

TOWARDS SUSTAINABLE TRADE

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Introduction

I am pleased to be here at a seminal occasion in the early life of the Sustainable Trade and Innovation Centres.

My hope is that the STICs will become carrots: that the existence of a network of such centres of expertise will encourage producers in many developing countries to trade. STICs should help them to explore niche markets for their sustainable products in a way that they have not felt able to do in the past.

Let me put this strong personal desire in the context of our trade policy processes over recent years, and in the context of my broader ambitions in the follow-up to the World Summit on Sustainable Development.

Process

I start with the process. In trade policy, the reform of our policy-making has been an important challenge for me in the last 3 years: the European Rio+10 coalition was an early example of the sort of multistakeholder involvement that I believe is a key part of that reform.

The coalition has disbanded since Johannesburg, but I am really pleased to say that the very early start made to Johannesburg preparations by that coalition was an essential factor in the progress made on issues such as the establishment of the Sustainable Trade and Innovation Centres.

I also feel moderately proud that DG Trade and myself as Commissioner have been able to contribute from the very start of the group's work, because we have learnt from that contribution, and we have in the STICs something solid to show for it. That is how policy will increasingly be made, in Brussels and world-wide. The degree of civil society participation at Johannesburg seems to have made this change in our systems of governance more visible to more people. It is of course a change that has been underway for some time. In the context of WSSD, it was crucial.

Substance

Turning to the substance of WSSD, it pretty much fulfilled my vision of a sustainable development keystone on top of the arch we have been building also at Doha and Monterey.

No one element of this jigsaw of international initiative can give you the full picture: but without any element among them, the outcome of the other processes will fail fully to achieve our objectives.

European follow-up on the commitments made in the Johannesburg plan of implementation on trade and globalisation can help to achieve three objectives:

- we can reinforce the prospects of a pro-development outcome from the Doha agenda itself;
- we can help to increase the ability of trade and environment policies and institutions to support each other;
- we can enhance the contribution that an open trade system can make to global sustainable development.

There are five key areas that we are looking at.

On the bilateral and regional front, Johannesburg committed us all to **integrating sustainable development into not only the WTO but our regional and bilateral trade processes**. Since Johannesburg, I have already emphasised this as one thread in the post-Cotonou economic partnership talks which were launched here in Brussels last month. We also have a major sustainable development thread in the Mercosur process and in our negotiations with the Gulf and with the Mediterranean countries. With Chile, the sustainability assessment of the outcome has emerged for discussion between Chilean and European administrations and civil society, just as we are signing the bilateral agreement we concluded in the summer.

Second thread: **understanding and promoting sustainability**. There was much diplomatic debate in Johannesburg about what label to apply to impact assessments: should they be “environment” impact assessments or “sustainability” impact assessments ? In the end, the label given was environmental, but the WSSD-text makes very clear that the purpose of assessment is to integrate not only environmental policy but also developmental and economic objectives in one roadmap.

The Commission is co-operating closely with UNEP, UNCTAD and key civil society experts to raise the awareness of developing countries on the impact assessments, particularly drilling down to country and sector level with the help of a significant UNEP programme.

We are similarly associating developing country partners with our own WTO impact assessment process, using key sectors in certain partner countries as case studies for the assessment of the ongoing negotiations.

In February next year, I am organising here in Brussels a seminar of experts to draw together these threads, and to ensure that the pioneering work carried on over the last few years continues to gain understanding and momentum world-wide.

SIAs are a particularly onerous and technically hazardous undertaking: I hope that all those present here will also try to give it their support. I feel that the creation of wider developing country confidence in these techniques could be one valid objective for the sustainable trade centre network.

The third priority is **technical assistance and capacity building**. Here, Johannesburg confirmed the thrust of Doha. We all need to do more to improve the delivery of technical assistance in key areas where developing countries and in particular the least developed, need additional institutional capacity and expertise to negotiate effectively and to implement effectively the results of the Doha round. This year's WTO budget for assistance is 60% funded by the Commission and the 15 Member States. We are also putting money into UNEP, we are also funding our own training exercises and we are also helping some credible European non-governmental organisations in their activities in this field. I am committed to a continuous review of our performance in this area so that at the end of the Round, we can have a more serious process for the implementation of the results than was perhaps possible during previous Rounds.

Fourth theme: **corporate responsibility for sustainable development**. This was a high profile topic at Johannesburg, which is a welcome change to the usual state of affairs, where Europe cares about corporate responsibility and others do not. My sense is that the world is moving rather fast in this area of thinking, and that (not least in the wake of Enron and other scandals) world business is more committed to corporate responsibility strategy than ever before. The Commission is determined to build on this, not only in the European CSR Forum established on the basis of our recent White Paper, but in the very specific area of trade policy.

It is in this spirit that we have a mandate for the post-Cotonou negotiations that explicitly covers corporate responsibility, a reference to corporate responsibility and the OECD guidelines for multinationals in the EU-Chile agreement and a clear hook emerging for corporate responsibility to be looked at, if not legislated, in the DDA as far as investment is concerned.

On this last point, I have taken careful note of Dr Supachai's references to the importance of the corporate responsibility issue in the DDA talks on investment. I am confident that neither he nor anyone else imagines the WTO could usefully draw up binding laws affecting foreign or even local investors world-wide.

Nor should the WTO really duplicate the work of the OECD, the UN Global Compact or other fora active on the substance.

The OECD guidelines themselves are a very good framework indeed from which to build, they are available for all host countries and are already of course applicable world-wide for European investors.

I do, however, believe that the investment negotiations that will get started after Cancun will inevitably generate a focus on Corporate Responsibility issues. The policy question is simply this: what more we can do to build the ability of developing countries effectively to ensure responsible behaviour in their countries ?

Beyond the question of what host governments should or can tell companies to do, I am confident that companies themselves are moving to generate more sustainability through their own behaviour, through their custody of supply chains and through their role in the communities where they set up, particularly in the developing world. So this is not an exercise in basking capital or cutting profits: it is a much-needed exercise in confidence-building.

Finally, **sustainable trade** as such. Here, I believe the Sustainable Trade and Innovation Centres are a major first step forward to fulfil the WSSD plan for the encouragement of trade in sustainable products, including fair trade, ethical trade and organic trade. I am now examining whether the future reform of GSP can somehow enable us to give more effective support for what is a small but rapidly growing part of world trade.

I am also actively looking at the way in which labelling requirements can be revisited in order to ensure they are fully helpful to developing country exporters.

In just those two areas of access to tariff preferences and access to labelling, I am sure that the Sustainable Trade Centre here in Europe will have plenty of work to be getting on with in its early months.

These are not necessarily issues for hard-core WTO negotiations. But they are issues which require some reflective debate, and I am working hard in OECD, in Brussels and in Geneva, to get that debate underway.

The European supporters of the STIC concept should be part of these debates.

The Sustainable Trade and Innovation Centre will not of course be ploughing this furrow alone. The Commission is committed to open and user-friendly administration principles, as are Member States.

I am setting up a help desk for developing countries in the trade field, and hope that its usefulness can be multiplied by co-operation with the STIC when it is in place. My sense here is that struggling, first-time, would-be exporters need all the help they can get. The STICs show the way towards a better networked, more open and, in part, self-help-based, trading world. I wish you every success and look forward to hearing news of the future developments in this enterprise.