

# The Emerging Debate on the Need for a World Environment Organization: A Commentary

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As demonstrated by this inaugural issue of *Global Environmental Politics*, the debate on institutional reform of international environmental policy-making has gained momentum. At the center of deliberations is the idea of replacing the weak United Nations Environment Program (UNEP) with a stronger "world environment organization," although no consensus on the need for such a new agency or the best model for its design has yet been reached.

The concept of upgrading or replacing UNEP with a stronger body, as discussed in this issue, is in itself not new. However, the substantial support the idea has mustered in recent years has added a new dimension to earlier debates. For example, the creation of a new agency has now been endorsed by the former heads of the World Trade Organization (WTO), Renato Ruggiero, and of the UN Development Program (UNDP), Gustave Speth, as well as by the new WTO director-designate, Supachai Panitchpakdi. Several academics and expert commissions, too, have advocated a world environment organization.<sup>1</sup> Notably, a number of governments have come forward with proposals for establishing a global agency for environmental protection, among them Brazil, France, Germany, New Zealand, Singapore, and South Africa. The French government has now taken the lead by announcing its intention to use its presidency of the European Union in the second half of 2000 for an initiative to replace UNEP with an "organisation mondiale de l'environnement."<sup>2</sup> Given this increasing support for a new body, opponents of a major organizational reform have also weighed

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1. On different proposals of new international bodies for environmental protection, see, for example, Declaration of The Hague 1989 (calling for an international authority on the atmosphere with effective majority rule); Palmer 1992; Charnovitz 1993 (calling for an international environmental organization that would be modeled on the International Labor Organization); Runge 1994 (calling for a world environmental organization); Esty 1994 and 1996 (arguing for a global environmental organization); and German Advisory Council on Global Change (discussing various options), forthcoming. For an extensive argument against a world environment organization, see Gehring and Oberthür 2000.
2. See the speech of Mrs. Voynet, the French environment minister 2000.

in, including the former executive secretary of the Convention on Biological Diversity, Calestous Juma,<sup>3</sup> and, in this issue, the academic Konrad von Moltke.<sup>4</sup>

Yet most actors in this debate mean different things when talking about a new organization, and no consensus on its optimal design has yet emerged. In essence, proposals can be grouped into three different models for a world environment organization: the “cooperation,” the “centralization,” and the “hierarchization” models.<sup>5</sup>

In the *cooperation model*, UNEP would merely be upgraded into a specialized UN agency, such as the World Health Organization (WHO) or the International Labor Organization (ILO), and no other agencies or regimes would be disbanded.<sup>6</sup> Supporters of such a model expect from a strengthened environmental actor the facilitation of norm-building and norm-implementation processes. This could result from stronger capabilities of the organization especially in the field of capacity-building in developing countries, and from new legal and political powers of a specialized UN agency that would exceed the current mandate of UNEP. For example, such a world environment organization could approve by qualified majority vote certain regulations which are then binding on all members, comparable to articles 21 and 22 of the WHO Statute. The general assembly of a world environment organization could also adopt draft treaties that have been negotiated by sub-committees under its auspices. The ILO Constitution, for example, requires its parties to submit, within one year, all treaties adopted by the ILO General Conference to the respective national authorities and to report to the organization on progress in the ratification process. This goes much beyond the powers of the existing UNEP Governing Council, which can initiate intergovernmental negotiations, but cannot adopt legal instruments on its own.

Advocates of a *centralization*, or “streamlining,” model call for wider reform. They want to integrate various existing agencies, programs and regimes into a world environment organization, which they expect to result in efficiency gains and improved environmental policy coordination. The integration of environmental regimes could follow the model of the WTO, which has integrated various multilateral trade agreements under its umbrella. Some other agencies could be streamlined, too. Daniel C. Esty, for example, has named at least seven international bodies, such as the World Meteorological Organization, that

3. Calestous Juma, “Stunting Green Progress,” *Financial Times*, 6 July 2000. See also in direct response, Daniel C. Esty, “Global Environment Agency Will Take Pressure Off WTO,” *Financial Times*, 13 July 2000.

