Preface

In today’s increasingly integrated global economy, trade liberalization plays a key role in extending the dynamics of international markets to developing countries. Trade can catalyze economic growth but, like all forms of economic activity, trade-induced growth can also create new pressures on natural resources and on the rural poor who depend on those resources for their livelihoods. It is therefore not surprising that controversy has followed the widespread liberalization of economic policies and the dramatic expansion of trade in recent years.

This book is a joint effort on the part of The World Bank and the World Wildlife Fund (WWF) to move the discussion about trade, poverty and the environment beyond the theoretical and rhetorical and to shed light on the real impacts of trade liberalization. The conviction of both organizations that development must address the issues of environmental protection and poverty alleviation has brought us together in this effort to better understand the impacts of trade. The lessons drawn from the case studies in this book provide a critical first step in developing the appropriate policies and responses needed to ensure that trade, along with other aspects of globalization, plays a positive role in promoting truly sustainable development.

The innovative aspect of these six case studies lies in their effort to examine both the immediate and longer-term impacts of trade on some of the most vulnerable people and places in the world. This collaborative research project started with the recognition that trade, like any economic activity, has consequences for the environment through the use of natural resources and environmental services. These impacts, such as measured rates of deforestation, were generally understood in broad terms, at the level of national economies. Likewise, the economic impacts, such as changes in GDP, had been mostly studied at the national level.

However, missing in most analyses of trade was the critical link between people, especially the vulnerable poor, and the changing environment on which they depend. In particular places and for particular people, trade drives unique sets of responses that can only be understood by looking carefully at local conditions and results. That is where these studies dive into the heart of the complex relationship between trade, poverty, and the environment: by looking at specific outcomes in places of environmental concern.
Through these studies, we hear the stories of real people in real places – from the mountains of western China to the sugar-growing regions of South Africa to the salmon farms of Chile. Local research teams looked not only at the specific impacts of trade liberalization and associated socioeconomic changes on poverty and the environment, but also more importantly at their effects on the relationship between poor people and the environment. How did changes in the availability of environmental resources affect the poor? And how do changes in the natural resource constraints faced by the poor affect the use they make of environmental assets and services? Emerging clearly from these stories is the uniqueness of the factors shaping each place and the wide range of possible outcomes from essentially similar policies. While aggregate analyses of the impacts of trade liberalization generally tell a positive story of economic development, the stories of particular places and people make it clear that behind these aggregate figures lie a host of positive and negative impacts that will determine the long-term potential for sustainable development.

The fundamental importance of looking locally to understand the real impacts of global economic change, including trade liberalization, was recognized before these studies began. However, a rigorous methodology for examining the complex local impacts and clearly linking them to international and national policies did not exist. The research teams worked from a framework that emphasized the interconnected impacts of local, national, and international factors – laws and policies, demographics, culture – on local outcomes. Each team necessarily made use of a variety of traditional disciplinary methodologies to piece together the stories of local change and the various intervening factors shaping the impact of trade policies.

Over the period in which these studies were carried out, important advances have been made in our understanding of the relationship between trade, poverty, and the environment. Most importantly, human well-being has become widely accepted as a measure of development, replacing more limited measures such as income that emphasize only economic aspects. In equal measure, the Millennium Ecosystem Assessment has advanced an understanding of human well-being that gives a central role to the services and resources provided by the natural environment. It has also drawn attention to the precarious state of the natural resources on which human well-being depends. The Assessment is thus a major step forward in our understanding, but it too falls short in terms of providing a practical, applicable methodology.

Clearly we must now work towards a methodology that will better enable the donor community, development organizations, and national and local governments to better anticipate the environmental and poverty
impacts of trade – or other global economic events – and to use that knowledge to design appropriate responses and interventions. Supporting a positive, sustainable relationship between the rural poor and the environment will allow these vulnerable people to benefit from the new economic opportunities created by trade without contributing to environmental degradation.

The case studies and the conclusions drawn from them by The World Bank and WWF in this book will contribute to this improved understanding. Here we highlight several important lessons that should shape an improved methodology for understanding the impacts of trade:

- The first lesson is that a robust analytical approach must be built on recognition that vulnerable people depend heavily on environmental resources in places of great value for conservation. Moreover, trade has the power to fundamentally alter traditional uses of environmental resources, as people take advantage of new economic opportunities or struggle to maintain their precarious existence in the face of increasing economic difficulties. Yet the impacts of trade cannot be isolated with certainty from the numerous socioeconomic changes occurring around the globe that likewise affect these places. Trade is often a central component of efforts to promote development through economic policy, but it is embedded within a larger set of changes to international, national and local markets, demographics, and culture.

- Second, from that starting point, we have learned that a methodology for understanding the impacts of trade must, like the studies in this book, look at the specific conditions in a particular place, and at the range of local, national and international factors that will shape the environmental and poverty outcomes. Perhaps the key lesson to take away from these studies is that trade policies aimed at increasing incomes may have beneficial effects in one place – for the environment, or for poverty, or both – and negative effects in another, depending on local conditions and local policies. The case studies highlight the fact that while some outcomes of trade can be clearly labeled positive or negative, in most cases trade-offs are being made. These trade-offs are, first, between different groups of people who may be “winners” or “losers” from trade liberalization, and, second, between people and the natural environment itself. Vulnerable people – the rural poor – have little or no say in the balancing of these trade-offs. And the environment is even more rarely given a voice. Only by understanding the complicated context and recognizing the forces shaping the trade-offs can we hope to predict and address the outcomes.
Finally, we have come to learn that only by recognizing the complicated context of local responses can we begin to ensure that the outcomes of trade are beneficial. International negotiations cannot foresee the multiple local impacts of trade agreements. The recommendations provided in the final chapters of this book by The World Bank and WWF point toward some better ways to achieve core sustainability and human development goals. Most importantly, with an understanding of the multiple levels of economic activity and governance that affect local places, responses to changing opportunities can be implemented at the appropriate level of governance. Inevitably this will involve working to change conditions, incentives, and opportunities and to increase stakeholder participation at the local and national levels, rather than trying to address the local outcomes of trade at the international level. While trade will continue to play a central role in international development policies, the focus of development needs to be shifted back to the national and local levels in order to truly achieve its goals.

We have learned much from our collaborative work on this book. Long discussions about the case studies have made it clear that there are many places where a development bank and a conservation organization can agree. And while each organization drew its own overall conclusions, the differences between them reflect a difference of emphasis rather than fundamental disagreements. It is very clear that trade is affecting vulnerable people in vulnerable places, and that both development and conservation organizations must work through a variety of measures to ensure that these local changes are beneficial for the poor and for the environment. As the pressures of globalization and population growth increase, aggravated by the effects of global climate change, the need to solve the problems of the world’s most vulnerable people and places will only increase. The lessons of this book will help guide us as we respond to those challenges.

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