

# NETWORK 2015

## IN PRINCIPAL BUT NOT IN PRACTICE SEPT. 2003

### WTO 5th Ministerial: 1 Year on From the World Summit on Sustainable Development.

The World Summit on Sustainable Development (WSSD), was held in Johannesburg, South Africa from August 27 – September 4. Exactly 1 year on, we should be celebrating its achievements in driving the sustainable development agenda one stage further along its wavering path towards implementation. Many saw the WSSD as a vital opportunity to raise awareness of sustainable development, and bring issues to the table that had been left to fall by the wayside. Although coming under heavy criticism for not going as far as many would have liked, the political climate in which the Summit was set needs to be taken into account. In the wake of September 11<sup>th</sup>, and with the global economy beginning to recede, the goodwill that should have prevailed in reaching agreements for a more fair and equitable world for all, was often lacking.

The WTO Doha Ministerial, UN Monterrey Financing for Development Conference and the WSSD were seen to provide the three global platforms needed to address and move sustainable development forward. Today, a year on from the WSSD and half way through the Doha Trade Round, the climate of protectionism has been reinforced by recent political and economic events. Attention is therefore not reinvigorating commitments to sustainable development made at the WSSD, and celebrating a move towards more fair and equitable trade rules, but on the stalled and painful preparations for the 5<sup>th</sup> Ministerial of the World Trade Organisation (WTO), Cancun, Mexico 10 - 14 September. At a time when multilateralism needs to be enforced more strongly than ever, the protection of powerful interests over and above the need to address key global challenges of poverty and environmental degradation, are once again causing deep-set conflicts, challenging both trade liberalisation and sustainable development. Many of the problems though innately political, are further exacerbated by the difficulties and institutional differences between the WTO and UN systems.

On the 4<sup>th</sup> September 2002, at approximately 9 pm, the WSSD, which was attended by 10,000 government delegates, 8,000 representatives of Major groups, 2000 from the business sector and 4,000 people from the media, ended.

In its closure, the Summit saw agreement on the Johannesburg Plan of Implementation (JPOI), a Political Declaration, and uniquely, the launch of Partnership Initiatives. If Agenda 21 is the *what*, then the JPOI is the *how*, in achieving

sustainable development. Contained within its 11 chapters is a redefined commitment to the achievement of Agenda 21 and the Millennium Development Goals. In a drive towards the more effective implementation of sustainable development, a range of targets were set on issues such as energy, chemicals, ocean and fishers and sanitation.

The WSSD was not just about late night sessions, and dense reams of negotiated text. It was a celebration of people from across the world uniting to share their experience of sustainable development over the past 10 years since Rio, whether they be good or bad, and to join forces to find solutions to the many challenges. In the spirit of collaboration, 220 *Partnership Initiatives* were launched at the WSSD, further recognising the role that all stakeholders have to play in implementing sustainable development. Despite some scepticism, these partnerships are an important legacy of the WSSD, which will live on through their practical action on the ground. The flaws and the failings of the WSSD do not go unrecognised, but these should not cloud our ability to use the event as a means of moving forward – for overcoming apathy and lack of awareness – and ensuring that sustainable development does not fall off the political agenda. It is therefore unfortunate that, 1 year on, political and public attention is turned to the forthcoming WTO Ministerial in Cancun, with scant recollection of the WSSD.

You can not discuss sustainable development without discussing trade. It was therefore inevitable that a great deal of time and energy was spent during the WSSD reaching agreement on the inclusion of trade related language and commitments. If not managed effectively, trade has the potential to undermine all aspects of sustainable development. Although the Summit, within the agreements of the JPOI, did go some way in ensuring trade agreements do not damage sustainable development, in reality, it went little way beyond defining the current state of impasse. It is therefore argued that the WSSD outcomes can only be fully appreciated if assessed in the context of the Doha Development Round of the WTO.

The Doha 'Development' Round, launched in 2001, in theory recognises the need for trade to be used a mechanism to overcome poverty, and therefore place sustainable development and the interests of developing countries at the heart of trade agreements. The Doha Declaration makes reference to trade and the environment, as well as trade and sustainable development. These are but incremental steps, or more realistically tokenistic offerings in an attempt to pacify concerns over the supremacy of trade agreements. Or more dangerously as suggested by developing countries, an excuse for disguised protectionism from the West. Multi-lateral Environmental Agreements and trade were pitted head to head at the WSSD, agreement was reached on ambiguous language on 'mutual supportiveness' between the two regimes. This



seems somewhat aspirational given the current state of the process for addressing sustainable development in the WTO. The relationship between trade and the environment is a fragile one, the relationship between trade and sustainable development one of subservience.