4. Moltke 2001.

5. See in more detail Biermann 2000. For a different cut of three possible models, see German Advisory Council on Global Change, forthcoming.

6. In large measure, this cooperation model is the type of agency that is currently supported by the German government, which suggests, in a somewhat more modest fashion, the upgrading of UNEP to a UN-internal autonomous body that reports to the UN General Assembly (similar to the UN Conference on Trade and Development, UNCTAD). Roland Mauch, head of the Division on United Nations Economic and Development Affairs, Federal Foreign Office, Government of Germany, personal communication, Aug. 2000.

could, in his view, be condensed into a single international agency on environmental issues.<sup>7</sup>

A third model is the *hierarchization* model. This model calls for a quasi-supranational agency on environmental issues that would have decision-making and enforcement powers vis-à-vis a minority of non-consenting states if global commons are at stake. This would help, it is argued, to overcome the free-rider problem in global environmental governance. The only example for such a body so far is the UN Security Council with its far-reaching powers under Chapter VII of the UN Charter. However, although some writers have called for a world environmental organization with sanctioning powers, and the Hague Declaration (1989) seems to veer in this direction, little support for the hierarchization model is currently evident.

In view of the complex present situation in international environmental affairs, it seems that the best option for the next decade—perhaps with a view to the Rio+10 events in the year 2002<sup>8</sup>—will be to follow the first model by upgrading UNEP to a full-fledged international organization while maintaining the current system of decentralized, issue-specific international environmental regimes. Yet this new organization should have its own budget and legal personality, along with increased financial and staff resources and a stronger mandate, especially in the field of norm-setting.

In the long run, however, it would appear that the simple cooperation model should be superseded by the “streamlining” or centralization model. In other words, a world environment organization should be created with a view to a closer integration and coordination of the myriad of environmental treaties in the same manner in which WTO has integrated the major trade agreements.<sup>9</sup> This would require a basic Agreement on Establishing the World Environment Organization, which would contain a number of general principles—perhaps building on the 1992 Rio Declaration on Environment and Development—as well as coordinating rules that govern the organization and its relationship with the issue-specific environmental regimes.

Such a move would enable the world environment organization to develop a common reporting system and a common dispute settlement system for all multilateral environmental agreements. It would also strengthen the standing of the world environment organization that may then, for example, elabo-

7. Esty 1996, 111.

8. See the Malmö Declaration 2000, stating in paragraph 21, “The 2002 review of the implementation of the outcome of the United Nations Conference on Environment and Development (UNCED) should be undertaken by an international conference at the summit level. The objective should not be to renegotiate Agenda 21, which remains valid, but to inject a new spirit of cooperation and urgency based on agreed actions in the common quest for sustainable development ...,” and in paragraph 24, “The 2002 conference should review the requirements for a greatly strengthened institutional structure for international environmental governance based on an assessment of future needs for an institutional architecture that has the capacity to effectively address wide-ranging environmental threats in a globalizing world. UNEP’s role in this regard should be strengthened and its financial base broadened and made more predictable.”

9. I have expanded on this in Biermann 2000.

rate internationally acceptable environmental guidelines to be used for the activities of the World Bank and the WTO dispute settlement system. Finally, integration of multilateral environmental treaties into one organization would allow for developing a joint system of capacity-building for developing countries along with financial and technological transfer.

I have discussed this argument in detail elsewhere.<sup>10</sup> In this commentary, I focus on the perspectives on a world environment organization offered in this inaugural issue of *Global Environmental Politics*. I discuss, first, the article by John Whalley and Ben Zissimos, which advocates what can be seen as a fourth model for a world environment organization—the “market-support model.” I will then respond to some critics of a world environment organization, including Konrad von Moltke in his contribution to this issue.

### **The “Market-Support” Model: The Economists’ Case for a World Environment Organization**

John Whalley and Ben Zissimos offer a fresh new perspective in this issue of *Global Environmental Politics* on a debate that has so far been sustained by diplomats, international lawyers and political scientists. In contrast to the existing literature on a world environment organization, they build their argument exclusively on economic theory, in particular cooperation analysis and the Coase theorem. According to Coase,<sup>11</sup> markets in environmental goods require clearly defined property rights as well as the institutional set-up for trading. Yet both are missing on the international level. Whalley and Zissimos take this as their starting point and argue for a world environment organization that would create global markets in which environmental goods could be traded, by state or non-state actors, for non-environmental assets, notably money.

