

## Environmental Justice and Climate Change – Priorities for Copenhagen 2009 Global Economic Justice and Climate Change

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### The Issue

A comprehensive global climate agenda must encompass new rules for international trade and investment to help build a greener and more equitable global economy. The current global trade and investment regime is designed to facilitate volumes of trade, and expand market share and profit for large corporations without regard for impacts on people or the planet. A new approach is needed to transform how we manage markets, and regulate corporate activity. Human rights and environmental considerations must be at the forefront of economic decision-making.

### Key Messages

1. Climate change cannot be arrested without fundamentally changing the rules governing international trade and investment. The relentless trade in logs, fish, minerals, agro-fuels, cars etc. is harming the environment and contributing to climate change. Patterns of production and consumption must be re-oriented towards sustainable practices. This means expansion of consumption and sustainable production for development in poor countries, and reductions in rich countries and among elites in the South.
2. A new round of tariff reductions through the World Trade Organization's (WTO) Doha agenda is not the solution. The WTO's own recent study, with UNEP, points to how increasing the volume of trade, through the Doha agenda, will actually increase CO<sub>2</sub> emissions. Ultimately, we can't solve the climate crisis by buying more.
3. Trade and investment rules limit what governments can do to promote low-carbon alternatives or help people adapt to climate change. Policy reforms are urgently needed to facilitate the transfer of green technology, curb extraction and trade in fossil fuel-intensive sectors, and support sustainable production, especially in agriculture, which accounts for 14% of global green house gas emissions.
4. Multilateral consensus is required for reform of global trade; unilateral measures will not work. Democratization of policy-making is essential to enable effective participation of poor countries and input from citizens. Marginalized groups, including women, indigenous peoples, fisherfolk and small-scale farmers have important perspectives and solutions that must be taken into account.

## Background

Current rules for international trade and investment are focused on facilitating market access and profit opportunity for large companies with global supply and processing chains. These policies are contributing to the climate crisis, as they seek to maximize the *quantity* of corporate investment, trade, production and profit, with little to no attention to the *quality* of the ensuing economic growth in terms of the limits of ecosystems, or inequalities in the distribution of costs and benefits. The international trade regime also ignores and hence exhausts the enormous contribution of the care economy and the informal economy, largely driven by women's unpaid or underpaid labour.

The trade and investment regime undermines strong environmental governance in several ways. Trade rules, which have been designed to reduce barriers to international commercial activity, are stripping governments of many of the policy tools required to fulfill human rights and environmental obligations. These include tools such as tariffs on goods and services, public interest regulations, performance requirements on investment, and even government expenditures. Other trade rules constrain or prevent important environmental action such as technology transfers or favouring sustainable production methods.

Trade agreements also provide powerful disincentives for government action on the environment by strengthening the legal enforcement capacity of corporate actors. Governments must constantly weigh new policy measures against the possibility of trade sanctions or large financial claims brought by investors through international arbitration panels for breaches of broadly-worded investment protections. In contrast, there are virtually no enforceable obligations on corporations to act in accordance with human rights or environmental standards, only a myriad of industry-defined voluntary codes.

The deadlocked WTO Doha agenda offers little prospect for innovative leadership. WTO officials argue that Doha can be good for the environment by making environmentally-friendly goods and technologies more readily available. However it is mainly wealthy country economies that will benefit as they are better positioned to export such high-tech goods and services. Doha is not a solution.

Carbon-trading and off-set schemes are also flawed. They enable wealthy countries "buy" their way out of reducing emissions at home, without any certainty that their "purchases" will contribute to carbon reductions elsewhere.

Leadership is urgently required for trade policy initiatives that will curb climate damaging activities (like industrial agriculture, fishing and logging, or land conversion for large-scale agro-fuels), while encouraging investment in renewable energy and "climate-friendly" productive economic activities that address poverty and support sustainable livelihoods at the local level.

Leadership must be particularly shown by developed countries, and the large corporations based there, since they are responsible for the lion's share of green house gas emissions in the atmosphere. This is basic climate justice.

## Recommendations

As a major trader and major per capita carbon emitter, Canada has much at stake and much to contribute to an agenda for global economic and climate justice. Canada should work with other governments at the WTO and in multilateral fora such as the UN to:

1. **Put international human rights and environmental obligations first in economic decision making.** Human rights and environmental impact assessments should be essential steps of due diligence before negotiating trade and investment deals. The perspectives and priorities of women's organizations are vital given the centrality of gender equality to ensure the health and integrity of ecosystems.
2. **Overhaul intellectual property rules** so that technology transfers can support greener economic growth in developing countries.
3. **Take action to curb overproduction and dumping in industrial agriculture**, which is fossil fuel intensive. Support the use of trade measures to strengthen the role of small-scale farmers in local economies. Science has shown the potential of sustainable agriculture to sequester carbon, help communities adapt to climate change, and meet local food needs.
4. **Resist measures to facilitate export of agro-fuels.** There are adverse environmental impacts on forests, food crops and communities from the conversion of land use to large-scale agro-fuels.
5. **Address tariff escalation**, which holds back poor countries from developing value-added goods, and provides perverse incentives to over-extract natural resources for little revenue.
6. **Re-think the traditional commercial approach to “non-discrimination”** between traded goods and services. Forge consensus for new rules that favour robust environmental standards, recognizing the unequal capacities of poorer countries to meet and enforce these.
7. **Unlock new sources of revenue to finance the transition to sustainable economies.** The “polluter pays” principle must address corporations' roles as leading emitters and polluters. The G-20 agenda for tax reform and ending tax havens is a step in the right direction and should be supported. Canada should also explore innovative finance proposals under discussion in the lead up to Copenhagen, such as a possible levy on bunker fuels or a tax on international aviation.
8. **Democratize and transform decision-making and dispute settlement.** Trade negotiations need to be open and transparent, with oversight for parliament, meaningful roles for civil society, and equitable decision-making processes that take account of power differences among states. The resolution of trade disputes needs to be open and transparent, not closed to parties that can profit from the litigation. Investor-state dispute settlement mechanisms should be banned.