Institutional governance plays a critical part in the current conflict between trade and sustainable development. Agreements, commitments and targets reached under the auspices of the UN Commission on Sustainable Development, UN Conference on Trade & Development and International Trade Forum are voluntary in nature, they do not hold any legal weight, and cannot directly mandate agreements in other international forum. The WTO is a 'hard negotiating body' – any agreements reached are legally binding, and directly affect decisions and actions taken in other forum, including the UN. The WTO also has a powerful dispute settlement process and the threat of trade sanctions to hold countries to account.

Whilst bringing trade into sustainable development is a prerequisite, bringing sustainable development into the WTO is something of an unwelcome visitor. Of critical importance is the inequality of the mechanisms available for making decisions on the relationship between trade and sustainable development.

The recent Human Development Report published by UNDP indicates that the divide between the rich and the poor continues to grow. Consequently the report finds that we are not on track to reach the MDG's. With trade having an increasingly critical role to play in development a mechanism for making trade agreements accountable to sustainable development must be identified.

The future role and architecture of these institutions – both the WTO and the UN - will be crucial determinants of whether future sustainable development policy and programmes will succeed. To reduce the power imbalance that currently exists between the UN and WTO, the 1<sup>st</sup> major constraint to the implementation, the WTO must engage more cooperatively with institutions of the UN.

The WTO has begun to contribute to a common global sustainable development agenda with the recommendations made at Doha. As a significant legislative process with the ability to obtain the commitment of international governments, the WTO must work hard to ensure that these commitments are furthered in Cancun. Without sustainable trade negotiations on which to base development objectives, the aims and aspirations of the last 10 years cannot happen.

For trade and sustainable development to become 'mutually

supportive' a dramatic change in overall policy coherence at the global level is critically required. As already noted, status quo in the relationship between the WTO and other international decision making institutions is not an option if significant progress is to be made in addressing the increasing divide between the weight given to trade agreements and those of sustainable development.

The meeting of predominantly Environment Ministers in Cozumel, Mexico, on the 9th September to discuss the relationship between trade and sustainable development at the request of the Mexican Government is welcomed, as is the EU Commissions' day on sustainable development and trade, although unfortunate they happen concurrently. Whilst Cozumel is a move in the right direction, and the Mexican government is applauded for taking a step forward in addressing such issues, it is of concern that the outcomes of the meeting have no apparent place in the formal Ministerial. It is not a request that the WTO alone goes beyond its mandate and begins to deal with issues such as environmental goods and services. Many believe that the WTO does not have the competence to address such issues. Critically what is being asked for, is that the WTO recognises it's weaknesses, recognises the fundamental need to address sustainable development, but draws on the expertise of other organisations and international institutions, and by formally recognising their contributions, develops more informed and equitable trade agreements on the basis of greater coherence and consistency in a global policy context.

*Georgina Ayre, Stakeholder Forum*

## Editorial

Here at Stakeholder Towers we stumbled on a fascinating if humbling web site, [www.therichlist.com](http://www.therichlist.com). Rather than a league of the rich and super rich, the subject matter for this resource becomes you. Type in your annual salary and stand aghast at the scale of your wealth. While not taking into account relative cost of living, as a resource the rich list is a startlingly effective one. I defy your conscience not to be panged.

However, therichlist has an underlying value which is conversely related to its purpose. The site is provided by Care International, a well known aid agency, for the purpose of seeking donations (should your conscience be adequately panged). Now, I truly hope that the site is effective in raising funds. I suspect, on the other hand that invariably most will visit the site, check out their affluence, feel enlightened - effected even, and then leave.

Drawing that conclusion, one cant help draw parallels between this internet resource and events in Mexico Cancun. This latest meeting of the WTO has once again charged itself with plotting a course for world trade that serves both the developed and developing.

Looking at progress since this round of negotiations was launched in Doha 2 years ago, you cant help but feel that the rhetoric was slightly more alluring than the reality has turned out to be. As with the therichlist governments, consciences appropriately panged, left Qatar stating their very best intentions, but have not since then made much progress.

Perhaps therichlist teaches us that we are judged on our actions rather than our words. Therichlist asks us individually to share wealth according to our conscience, the WTO meeting demands that we share as a global community according to our humanity.

