

Corporate Social Responsibility and the World Trade Organisation

Challenging the Status Quo



Master Thesis

Supervisor: Steen Vallentin

MSc. international Business and Politics, CBS

Abstract

In the last decade, the debate on CSR in global trade has received increasing attention, as the conventional practices of the WTO are being challenged by a growing perception that the organisation needs to play an active role in promoting the three pillars of sustainability. The debate is marked by strong contrasting opinions, especially between developed and developing countries. The overall purpose of this thesis is to assess whether and how the WTO and its members can address CSR and related matters within the current institutional setting. As a critical study of the current situation where CSR is not being addressed by the WTO, the thesis seeks to challenge the status quo and advocate that there is a role for the WTO in regards to CSR. By analysing the institutional design of the WTO, the thesis seeks to identify the opportunities and barriers in regards to the three pillars of sustainability. The thesis attempts to highlight both sides of the debate, and based on these considerations, recommend changes to counteract the inequalities and injustices, which the separation of WTO and CSR is faulted for causing in the global society. Moreover, it is acknowledged in the research that there are considerable hurdles in employing the three pillars of sustainability in the WTO, given the substantially differing dispositions among members, as well as the strong neoliberal ideology embedded in the organisation. The thesis therefore seeks to address the complexity of the debate by examining the main arguments, and address the basis for challenging some of these notions in the WTO.

The thesis finds that it is feasible for the WTO to address CSR and related matters within the institutional design of the organisation to a limited extent. But recommends applying smaller changes, rather than pursuing amendments to the WTO agreements.

The thesis thus contributes to the debate on the role of CSR in international trade in general, as well as the debate on the development of the WTO in regards to the three pillars of sustainability. It also seeks to open the door more up for a debate in the larger context on the role of neoliberalism in respect to CSR, and how all three pillars of sustainability should be addressed in global trade.

Abstract.....	0
1. Introduction.....	3
1.1 Problem formulation.....	3
1.2 Research question.....	4
1.3 Structure of the thesis.....	5
1.4 Limitations.....	5
2. Literature review.....	6
3. Theoretical framework.....	9
3.1 International Institutional Design.....	9
3.1.1 <i>Institutional theory and rational choice institutionalism</i>	9
3.1.3 <i>The rational design of international institutions</i>	12
3.2 Creating Shared Value.....	14
3.2.1 <i>The dimensions of the CSV framework</i>	15
3.2.2 <i>CSV and the role of government</i>	18
4. Operationalization.....	20
5. Method choice & description of data sources.....	24
5.1 Sources and data.....	24
5.2 Philosophy of science.....	26
6. Analysis – identification of barriers and opportunities.....	28
6.1 The institutional design of the WTO.....	28
6.2 Dispositions within the WTO in relation to social and environmental issues.....	35
6.2.1 <i>Preferences and behaviour</i>	35
6.2.2 <i>Zero-sum to positive sum</i>	40
6.2.3 <i>Enforcement versus flexibility</i>	45
6.3 The neoliberal organisation and the three pillars of sustainability.....	51
6.3.1 <i>Main arguments against the inclusion of CSR and counterproposals</i>	52
6.3.2 <i>Compatibility of the neoliberal ideology of the WTO and the three pillars</i>	56
7. Discussion – possible solutions and steps for change.....	58
7.1 The role of WTO-members.....	58
7.2 Strategies for dealing with CSR in the WTO.....	62
Conclusion.....	66
Bibliography.....	68
Appendix.....	72
Appendix A.1 – Responsible Growth: shared value for both company and society.....	72
Appendix B.1 – Classification of multilateral institutions.....	72
Appendix B.2 – Preamble, WTO Agreement, 1994.....	73
Appendix C.1 – Post-ATC winners 2004-2007.....	73
Appendix C.2 – Labour Rights Index.....	74
Appendix C.3 – 8 fastest growing exporters of textiles (2005-2011, USD million).....	74
Appendix D.1 – Written confirmations regarding interviews.....	75

1. Introduction

1.1 Problem formulation

The World Trade Organisation (WTO) “deals with the global rules of trade between nations” (WTO, 2016), which according to the WTO means that the main function of organisation is to “ensure that trade flows as smoothly, predictably and freely as possible” (WTO, 2016). These statements refer almost exclusively to the economic aspects of global trade, while the WTO allocates hardly any attention to the remaining two pillars of sustainability, and Corporate Social Responsibility (CSR) is bordering an alien concept to the organisation. Meanwhile, millions are affected every day by global trade and the decisions made at the WTO, which are operationalized by corporations. There has therefore been a growing debate over the past decade, on the discrepancy between the WTO and CSR-related matters, as it could be argued that “global rules of trade” encompasses matters of CSR, and that all three pillars sustain “smooth” and “free trade”.

In 2002, the director general of the WTO, Pascal Lamy, unsuccessfully proposed an inclusion of “a code of conduct for MNCs” in the Doha round, and in 2010 Lamy emphasised again the need for combining international trade and the three pillars of sustainability, by making the following statement “contrary to what used to be conventional wisdom, trade and human rights go hand in hand, although progress still needs to be made to ensure better coherence between principles and realities” (Lamy, 2010). His statement was quickly followed by an EU report, where the European parliament called on the Commission to “advocate the incorporation of a CSR dimension into multilateral trade policies, both in the international forum, which have supported the concept of CSR, in particular the OECD and the ILO, and in the WTO in the post-Doha context” (EU parliament, 2010). Advocates of the enforcement of the four international guidelines on CSR¹, likewise reason that there is a need for the sentiments behind the principles to be reflected in the international trade system. There is also a growing concern the organisation is actually by default preventing national governments from ensuring enforcement of CSR policies, and according to the think-tank SOMO, it is directly “problematic that effective CSR measures are dependent on approval of the WTO” (SOMO, 2005).

¹ The OECD Guidelines for Multinational Enterprises, ISO 26000 Guidance on Social Responsibility, UN Global Compact, and UN Guiding Principles on Business and Human Rights

The debate is however marked by strong contrasting views, especially between developed and developing countries. The proponents argue that the WTO violates human rights by promoting trade at the expense of social and environmental matters, and claims for example that the “failure to protect core workers’ rights, may distort trade” (Aaronson S. A., 2008), while opponents claim that setting standards, e.g. labour standards, will serve as de facto trade barriers. However, Susan Aaronson, one of the leading scholars in this debate, argued in 2008 that the WTO could help promoting responsible global business practice, and it would not necessarily require new negotiations or radical changes to the WTO. Previous research has found that the WTO-members are willing to “accept human rights issues as part of the purview of the WTO. But has thus far failed to find common ground on how and when to include these issues.” (Aaronson S. A., 2008, s. 57).

I am in this research critical towards the current situation where CSR is not being addressed by the WTO, and will present the argument that there is a role for the WTO in regards to CSR. Although I acknowledge that the institutional design of the WTO, the substantially differing dispositions among members, as well as the strong neoliberal ideology embedded in the WTO, makes such endeavours highly complex and challenging. I will therefore in this research, examine the main structures of the WTO and dispositions in regards to the three pillars of sustainability, in order to understand how the status quo may or may not be changed in order to counteract the inequalities and injustices, which the separation of WTO and CSR is faulted for causing in the global society. The thesis is therefore intended to be a contribution to the debate on the role of CSR in international trade in general, as well as the debate on the development of the WTO in regards to the three pillars of sustainability.

