

# Trade in the Service of Sustainable Development

LINKING TRADE TO LABOUR RIGHTS  
AND ENVIRONMENTAL STANDARDS

Olivier De Schutter



B L O O M S B U R Y

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## TRADE IN THE SERVICE OF SUSTAINABLE DEVELOPMENT

In the Bretton Woods era, trade liberalization, the improvement of labour rights and working conditions, and the strengthening of environmental policies, were seen as mutually supportive. But is this always true? Can we continue to pretend to protect the rights of workers and to improve environmental protection, particularly through climate change mitigation strategies, within an agenda focused on trade liberalization? Is it credible to pursue trade policies that aim to expand the volumes of trade, without linking such policies to labour and environmental standards, seen as 'non-trade' concerns? This book asks these questions, offering a detailed analysis of whether linkage is desirable and legally acceptable under the disciplines of the World Trade Organization (WTO). It concludes that trade can work for sustainable development, but only if we see it as a means for social and environmental progress, including climate change mitigation, and if we avoid fetishizing it as an end to be pursued for its own sake.

# Foreword

## International Trade as a Means to Diverse Ends: Development, Workers, the Environment, and Global Public Goods

SANJAY G REDDY<sup>1</sup>

### I. THE ENDS OF THE TRADING SYSTEM

There are diverse goals which are widely agreed to be important in world society. Nevertheless, discussions on trade policy often refer only to economic objectives, often still more narrowly conceived in terms of gains in aggregate income through trade. Where other objectives are not simply ignored, it is often assumed either that they can be met through the independent exercise of non-trade policy instruments or that they will be met automatically if only the stated economic objectives are furthered. In contrast, I argue below that many such aims will not be promoted automatically by increasing the volume of trade or of global income and that it is not generally sufficient to suppose that these other objectives can be promoted satisfactorily by separately applying suitable non-trade policy instruments. As a result, it is necessary to take them into account in the design of the world trading system.

It is reasonable to suggest that the world trading system must be evaluated, at least in part, according to the consequences it generates, and that these can in turn be assessed according to criteria which are, at least in part, public and shared. There are some shared values in world society, even if there are disagreements about how exactly these should be formulated and prioritized. It is necessary to acknowledge the often real contrast between 'your values and my values' without being distracted, however, from also recognizing the fact of *shared* values, and the possibility of a public deliberation, at global level, as to how to achieve such values. International human rights instruments and global development goals, imperfect though they are, testify to the possibility of such concurrence.

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The starting point of this investigation is the assumption that there exist aims which are shared but diverse. It is then necessary to ask whether the trading system plays a useful role in furthering these diverse aims, and if so how?<sup>2</sup> The current volume makes a signal contribution to answering this important question—one that is essential for envisioning alternate forms of the global order.

## II. THE CASE FOR AN INTEGRATED APPROACH

In recent years, prominent advocates of a world trading system have forcefully argued against taking a broad view of its objectives, arguing that its appropriate focus is on ‘maximizing’ global trade (with an implicit premise that this will be associated with higher levels of global income).<sup>3</sup> Such arguments will be addressed in section III. In contrast, there are three main rationales for an ‘integrated approach’, which this section explores. Such an approach conceives of the world trading system as having objectives of diverse kinds, and calls for it to be structured so as to further all of them (while recognizing that there may be tensions between the different objectives).<sup>4</sup>

### A. The Case for an Integrated Approach: Interdependence Between Concerns

The first rationale for an integrated approach derives from the recognition of interdependencies, both practical and evaluative, between different concerns, or as they have been sometimes called in the recent literature on international governance, ‘issue areas’.

There is good reason to avoid an a priori conception of what is an ‘economic’ objective or a ‘trade-related’ objective. Such a classification assumes an answer to the question, since it cannot be determined what is or is not trade-related without assessing the interdependencies that are present. Nevertheless, for the purpose of exposition let us assume that we can distinguish ‘trade-centred objectives’, such as increasing trade volumes—based on the presence of a direct reference to trade in the statement of the objectives

<sup>2</sup> This is not of course to deny the role of rules in expressing values, independently of their role in promoting these values consequentially.