*T. Middleton*

## Network 2015

*Building Partnerships for Sustainable Development*

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# SUSTAINABLE NEWS

## Stockholm Water Symposium explores Trade & Water Links

This year's Stockholm Water Symposium, August 10 - 16, continued in its aim to serve as a link between practice, science, policy making and decision making in the search for effective, long-term water resources management. While the character of the symposia is comprehensive and reflective, the agenda also includes discussions of specific issues. The aim is to secure a proper tie between problems and their main causes on the one hand, and technology and governance perspectives of problem solving on the other.

One of this year's most intriguing outcomes was the exploration into the links between trade and water use within the context of achieving the Millennium Development Goals. Below Prof. Malin Falkenmark, Chairman of the symposium, summarises the debate in extracts from his closing speech to the event:

"Water is now at last high on the international agenda and that the UN Commission on Sustainable Development is devoting the first 2-year post Johannesburg period to water. The Johannesburg Integrated Water Resources Management (IWRM) recommendation moreover implies that countries should be developing IWRM plans for their main river basins by 2005.

The CSD Chairman, Norwegian Minister of Environment Mr Borge, also stressed the Millennium Development Goals, making clear that drainage basin security - the issue before the Symposium - will in fact be key to reaching these development goals.

Based on a world map from the current UNDP Human Development Report we see that the top priority countries will be in the tropics, namely sub-Saharan African and South & Central Asia - semi-arid regions, subject to large climate variability, drought and dry spells. All phenomena known to complicate socio-economic development.

World statistics show that 7 out of 10 food importing countries are water short, and a similar proportion of food exporting countries water rich. Several assessments had been made of the scale of virtual water flows: flows of water embodied in food products. The assessment arrived at 700-1100 km<sup>3</sup>/yr. A sizeable amount. A possible liberalisation of trade might in fact alter the trade of embodied water and might make the total trade more than double.

Due to the high consumptive use behind food projects, import may in fact save water for other purposes and reduce the technical water scarcity. Large scale redirections of food production through virtual water flows may also involve a net global water saving in the order of 450 km<sup>3</sup>/yr, due to differences in water use efficiency between exporting and importing countries.

Many different rationales may stimulate virtual water trade. Virtual water transfer is an alternative to transfer of bulk water through water transfer projects which often meet severe opposition. Upstream food self-sufficiency that would generate downstream river depletion may be avoided through import of food, thereby saving water for downstream users and ecosystems. A downstream country may also choose to try to import food from an upstream country to compensate for loss of

water in other ways, such as poor agreements. Import of virtual water may in other words be a mechanism to abate conflicts in a region."

A timely reminder of the need for integration between inter-governmental decision making processes, given the impending WTO Ministerial."

[www.siwi.org/waterweek2003/](http://www.siwi.org/waterweek2003/)

## Website Provides All the Answers to All the Questions on Globalisation

On the eve of crucial trade talks in Cancun, a new website goes online showing how globalization - furthered by more open markets - is spurring economic development and increasing human well-being.

As the introduction points out: "One of the most visible signs of globalization has been the enormous expansion of international trade and investment. Market opening increased the wealth of consumers."

ICC features the site - [www.humanglobalization.org](http://www.humanglobalization.org) - among relevant addresses for surfers interested in international business on its "useful links" tab.

There are also links to such organizations as the Organization for Economic Cooperation and Development (OECD), World Bank, International Monetary Fund and the World Trade Organization.

The site was created by Herbert Oberhänsli, Head of Economic and International Relations at Nestlé, and Oscar Vera, Chief Economist for Mexico and Latin America at Deutsche Bank.

It is packed with facts and statistics that make the case for globalization as a positive force, the source of a massive improvement in the quality of life for billions of people all over the world over the past 20 years..

An introduction says "Absolute poverty decreased in a significant way for the first time in history. Life expectancy, health and education also improved for many, and many hundreds of millions lifted out of poverty were able to move further up to some modest prosperity."

Case studies on the site zeros in on the human element - on local success stories and individuals: how prosperity is gradually reaching a favela in Brazil, how a Mexican small farmer has improved milk production, how a Mexican kitchen help rose to become a chef de cuisine.

## Desertification Meet Moves towards Implementation

The 6th Meeting of the Conference of the Parties to the UN Convention to Combat Desertification made notable progress on the path to implementation at its meeting in Havana, Cuba, Aug 25th - Sept. 5th.