1.2 Research question

In this thesis, I seek to answer the research question: “*Whether and how can the WTO and its members address CSR and related matters within the current institutional setting?*”

In order to answer the research question, the thesis will investigate the following sub-questions throughout the analysis and discussion sections:

1. What are the main opportunities and barriers within the institutional design of the WTO in regards to CSR-related matters?
2. What are the principal arguments for and against the inclusion of CSR in the WTO?
3. What possible approaches could the WTO and its members pursue in addressing CSR and related matters in the WTO?

1.3 Structure of the thesis

The **literature review** will provide a brief overview of the existing literature within the field of CSR and international trade. The review will seek to identify “gaps” in the literature and provide an overall understanding of the debate. The section will also present the choice of theory, and its basis in the current debate. The **theoretical framework** section will present the two theoretical frameworks of the thesis, i.e. Rational Choice Institutionalism and the Creating Shared Value framework. This section will be complemented by the **operationalization** section, which will present 2-4 key concepts of each theory and outline potential specific assumptions attached to these key concepts. The section will also serve as a clarification of the parts of the theories relevant to the thesis. The **methods** section will provide a description of choice of methods and data, as well as an explanation of the philosophy of science behind the thesis. The **analysis** is an examination of the institutional design of the WTO in respect to the three pillars of sustainability, and thus analysis the structures and dispositions in order to identify the barriers and opportunities in regards to CSR. The analysis will be operationalized based on the conjectures in the ‘Rational Institutional Design’ framework and the concepts of the Creating Shared Value framework. The **discussion** will be an assessment of the applicability of approaches based on the findings in the analysis, and present action-oriented recommendations to the WTO and its members for the road forward in including CSR-matters into the WTO. Finally, the **conclusion** will summarise the findings and present reflexions on further research in the field of the study.

1.4 Limitations

There are of course limitations to the scope of this thesis and the aspects of the debate, which it is able to cover. Firstly, there are numerous approaches and perspectives that can be applied in the examination, and the thesis is focusing on the WTO and the institutional setting, and not e.g. in depth legislative analysis of the WTO laws and the surrounding geopolitical climate. Secondly, both of the theories utilised in the research, apply quite simple perceptions of human behaviour and assumption about actors’ compliance with rules, which is also reflected in the research analysis and findings. The novelty of the issue at hand has also limited the amount of available and relevant data in general, and I have therefore also encountered limitations in regards to conducting interviews. It was in general difficult to acquire the intended interviews, and I was promised an interview with the Danish Ministry of Foreign Affairs, which was repeatedly postponed and finally cancelled at the very end of the thesis process.

2. Literature review

The debate on the relationship between the WTO and CSR, as well as sustainability and the international trade system, has only been around for little over a decade and remains a controversial issue. There is therefore a limited availability of research and articles, and I identify two main gaps of knowledge within this debate. Firstly, the research field on connecting CSR and international trade is relatively limited, especially in regards to the WTO and the three pillars of sustainability. Secondly, the field of CSR has in recent years started to deal with the role of national governments, while research regarding the role of international institutions remain quite limited, especially regarding those who focus on the economic pillar, e.g. the IMF and WTO. The role of the three main “actors” in this debate has mostly been dealt with in isolation, and the three-fold relationship between the WTO, its members and private business actors in regards to the three pillars of sustainability, is therefore open for examination.

CSR and the WTO institution

The linkage of CSR and the WTO has primarily examined been from a law perspective, and linking trade regulation and human rights in international law has been dealt with as an issue of legitimacy. Cottier et al. defines “the ability to take into account and to realise human rights and ethical values underlying these rights is critical for the long-term legitimacy of the multilateral trading system” (Cottier, Pauwelyn, & Bonanomi, 2005, s. 26), and the findings have been further advanced by Chantal, who examines the strategies of linkage of the WTO and labour rights in further depth (Chantal, 2009). Waincymer likewise deals with the question of whether the WTO has or should have a role in regards to human rights, argues that the answer is dependent on various perspectives of different disciplines and therefore demands an interdisciplinary analysis (Waincymer, 2009). Thus, following the notion of Waincymer a primarily legal analysis is not sufficient to address the questions of international trade and human rights, and by extension the WTO and CSR.

Dine provides a study of the framework of various institutions, incl. the WTO and its responsibility to human rights (Dine, 2005). The research provides interesting insights about the institutional framework of WTO and human rights, but is however largely affected by expectations to the Doha negotiations, which at the time of writing, was attached to a considerable amount of optimism. In various debates the focus is primarily on the possible inclusion of social and environmental provisions in a new trade agreement, while the implementation possibilities within the current

institutional framework has received quite limited attention. Ribeiro explores the relationship between WTO and CSR based on case examples, and highlights known case-examples dealing with social and environmental disputes and articles within the WTO agreements (Ribeiro, 2009), however the article only deals superficially with the institutional aspects and do not provide concrete suggestions. The post-Doha issues, such as credibility of the multilateral trade system, and others related to the WTO's institutional framework, are addressed by Harbinson, who argues "in an interconnected world in which many issues, such as trade, health, environment and labour cut across the boundaries of international organizations there is a need for increasingly coordinated and concerted responses in terms of global governance" (Harbinson, 2015).

The thesis seeks to contribute to this debate by providing an examination of the dispositions within the WTO towards the three pillars of sustainability, and will therefore utilise the rational choice institutional theory. The assumptions of rational choice as embedded in rational choice institutionalism, reflect the neoliberal thinking in the WTO, and the theory is therefore instrumental in presenting the opposing arguments to CSR in the debate. In order to operationalize the rational choice institutionalism perspective, the research will utilise the international institutional design framework. This institutional design perspective has primarily been used to analyse the technical aspects of the WTO, e.g. tariffs. Robert Pahre has for example utilised the institutional design theory by Snidal et.al in analysing the negotiating rounds in the GATT/WTOO and the occurrence of clustering (Snidal, 2001). The thesis will therefore utilise the framework in a novel way, by focusing on the institutional design in regards to the three pillars of sustainability, and by extension CSR.

CSR and the three main actors in the WTO debate

As aforementioned, there is a focus on the role of national governments in the promotion of CSR, both in regards to public procurement (Snidera, 2013), national policies on CSR-initiatives (Vallentin, 2012), but there has not been much attention paid to the role of international institutions. Deva argues that international financial institutions and other international organizations, especially the WTO, could play a role in ensuring that business complies with human rights guidance (Deva, 2011). However Deva's arguments are centred on the Respect, Protect and Remedy framework set in the 2008 report, and is therefore more of a critical discussion of the framework and not a presentation of suggestions for how the WTO could help to ensure business compliance. Aaronson

& Zimmerman focus specifically on human rights, and contributes to the debate by providing recommendations for policymakers to improve coherence between trade human rights policies and objectives. They argue, “policymakers that weigh human rights considerations as they develop trade policy are more likely to ensure that their constituents thrive at the intersection of trade and human rights” (Zimmerman, 2008, s. 207). Aaronson have developed these recommendations to address CSR in general, and argues that through its members, the WTO should examine its role in promoting responsible business conduct globally (Aaronson S. A., 2010). Aaronson contributes to the debate by arguing “CSR-trade links are essentially a policy hybrid a new way to link soft law strategies with traditional global governance mechanisms. With such innovations, policymakers may be able to build greater support not only for corporations as positive agents of globalisation, but for the much misunderstood WTO” (Aaronson S. A., 2010, s. 42). Thus there is a considerable body of work on how national policymakers may support CSR, but have only lightly addressed the role of the WTO is this linkage. Vidal-León investigates the application of CSR within the current WTO legal system in further depth and focus on concern the restrictions on international trade, which may be caused by CSR. Vidal-León argues on one hand “the traditional conception that human rights have no bearing on the WTO legal system is being increasingly called into question in view of the recurrent interactions between the two fields” (Vidal-León, 2013, s. 920), while on the other concludes that the WTO is not equipped to address CSR measures (Vidal-León, 2013).

