

LECTURE

MEETING OF GROUP 77 AND CHINA

**“THE MULTILATERAL SYSTEM: THE
CHALLENGES POSED BY THE CLIMATE
CRISIS AND ITS IMPACT ON
DEVELOPMENT”**

BY

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INTRODUCTION

The future is not what it used to be.

It is beyond dispute that the post-world war development of the global society has been, in large measure, positively affected by the adoption and widespread application of a distinctive set of values, principles and institutional arrangements that were put in place to better order the relationship between states.

Those processes and practices associated with that species of international relations have come to be termed as “multilateralism”

At the best, multilateralism promised a process of civilized mutually interdependent and beneficial global development.

It was based on the conception of a global society whose functioning was to be rules-based and values driven.

In practical terms, it conceived of the creation of an interdependent international economic order characterised by the conduct of coordinated actions with the objectives to create and deliver shared prosperity and where necessary to mitigate common challenges.

It contemplated that the process of organizing relations between states would be guided by certain core principles. Pride of place among these was the notion that, as far as possible, discriminatory practices between parties should be avoided.

Of equal significance was the intended adherence to the precept that parties would be accorded treatment and benefits equivalent to their needs and circumstances.

Indeed, a form of Aristotelian equity was intended to be applied to give effect to the principle that “as between equals there should be equality; between unequals, proportionately.

The resulting global system was to be held together and made to function efficaciously by the ability and willingness of parties to respect rules, processes and their commitment to accept the judgments of dispute resolution mechanisms.

In functional and industrial terms, multilateralism came to be reflected and embedded in the work of a vast array of

international institutions, supported by relevant treaties, protocols and conventions, which assumed responsibility for overseeing the orderly conduct of affairs in virtually every facet of human activity.

In addition, the concept of multilateralism was made broad enough to entertain the formation and functioning of regional bodies, where it was judged that the purposes of orderly development could be advanced by such an arrangement.

Seen as a coherent whole, multilateralism was intended to provide a stable, equitable and inclusive path to development and social justice for all.

Nothing in this exposition is intended to convey the impression that multilateralism, in the manner in which it was

conceived and has been practised has led to a more perfect union in the international affairs of the Global Community.

Indeed, the imperfections have been plentiful.

At the most benign level, too often multilateralism has been expressed in the form of Protocols and Conventions which appear to fail not because they achieve too little but because, by their design, they purport to be able to accomplish more than is possible.

Indeed, there is no good reason why the goals, as stated in important instruments to promote international cooperation, should be made to assume the character of things hoped for rather than things capable of being achieved.

Such instruments ideally must balance idealism with pragmatism.

Indeed, a clear case in point of the need for such pragmatic enlightenment pertains to some of the goals set for the Agenda 2030.

Secondly, there are too many instances where the rules meant to be applied to promote equitable global development have been reversed to the considerable detriment of some countries.

The classic case in point on this matter relates to the definition and scope of application of the precept of Special and Differential Treatment in International Trade.

In its original conception as contemplated by the Enabling Clause of the Tokyo Round, it made provision for developing economies to provide tariff and non-tariff forms of protection to their industries. It also did not require them to engage in reciprocal arrangements with developed economies.

Those regimes were effectively dismantled for countries other than the least developed by the provision in the Uruguay Round which caused Special and Differential Treatment to amount to no more than Flexibility within Reciprocity.

Recent proposals by the USA Government taken at face value suggest that the contemporary concept of SDT is now proposed to be further depreciated.

Ironically, this is being proposed at a time when the largest scope for special and differential treatment is not that afforded under law to the developing economies.

Indeed, it is the SDT provided by the developed countries to their agricultural sector in the form of subsidies which meet certain contrived criteria.

The treatment of subsidies has proven to be one of the chief factors which has bedeviled progress in international trade arrangement.

It is a matter of fact that proposed FTAA proved to be stillborn because of fundamental differences over subsidies to agriculture.

A similar fate befell the Doha Round.

The orderly development of the agricultural sectors of the global economy can have such a direct bearing on the fight against global warming and the achievement of food security that this glaring anomaly simply has to be addressed and resolved.