The designation of the Global Environment Facility as the principal funding mechanism for the Convention opened the gateway to \$500 million. A further 31 decisions were also agreed, designed to increase synergies between processes to further speed implementation. More information available at: [www.iisd.ca/linkages/desert/cop6/](http://www.iisd.ca/linkages/desert/cop6/)



# WORLD PARKS CONGRESS

## Parks Congress Sets Stage for Decade of Action to Realize the Dream of Johannesburg

Over 4000 2500 delegates from over 170 countries are gathering in the South African city of Durban in mid-September for a once-in-a-decade global forum on protected areas, the Fifth IUCN World Parks Congress. This is the first time a World Parks Congress is being held in Africa, a continent that boasts an extraordinary record of achievement in establishing protected areas. Two million square km (or twice the size of South Africa) is now under protection.

The theme of this Congress, 'Benefits Beyond Boundaries', pays tribute to the myriad advantages that protected areas provide for human development. Long considered as scenic landscapes teeming with charismatic species, contemporary development thinking recognizes parks and other protected areas as providing much more:

- reservoirs of biological diversity - from the microcosm of genes to the universe of ecosystems, serving as unique 'gene banks' and guardians of ecosystem integrity;
- buffers against storms, floods, droughts and other natural disasters, especially as exacerbated by climate change;
- sources of livelihoods for many rural and indigenous communities, and places of worship for others;
- preservation of watersheds, critical for safe and clean water;
- protected areas will become increasingly important to key element of poverty alleviation strategies, addressing the dependency of rural populations on natural resources. becomes apparent.

Even as awareness of the importance of protected areas to tomorrows challenges grows, the threats and pressures to these critical natural sites mounts. While their number has increased worldwide, many key ecosystems remain poorly protected. For example, less than 1% of the marine environment is within protected areas. Mountains and arid lands are also under-represented, and many important species habitats lack protection on land and in sea.

Today, around 42% of the areas formally protected for natural values are in developing countries. In recognition, park managers are taking on additional responsibilities for the social and economic welfare of neighbouring communities.

The Congress will help managers better deal with social issues with which they are often confronted but sometimes ill-equipped. Issues such as poverty alleviation, land tenure and resource allocation, social and economic injustice and market failures were intensely debated a scant year ago at the World Summit on Sustainable Development.

Coming just one year after the Johannesburg Summit, the World Parks Congress will build on its momentum to articulate the links between protected areas and healthy functioning ecosystems and so the link between healthy ecosystems and

healthy communities. is a clear demonstration of South Africa's commitment to environmental issues. In many respects, the Congress is a 'test case' of the people-centred approach to environment enshrined in the Johannesburg Plan of Implementation.

By hosting the Congress South Africa will bridge the two events and draw attention to the continent's achievements and challenges. Africa in general has been on the front line of challenges that have arisen in the process of establishing protected areas. These include the requirements to finance, effectively manage, and make relevant protected areas relevant to people living around them. IUCN hopes that Durban will advance implementation not only of the Johannesburg Plan of

Implementation, but also of the new African Convention and the New Partnership for Africa's Development (NEPAD), giving protected areas a central role in the livelihoods of the peoples of the continent.

Of particular relevance is the debate on the contribution protected areas can make in alleviating poverty, adapting to global change of all types - from climatic to economic, and in securing a sustainable future. The debate on 'Parks and People'

will be centre stage in Durban, reflecting the evolution in our approach towards protected areas over the past half century.

It also echoes our evolving perception of these areas: not as something where we keep human beings out of, but make human beings proud of, and become responsible custodians of.

Perhaps most importantly, the Durban Congress aims to bring those who manage protected areas and the rest of society together to help shape a broader coalition and agenda for the future development, support and management of protected areas. Representatives of indigenous peoples, the business community, other sectors of government, will participate as active shareholders in this extraordinary resource.

Engaging new constituencies is one of the great challenges that conservation faces. Previous Congresses helped build political support and convince nations to invest in protected areas. Today we voice a call for broader support from all parts of society. Leadership and commitment to safeguard the future must precede financial resources and technology transfer if protected areas are to remain relevant and beneficial to the world's changing agendas.