CSR and the WTO ideology

Within the field of global trade and CSR-related matters, the majority of academic articles focus on the human rights implications of the international trade system, and environmental concerns of trade have primarily been addressed in relation to the development agenda and Doha negotiations. Vevatne deals with the institutional aspects of the WTO in respect to sustainable development in the WTO, and especially provides insights about the institution and environmental issues. Vevatne argues, “the WTO Secretariat’s neoliberal approach to international trade has defined the organization’s approach to sustainable development” (Vevatne, 2004, s. 98). The research in this thesis will build on this reflection, by seeking to challenge the discrepancy between CSR and the WTO, by employing the creating shared value framework. The framework shares basic similarities with the neoliberal ideology of the WTO, but adds a larger emphasis on all three pillars of sustainability. Moreover, the framework addresses the role of the government, and thereby facilitates a natural inclusion of the third actor, i.e. the member-state. Thus, the framework will also

be instrumental in presenting sound suggestions for how CSR can be included in the WTO, and thereby justify the critical view in this research of the unnecessary discrepancy between the WTO and CSR.

Most of the current research is dealing with CSR in respect to bilateral trade agreements, e.g. preferential trade agreements impact on governments in regards to human rights (Hafner-Burton, 2005), to CSR in FTAs (Tschopp, 2012) and (Waleson, 2015). There is clearly a growing interest within the area of combining CSR and international trade, but it is more tangible to deal with the regional level than the WTO directly. As stated in a report from UNEP, the organisation purposely “leaves the potential inclusion of CSR within multilateral trade rules (i.e. the WTO framework of rules) for another day” (UNEP, 2011, s. 23). Thus there are incentives to deal with the WTO aspect, although it may not be on the table just yet. I therefore seek to contribute to a debate that is slowly starting to unfold.

3. Theoretical framework

3.1 International Institutional Design

In order to outline the theoretical framework for the thesis, the following chapter will consist of three sections. First, the chapter will briefly address the basic premises of institutional theory, which will be followed by an overview of rational choice institutionalism, as it is the theoretical basis of the framework applied in the analysis. Finally, the chapter will present the theoretical framework ‘International Institutions Design’ and the conjectures, which the analysis will be based on.

3.1.1 Institutional theory and rational choice institutionalism

Formal institutionalism centers on the formal structure, organisation and bureaucratic hierarchy of the international institution (Barkin, 2006), and is relevant for identifying the parameters set by the constraints of the formal structure and specific framework of rules within the WTO. It is necessary to have this basic information in order to understand the reasoning of member-states in their decision-making processes, and a starting point for comprehending the structures of the WTO.

Neo-institutionalism is effectively the outcome of the debate between formal institutionalism, neo-functionalism and behaviourism. Essentially, neo-institutionalism addresses the actual organisational dynamics within institutions, and focuses on the bureaucratic and institutional rules and politics (Barkin, 2006). Neo-institutionalists claim that formal institutions are not neutral

arenas, but their structure and rules are biased towards some societal groups in the political process. The WTO is for example accused of favouring developed countries over developing countries, especially the two big actors, the US and the EU. Further, neo-institutionalists claims that institutions could be perceived as autonomous political actors in their own rights (Bache, 2011). In this case, the WTO is not as strong an example as its colleague, the IMF, which is (to some extent) able to work and make decisions independently. The WTO, on the other hand, is tightly controlled by its members, and does not have mandate for independent action or as an enforcement mechanism. But it is able to affect the *behaviour* of member-states, the official political actors of WTO, and perhaps indirectly steer the decision-making process in the organisation.

Rational choice explains outcomes as the results of choices made by actors (i.e. an individual person or as a collective group). The actors are assumed to be utility maximizers, and thus acts based on calculated cost-benefit analyses, and shows that the rational choice of one actor may not necessarily lead to the greater good of the group or society at large (O'Brien, 2010). A political system may be intended as a fair and competitive democracy, but majority preferences may still be overruled, due to the larger availability of resources and influence of the wealthier actors and/or the lack of organisation between the poorer actors. Rational choice has likewise highlighted the problem of collective action in regards to issues of public goods and common pool resources (O'Brien, 2010), showing that the short-term economic rational may not lead to the common good of society in the long-term.

Rational choice institutionalism (RCI) is a variant of neo-institutionalism and focuses on the constraints that formal institutional structures impose on actors (Barkin, 2006). The WTO works within tight constraints in general with a very limited mandate (effectively none), especially in regards to social and environmental issues and responsibilities. RCI emphasises property rights, rent seeking and transaction costs in the operation and development of institutions (Hall, 1996), and regards institutions as the provider of the script for a political process, i.e. it names the actors, their respective behavioural strategies (Shepsle, 2009), the information available to them and the outcome of combining the actors' choices. Based on this knowledge, it is possible to evaluate the actor's preferences and analyse the game. RCI entails four notable features. Firstly, the theory employs a characteristic set of behavioural assumptions, i.e. the relevant actors have a fixed set of preferences and design their strategies based on large calculations in order to maximise the attainment of these (Hall, 1996). Secondly, politics is viewed as a set of collective action dilemmas,

which are analysed by using game theory, especially the prisoner's dilemma scenario (Hall, 1996). Thirdly, institutions structure the interactions between actors by affecting the range and sequence of alternatives on the choice-agenda or by providing information and enforcement mechanisms to reduce uncertainty about the behaviour of others. In other words institutions facilitate 'gains from exchange' and lead actors to conduct particular calculations and maybe improved social outcomes (Hall, 1996). Lastly, the theory assumes the creation of institutions to revolve around voluntary agreement by relevant actors, and the institution survives by having a competitive advantage over other institutional forms in the benefits it offers to actors. (Hall, 1996).

RCI emphasises rules as a crucial component in rational choice (Bache, 2011). Thus it focuses on rules and procedures within the organisation, and looks at how these shapes the behaviour of the organisation and its actors. This perspective is interesting in regards to the WTO, as the organisation is a bit stagnant compared to other international institutions, and change is hard to achieve due to the strong regard for existing institutional norms and rules. For example, game theory is utilised to examine actors' decision-making as a function of the expected behaviour of other parties (O'Brien, 2010), and the international institutional design framework uses the prisoner's dilemma scenario as an argument for why actors may choose to "vote against their best interest". The WTO facilitates cooperation by reducing the ability of countries to cheat or free ride, and removing the cost of cooperating. It strives to take away the element of uncertainty, by providing information on its members and encouraging free trade among all the member-states, and thereby the WTO may change the outcome of the cost-benefit analysis and allow for cooperation to appear as the most rewarding policy (O'Brien, 2010).