Third, it would be fanciful to suggest that in a world characterized by countries which have unequal strengths, multilateralisation has been practiced everywhere as contemplated, and in accordance with the best precepts of social justice.

This has especially been the case where, in the absence of an International Convention governing cross border taxation relations, the OECD and the European Union, in the past and still

today, have sought to impose their will on other countries, first by way of the Harmful Tax Competition Initiative and now by the Base Erosion and Profit Shifting Initiative.

And they have sought to do so despite the fact that the Declaration of Principles of International Law Concerning Friendly Relations and Cooperation Amongst States of the Charter of the United Nations speaks in the following terms:

“No State or group of States has the right to intervene directly whatever, in the internal or external affairs of any other State. Consequently, armed intervention and all other forms of interference or attempted threats against the personality of the State or against its political, economic and cultural elements are in violation of International Law.”

The Government of Barbados relied on this provision when, at the turn of the century, it refused, under threat of sanctions to sign letters of Commitment to the OECD/EU on the matter of Harmful Tax Competition.

We were prepared to have the matter tested in the Courts.

However, the pursuit of equity as regards cross border taxation transactions, in support of genuine Multilateralism, requires that the scope of application of that provision in the UN Charter be given the standing of certainty which it deserves.

That brings me to one of the essential points I wish to make.

It is that the circumstances and best interest of most countries are best assisted by the practice of more rather than less multilateralism.

The Doha Development Round has been stalled for over a decade.

In the absence of significant progress regarding multilateral trade negotiations, there will be the temptation for the more advanced economies to engage in plurilateral or bilateral arrangements.

Small developing countries can sometimes be the principal victims of any fall out from such developments.

This is not based on abstract theory.

The failure of the signatories to the NAFTA to grant Caribbean Countries parity with Mexico for goods such as textiles, footwear and other products led to a loss of 150,000 manufacturing jobs in the Caribbean,

Indeed, we are also left to wonder what would be the fate of our economies if the mega trade blocs proposed to be put in place by the advanced North Atlantic economies were to be established.

They would sell each other duty free. Our products who have to enter their market duty paid, with all of the attendant problems ensuing from limited scale of operations attached.

The hope of the Caribbean, as that surely of most small and developing countries, is that the will is found to advance the cause of genuine, broad-based inclusive multilateral trade negotiations

to take trade-induced development from the dangerous pause on which it has been placed.

It is time to reset.

CLIMATE CHANGE

Matters pertaining to climate change, and the fight against global warming should more naturally be dealt with in effective multilateral frameworks than any other matters which have or will ever engage the international community.

First, it must be self-evident that the impact of climate changes cannot be contained within national boundaries. Hence, multinational solutions must be pursued.

Secondly, as has elsewhere been vigorously asserted, the countries that contribute the least to the crisis are those that stand to be most harmed in both an absolute and relative term. The best precepts of sound justice should therefore mandate that such countries should be the direct beneficiaries of mechanisms which are put in place to bring about mitigation and adaptation solutions in respect of the incidence of climate change.

Third, but above all else, the fight against global warming and the crisis ensuing from climate change can generate the kinds of growth opportunities which can lead to betterment everywhere. It is therefore crucial that those opportunities should be shared equitably.

There is now a vast and very authoritative literature, based on the soundest empirical and theoretical analysis concerning the cause and potential effects of global warming and climate change.

In this brief presentation, I must presume that the main provisions, modalities and targets of the Paris Accord and other previous climate related Agreements are in the realm of public knowledge and I therefore will not dwell on the technical details.

I however feel that it must be said that it is pointless to be drawn into the controversy about whether global warming exists or it is a threat of unprecedented proportion to global activity and development.

To believe that, in a relatively short space of time, the global society could, in virtually every facet of its activity, introduce new

technologies, processes, products and ways of doing things, all of what bear upon the environment but have done so without affecting the environment itself is to get lost in an intellectual fog.