Added together, the 44,100,000 sq km plus protected areas of the world cover an area equal to China and India combined, or over 10 12 percent of the world's terrestrial surface. Whatever their characteristics or locations, all protected areas have one thing in common - they have value to society. The universal acceptance of the concept and the rapid growth of protected areas worldwide over the past decade demonstrate a tremendous commitment by countries to protect their biodiversity and natural heritage. The Fifth IUCN World Parks Congress will do much to close the gap between "environment" and "development", and in the bargain, help to realize the dream goals of Johannesburg.

*John Waugh, IUCN*



# WORLD'S PROTECTED AREAS

## Increased Threat, Reduced Resources

Experts today warned that global changes such as climate change, growing population, and invasive alien species are threatening the unprecedented gains made in establishing parks and protected areas worldwide which today cover nearly 13 percent of the world's land area.

Since the establishment of Yellowstone as the world's first national park in 1872, there are now 102,101 protected areas covering 18.8 million square kilometres. The total protected areas have more than doubled in the last ten years. This is larger than Canada, the United States, and Germany combined.

"Many of these protected areas are the last strongholds of nature, and now global changes driven by humans are battering their doors," said Dr. Kenton Miller, vice president for conservation of the World Resources Institute (WRI) and chair of the IUCN's World Commission on Protected Areas (WCPA). "We must find ways to adapt to these changes to ensure the long-term sustainability of our parks and protected areas."

The warning was issued in advance of the Fifth World Parks Congress, organized by the IUCN-The World Conservation Union and the WCPA in Durban, South Africa, Sept. 8-17. The congress, held once every ten years, is the premier gathering of the world's experts on protected areas. Some 2,500 experts from more than 170 countries will attend.

"Some of the world's rarest species are dependent on protected areas", said Jonathan Lash, WRI president. "As threats are increasing to almost every ecosystem, the critical resources humanity has sought to protect in these areas are at risk."

In the past, protected areas managers had to contend only with such traditional problems as lack of legislation establishing protected areas, problems of land tenure, and lack of financing. Frequently, however, their efforts have been reactive – responding to the crises of the moment with little thought to long-term concerns that may threaten their very existence.

Today, they have to contend with such global changes as the impact of climate change, habitat loss and fragmentation by

roads, rising sea levels, growing human populations, invasive alien species of plants and animals, changing tastes and preferences of people, and decentralization of political control.

"These problems are coming right behind us and can easily overwhelm the problems of the past," said John Waugh, acting director of the US office of IUCN-The World Conservation Union. "Protected areas and parks are at the heart of the ecosystems we need to sustain life on earth."

Statistics from the report *World Resources 2001-2002: People and Ecosystems* indicate an overwhelming human dependence on rapidly deteriorating ecosystems, the systems that support all life on earth. One out of every six humans depends on fish for protein needs, yet 75 percent of the world's fisheries are over-fished or fished at their biological limit. Nearly forty-one of every 100 people live in water-stressed river basins. Some 350 million people are directly dependent on forests for their survival, with global forest cover declining by 46 percent since pre-agricultural times.

While protected areas were initially established for recreation and wildlife conservation, they have now become places of high social and economic value and are often the cornerstones of regional and national development strategies. Protected areas support livelihoods, protect the supply of fresh water, harbor an untold wealth of genetic diversity, support a burgeoning industry in recreation and tourism, and enhance fisheries in surrounding waters. They also protect cultural monuments and sites of high spiritual value to indigenous peoples.

However, not all crucial ecosystems are adequately included in protected areas. A WRI study of the world's watersheds, for example, reveals that less than five percent of their land area is included within designated protected areas. This includes much of the Amazon, the Congo, and almost all the basins in India, China, Southeast Asia, and Papua New Guinea.

Other studies indicate that from one-fourth to one-third of the world's largest cities take some or all of their drinking water from catchments within protected forests. This includes Bogota, Johannesburg, Mumbai, and Rio de Janeiro.

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## STAKEHOLDER VIEWS

### TRADE UNIONS

## WTO Ignoring Workers' Rights in a Race to the Bottom

As 100's of trade ministers and officials are on their way to Cancun to open WTO Ministerial ), the world's largest trade union group has condemned member states of the WTO for deliberately keeping the central item of workers' rights off the organisation's agenda. In a new report launched today, International Confederation of Free Trade Unions (ICFTU) says that "the negative downward spiral of lower labour standards will continue, as governments compete against each other for foreign investment by offering cheaper labour, tax breaks and other concessions". It accuses WTO member countries of refusing to even allow WTO

discussion of pressing social problems relating to globalisation.