According to Whalley and Zissimos, this new global agency would provide the organizational, legal and financial arrangements required for deals between actors that have an interest in the environmental behavior of others, and those who would receive financial offers in exchange for adopting certain policies. The world environment organization would then assist in monitoring the deals. It would also provide insurance coverage, identify possible partners for deals, from governments to local landowners, and create package deals among all interested actors that would minimize free-riding. In short, Whalley and Zissimos assert that the new agency “would aim to do everything possible to offset the current barriers to global environmental deals to internalize the externalities that apply at present.”<sup>12</sup>

However, like many other attempts by theoretical economists to contribute to the understanding of international politics, Whalley and Zissimos’ pro-

10. Biermann 2000.

11. See Coase 1960.

12. See Whalley and Zissimos 2001.

posal suffers from a neglect of empirical data and a lack of concern for the existing diplomatic realities of global environmental relations.<sup>13</sup> Whalley and Zissimos do not specify, for instance, what their model of a world environment organization would look like. It is not clear whether the organization would be similar to a specialized UN organization, like the WHO (as their chosen title “world environmental organization” might suggest), or whether it would resemble the World Bank (because it would receive funds and hold them in escrow for generations), or the UN Security Council (because sanctioning and enforcement powers need to be involved).

It remains ambiguous, too, how Whalley and Zissimos’ model of a world environment organization would function for issues other than protection of tropical rainforests—their favorite example—because many environmental problems do not fit neatly into their concept of insufficient global markets in environmental goods. How would Whalley and Zissimos deal, for example, with purely local environmental goods, such as outdoor and indoor air pollution, one of the major health hazards in the developing world?<sup>14</sup> In my understanding, such problems need to be addressed by a world environment organization, in the same way as the WHO covers more than merely transboundary epidemics. It is not clear, however, whether Whalley and Zissimos would agree.

If they wished, however, to restrict their world environment organization to “global” environmental goods, how would those be defined? The stratospheric ozone layer, for example, may rightly be conceived as a global good, since everybody will be affected by its depletion. But what about desertification or depleted regional fish stocks? Local problems often evolve into global problems simply due to their accumulation—does this imply that markets can be created for each one of them? In addition, a number of truly global environmental problems seem difficult to envisage in terms of bilateral market deals. Consider the emission of persistent organic pollutants, which are emitted all over the globe. Who will offer a deal to whom when all have participated in the environmentally harmful activity at least to some extent?

No doubt, the theoretical case advanced by Whalley and Zissimos is interesting and worthy of further elaboration. It would nonetheless be helpful if Whalley and Zissimos offered some indication as to which environmental problems their world environment organization would address. It seems that their theoretical argument could even be strengthened if they *restricted* it to the case of deforestation and, perhaps, biological diversity. In economic theory, it appears defensible to argue that rainforests are global goods with the concurrent obligation of the global community to pay for their preservation, including compensating tropical countries for restrictions in the use of their natural resources. Whalley and Zissimos’ argument for a world environment organization might increase its support among decision-makers if the model were condensed

13. See also Newell 2001.

14. See also Newell 2001.

to a bank-like agency that would trade offers from developing countries not to use sections of their natural resources with offers of industrialized countries to compensate these countries. In a sense, this would equal emissions trading without emissions, organized by a global agency for (North-South) trade in rainforest conservation pledges.<sup>15</sup> This agency could then form a part of a world environment organization that would need, however, to have a broader mandate.

### **Trapped in Reality: A Response to the Critics**

While most governments reserve their opinion regarding the recent initiatives from France, Germany, and others, some critics from the practitioners' and academic communities have already raised pointed criticisms against a world environment organization. It is not always clear from their general remarks, though, which of the many possible models for a world environment organization they are discussing. These critics include Calestous Juma, a former head of the secretariat of the biodiversity convention and now a program director at Harvard University,<sup>16</sup> and Konrad von Moltke, who contributes his critique to this issue of *Global Environmental Politics*.<sup>17</sup> Both are leading experts on global environmental governance, and they raise important points. However, it seems that none of their criticisms can fully refute the case for a world environment organization.