<sup>3</sup> See the various arguments, eg by J Bhagwati and A Panagariya, cited in C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage* (New York, Columbia University Press, 2008).

<sup>4</sup> An argument emphasizing the legal feasibility as well as desirability of such an approach in the context of trade and climate change mitigation is convincingly provided by Olivier De Schutter, ‘Trade in the Service of Climate Change Mitigation: The Question of Linkage’ (2014) 5 *Journal of Human Rights and the Environment* 65–102.

themselves—and ‘non-trade-centred’ ones, such as increasing employment, improving labour standards, protecting biodiversity or lowering climate-change-producing emissions, recognizing that the interdependence between the two kinds of objectives may ultimately result in a distinction without a difference.

Let us first consider *practical* (causal) interdependence between distinct objectives. The practical interdependence between objectives of different kinds may take the form of the ability to achieve trade-centred objectives being affected by the degree of attainment of non-trade-centred objectives: for instance, the ability to promote trade in agricultural commodities may be influenced by the effects of the climate or other environmental conditions on agricultural output or conditions of transport; or the ability to export manufactured products on foreign markets may depend on the protection of workers’ rights, because of the rise of ‘ethical consumerism’ in those markets. Practical interdependence may also take the form of the ability to achieve non-trade-centred objectives being influenced by the degree of attainment of trade-centred objectives. For instance, the climate or other environmental conditions may be influenced by export-led agriculture, encouraged by the opportunities for international trade; or the ability of a country to raise the level of wages and improve working conditions may be reduced by the prospect of losing investment and export revenues, since other countries may compete in these very respects to provide an attractive platform for the production and export of labour-intensive products.

If policies are not designed with due regard to the reality of these interdependencies, undesirable outcomes may result. It is straightforward to recognize that a given objective may sometimes be furthered only at the cost of achieving another (as genuine trade-offs between objectives may be unavoidable). In such a case, it will be important to take note of the trade-off in order to determine how far to go in making it. For instance, if the introduction of measures to reduce greenhouse gas emissions lowers economic output, the appropriate choice between these must be informed both by an understanding of the nature and extent of the trade-off and by appropriate evaluative considerations which would determine the ‘optimal’ stopping point. More subtly, there may be overlooked opportunities to take note of the interdependencies in such a way as to further both objectives to a greater extent. If greenhouse gas abatement can in fact be pursued without sacrificing the level of economic output, but is not being pursued because of difficulties of coordination, then it is easy to recommend policies which bring such coordination about. Another example is that it may turn out that a restraint on international trade in a specific variety of fish has the benefit of bringing about more sustainable levels of fishing and thereby sustaining fish stocks, thus enhancing *both* trade volumes and the preservation of marine resources, viewed as an objective of intrinsic interest, eg because it contributes to biodiversity, in the longer term. The restraint on trade helps



to bring the level of fishing down to a level that is immediately lower but more sustainable in the long run (and therefore higher in later time periods), reducing the inefficiency which results from overfishing by fishers who do not take account of—internalize—their effect on one another. In cases such as these, overlooking causal interdependencies leads to inefficiency rather than to an inappropriate trade-off. There may, of course, be other, possibly superior, means of lowering the amount of fishing. (Voluntary reductions in fishing might achieve the same end while avoiding the loss of gains from trade. The restraint on trade, however, might be useful to bring those reductions about.) Regardless, causal interdependence must be taken into account in order to avoid unnecessarily sacrificing the attainment of the individual objectives (ie, to achieve efficient combinations of diverse outcomes).

