. He called for the adoption of the "umbrella waiver"—a legal basis to provide preferential treatment to LDCs. MALAYSIA said that the developing countries were not going to enter into the new round merely because of the threat of rising protectionism in the US and EU.

In summarizing, the moderator noted that many thoughts on integrating the developing countries into the multilateral trading system had been provided. He noted that developed countries should remember that an example is better than a sermon. He also noted many statements questioning the belief that simply freeing trade is enough. He said LDCs would be encouraged if the trading system does not become a source of additional obligations. The UK noted the importance of poverty alleviation and the need for integration of trade policies into a wider set of development policies.

WTO Director-General Renato Ruggiero, in closing the Symposium, noted that by the end of the four days of discussion, around 200 interventions from delegations had been made. He said the meeting had been positive and constructive, with an impressive number of interventions that had contributed to a better knowledge of problems pertaining to trade and development. He noted in particular: the strong emphasis placed on least-developed countries; the statement by Alec Erwin that trade liberalization and development policy required adjustment in both developing and developed countries; the wide consensus that trade liberalization was not on its own sufficient for development; and the support for closer cooperation between the main international organisations to ensure an integrated framework in terms of development strategy.

Mr. Ruggiero noted the discussion about the goals to be pursued through the WTO and took up Mr. Erwin's idea that greater social equity should be sought in future negotiations. It was recognized that there had been difficulties for many developing countries in implementing the Uruguay Round results; this was a serious issue that needed to be examined with an open mind in order to prepare future negotiations. Studies showed that, although there had been benefits from the Uruguay round, these had not necessarily been evenly distributed.

Regarding the next round of multilateral negotiations, which many had called a Development Round, some had expressed the need for delaying the initial phase of the negotiations. Others had indicated that it was necessary to meet the agreed deadline; this could be done if developing countries had greater confidence in themselves, their roles,

and their leverage in forthcoming negotiations. He recalled Mr. Ricupero's statement that developing countries needed to face a positive agenda with a more aggressive mind, so that they might define and defend their interests successfully.

The role of new technologies had been indicated as an essential element both of future negotiations and of the development process in general. He had been particularly impressed by negotiations for the liberalisation of telecommunications, which had been completed in a few months. These negotiations had not been particularly arduous for developing countries. They had quickly recognised that liberalization in telecommunications would be of interest to them as it would allow a flow of investment and network technology that would increase their competitivity. He also recalled that developing countries had made positive contributions in the area of electronic commerce, allowing agreement on an ambitious work programme. It was essential to consider how to use new technologies to accelerate the development of developing and least-developed countries.

Mr. Ruggiero said that a major success of the Symposium was the full support for giving priority to the integration of LDCs into the multilateral trading system, and the need for industrial countries to open their markets through bound duty- and quota-free access to the exports of LDCs, at an early stage of the next Round. He also noted full support for the development of an integrated strategy to address shortfalls in capacity experienced by LDCs, a quick decision on debt relief, measures to strengthen the access of LDCs to the Dispute Settlement Mechanism, and the provision of both financial and legal assistance to this end. He was grateful to the IMF, World Bank and UNCTAD for their support in this area.

Reacting to the concern expressed that the WTO system tended to exclude some developing countries, Mr Ruggiero recognised that the system was not perfect, and acknowledged that some developing and least-developed countries had difficulty in participating fully in the organization. This was mainly because there were too many meetings, which was an objective problem, but not the result of a deliberate policy of exclusion. While recognising that further efforts needed to be taken in improving the negotiating capacity of developing countries, he noted the ability of developing and least-developed country Ambassadors in defending the interest of their countries, and recalled that the success of the Singapore Ministerial Conference was in large part due to the work of Ministers from developing countries. Developing countries therefore played a very important role in the organisation, and it was consequently necessary to dispense with the notion that the organisation worked in favour of some members and against others.

As with the Symposium on Trade and Environment, Mr. Ruggiero declared that the Symposium on Trade and Development was closed, but that a new dialogue had now been opened.

WTO INTERNET BROADCASTING OF THE SYMPOSIA

The WTO currently features Internet Broadcasting of the High Level Symposia at http://www.wto.org/wto/ibs/websym.htm**.** Detailed Information on the Symposia, including statement and speeches can be found at http://www.wto.org/wto/hlms/highlevel.htm. The Internet Broadcasting will be available for the next two months.

THINGS TO LOOK FOR

NEW FRONTIERS OF INTERNATIONAL LAW: THE LAW AND PRACTICE OF THE WTO. This conference, **16-17 April 1999, Cambridge, U.K,** will be held by the Lauterpacht Research Centre for International Law and the British Branch of the International Law Association. For more information contact: Glen Howard, Lauterpacht Research Centre for International Law, 5 Cranmer Road, Cambridge, CB3 9BL, U.K.; tel: + (44-1223) 335-358; fax: + (44-1223) 300-406; e-mail: gh10008@hermes.cam.ac.uk

WTO WORKING GROUP ON THE INTERACTION BETWEEN TRADE AND COMPETITION POLICY. This meeting will be held from 19-20 April 1999. For information contact Hans-Peter Werner, WTO, tel: (41-22) 739-5286; Internet: http://www.wto.org

SEVENTH SESSION OF THE COMMISSION ON SUSTAINABLE DEVELOPMENT: CSD-7 will be held from 19-30 April 1999 in New York. For information, contact: Andrey Vasilyev, Division for Sustainable Development; tel: +1-212-963-5949; fax: +1-212-963-4260; e-mail: vasilyev@un.org; Internet: http://www.un.org/esa/sustdev/. For major group information, contact Zehra Aydin-Sidos, Division for Sustainable Development; tel: +1-212-963-8811; fax: +1-212-963-1267; e-mail: aydin@un.org.

WTO COUNCIL FOR TRIPs: This meeting will be held from 21-22 April 1999. For information contact Peter Ungphakorn, WTO; tel: + (41-22) 739-5075; Internet: http://www.wto.org