A 25-page report on Export Processing Zones (EPZs) entitled "EPZs: Symbols of Exploitation and a Development Dead-End" describes the poverty wages and appalling working conditions of most of the world's 43 million EPZ workers, and calls on the world trade body to "renew and demonstrate its commitment to uphold core labour standards". The Cancun meeting, according to the ICFTU, must take a decision that human rights, including fundamental workers' rights, take priority over trade rules, and should start working on this without delay.

The report is accompanied by exclusive new video footage graphically demonstrates how workers are exploited, and how workers trying to organise trade unions are often sacked, or even violently assaulted by thugs hired by employers.

For the ICFTU, EPZs are an international symbol of the

exploitative nature of today's globalisation, highlighting broader concerns about the negative impact of WTO rules on workers in the private and public sectors worldwide. "By its very nature, EPZ investment is precarious, and likely to leave the country at a moment's notice if a cheaper, more compliant workforce is on offer somewhere else", the report notes. It also exposes the myth that EPZs contribute to real economic development, with workers living in slum conditions and frequently deprived of health care, education for their children and even basic public services, while EPZ companies pay no taxes.

ICFTU General Secretary Guy Ryder will address a press conference in Cancun. According to Ryder, "Globalisation has the potential to bring prosperity to people across the world, but today's crude, free market globalisation is pushing standards down and leading to massive exploitation. The absence of effective multilateral trade rules to support the standards set by the International Labour Organisation (ILO) cannot be allowed to continue, yet governments are refusing to even allow the WTO and the ILO to work together on the problem".

These fault-lines have to be fixed if global trade and investment are to bring real, sustainable development and an end to the scandal of global poverty", concludes Guy Ryder.

Louis Belanger, ICFTU

## LOCAL GOVERNMENT

### GATS – Threat to Domestic Regulation?

Cancun is the half-way staging post for the ongoing WTO "Doha Development Round" negotiations. Of particular interest to local authorities are the negotiations on the General Agreement in Trade in Services (GATS). Whilst only a limited number of GATS issues will be addressed at Cancun, the meeting will be used as an opportunity to build up momentum for finalising the agreement.

GATS is an 'opt in' agreement where countries have to specify which services they are willing to put on the table and subject to the GATS obligations and they make requests to other countries to make offers in return. The EU has recently published its GATS offer indicating services the EU member states are willing to subject to international terms of trade, as well as its requests to other countries. At a recent European Commission Trade meeting, John Clark of the Commission's Trade Directorate General stated that "*The EU's offer on GATS is one of the most ambitious so far, although for some countries it doesn't go far enough*". However, he also pointed out that "*there have not been similar significant offers from other WTO Member States*" and he was openly critical of the "poor" offers made by the USA and Canada, amongst others. He noted that the developing countries seemed to want to see further movement from the developed countries regarding other key trade areas, including TRIPS and the Agriculture Agreement, before they will show their cards regarding GATS.

Local authority concerns have been raised about GATS regarding the ambiguity of the definition of 'public services' in the agreement. In Article I.3 certain services are classified as exempt from GATS commitments but only where they are clearly "*supplied in the exercise of government authority*". Ominously, when asked whether public services could be subject to the GATS requirements if they were tendered or outsourced, as is increasingly the case in the UK and elsewhere, Mr

Clark acknowledged that "*they will fall under the coverage of the GATS obligations*" but made clear that this might only occur where a government had made specific offers in a particular sector, notably cultural and environmental services, so it would "*depend on the judgement of each WTO Member State*" which public sectors might be vulnerable to GATS obligations.

This uncertainty over whether public services will be entirely exempt from GATS is of real concern to local authorities. It could directly impact the ability of local authorities to stipulate domestic regulations regarding contracted services – regulations relating to, social protection, environmental and labour standards. In addition it might constrain their ability to set procurement criteria regarding a contracted service, such as local sourcing of goods and labour and fair wages for producers. Negotiations on Domestic Regulatory Disciplines under Article VI.4 could imply that domestic regulations are seen as "unnecessary barriers to trade" through the WTO dispute resolution procedure, on the grounds that they are "more burdensome than necessary to ensure the quality of service" and fail to meet the criterion of ensuring "least trade restrictive" measures. Mr Clark indicated that the EC requests had recommended that countries protect their "right to regulate". However, in practice, many of the least developed countries do not have such regulations established yet and will be unlikely to introduce them when faced with international pressure to keep their markets as open and unrestrictive as possible.