A second form of interdependence to consider is that of *evaluative* interdependence. Evaluative interdependence involves the idea that the value we attach to the further attainment of one objective may depend on the extent to which another objective has already been attained. For instance, the extent to which we value greater national income relative to goals such as environmental quality and improved labour standards, may well depend on the volume of national income as well as on the extent to which these other goals have been already attained: it seems reasonable to assume, for instance, that the higher the income per capita of one particular society, the greater is the contribution to further improvements in well-being of measures such as providing a healthier environment as compared to greater private consumption. Assessments of how far one should go in furthering one goal at the expense of another require some way of integrating these different considerations into a comprehensive evaluative assessment.<sup>5</sup> Having an adequate regard to these interdependencies in assessment is necessary in order to arrive at judgements concerning where to stop in trading off goals against one another, as practical interdependencies may make it necessary to engage in such trade-offs. It is important, of course, to recognize what is a means and what is an end (in at least a proximate or provisional sense of the term) before confronting distinct ends with one another. For instance, where it is wholly plausible that national income is a means rather than an end, it seems altogether unavoidable to conclude that trade volumes are a means rather than an end, since the presumed primary value of trade lies in its contributing to higher real incomes.

Where interdependencies exist of the kind identified here, whether practical or evaluative, there is a case in principle for coordination of actions taken in different realms. A well-motivated authority or authorities would

<sup>5</sup> In this connection, in his pioneering work on the formal theory of economic policy, Jan Tinbergen used the concept of a 'collective ophelimity function' to refer to the broadly conceived general interest (see Jan Tinbergen, *On the Theory of Economic Policy* (Amsterdam, North-Holland, 1952) and for a discussion, see C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage*, n 3 above, at 47–49 and 86–87).



need to take such causal and evaluative interdependencies into account in an appropriate way in order to ensure that the most desirable outcomes result. The need to jointly consider different desirable outcomes when wielding the instruments which affect them simply follows from the fact that, in these various ways, such outcomes can be interdependent.

## B. The Case for an Integrated Approach: Incentives for Countries

The second rationale for an integrated approach derives from the role of policies of one kind (for example, trade policies) in creating incentives for actors (for example, countries) to take actions which are desirable, or for that matter to avoid actions which are undesirable.

The premise is that trade policies (or more generally, the rules of the trading system) create benefits or costs for countries, or for particular actors within countries,<sup>6</sup> and that these can therefore be structured to encourage or discourage specific actions. Such a process need not be thought of in terms of individual countries creating incentives for other countries. It may be thought of instead in terms of countries collectively agreeing to a set of rules which facilitate collective action, for instance by lowering the cost or increasing the reward of cooperative behaviour or by lowering the reward or creating a cost to uncooperative behaviour such as 'free riding'. Since the absence of supra-national coordination and enforcement authority is an intrinsic feature of the interstate system, such commonly agreed incentive structures may be greatly important in ensuring that individual states act so as to promote shared goals. Why would countries agree to bind themselves by such rules, if they are not inclined to take such actions unilaterally? The answer lies in the dynamics of collective action. For instance, there may be an 'assurance problem': I may be more likely to commit to doing certain things (or to agree to an arrangement which will make it costly for me not to do so) if I can be assured that others will do the same, as this will ensure a net benefit as against the alternative scenario in which none of us do these things. In the absence of such an assurance, I may not be willing to do these things at all. Crucially, it may never be necessary for such potential costs ever actually to be imposed, as long as their presence in the background suffices to bring about the desired actions.<sup>7</sup>

A very important role can be played by strategic complementarities, in which the benefit derived by each actor from acting in a specific way

<sup>6</sup> See the discussion of mechanisms to ensure that relevant incentives are experienced by companies as well as countries, in Arnaud Zacharie, 'International Trade and Social and Environmental Standards: The Challenges of Globalization', draft presented at the Francqui International Conference, Brussels, 8–9 May 2014.