### **No Place for a World Environment Organization in a Decentralized World?**

First, Juma, supported by Newell<sup>18</sup> points to the fact that many existing UN organizations are decentralizing their activities and trying to work through networks and institutional alliances. Hence, a world environment organization would be the wrong move. This argument may hold for some UN bodies, but it ignores the fact that other policy areas have seen substantial institutional strengthening, notably in international economic relations with the World Intellectual Property Organization, a reinforced World Bank group, and the powerful new WTO. The critics mistake cause and effect here: it is the weakness of UN organizations that leads them to split up operations in their ever-increasing need for external financial support. To applaud downsizing processes in the United Nations in arguing against strengthening the system, is then a rather conservative perspective.

Equally flawed is the critics' argument that environmental protection is

15. On ideas which are in this respect similar to Whalley and Zissimos' proposal, see German Advisory Council on Global Change, forthcoming, chapter D.

16. Juma 2000. Juma is Director of the Science, Technology and Innovation Program, Harvard University.

17. Moltke 2001.

18. Newell 2001.

too complex an issue to be dealt with by one agency. That almost all countries have established a distinct ministry for the environment reveals that environmental policy can indeed be dealt with by one focal point within an administrative system. To claim that a "world environmental agency would need to cover every conceivable human activity"<sup>19</sup> is as wrong as to claim that WHO must cover all possible causes of human disease and that ILO needs to address every issue affecting workers.

Most international organizations and national ministries have clearly defined mandates in their respective policy areas, and it does not seem theoretically difficult to demarcate the responsibilities of a new international organization for environmental protection. If no other programs or agencies were disbanded, the world environment organization would simply continue working in the areas now covered by UNEP. If governments chose instead to streamline environmental agencies and programs and to integrate various bodies into a world environment organization, turf-battles, as pointed out by Newell,<sup>20</sup> would certainly emerge. But these can be overcome if governments wish to do so, and the likely resistance by various actors to any streamlining effort is a practical problem rather than a theoretical obstacle to delineating a mandate for a global agency on environmental issues.

### **Another Big UN Bureaucracy?**

It goes without saying that the critics make use of the prevailing clichés of the United Nations as a gargantuan bureaucracy.<sup>21</sup> As usual, this argument loses some of its power once UN agencies are compared to national bureaucracies. UNEP, for example, employs slightly more than 300 professional staff. In comparison, the German Federal Office for the Environment has 1043 employees on its payroll, and the United States Environmental Protection Agency lists 18,807 employees.<sup>22</sup> If the international community granted a world environment organization just enough resources to employ as many people as Germany does in its environmental protection agency, a good number of new international programs would be attainable.

Establishing a world environment organization would also create a number of welfare gains by reducing bureaucratic overlap and by increasing the overall efficiency in the system. For instance, the sometimes minuscule secretariats of multilateral environmental agreements could be integrated into the new organization. Negotiations could be centralized geographically, which would especially benefit developing countries that are often unable to send diplomats with sufficient expertise to all the various environmental treaty conferences

19. Juma 2000.

20. Newell 2001.

21. Juma chose this even for his subtitle, stating "a world environment body would create unnecessary bureaucracy. . . .". Juma 2000.

22. On the data, see German Advisory Council on Global Change, forthcoming.

around the world.<sup>23</sup> A world environment organization at one specific seat—most likely in Africa—would allow smaller developing countries to build up specialized “environmental embassies” with a highly qualified staff able to follow the various complicated negotiations. The same holds for non-governmental organizations, which could participate in global negotiations at lower costs. In sum, a world environment organization would indeed create a new agency—but would at the same time achieve a number of efficiency gains by streamlining and condensing the existing bureaucratic jungle.

Critics maintain in this context that the setting up and support of international environmental regimes would be a better way of dealing with the global environmental crisis than creating a new agency.<sup>24</sup> Again, they mistake the call for a clearly defined world environment organization with an ecological levianth that would decree each and every emission right from Kansas to Katmandu. In my understanding, a world environment organization would not abolish environmental treaty-making for the same reason that the ILO does not abolish treaty-making on labor rights or the WTO on trade. The question is how best these treaties can be coordinated, and how international organizations might assist governments in initiating, negotiating, and implementing these agreements. This is the rationale for a world environment organization.