RCI is criticised for applying too many limitations as part of the program (Shepsle, 2009). The theory is for example perceived as having a relatively simplistic image of human motivation, which may lead to oversight of important dimensions, and to be limited by the degree to which it specifies the preferences or goals of actors exogenously to the analysis (Hall, 1996). However the strict analytical process may also be of great use in certain settings, such as where securing institutional change requires consensus among actors accustomed to strategic action, and approximately equal influence (Hall, 1996), i.e. the scenario of the WTO.

3.1.3 The rational design of international institutions

RCI will be operationalized in the analyse through ‘international institutional design’ framework by Duncan Snidal et al., which seeks to understand the design of international institutions and to explain phenomena across a range of substantive issues. In other words, the framework is a systematic account of wide range of design features that characterise international institutions. The framework outlines various conjectures based on the bivariate relationships between dependent and independent variables (Table 1), which represents generalisations based on a common rational-choice theoretical framework. The basic idea of the framework is based on game theory, where institutions are aspects of equilibria (i.e. the conjectures), including the rules of the game (i.e. the dependent variables) and the expectations of the actors (i.e. the independent variables).

Dependent variables

Snidal et al. has identified five key dimensions of the institutional designs, which they find to be vital aspects of cooperation. The dimensions are referred to as the dependent variables in the conjectures and incl.: 1) membership rules, 2) scope of issues covered (scope), 3) centralisation of tasks (centralisation), 4) rules for controlling the institution (control), and 5) flexibility of arrangements (flexibility).

Independent variables

The following independent variables are the expectations of actors: 1) distribution problems (distribution), 2) enforcement problems (enforcement), 3) number of actors and the asymmetries among them (number), 4) uncertainty about behaviour, 5) uncertainty about the state of the world and 6) uncertainty about preferences (Snidal, 2001). Distribution problems arise when there is more than one possible cooperative agreement. The magnitude of the predicament is a function of each actor compares its preferred alternative to those of other actors. Enforcement problems relates to the strength of the individual actor’s incentive to cheat on a given agreement of set of rules. Number of actors is the amount of actors potentially relevant to joint welfare as their actions affect other or are themselves affected by the actions of others. Uncertainty refers to lack of information in relation to three elements of a strategic situation, i.e. choice, consequence and preference, and their implications to the institutional design. Uncertainty about behaviour arises when actors are unsure about the action of other actors, while uncertainties about preferences refer to the lack of knowledge about the motivations of other actors. Uncertainty about the state of the world occurs when actors

are unclear about the consequences of their own actions, the actions of other actors and/or of international institutions (Snidal, 2001).

Conjectures

Snidal et al. combines the dependent and independent variables in conjectures, which serves as generalisations based on a common rational-choice theoretical framework. Due to the large extent of generalisation applied, each conjecture depends on logic that may entail specific and substantive assumptions (Snidal, 2001). The authors cite the following four broad assumptions for their conjectures, which will also be applied throughout this thesis:

1. Rational design: “States and other international actors, acting for self-interested reasons, design institutions purposefully to advance their joint interests” (Snidal, 2001, s. 781).
2. Show of the future: “The value of future gains is strong enough to support a cooperative arrangement” (Snidal, 2001, s. 781).
3. Transaction costs: “Establishing and participating in international institutions is costly” (Snidal, 2001, s. 782).
4. Risk aversion: “States are risk-averse and worry about the possible adverse effects when creating or modifying international institutions” (Snidal, 2001, s. 782).

Snidal et al. have on this basis outlined 16 different conjectures, which each address the expected effect of a change in a particular independent variable on one of the dependent variables. They follow the logic of comparative statics by asking how, *ceteris paribus*, a (hypothetical) change in an independent variable will affect the equilibrium in institutional design. Thus the thesis will apply the conjectures as a basis for analysing how the current and past relationship between the variables have affected decision-making and the general role of the WTO, and uncover the basic structures behind the organisation’s relationship with the three pillars of sustainability. The thesis will, due to its limitations, like Snidal et al. emphasise the main effects of the individual independent variables, and refrain from addressing the more complicated interactions.

Table 1: Summary of Rational Design conjectures (Snidal, 2001)

M1:	Restrictive MEMBERSHIP increases with the severity of the ENFORCEMENT problem
M2:	Restrictive MEMBERSHIP increases with UNCERTAINTY ABOUT PREFERENCES
M3:	MEMBERSHIP increases with the severity of the DISTRIBUTION problem
S1:	SCOPE increases with NUMBER
S2:	SCOPE increases with the severity of the DISTRIBUTION problem
S3:	SCOPE increases with the severity of the ENFORCEMENT problem
C1:	CENTRALIZATION increases with UNCERTAINTY ABOUT BEHAVIOR
C2:	CENTRALIZATION increases with UNCERTAINTY ABOUT THE STATE OF THE WORLD
C3:	CENTRALIZATION increases with NUMBER
C4:	CENTRALIZATION increases with the severity of the ENFORCEMENT problem
V1:	CONTROL decreases with NUMBER
V2:	Asymmetry of CONTROL increases with asymmetry of contributors (NUMBER)
V3:	CONTROL increases with UNCERTAINTY ABOUT THE STATE OF THE WORLD
F1:	FLEXIBILITY increases with UNCERTAINTY ABOUT THE STATE OF THE WORLD
F2:	FLEXIBILITY increases with the severity of the DISTRIBUTION problem
F3:	FLEXIBILITY decreases with NUMBER

3.2 Creating Shared Value

The thesis will utilise the framework on “Creating Shared Value” (CSV), by Michael E. Porter and Mark R. Kramer, in arguing for the inclusion of CSR in the WTO. The notion of uniting CSR and competitive advantage was initially introduced in the 2006 article “Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility”, where Porter and Kramer proposed a new way to look at the relationship between business and society, which would not treat corporate growth and social welfare as a zero-sum game (Porter M. E., 2006). The notion was later developed into the CSV framework, which described the concept of CSV as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Kramer, 2011, s. 49). Thus the basic idea of shared value is to redefine the relationship between economic profit and social value. Porter and Kramer argue against the ruling perception that business is only profit-maximizers, and against the perception of CSR as vicious circle that is only making business more exposed to blame for failures in society. Rather Porter and Kramer postulate that there isn’t necessarily a trade-off between economic efficiency and social progress, but shared value is a way of “creating economic value in a way that also creates value for society by addressing its needs and challenges” (Kramer, 2011, s. 64). In other words, the idea is a counter-argument to the zero-sum claim of neoclassical thinking that a requirement for social improvement will consequently impose a constraint on the corporation.

The principle of shared value is presented by Porter & Kramer as a new approach to achieving economic success by incorporating the principle into the core of the business. The framework has however received a considerable amount of pushback from various scholars, but especially from Andrew Crane et al., whom have criticised the CSV framework for being unoriginal, using CSR as a straw man and failing to acknowledge its debt to existent literature (Crane et al., 2014).