<sup>7</sup> In the language of game theory, the threat of such costs being imposed is present only 'out of equilibrium'.

increases as other actors act similarly. If so, then rule systems that encourage actors to act in a particular desirable way can generate self-sustaining 'equilibria' which would otherwise not emerge. Conversely, rule-systems that encourage actors to act in an undesirable way can create incentives for other actors to act similarly undesirably. Kyle Bagwell and Robert Staiger have made the very interesting point that the WTO system, by placing a ceiling on tariffs or prohibiting trade-distorting subsidies, creates a powerful incentive for countries to create advantages for their domestic producers by lowering their costs, in particular by weakening labour and environmental standards.<sup>8</sup> They suggest that this means that the WTO system cannot adequately fulfil its own objectives, of guaranteeing mutual market access in conditions that are fair (ie, ensuring a 'level playing field'), without ensuring floors to such standards in addition to ceilings on tariffs. In this line of argument, a concern with labour and environmental standards must be introduced into the trading system in order to remove an existing incentive to weaken those standards—an incentive which is created by the current rules of the world trading system itself. For a given country, tariffs on the one hand and labour and environmental standards on the other hand are strategic substitutes: the lower tariffs are set the greater the benefit to lowering labour and environmental standards. For different countries, however, labour and environmental standards are strategic complements: the lower (higher) the labour and environmental standards are in other countries, the higher (lower) the cost, in terms of foregone trading opportunities, of maintaining such standards at home. Incentives created by the trading system to enhance labour and environmental standards may also, secondarily, help states in overcoming domestic opposition to such measures by strengthening the hand of those groups that wish to promote such aims.

To distinguish the incentive-based rationale from that of practical interdependence it is important to note that there may be benefits to creating incentives which support desirable actions which might not otherwise be undertaken *quite apart from whether there are practical interdependencies between aims of different sorts*. Whether or not such benefits exist will depend on the empirical question of whether decisions taken by decentralized decision-makers in specific 'issue areas' would be inferior in the absence of the incentives provided by linkage to another 'issue area'. Thus, for instance, it might be desirable to establish a trade-related benefit that encourages countries to undertake policies which diminish harmful climate change, if this would help to ensure that the resulting global public good were provided to a greater extent than it would otherwise be provided. Such

<sup>8</sup> See C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage*, n 3 above, at 15–17 and 55–57.

an incentive-providing beneficial effect of linkage could exist even if there were no causal effects of trade-related activities on climate change or vice versa. Incentives for influential actors may simply be stronger in one issue area than in another. For example, powerful business interests may have strong interests in certain trade outcomes, but there may be no comparably powerful interests in regard to environmental outcomes or labour standards. Linking the former to the latter may in this case raise the level of attention to the latter and give rise to increased effort on the part of the country in all areas simultaneously.<sup>9</sup> The incentive-based rationale for an integrated approach is based on the realistic assumption that decision-making in a given 'issue area', while decentralized, is responsive to consequences of that decision-making in other 'issue areas'.

### III. RESPONDING TO FALSE ARGUMENTS AGAINST AN INTEGRATED APPROACH

In recent discussions on international trade and social objectives (in particular, regarding labour standards) the argument has been made that distinct goals should be pursued by distinct institutions if the best consequences are to be achieved.<sup>10</sup> In favour of this position, the argument has been made, invoking the ideas of Jan Tinbergen concerning the theory of economic policy, that as many instruments are needed as there are targets: this has colloquially been referred to as the 'two birds principle'. In fact, no such conclusion follows, as Tinbergen himself made clear.<sup>11</sup> Although it is generally true that at least as many policy instruments are needed as there are targets if all of the targets are to be met fully and simultaneously, coordination between the use of these different instruments may be necessary in order to achieve this because of the presence of interdependence which necessitates that specific combinations of instruments be employed to achieve specific combinations of targets. Such coordination can in principle be achieved *either* by a single agency applying all of the different instruments or by different agencies acting in concert, but either way coordination is indispensable. This is therefore not only not an argument *against* creating a single institutional scheme involving linkage between different issue areas as a way of simultaneously attaining goals within all of them, but it

<sup>9</sup> This is an issue given some attention in recent formal literature on international organizations which assesses how linkage between issue areas affects the 'power' of incentives.

<sup>10</sup> See most prominently in this regard the arguments made by J Bhagwati and A Panagariya cited in detail in C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage*, n 3 above, at 47–54.