In July a European local and regional government advisory body known as the "Committee of the Regions" (CoR) met to elaborate a CoR Opinion paper relating to GATS. The Opinion makes certain recommendations, including ensuring that laws and statutes decreed by local authorities are respected as a principle of universal service provision in public services and where they support of "services of general interest" – or "SGIs" which are currently being negotiated in EU legislation.

WTO members still have time to take these concerns onboard – in particular they need to tighten the definition of services so that Article I.3 clearly exempts "public" services provision from GATS obligations with a definition that incorporates the tendering-out of a public service. The outcomes from the WTO's Domestic Regulations working group discussions about the possible implications of GATS also need to be made widely available.

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## BUSINESS

### Making markets work for all

This week's WTO Ministerial Conference will bring together trade officials, business and civic society advocates while negotiators try and agree on trade liberalization and an implementation timetable. The heat is on OECD countries – and their businesses – to establish a multilateral trading system that will open markets to developing economies, with as first steps reducing agricultural subsidies and tariff quotas.

Over 800 million people go hungry everyday, according to the United Nations Food and Agricultural Organisation. One of the solutions in reversing that trend is to make agriculture more profitable for developing countries through a level playing field by toppling the current trade barriers maintained by developed nations. Indeed, something seems out of balance when a cow -- according to the World Bank -- is subsidised \$2.5/day in the EU, up to \$7.5/day in Japan, while 75% of the African population



lives on less than \$2/day. Furthermore, the agricultural subsidies of developed nations are estimated to be 5 or 6 times the Official Development Aid (ODA) flow to developing countries.

On top of making it harder for developing countries to export their natural resource-based and agricultural products, generally produced at a lower cost, keeping these people in a state of dependency over aid, subsidies and tariffs leads to misuse of resources and creates obstacles to overall development. The inefficiency is in effect 2-fold: the end-consumer in a developed nation pays a higher price than market value; and developing countries cannot benefit from their comparative cost advantage.

The WBCSD believes that sustainable human progress is most likely to be achieved through an open, competitive, global market that encourages efficiency and innovation. And although trade issues are only part of the sustainability equation, business has considerable stakes in participating in the international talks and the outcomes they deliver. If we do not find a way to bridge the large divides between the rich and the poor, we risk a backlash against the open global markets and against business' 'license to operate.' To make stability and prosperity a global reality will require ensuring that people in low-income countries have access to the global market place. This is why progressive policies should be sought during this new round of negotiations.

Of course, trade cannot be the sole vehicle in achieving the Millennium Development Goal of cutting poverty into half by 2015. The WBCSD believes that business has a more active role to play in this endeavor.

Firstly, business plays an important role in the provision of basic needs such as water, sanitation, energy, housing, health care and communication services in the developing world. Through foreign direct investment, business provides the resources to deliver change "on the ground:" employment,

training, technologies, as well as financial solutions. This is best achieved by working in partnership with governments and other stakeholders and by creating synergies between official development assistance (ODA) and FDI.

Secondly, by increasing the level of economic wealth, business helps create "tomorrow's markets" for its own products and services, which will allow it to expand profitably.

At the same time as we call on the developed world to take leadership on these issues, we also need to demand from local governments to provide conducive framework conditions. Optimum government frameworks have as their core objectives the generation of economic value, the reduction of poverty and inequality, and the overall improvement of standards of living – all within an open accountable system of governance. Basic prerequisites include the rule of law, effective property rights so that risk-taking in the context of innovation can be rewarded, and the predictability of government intervention. Corruption is also a serious impediment to enabling sustainability. Tens of billions of dollars annually go toward bribes and kickbacks. It is essential the governments in the developing world establish framework conditions that allow the spreading of the wealth generated through economic development, and its investment in education, health and social programs, rather than having only a few fortunate benefit from it.

If we want to take greater strides toward a more sustainable society, it is crucial that we overcome the growing distrust in economic liberalism and the Bretton Woods Institutions, expressed in the deadlock of the current trade negotiations. Unless developed countries take the leadership in Cancun this week, developing countries will remain distrusting and reluctant to liberalize their market. We have already come too far and achieved too much to let this happen.