Vallentin and Spence find that the framework has legitimacy issues, as it “does not deal with fundamental, systemic problems of corporate responsibility” (Vallentin & Spence, 2016, s. 16), as result of not addressing the overall corporate strategy and organisation (Vallentin & Spence, 2016) and an underestimation of the complexity and challenges of ensuring compliance in supply chains (Crane et al., 2014). Crane et al. likewise find that CSV is based on a “shallow conception of the corporation’s role in society” and provides an efficiency-oriented and corporate-centric solution. Although Porter and Kramer intends to “reshape capitalism”, Crane et al. finds that it fails to tackle any of the core issues of capitalism’s legitimacy and should have addressed the intend to “transform business thinking” by identifying strategy models that requires transformation. The lack of effect in regards to transforming strategy models, is also evident in a survey conducted by the Economist in 2014, where only 21 % of managers said that they have drawn up new strategies or business models with a specific focus on creating shared value, and 16 % said they had not review the CSV case at all nor do they intend to do so (EIU, 2014). Crane et al. find that societal responsibilities should be manifested in industry-wide solutions and multi-stakeholder initiatives, where corporations are stakeholders of the problem and not the center of a stakeholder network (Crane et al., 2014). Thus, the framework has been widely criticised, but despite its many shortcomings the basic notions of CSV still holds relevance to the research of this thesis. Vallentin and Spence also find conceptual confusion and value blindness in the framework, as it proceeds to give economic value precedence over social value, and argue that a “meaningful measure of the value of shared value need to embrace the notion of social value in a more inclusive manner” (Vallentin & Spence, 2016, s. 21).

3.2.1 The dimensions of the CSV framework

The concept of CSV recognises that societal needs, as well as economic needs, define markets. Social harms or weaknesses do create internal costs, while addressing harms and constraints does not necessarily raise costs – rather it may create a basis for new innovation that will increase productivity, expand markets and raise profits (Kramer, 2011). Thus, business should not view societal concerns as an obstacle, but as an opportunity to increase the economic pie for everyone.

There are several areas of business that can be incorporated into this virtuous circle of shared value, and add to the formation of economic value by creating societal value (Kramer, 2011).

Reconceiving product and market

Firstly, shared value (SV) can be realised by reconceiving products and markets. There are for example new avenues for innovation opening up, due to the rapidly growing demand for products and services, which meet societal needs in advanced economic markets as well as in disadvantaged communities and developing countries. Business must be ready to continuously explore the dynamic needs in society, and identify those that are, or could be, embodied in the firm's products, and consequently discover new opportunities for differentiation/repositioning in traditional markets as well as new/overlooked markets (Kramer, 2011). Consequently, these opportunities for providing appropriate products in disadvantaged communities can lead to profound societal benefits simultaneously with generating significant profits. However, this dimension of CSV has been accused of ignoring the tensions between social and economic goals by simplifying their complexity, arguing that CSV suggests a myopic focus on reconceiving new products and market, its glosses over the complexities of value chains, and does not deliver on the promise of addressing the societal embeddedness of corporations (Crane et al., 2014). Crane et al. suggests that the framework is an attempt to whitewash the problem of trade-offs, and disregards the potentially negative impacts of corporations, which in turn leads to severe consequences detectable within all three of the primary dimensions of the framework. The consequences of disregarding the complexity entail; possible misrepresentation of relevant investments and outcomes, driving corporations to invest in 'easy problems' rather than solving broader societal problems, and promoting sophisticated strategies of greenwashing over the common good (Crane et al., 2014). The debate on the first dimension is related to the reoccurring tension in the WTO between the developed and developing countries, specifically concerning competitive advantage versus improving standards. The dimension can however represent an argument for developing countries in regards to CSR, by perceiving it as a step in improving their own local communities and markets.

Redefining productivity in value chain

Secondly, SV may also be achieved by redefining productivity in value chains. There is a inordinate congruence between societal progress and productivity in the value chain, e.g. improved environmental performance through innovative technology may not only be at nominal incremental

costs, but also even yield net cost savings through enhanced resource utilisation, process efficiency and quality (Kramer, 2011). Thus SV can transform the value chain in a mutually reinforcing way, for example in regards to (Kramer, 2011):

1. Energy use and logistics, e.g. by improving energy utilisation through enhanced technology, recycling, cogeneration, etc.
2. Resource use, e.g. optimising resource utilisation will permeate the entire value chain and spread to suppliers and channels.
3. Procurement, e.g. improving supplier quality and productivity by providing access to inputs, finance and technology.
4. Distribution, e.g. new innovation in distribution methods may reduce resource costs.
5. Employee productivity, e.g. a pro-active worker-policy by ensuring a positive and healthy working environment will increase worker productivity in the long-term.

On the contrary, failure to address societal problems can lead to significant economic costs in the firm's value chain. Thus according to Porter & Kramer, the firm will be better off by addressing externalities, even in the absence of regulation and resource taxes (Kramer, 2011). Thus the dimension addresses the debate about the impact on and of value chains, which also occurs in the international trade and CSR discussion, where it is argued that enforceable international trade regulations would encourage productivity efficiency in the value chain, in benefit of all actors.

Enabling cluster development

Lastly, building supportive industry clusters at the company's locations will further enable SV (Kramer, 2011). The argument builds on the notion that the strongest international competitors are often those who establish deeper roots in important communities, rather than running a dispersed low-cost oriented business. Porter & Kramer argues that the thinking is oversimplified and ignoring certain additional cost, and outlines three financial reasons against determining production-location based on low-cost, i.e. rising costs of energy and carbon emissions, high productivity costs of dispersed production systems and hidden costs of distant procurement (Kramer, 2011). Thus from this view, it is not necessarily cheaper in the long-run to disvalue the local communities where the firm operates, and it is not beneficial for the communities to discount social value in exchange for low labour costs. However, the realisation of all of the three dimensions of "shared value" does not come free, and will require initial investment, time and for leaders to develop new skills and knowledge, i.e. deeper understanding of societal needs, greater understanding of the true bases of

company productivity, and the ability to collaborate across profits/and non-profits boundaries (Kramer, 2011). But Kramer & Porter maintain that this investment will be justified by future yields. The prospected results of each of the three dimensions, in regards to business and social values respectively, are summed-up in Table 2.

Table 2: Illustrative Business and Social Results by Level of Shared Value (Porter, 2012)

LEVELS OF SHARED VALUE	BUSINESS RESULTS	SOCIAL RESULTS
Reconceiving product and markets: How targeting unmet needs drives incremental revenue and profits	<ul style="list-style-type: none"> • Increased revenue • Increased market share • Increased market growth • Improved profitability 	<ul style="list-style-type: none"> • Improved patient care • Reduced carbon footprint • Improved nutrition • Improved education
Redefining productivity in the value chain: How better management of internal operations increases productivity and reduces risks	<ul style="list-style-type: none"> • Improved productivity • Reduced logistical and operating costs • Secured supply • Improved quality • Improved profitability 	<ul style="list-style-type: none"> • Reduced energy use • Reduced water use • Reduced raw materials • Improved job skills • Improved employee incomes
Enabling cluster development: How changing societal conditions outside the company unleashes new growth and productivity gains	<ul style="list-style-type: none"> • Reduced costs • Secured supply • Improved distribution infrastructure • Improved workforce access • Improved profitability 	<ul style="list-style-type: none"> • Improved education • Increased job creation • Improved health • Improved incomes

3.2.2 CSV and the role of government

There tends to be the ruling notion in society that solving social problems resides with governments (and NGOs), and governments have had a tendency to regulate and impose penalties on business. Thus business and government tend to work against each other and view one another as obstacles to achieving their goals. But Kramer & Porter argue against this perception by claiming that business and society share the same roots for creating value and the health of a company and the surrounding communities are closely intertwined. Thus due to the interdependence between communities and business, “public policies that undermine the productivity and competitiveness of business are self-defeating” (Kramer, 2011, s. 51). Porter and Kramer therefore provide a clear role for government in constructing “regulations that enhance shared value, set goals, and stimulate innovation” (Kramer, 2011, s. 50). Thus in regards to creating CSV, governments have the following responsibilities: setting clear and measurable social goals, setting performance standards, defining phase-in periods for meeting standards, and putting in place universal performance reporting systems.