<sup>11</sup> See in particular J Tinbergen, *On the Theory of Economic Policy*, 2nd edn (Amsterdam, North-Holland, 1966).

can indeed be treated as an argument *for* doing so. Where there are not as many instruments as targets, the latter cannot all be met simultaneously. In this case, too, there is a need for coordination, however, as the appropriate trade-off between the attainment of one goal and another can only be determined on the basis of appropriate 'higher level' evaluative reasoning which integrates this information into an overall assessment of the consequences attained.

The 'first-best' approach to attaining the best consequences involves integrated decision-making and the coordinated use of diverse instruments to attain diverse goals, taking due account of causal as well as evaluative interdependencies. There may be practical reasons for delegated or disaggregated decision-making. For instance, it may be that separation of roles and responsibilities confers certain administrative benefits because of factors such as the gain from concentrating relevant information and specialized knowledge in a specific institution, or improved performance resulting from a division of labour (perhaps because of cognitive benefits of specialization such as 'learning by doing' or because of higher domain-specific effort elicited by creating domain-specific rewards). Even with such a separation of responsibilities, the concerned actors may wish to collaborate if they can achieve their individual objectives to a fuller extent by doing so. Contrarily, practical reasoning may suggest benefits to having an institutional scheme in which decision-making or administration is integrated. These benefits could arise, for instance, from the transmission of information across domains or the ability to moderate the pursuit of particular goals at the expense of others through the discipline provided by a unified decision-making apparatus. In particular, incentives for an actor (eg a country) to act may be stronger in one issue area than in another. For example, powerful business interests may have strong interests in certain trade outcomes, but there may be no comparably powerful interests in regard to environmental outcomes or labour standards. Linking the former to the latter may in this case give rise to increased effort on the part of the country in all areas simultaneously by generating more 'high-powered' incentives (This is an issue given some attention in recent formal literature on international organizations.)

There may also be non-consequentialist reasons for favouring disaggregated decision-making, arising for instance from a view that certain matters *should* be determined independently of others, because of procedural considerations relating to liberties. For instance considerations about the intrinsic value of individual privacy might lead to the conclusion that a ministry of health should not share health information about individuals automatically with other ministries, notwithstanding the potential usefulness of this information in the coordination of policies, and even if it could somehow be guaranteed that such information would not be misused. Although these arguments can be important in certain institutional contexts, they have not been the focus of recent discussions in the international context and in particular on international trade.

## IV. PRACTICAL MECHANISMS OF AN INTEGRATED APPROACH

An approach that integrates environmental and labour concerns with trade should adopt the following principles, reflecting both normative and practical considerations, in order to avoid charges of injustice or impracticality:<sup>12</sup>

1. *A transparent and rule-based system:* Labour and environmental concerns must enter into the working of the international trading system in a manner that is transparent and rule-based, in order to ensure even-handed implementation. In particular, the system must have these features in order to avoid such considerations being invoked opportunistically as a cover for the promotion of protectionist or other interests which aim to undermine market access rather than to promote the stated goals.
2. *A ladder of graduated expectations:* The expectations placed upon countries in relation to labour and environmental concerns should depend in an appropriate way on contextual circumstances, such as their level of development.<sup>13</sup> This is necessary to ensure that an integrated system does not impose unrealistic expectations upon countries, and provides them with ample opportunity to realize possible gains from international trade, both static and dynamic (ie both the gains to national income that might be attainable through reallocation of activities in an existing framework of production possibilities, and the long-term gains from technological and economic transformation). The system should focus on efforts rather than outcomes, in recognition of possible difficulties in ascribing responsibility for outcomes as well as of the institutional and political constraints which shape many countries' ability to implement fully policies that bring about desired outcomes. One way to implement such an approach is through a method of 'peer and partner review', which aims to redefine periodically what expectations may reasonably be had as to what a country can do, in light of experiences in other countries similarly and dissimilarly situated, and through an ongoing and iterative process of consideration of a country's plans in light of internal and external processes, including unanticipated shocks, and realized outcomes.<sup>14</sup> The process of peer and partner review can potentially make reference to global goals (eg regarding

<sup>12</sup> For a more detailed exposition, see C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage*, n 3 above.

<sup>13</sup> Such a principle has long been recognized in international instruments which incorporate a principle of special and differential treatment for developing countries.