### **Will a World Environment Organization Harm Southern Interests?**

Critics also point out that the really crucial issues are the lack of capacity for environmental policy in the developing world and the sluggish implementation of obligations by industrialized countries. I agree with Juma that “there is no guarantee that the new agency will perform better in this regard.”<sup>25</sup> Yet the distressing current state of affairs does not offer much hope for improvements either. Judged against the weak UNEP, a world environment organization would be in a much better position to embark on a new global capacity-building and technology-transfer initiative. It could also host the clean development mechanism and the clearinghouse for the future emissions trading scheme under the Kyoto Protocol. These latter activities might contribute to the financing of the new organization through small user fees.

Hence it seems that a world environment organization would be in the interests especially of developing countries. It could provide, for example, for a more efficient and more effective transfer of technology and financial assistance, and it could establish a more efficient negotiating system that would increase

23. Admittedly, some centralization of negotiations could already be achieved in the current organizational setting, and in a sense, it has already been called for in the report of the so-called Töpfer Task Force on strengthening the work of the United Nations in the fields of environmental protection and human settlement. However, a strong new agency with a specified seat and a clear-cut norm-setting mandate—comparable to International Labor Organization—would provide a fresh impetus for centralizing negotiations. I owe this observation to Aarti Gupta.

24. See, for instance, Gehring and Oberthür 2000.

25. Juma 2000.

opportunities of Southern nations to raise their voice in global fora. This will include the chance of better coordination of the positions of developing countries, which will strengthen their collective bargaining power.<sup>26</sup>

Of course, for both North and South a powerful world environment organization would hardly be acceptable if decision-making procedures did not grant them sufficient control over the outcome of negotiations and the organization's future evolution. Thus, a strong organization seems feasible only with a double-weighted majority system comparable to that of the Montreal Protocol as amended in 1990 or of the Global Environment Facility as reformed in 1994. In both institutions, decisions require the assent of two thirds of members that must include the simple majority of both developing and developed countries. Such decision-making procedures based on North-South parity—that is, veto rights for both South and North as a group—could ensure that the world environment organization would not evolve into a conduit of eco-colonialism as some Southern actors suspect.

Likewise, a *sine qua non* for a world environment organization is that it does not detract from the compromises reached at the 1992 Earth Summit. In particular, the constitutive treaty of a world environment organization must encompass more than purely environmental rules but must address above all the development concerns of the South, too. Thus principles such as the right to development, the sovereign right over natural resources within a country's jurisdiction or the principle of common but differentiated responsibilities and capabilities need to be integrated into the constitutive instrument of the organization.<sup>27</sup>

Regarding the trade and environment debate from which many proposals for organizational reform have emerged, critics like von Moltke in this issue, argue that instead of strengthening environmental interests by creating a world environment organization, environmental issues should be directly incorporated into the WTO.<sup>28</sup> Yet it is not clear how this might work in practice. If the free trade regime is to defer to *externally* negotiated environmental standards, this is best accomplished by a much stronger environmental actor in the international realm, such as a world environment organization that would assist in initiating, negotiating, and implementing international environmental agreements.<sup>29</sup> If one wanted the WTO, instead, to adopt environmental standards of its own, this would inevitably result in the complete over-stretch of the WTO and its eventual paralysis.

No doubt, free trade needs to be restricted for the sake of global environmental protection. The best way to do this, however, is the negotiation of distinct global environmental standards instead of overloading the WTO. A world environment organization would be important to meeting this challenge. Given

26. On the bargaining power of developing countries in global environmental politics, see Biermann 1998.

27. See in more detail Biermann and Simonis 2000.

28. See Moltke 2001.

29. See also Newell 2001.

the current state of environmental politics, creating any form of a new agency might appear unrealistic to some. Yet two decades ago, the establishment of an international criminal court or a world trade organization appeared unrealistic, too. It is time again to demand the impossible.

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