However, the framework has been criticised for being “naïve about the challenges of business compliance and failing to address the complexity of the hard and soft-laws facing the companies (Crane et al., 2014). Firms are facing great difficulty in assuring social and environmental values through the global value chain, and Crane et al. is therefore criticised the framework’s presumption of compliance with legal and moral standards is a given. The absence of compliance with standards is a key problem for MNC’s as they operate in a vast and diverse geopolitical context, where governments are often either unwilling or simply unable to conduct effective regulation. This is further enhanced by the lack of consistency between hard and soft law standards. An MNC might set out to reduce social challenges in their supply chain through auditing and certification systems, but enforcement may still be seriously challenged due to difficulty in managing suppliers and sub-suppliers (Crane et al., 2014). This debate serves as the main argument of the proponents of incl. CSR in the international trade system, as they claim that the international standards are ineffective in the absence of enforceable international regulations and policies, and the lack of consistency between various national laws allows for loopholes and dishonest behaviour. The presumption of compliance with rules and regulations as a given implies an underestimation of the role of governments, and Crane et al. argue that the compliance should not be presumed, but integrated within the framework itself.

According to Jean-Marc Duvoisin (the Deputy Executive Vice President of Nestlé) full value occurs through cooperation, as he states “local and international partners, NGOs, cooperatives and businesses all working together directly result in broader positive impacts with social, environmental and economic benefits” (Duvoisin, 2016). Thus, the creation of shared value can only occur provided that the aims of the private firm is aligned with the goals of the public sector, and through a mutual recognition of the roles of each stakeholders. Inspired by the CSV framework, the Danish government (2011-2015) implemented the concept in the government’s action plan for CSR 2012 -2015 ‘Responsible Growth’ (appendix A.1). It is the view that generating new business by creating shared value and ensuring responsible growth is indispensable to the entire CSR strategy (The Danish Government, 2012, p. 5). In other words, the strategy was to help Danish companies to find the intercept between business value creation, and social and environmental value creation, in order to generate “investments that create value for the company and contribute to social and environmental objectives” (The Danish Government, 2012, p. 5). The initiative is aligned with the claim presented by a FSG report in 2012; “NGOs, governments, and foundations recognize that

companies integrating social outcomes in their business models represent powerful allies in meeting their own aspirations for social change” (Porter M. E., 2012). Thus the CSV framework is despite its shortcomings, an applicable instrument for improving cooperation in benefit of both the private and public sectors, as well as all three pillars of sustainability.

4. Operationalization

I will utilise two different theoretical frameworks throughout this research; Rational Choice institutionalism (RCI) and Creating shared value (CSV). RCI and the International Institutional Design framework will provide a basis for understanding and analysing the opportunities and barriers of the WTO in respect to the three pillars of sustainability. When proposing change, it is essential to generate an understanding of the basic premise of the subject upon which alteration is imposed. Otherwise proposed solutions or ideas, risk becoming impracticable by losing sight of the fundamental challenges and obstacles. As, I am critical towards the notion of the rational choice perspective that emphasis on property rights, rent seeking and transaction costs is the optimal strategy for utility maximisation in the operation and development of the WTO, which is also the basis of the neoliberal thinking in the organisation. I will utilise the CSV framework to argue that an optimal strategy includes all three pillars of sustainability. In other words, the RCI is applied to reflect the neo-liberal point of view of the WTO, which highlights the profit incentives as the sole factor behind a rational choice, while CSV represents the argument for introducing the two remaining pillars of sustainability into the equation; social and environment. The CSV framework will be used as somewhat a critical point of view to RCI, and thereby the thesis seeks to cover certain gaps in the theoretical debate. By using these two theoretical frameworks, which share certain similarities, whilst also having opposing stances on other issues, the thesis seeks to analyse the WTO and whether it can address CSR-related matters.

Operationalization of Rational Choice Theory

The first part of the analysis will describe the basis of the WTO, by outlining the bureaucratic and institutional rules and politics within the international institution, as prescribed by neo-institutionalism. But due to WTO's relatively short life, the outline will also include aspects of formal institutionalism by considering constitutional documents etc. If the thesis were targeting an older institution, such as the UN or the EU, it would perhaps not be of significance in regards to the research area. But it is in this particular case found to be necessary to have a full understanding of

the basis of the WTO in order to adequately apply the methods of RCI. In the second part of the analysis the International Institutional Design framework will be applied in analysing the opportunities and barriers of the WTO in regards to the three pillars of sustainability, and how change may or may not be implemented. Thus the thesis will use the outlined conjectures in framework, as basic scenarios for explaining the strategic choices and behaviour of member-states in the WTO, and to analyse the constraints to change. The analysis will use past events and scenarios to describe the applicability of the specific conjectures to the WTO, and how such a conjecture may affect future choices. As the framework also seeks to provide a foundation for prescribing policy and evaluating institutions, it is helpful in uncovering steps for including CSR in the WTO.

RCI will be applied throughout the analysis (i.e. operationalized through the rational design framework), and two main assumptions of the theory, will be applied in the research. The RCI theory assumes that rules are the crucial component of rational choice, which is highly applicable to the objective of this study, as the WTO is essentially a forum governed by rules and regulations. Thus the research deals with actors that are first and foremost governed by rules in their decision-making. Moreover, the thesis assumes that institutions are initially created by states with the intent of serving a specific function in a set structure. However, an institution may after its creation be able to set its own norms and operating procedures. Thus, even though the WTO initially has been outlined to have a specific function within a certain institutional design, it may in time (as many other institutions of its kind) expand, develop or alter its functions. Beyond these two fundamental assumptions, the RCI theory provides the following key concepts, which will assist the thesis in analysing the WTO in its current state:

1. 'Behavioural assumptions', i.e. each individual has a set of preferences and strives for utility maximisation. Politics is therefore a set of collective action dilemmas, e.g. prisoner's dilemma.
2. 'Gains from exchange', i.e. institutions lead actors to conduct particular calculations and maybe improved social outcomes.
3. 'Competitive advantage', i.e. relevant actors base institutions on voluntary agreement and the institutions survive by offering optimal benefits to its members.
4. 'Conjectures', which represents the equilibria of the aforementioned concepts.

Each of these four key concepts has been explained in more detail in the theory section.

Operationalization of Creating Shared Value Framework

As the concept of CSV seeks to “redefine capitalism” and presents itself as an alternative to the neo-classical view, it serves as an interesting perspective in examining the countering narratives of the neoliberal ideology of the WTO, versus the possibility of including all three pillars of sustainability in the WTO. But beyond the theoretical debate, the CSV framework is relevant to the thesis due to the following features. Firstly, the CSV framework highlights the role of government and the necessary interdependence of public and private actors in generating social and economic value. The perspective is relevant as thesis examines the connection between WTO-member governments and private sector in relation to international trade and the possible role of CSR. Secondly, the framework tackles the similar complexities and tensions to those analysed throughout the research. For example, the basic notion of CSV addresses the complexity of the connection between social issues and economic prosperity, which is the same tension occurring in the debate on international trade and CSR. The complexity is tackled through the three main dimensions of CSV, and thereby presents counter-arguments to various perceptions; e.g. CSR provisions in international trade is a move for exploiting competitive advantage by the developing countries.