<sup>14</sup> See, eg, Sanjay Reddy and Antoine Heuty, 'Peer and Partner Review: A Practical Approach to Achieving the Millennium Development Goals' (2005) 6 *Journal of Human Development* 399–420. Such a method could be viewed as broadly in line with perspectives of 'democratic experimentalism' (see for instance Charles F Sabel, 'Dewey, Democracy and Democratic Experimentalism' (2012) 9 *Contemporary Pragmatism* 35–55; or Roberto M Unger, *Democracy Realized: The Progressive Alternative* (London, Verso, 1998)).

aggregate greenhouse gas emissions) in highlighting appropriate aims for individual countries, to ensure that actions in individual countries cumulate to desired outcomes.

3. *A reward-oriented system:* The trading system should be designed to provide rewards for countries which take desirable labour and environmental measures, as compared with the status quo ex-ante.<sup>15</sup> Such an approach is based on the premise that it is worthwhile for countries to undertake such measures but that they should do so voluntarily, and that poorer countries and poorer persons within them must be seen to benefit from the measures, for the system to have legitimacy. It is also based on the premise that if individual countries undertake such measures they will enable others to do so more easily (because of the existence of strategic complementarities). A reward-oriented system should both provide an incentive for a country to undertake these actions and aim to augment its resources to enable it better to do so. The system can in principle accommodate rewards which take the form of additional access to trading opportunities and complementary rewards such as financial transfers. Financial transfers can be especially important in enabling a country to enhance labour and environmental standards without losing their advantages in global trade by employing counter-vailing subsidies, implemented for instance through excise tax rebates.<sup>16</sup>

## V. THE PATHWAY TO A REFORMED WORLD TRADING SYSTEM AND THE SPECIAL ROLE OF EUROPE

The argument for an integrated approach implies that trade (or indeed other) policies should be organized so as best to further a *range* of desirable consequences. These may be conceived broadly, for instance in terms of consequences for the good of human beings and of nature today and in the future. Such a formulation would imply, inter alia, that trade policies should be designed with regard to dynamic (developmental) as well as static

<sup>15</sup> This is of course an imperfect basis for the distinction between reward and penalty, which involves an intrinsically normative conception of the appropriate baseline and thus requires appropriate ancillary argumentation in order to be convincingly specified. However, the distinction is employed here in a manner that contrasts deliberately with the dominant presentation of linkage as involving 'punishment' because it is (wrongly) presumed to demand the withdrawal of existing market access for non-compliant countries.

<sup>16</sup> Such transfers would be based on the principle of 'correcting distortions at the source'. See the discussion in C Barry and S Reddy, *International Trade and Labor Standards: A Proposal for Linkage*, n 3 above, on this application of the classic arguments of Bhagwati and others (Jagdish Bhagwati and TN Srinivasan, 'Optimal Intervention to Achieve Non-Economic Objectives' (1969) 36 *Review of Economic Studies* 27-38; Jagdish Bhagwati, VK Ramaswami and TN Srinivasan, 'Domestic Distortions, Tariffs, and the Theory of Optimum Subsidy: Some Further Results' (1969) 77 *Journal of Political Economy* 1005-13).

objectives. The argument that the WTO system has been designed with insufficient attention to the way in which its rules permit or restrict actions which would have developmental benefits for countries in the long run has been made extensively elsewhere.<sup>17</sup> These arguments can also be thought of as being in part 'internal' to the concern that trade policy should further national income. However, the same concern with the dynamic implications of the policy framework can be applied to a more broadly conceived range of developmental objectives. The policy framework to be applied must take appropriate account of such long-term consequences.