From the perspective of the Caribbean, I can find no better way of capturing the far-reaching dimensions of the crisis which we face from climate change than in the words of the Nobel Laureate Derek Walcott in his acceptance speech:

“The Caribbean is not an idyll, not to its natives. They draw their working strength from it organically, like trees, like the sea almond or the spice laurels of the heights. Its peasantry and its fishermen are not there to be loved, or even photographed; they are trees who sweat and whose bark is filmed with salt... A morning come in which Governments might ask what happened not merely to the forest and the bays but to a whole people”.

The essential message here is, that in respect of small states, where the crisis ensuing from climate change is concerned, the effects are all encompassing and will, in all probability, have a more fundamental bearing on their future development than any other factor.

Indeed factors arising from the physical environment have already begun to have a profound bearing on the economies and the societies of small states in particular.

The effects of GOP of natural disasters, the impact on the main productive sectors such as tourism, the effect on the infrastructure, housing and communities in general, the prevalence of droughts all point to a most hazardous existence due to environmental factors.

Indeed, because of the effects of climate change, small states do not just exhibit special vulnerabilities. Their vulnerabilities are permanent. As such, while other species of societies may overcome their challenges by the appropriate choice of policies, such an expedient is not open to small societies which are always at the mercy of natural disasters.

It is also the case that the need to have to borrow to replace capital assets devastated by hurricanes helps to account for the fact that some Caribbean societies now find themselves having some of the highest debt to GDP ratios of all nations

Countervailing analyses typically tend to stress that small states have not experienced the kind of doomsday scenarios that

are said to be their eventual lot. Sea level rise for example has not yet swallowed whole small islands.

I would suggest that the best methodological approach to addressing such a matter is to use the methodologies used by actuaries in planning the structure of pension schemes in aging societies.

Plans have to be laid and sustained today to address, not what exists at present, but that which is likely to become reality unless action is taken in the short-term to avert instability and bankruptcy over the medium and long term.

In light of the severity of the challenge to development that are ensuing from the climate crisis, I would also wish to advocate the following propositions for consideration:

“First, the fight against climate change and global warming should not be conceived of as a standalone exercise to be met by the meeting of a series of climate related targets alone.

It should be conceived of as being the core activity of an overall, holistic approach to sustained and sustainable development.

In that capacity it should be made to go hand in hand with the other programmes to enable small states in particular to improve their economic prospects by being better integrated in the global economy on more advantageous terms than have been their recent lot.

Secondly, and related to this the critical aspect of the response to the challenges of climate change is for societies to find the funds to carry out complex programmes of adaptations.

Already the pledge by the global community to provide large sums for adaptation is falling short of their commitments and what is needed. Failure becomes the most obvious result if this trend is allowed to persist.

As such, the fight to deal with the climate crisis will therefore have to entail new financial arrangements to ensure that the programmes are not under financed.

The debt for carbon swap arrangements are an important innovation in this respect.

But countries themselves should endeavor to raise more dedicated resources of their own to fund their adaptation programme. At the Rio Earth Summit it was proposed that the “pollute pay principle” should be made the basis of new funding arrangements. Therefore, a permanent Environmental Levy, appropriate to the countries’ needs should be made a permanent feature of the fiscal system of societies at risk.

I say this because there are already dangerous signs that the departure from the best practice of and commitment to multilateralism will also become a major problem for those involved in the fight against global warming.

In this regard, the withdrawal of the USA from the Paris Accord is the kind of blow which is most unhelpful. But it should alert countries at risk not to depend upon the benevolence of

others to provide them with solutions to the challenges of mitigation or adaptation as they implement responses to global climate crisis.

I choose to close with some sanguine thoughts.

If global warming and the attendant climate crisis have been in part caused by human actions, then they should be amenable to being cured by human ingenuity.

In such circumstances, Arnold Tonybee's Theory of Challenge and Response, if drawn upon to deal with the challenges of global warming can in fact trigger the next great burst of global growth and development.

For as Tonybee asserts in his "Study of History":

“Man achieves civilization not as a result of superior biological endowment but as a response to a challenge in a situation of special difficulty which rouses him to make a hitherto unprecedented effort”.

The special difficulty is already upon us.

And it is to be hoped that the creative imagination of man, as always as it has been in the past, will assist the international community at large to conceive of the unprecedented solutions that our times and circumstances require.