The CSV framework makes a few contested assumptions, for example that compliance with rules and regulations by actors is given. However, due to its limitations, this research will maintain the assumption, by using the assumption of RCI about rules being the component of a rational choice. Furthermore, the framework assumes that relevant actors are willing and able to maintain a long-term strategy, and account for outcomes that may never affect them directly. This assumption may be regarded as quite a naïve presumption of actor’s behaviour and preferences, but it will be maintained, as it is more productive in respect to this research. The CSV framework presents the following three concepts, which will be utilised as instruments in advocating for the role of all three pillars of sustainability in the decision-making within the WTO.

1. ‘Pie-expansion’ over ‘zero-sum games’. By creating shared value, economic and social value can be simultaneously created by addressing the needs and challenges of society as a business strategy.
2. ‘Government as an instrumental actor’, i.e. the government has an essential role in creating shared value by constructing regulations that set goals, stimulate innovation, and thereby enhance shared value.

3. 'Three dimensions of CSV'; i.e. reconceiving products and markets, redefining productivity in the value chain and enabling local cluster development.

These key concepts have been expanded upon in the theory section.

Opposing and complementary stances of the theoretical frameworks

As mentioned, the thesis will use the RCI theory and CSV framework to counter-argue and compliment each other throughout the research. In the context of this research, the CSV framework can “borrow” concepts from the RCI theory to deal with some of the issues that may arise when depending on the certain assumptions about the behaviour of the individual actor.

RCI is a part of institutional theory, which can be classified as a ‘grand theory’ as it provides capacity to change the way we think about the world and provides a broad statement about society and its actors. While CSV is more of a middle-range theory or framework, as it serves as an intermediate between the capacities of a grand theory, while providing restrictions in terms of general applicability. The thesis thereby seeks to be a ‘substantive theory’, as it is the intent to provide a working theory of action for the specific context of this research. It does thereby not seek to be generalizable, but transferable into other contexts that similar characteristics with this research.

Table 3 briefly outlines the similarities and differences between RCI and CSV. From the outset, RCI and CSV are quite differing in their objectives, e.g. RCI addresses institutions and CSV is primarily intended for companies. But they do also address some of the same key concepts, such as the emphasis on utility maximisation, cooperation and choice. Both argue for example that cooperation is the more feasible approach in the long run. But in terms of how to address these concepts, they have quite different conceptions of the fitting strategies and elements required, e.g. in terms of utility maximisation. RCI values its utility maximisation based on transaction costs and rent seeking, while the CSV framework provides a different perspective of added value for both the individual actor and the group by applying social and environmental considerations. The relatively new CSV framework may also “borrow” some key insights from RCI to address obstacles arising with its implementation. For example, the CSV framework prescribes collaboration between various stakeholders as a necessary component in creation of shared value, but it oversimplifies this relationship and fails to address the complexity arising when actors with diverse preferences cooperates around the same issue. Thus by applying the framework along with RCI, the research

contributes to the recommendation by Crane et al. of addressing the local problems of corporations, e.g. CSR and compliance as systemic problems, and seeks to provide recommendations for broad (high-level) solutions for engaging multiple stakeholders in international trade, i.e. the WTO and its 162 members. Thus through a critical approach to both RCI and CSV, albeit with some flexibility in regards to assumptions, it is possible to find interfaces, which can be used to elevate them both.

Table 3: Brief outline of the key concepts and assumptions of RCI and CSV

	Rational Choice Institutionalism	Creating Shared Value
Utility maximisation	Systematic foresight and strategic cost-benefit calculation for economic value.	Inserting social value propositions into economic strategy to increase total value.
Competitive advantage	Competitiveness is reduced by exclusion from the collective group.	Competitiveness is achieved by 'Pie-expansion' over zero-sum games.
Cooperation	Institutions provide incentives for cooperation. (Prisoners' Dilemma).	Cooperation makes both society and business to be better off.
Choice	Rule-based constraints and defined preferences influence behaviour.	Compliance with rules and regulations.
Strategy	Willingness to invest and participate in institutions for benefits in the long-term.	Willingness to maintain a long-term strategy and account for distant outcomes.
Dimensions	Diminishing uncertainty; Reducing transaction costs; Facilitate gains from exchange.	Reconceiving products and markets; Redefining productivity in the value chain; Enabling local cluster development.

5. Method choice & description of data sources

5.1 Sources and data

The thesis follows a critical realist approach, which will be further explained and justified in the following section. The approach is compatible with a wide range of research methods. But critical realism tends to primarily lend itself to qualitative research methods. The thesis uses qualitative data collection and analysis, as it seeks to address different groups' preferences and perceptions of the inclusion of CSR in the WTO. The interview method was therefore applied in order to follow a cross-sectional approach of interviewing different groups with potentially differing perspectives. However due to aforementioned limitations, the method was not able to acquire the desired diversity. But since the two interview groups are both representatives of a larger group of stakeholders, there is still some diversity applied.

The thesis will primarily be based on qualitative data, incl. interviews with actors working with the CSR and ethical trade (Table 4). The interview analysis acknowledged that the information collected is situated knowledge, i.e. the knowledge is local or particular and must be limited in its application.

The respondents are replying to the questions from a specific point of views, and the outcome of the analysis will most likely not be universally applicable, although still fitting for this particular issue. Rational choice is in sociological terms often cited as a model of quantitative data, e.g. surveys and polls among individuals. The thesis chooses to follow a mono-method, as the nature of the research is not perceived compatible with data collection through experimentation and surveys. The structures, which the thesis is addressing, are not easily quantifiable, e.g. the subject of thesis do not invite as large number of respondents, and it is not believed that large N-analysis would be a realistic approach to achieve objectivity in the context of this research. Thus the empirical investigation will therefore be primarily based on qualitative data by looking at decisions of the WTO's member-states in the past and the general design of the WTO. Thereby the thesis will be able to address the notion behind choices and how change could (or could not) be implemented. The thesis will however also draw on record-based analysis, and thereby introduce a bit quantitative data. The information will be derived from formal organisational records, incl. various publications and reports. The thesis will look at various relevant events and negotiations in the WTO, e.g. the Kimberley Process, various trade negotiations (incl. the Doha round), 'Aid for Trade' initiative, trading disputes regarding environmental issues (e.g. the shrimp-turtle case) etc. Academic articles, reports from IOs and consultancies will provide the basic data for the analysis along with various official documents, e.g. WTO charter, preambles and agreements as well as the four international guidelines on CSR, i.e. OECD guidelines for MNEs, ISO 26000 guidance on social responsibility, UN global compact and UN guiding principles on business and human rights. The thesis also draws on examples related to the apparel industry, as this particular industry has high relevance to this debate as it is quite sensitive to CSR, and decisions made in the WTO have significant impact, especially on developing countries.

Table 4: Interview list

Organisation	Department / Location	Type of organisation	Relevant areas
Dansk Fashion & Textil (DFT)	Copenhagen	Interest group	CSR and international trade,
Dansk Initiative for Ethical Trade	Copenhagen	Interest group	Global value chains and international trade
Danish Ministry of Foreign Affairs - CANCELLED	Copenhagen	Government	WTO, social and environmental policies, international trade.

