

## Green light for the WTO? Think Again

The faint beep of the monitor for the World Trade Organization's Doha Agenda indicates the trade round is effectively comatose. The light on the institution's life support machine is flickering. But Pascal Lamy, WTO Director General, is working all the angles. Visiting Canada this week, Mr. Lamy spoke on climate change and the WTO. Importantly, he underscored that a post-2012 UN climate treaty is vital to set the stage for trade talks. He is also pitching that the Doha Round can be part of the climate solution—giving it the green light, so to speak. But he's not reading the charts properly.

The financial and economic crisis that has swept around this globalized world has revealed the dangers of rapid liberalization and de-regulation, especially in financial markets. The crisis also exposed the vulnerabilities of countries that are overly reliant on global markets—either to supply basic needs like food and credit, or to buy their exports. China and India's decision to slow agriculture exports to service local needs, the US's lack of engagement in the Doha round, and measures to protect domestic industry or consumers the world over are not random misfires that Mr. Lamy has to just 'work around.' The need for a new round of aggressive tariff lowering is on the back burner.

The importance of international trade itself is not in doubt, nor the need for multilateral rules to govern it. But governments and people around the world are clearly re-thinking approaches to the management of markets, the regulation of trade and investment flows, and the pace and sequence of liberalization. As well they should.

The juggernaut of liberalized trade, speculative finance and untrammelled growth has brought the planet to the brink of disaster. Indeed for the poorest peoples, the disaster has been a reality already for decades. The combined crises of finance, food and climate have exacerbated meagre incomes, and eroded the ecosystems on which the lives and livelihoods of the poor are so dependent—forests, fresh water, fish stocks and food crops.

Mr. Lamy argues that a new round of liberalized trade can help save our climate by spreading environmental goods and technologies. But in the uneven world of international trade, this plays mainly to the strengths of wealthy countries selling industrial goods and technology for environmental remediation or green consumer products. It's not a solution.

It borders on the absurd to point to a possible growth in sales of energy star appliances or technology-intensive "clean-up" products as the main trade response that will get us closer to our climate goals. There are immense environmental challenges facing the world from the relentless trade in logs, fish, minerals, bio-fuels, cars etc. The WTO and UNEP's own recent publication *Trade and Climate Change* points to the problematic *scale* effect of increased trade, which is likely to increase CO<sub>2</sub> emissions.

In the context of weak environmental governance, South and North, one of the best thing WTO members can do for climate change is to (continue to) pass on another round of liberalized trade. Ultimately, we can't solve the climate crisis by buying more.

There are certainly a number of critical reform agendas at the WTO that could make a real difference on climate change, while addressing poverty and inequality, which also drive environmental degradation. These include action to curb overproduction in industrial agriculture, while allowing trade measures that strengthen the role of small-scale farmers in local economies. Science shows the potential of small-scale sustainable agriculture to sequester carbon, restore local ecosystems, and meet local food needs.

Intellectual property rules need overhauling so that technology transfers can support greener economic growth. Tariff regimes now hold back poor countries from developing value-added goods. Changes are therefore needed to undo perverse incentives to over-extract natural resources in the South for little return.

New rules must favour upwards harmonization of environmental standards in production processes, recognizing the unequal capacities of poorer countries to meet and enforce these. It won't be easy. It will take financial support from rich countries and multilateral consensus-- unilateral measures will backfire. To get there, democratization of WTO decision making processes is essential.

None of these measures require a new round. They can be achieved, with hard work, through the WTO work programme, the UN and other multilateral fora. But the green light does have to be switched on in capitals, where political will must be generated. Perhaps Pascal Lamy should have focused more on that message while in Ottawa.

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**November 3, 2009**