## SUSTAINABLE INITIATIVES

### LEAD Directors Navigate World Water Crisis.

Launching the World Economic Forum Water Initiative, José María Figueres, Chair of LEAD's Board of Directors and Managing Director of the forum, said:

*"Shared responsibility for the management of watersheds from mountain ranges to coastal areas will improve the quality and quantity of water for business, populations, and the environment".*

*A river flows from the central highlands to the sea through swamps to the west of Timika, West Papua, Indonesia.*

Speaking at a meeting of the World Economic Forum in Geneva last month, LEAD International Board Directors drew attention to the worsening world water crisis.

Jose Maria, who is President of the Board of LEAD International, was joined by newly elected LEAD Board Director, Kristalina Georgieva, Director of Environment for the World Bank.

"Water resource management is one of the most important challenges the world faces. Freshwater is the critical resource of the 21st Century and for the future of humankind." Of the Earth's water, 97 per cent is saltwater found in oceans and seas, and 3 per cent is freshwater, of which only 1 per cent is

available for human use.

More than half of humanity relies on water from mountains, often thousands of kilometres away from its sources. More than a billion people do not have access to safe water supplies, some 2.4 billion people do not have access to adequate sanitation, causing deaths from water-borne diseases for more than 3 million people, among them 2 million children, mostly in developing countries.

The World Economic Forum Water Initiative is intended to facilitate private sector participation in the maintenance of watersheds and put water management at the forefront of economic development. The Initiative has three principal objectives:

1. To serve as an incubator for public-private partnerships that address the importance of watershed management for the environment and the need for better use of water in the business production cycle
2. To contribute to a better understanding of how to structure and balance the costs and benefits of payments for environmental services.
3. To establish and promote best practices in the management of watersheds and related payments for environmental services.

According to the results of a Gallup International Survey, more than half of the world's population believes that access to clean drinking water should be added to the list of basic human rights - even if additional taxes would be required to ensure universal access.

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# CONFERENCES & EVENTS

<b>11 Sept.</b>	Financing Sustainable Development. Hong Kong, China. Contact: <a href="http://www.enviroseries.com/2003/fsd/index.html">www.enviroseries.com/2003/fsd/index.html</a>
<b>25 Aug. - 5 Sept.</b>	UN Convention to Combat Desertification 6th Conference of the Parties. Havana, Cuba. Contact: <a href="http://www.unccd.int/main.php">www.unccd.int/main.php</a>
<b>8 Sept. - 17 Sept.</b>	5th World Parks Congress - Benefits Beyond Boundaries. Durban, South Africa. Contact: <a href="http://www.wcpa.iucn.org/wpc/wpc.html">www.wcpa.iucn.org/wpc/wpc.html</a>
<b>10 Sept. - 14 Sept.</b>	5th World Trade Organisation Ministerial Conference. Cancun, Mexico. Contact: <a href="http://www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm">www.wto.org/english/thewto_e/minist_e/min03_e/min03_e.htm</a>
<b>11 September</b>	Financing for Sustainable Development. Hong Kong, China. Contact: <a href="http://www.enviroseries.com/2003/fsd/index.html">www.enviroseries.com/2003/fsd/index.html</a>
<b>21 Sept. - 28 Sept.</b>	12th World Forestry Congress. Quebec City, Canada. Contact: <a href="http://www.wfc2003.org">www.wfc2003.org</a>
<b>23 Sept. - 24 Sept.</b>	2003 Annual Meeting of the World Bank Group and the International Monetary Fund. Dubai, UAE. Contact: <a href="http://www.dubai2003.org">www.dubai2003.org</a>
<b>29 Sept. - 3 Oct.</b>	3rd World Conference on Climate Change. Moscow, Russia. Contact: <a href="http://www.meteo.ru/wccc2003/econc.htm">www.meteo.ru/wccc2003/econc.htm</a>
<b>13 Oct. - 17 Oct.</b>	Consumers International World Congress. Lisbon, Portugal. Contact: <a href="http://www.consumersinternational.org/News_Events/world.asp?cat=24">www.consumersinternational.org/News_Events/world.asp?cat=24</a>
<b>14 Oct. - 15 Oct.</b>	Stockholm International Investment Conference: Focus on Africa. Stockholm Sweden. Contact: <a href="http://www.africaforum.org/IC-Stockholm-2003/Stockholm2003.html">www.africaforum.org/IC-Stockholm-2003/Stockholm2003.html</a>
<b>20 Oct. - 21 Oct.</b>	UNEP Finance Initiative Global Roundtable. Tokyo, Japan. Contact: <a href="http://www.unepfi.net/tokyo/">www.unepfi.net/tokyo/</a>

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