

STATEMENT OF
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SPECIFIC QUESTION TO AMBASSADOR WOLFF: *With climate change threatening the world as we know it, how can the WTO reform its rules to include social and environmental concerns alongside economic efficiency concerns?*

The WTO contributes in fundamentally positive ways to improve the global environment. To address what reform might be needed, it is first necessary to grasp what the WTO rules and procedures actually do.

Climate change is altering where food and feed can be produced and where it needs to be consumed. Avoiding hunger and starvation is a primary need of humanity. The rules of the WTO provide a framework that facilitates the transfer of food from surplus areas to supply food deficit areas. This is true whether the problem is sustained drought, excessive rain, other reasons for crop failure or to bring desperately needed supplies to disaster areas. This aspect of globalization is essential for human well-being and must not be casually overlooked.

The most recent example of a net contribution of the WTO to sustainable development was an agreement to ban agricultural export subsidies. Obviously, the primary benefit of this agreement reached in Nairobi in 2015 will be to farmers in countries too poor to afford to engage in an export subsidy competition.

The primary area of agreement in Buenos Aires at the Ministerial Meeting last December was a commitment of all Members to conclude an agreement by the next Ministerial Meeting to bring disciplines to fisheries subsidies. Subsidized vessels deplete the oceans stocks of fish while destroying the livelihoods of coastal fisherman. This is a key environmental objective of the WTO as well as a key sustainable development goal.

Policy space for inefficient production leads to environmental degradation. Some of the worst environmental disasters of the last century occurred with insulation from the framework of the benefits of trade. The disastrous plowing-up of the steppes and the loss and salinization of much of the Aral Sea occurred through illiberal policies divorced from integration into the world economy.

It is my privilege to chair the WTO's Consultative Framework for Cotton Development. It is one of the areas of least contentiousness in world trade. Major cotton producing countries, including the United States, India, Pakistan, Brazil and Australia are

engaged in a cooperative effort to aid the poorest countries, including Chad, Mali, Benin and Burkina Faso, to increase yields while reducing the use of fertilizer.

Just a few weeks ago, the WTO hosted a high-level WTO-UN Environment Leadership Dialogue on "Making Trade Work for Environment, Prosperity and Resilience". At that dialogue, the message from Erik Solheim, the Executive Director of UN Environment was very clear: Trade has driven down the prices of renewable energy technologies, it has lifted millions out of poverty and made possible resource efficiency gains, all of which has benefitted the environment. He saw trade as part of the solution and urged that it be used to unlock triple win opportunities -- by creating jobs, improving well-being and resource efficiency. The better we use our resources, the more people we lift out of poverty, the better it is for the environment.

"Trade or environment" is a false choice and it has never been the purpose or effect of the WTO's rules. The principle of sustainable development is enshrined in the founding agreement of the World Trade Organization. Page one, paragraph one. It reads:

"...expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking to both protect and preserve the environment..."

This principle has been very powerful and effective. WTO rules are not an obstacle to environmental goals, they are a means to achieve them.

- With the threat of climate change, we should focus our efforts on using trade to:
 - ***accelerate the diffusion of environmentally-sound technological solutions to those places where they are most needed.*** *At the same time, a more integrated global market can drive down the cost of such technologies, making it easier for countries to replace outdated, polluting technological solutions with environmentally sound ones.*
 - If the top 18 developing countries with the most greenhouse gas emissions abolished these barriers, they would be able to import:
 - 63% more energy-efficient lighting,
 - 23% more wind power generation equipment,
 - 14% more solar power generation.
 - ***promote a more efficient allocation of resources globally.*** *In doing so, the WTO also helps bridge differences in resource endowments across countries and to relieve resource scarcities in some regions. This role of trade is likely to become even more prominent in the coming decades, as the impacts of climate change are felt in varying magnitudes across different parts of the world.*

- *facilitate the creation and expansion of markets for sustainable products, including in agriculture. Open, transparent and fair trade in sustainable agricultural products could contribute to broader poverty alleviation efforts in developing countries, if countries can overcome the many constraints that limit the capacity of smallholder farmers to participate in global markets.*

Doing all of the above has more to do with mustering the required political will and national leadership than any possible reform of WTO rules.

WTO rules already provide ample space for environmental considerations to be reflected in governments' policies. Every year WTO Members notify on average over 1,000 new environmental measures, over 10,000 since 2009. Today, one in six notifications to the WTO are related to the environment; 20 years ago, it was 1 in 10. These trends show that WTO rules have not prevented governments from adopting environmental measures, with a rising number related to climate change mitigation or adaptation, nor has this resulted in many trade and environment disputes. The notifications serve the purpose of allowing trading partners to comment on and spread the use of best practices.

More than 20 years of jurisprudence in the WTO show that trade rules do not prevent environmental actions. In the few cases in which environmental measures were considered in contravention to WTO rules, the environmental objective was never put in question. In all cases, one or more elements of the measure were arbitrary or unjustifiable discriminations that worked against the environmental objective, not in favour. In short, it was the protectionist element of the measures that was condemned.

Protectionism would have a negative effect on environmental objectives, for instance by making environmental technologies more expensive and less accessible. As Erik Solheim, Executive Director of UN Environment, recently stated [in an interview with Climate Home News], an increase in protectionism would be "very bad for the environment because you waste resources rather than using them effectively. It will make the spread of environmental technologies less fast. And, of course, it will keep more people in poverty for a longer period of time".

The WTO has a committee dedicated to trade and environment where members debate, exchange experiences, learn from each other and discuss how to better achieve "win-win-win" policies. For instance, in recent years, WTO members have regularly discussed issues such as energy efficiency policies, carbon footprints and labelling, trade-related elements in climate mitigation strategies and efforts to combat illegal logging. Our current negotiations on disciplining fisheries subsidies that lead to illegal, unregulated and unreported fishing came out of discussions in the Committee on Trade and Environment. It is also the forum for an exchange with multilateral environmental agreements, and the United Nations Framework Convention on Climate Change frequently interacts in the Committee.

My final point is that trade is a critical tool in achieving the objectives of the Paris Agreement and of Agenda 2030 on Sustainable Development Goals. Trade is key in providing the best, most resource-efficient solutions to developmental and environmental needs. Trade leads to important efficiency gains globally, allowing for better use of natural resources. It has never been a choice between "trade or environment" but rather "trade for sustainable development".

It is true that WTO reforms are needed. There are major proponents of seeking ways to require that Transparency obligations are lived up to. Without current accurate information, national policies adversely affect others, often developing countries least able to withstand competition from subsidies, excessively restrictive or discriminatory standards and other trade distorting measures. But being in favor of greater scope for protectionist policies is a gross misuse of the term “reform”.