What is a possible pathway to constructing a world trading system which serves an adequately diverse range of objectives? A starting point for answering such a question may be to recognize that the actually existing world trading system has features which are at variance with the proposed system in numerous respects. The global institutional regime, taken as a whole, presents an 'unintegrated' rather than an integrated system, furthering diverse goals, if at all, through the uncoordinated actions of various institutions. This stands in sharp contrast to the clear-cut recognition, in international law, that such integration is not only permitted but demanded.<sup>18</sup>

Europe has a potentially special role in this context, for three distinct reasons. The first is that it, more than any other contemporary group of nations, stands as an example of a 'social market economy' model, reflecting the ambition of furthering diverse economic and social aims simultaneously, however much that model is both incomplete and under threat. The second is that the European project is itself an example of an integrated approach, pursuing a series of aims simultaneously within a common institutional structure, and implicitly conditioning the deriving of benefits in specific issue areas on actions in other issue areas, although its structure is still seen by many as unbalanced, to the extent that 'negative integration' by the lowering of obstacles to trade has made far more progress than 'positive integration' in areas such as labour and environmental concerns.<sup>19</sup> The third

<sup>17</sup> See for instance Alice. H Amsden, *The Rise of 'The Rest': Challenges to the West from Late-Industrializing Economies* (Oxford, Oxford University Press, 2002); Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London, Anthem Press, 2002); Erik Reinert, *How Rich Countries Got Rich ... and Why Poor Countries Stay Poor* (London, Constable and Robinson, 2007); Roberto M Unger, *Free Trade Reimagined: The World Division of Labor and the Method of Economics* (Princeton NJ, Princeton University Press, 2007).

<sup>18</sup> This point was recognized even by Pascal Lamy, then the Director General of the World Trade Organisation: see Lamy, 'The Place of the WTO in the International Legal Order', 15 June 2008, Lecture Series of United Nations Audiovisual Library of International Law, available on: [www.wto.org/english/news\\_e/sppl\\_e/sppl94\\_e.htm](http://www.wto.org/english/news_e/sppl_e/sppl94_e.htm).

<sup>19</sup> Various of its institutional mechanisms aim in principle to offer an iterative, learning-oriented and open-ended approach, drawing from national and sub-national experiences in order to facilitate common efforts to achieve desired outcomes. The Open Method of Coordination, launched in various areas after 2000, is one example of such a mechanism (see, eg, Charles F Sabel and Jonathan Zeitlin, 'Learning from Difference: The New Architecture of Experimental Governance in the European Union' (2008) 14 *European Law Journal* 271–327).



is that any change to the current 'unintegrated' system would be more likely to result initially from developing 'add-on' agreements involving a subset of countries than from comprehensive renegotiation of WTO undertakings. While such an approach is unsatisfactory, especially where it concerns the generation of global public goods such as greenhouse gas emissions reductions, it may provide for a more realistic beginning to a reformed world trading system. Moreover, some aspects of the European Union's international trade relations with developing countries such as Aid for Trade initiatives, the successive Generalised System of Preferences scheme, and the Cotonou Agreement, already include some relevant provisions, which may be extended as part of a new approach to integrating diverse objectives. Of course, both approaches can be pursued, even in parallel. The European countries, in light of their relatively stronger social and environmental commitments, constitute the most likely group to pioneer such an approach. At the same time, in order for such an effort to be successful, and to avoid the appearance or the reality of placing self-serving concerns before the global common good, it is essential that its advocates focus on establishing a rule-based and multilateral approach. They should aim to link trade to diverse and shared goals, ground their case in common values as well as shared interests, and promote it through global democratic processes. The current volume provides the essential beginning to this vital public project.

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Some of the participants in the seminar of January 2014 agreed to contribute more detailed comments in writing. These comments appear in this volume in the form of 'boxes'. The contributors are Elisabeth Bürgi Bonanomi, from the World Trade Institute (WTI) and Centre for Development and Environment, both at the University of Bern (Box 6. Trade and Sustainable Development: the role of impact assessments); David Luff, from Luff & Appleton and the Free University of Brussels (ULB) (Box 11. Unilateral measures and the non-discrimination requirement under Article XX GATT); and Edwin Zaccai, also from the Free University of Brussels (ULB) (Box 5. Social and environmental standards: commonalities and differences) and Sergi Corbalán, Executive Director of the Fair Trade Advocacy Office (FTAO) in Brussels (Box 24. Fair Trade making trade work for sustainable