5.2 Philosophy of science

The thesis follows critical realism as it disagrees that the WTO is bounded to exclusively economic considerations, and argues that it is more realistic to include all three pillars of sustainability in the setting of preferences when choosing an optimal strategy. From a political (and economic) perspective, the key to understanding society is found by realising how individuals or groups make choices, and by extension, figure out the consequences of those choices (Abbott, 2004). From an economic point of view that choice is dictated by utility maximisation, and the main concern is what social consequences the choice will inflict upon the group or society. RCI theory centers on this choice, and the thesis challenges the postulation that value maximisation should be approached with an exclusively economic perspective.

Critical realism simultaneously challenges and imitates both positivist (aka. naturalist) and constructivist heuristics, and is therefore described as a ‘full-fledged metaphysical position’ (Moses, 2012). In its ontological stance, critical realism copies positivism as it appreciate the existence of a Real World independent of human experience, but embrace the constructivist maxim by Weber stating that “man is an animal suspended in webs of meaning he himself has spun” (Moses, 2012, s. 12). Thus according to critical realism, reality is filled with complexity and consists of multiple layers of truth. It is at its core independent of the humans, while also social constructed. Therefore the social structures are unstable, and there is basis for change. Critical realism seeks to uncover what lies behind the structures, and to challenge the status quo. In other words, critical realism aims to identify structures in order to change them, and counteract inequalities and injustices in society (Bryman, 2008). This thesis is based in critical realism, as it aims to explore the underlying elements of the WTO’s structures, and redefine the layers within the set reality. The thesis uses RCI theory to identify the social systems and social constructs fundamental to the WTO, and challenge the status quo, and its potential inequalities, by applying the CSV framework.

According to critical realism, knowledge is not neutral, but subjective. It is dependent on theory, and follows primarily a deductive approach as theory comes before facts. The epistemology is concerned with patterns and how these arise. Critical realism is concerned with presenting alternative explanations to a phenomenon, and seeks to deconstruct the general perception of a structure by breaking it down and examines it from different angles. Critical realism believes that phenomena can only be understood from a social and historical context. The thesis follows this

notion by examining the institutional context of the WTO from a political perspective, and therein considers the social and economic environment affecting the decision-making and the current narrative within the institution. Critical realism perceives human nature as bounded autonomy, i.e. individuals and groups are dependent upon each other to reach their goals. The social process consists of well-defined individuals and groups acting in well-understood ways in specifiable environments (Abbott, 2004). One of the core aspects of the thesis, as well as the theoretical frameworks, is the emphasis on the necessity of cooperation in order to achieve results. Human nature is governed by duality, e.g. individuals have free will, but within certain constraints. However, all individuals seek to maximise their power and control within these limits. This issue is also a recurring issue in the thesis, as it deals with the need and opportunity of different actors to promote their requirements and viewpoints in regards to CSR and international trade. The thesis follows a semantic explanatory program, which describes the world of social particulars by assimilating it to increasingly general patterns (Abbott, 2004). In other words, it explains the relationship between system elements and the things to which they refer. For example, the structures of the WTO and the subjects it affects or is affected by.

In the realm of critical realism, a theory is true when it describes the conditions, which are generated by underlying structures, and uses this knowledge to change social relations. According to Moses and Knutsen, critical realism “focus on necessity and contingency, rather than regularity, and open rather than closed systems, on the ways in which casual processes could produce quite different results in different contexts” (Moses, 2012). In other words, it releases the current state of dependence between individuals in order to bring change to the social structures.

Due to the relatively wide-ranging nature of its philosophical stance, critical realism does bring certain challenges and complexity into the research. Firstly, the thesis follows a critical realist path by using one theory to criticise another, i.e. CSV is to some extent used as a counter argument to the more established RCI theory. But this approach may prove a counterproductive trap, as the critical realist risk being blindsided by his/her own conviction, and consequently fail to ask if the chosen perspective is actually the best one. This challenge is a by-product of the general issue of self-criticism, or lack thereof. A critical realist often fails to question his/her own theories and models in general, as well as to address the choice of highlighting some positions while downplaying others. As Moses and Knutsen eloquently convey, “patterns in the social world are fixed in nature, but that they can sometimes be hidden under many ontological layers, each of

which can be haunted by misperceptions and obfuscation” (Moses, 2012, s. 303). Thus the critical realist needs to be aware of the particular context, as he/she follows a contextual strategy of looking beyond an immediate concern, and into how it is embedded in the larger world. Context is not homogenous, and the critical realist needs to be aware of the multiplicity of layers (Abbott, 2004).

6. Analysis – identification of barriers and opportunities.

The first part of the analysis will outline relevant aspects and structures of the WTO for analysing whether and how the WTO should increase its engagement with social and environmental issues. The second part will analyse the dispositions in the institutional design of the WTO, and thereby identify the barriers and opportunities within the organisation in respect to the three pillars of sustainability. The final part will analyse the arguments for and against the inclusion of CSR in the WTO from the perspectives of neoliberalism and the three pillars of sustainability. Examples from the apparel industry will be referred to in the debate on including social and environmental measures in the international trade system, and relevant transactions between the WTO and the industry will therefore be specifically addressed in the analysis.

6.1 The institutional design of the WTO.

The charter of the WTO & the inclusion of sustainable development

The institutional identity of the WTO is often described as an “organisational culture of neoliberal trade theory, technical approach to trade issues and culture of secrecy” (Vevatne, 2004, s. 102). The organisation relies on the neoliberal premise that economic growth and increase in global living standards is to be achieved through trade liberalisation (Ribeiro, 2009). In fact, the WTO is the multilateral institution with the most prevailing neoliberal orthodoxy (appendix B.1).

The WTO was established by the Marrakesh Agreement as part of the final agreement of the Uruguay round negotiations, and came into existence on January 1st 1995. The organisation was intended to be an instrument of promoting trade liberalisation, market access, comparative advantage, and achieve an optimal global allocation of resources (Wetzel, 2011), and is regarded as a crucial pillar in global governance due to its great contribution to development and global welfare over the past two decades (Harbinson, 2015). The WTO is therefore a legal response to protectionist behaviour (Waincymer, 2009), but does not require free trade (i.e. trade that is not counterbalanced by any form of obligation in regards to environmental sustainability or decent labour conditions), and promotes trade liberalisation by providing a negotiating forum in which governments may

lower and then bind their tariff levels on a non-discriminatory basis (Waincymer, 2009). The WTO treaty is part of the larger body of international law, but the precise scope for using international law remains unclear and subject to disagreement, although members are likely to refer to international law in cases where it supports their argument (Harbinson, 2015).

The concept of sustainability remains quite undefined by the WTO, with a preamble (appendix B.2) that only contains a vague formulation referring to the Rio Declaration on Environment and Development, and no adaptation into its actual trade rules (Vevatne, 2004). For example, social issues are only referred to in connection with the potential economic prosperity of trade, e.g. ‘raising standards of living’ and ‘ensuring full employment’. While environmental concerns have a bit lengthier formulation, which includes the phrases “allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development” and “protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development” (WTO, 1994). Thus, the WTO seeks to establish an agenda towards sustainable development and environmental protection, while respecting the various economic capabilities of member-states.

It has remained quite the conundrum to determine the role of the WTO in regards to sustainability, and many attempts have been made, especially in regards to labour standards, which have been a part of trade relations longer than most other social issues due to trade policies significant impact on workers (Lester, 2014). At the Marrakech Ministerial Conference in 1994, there were some attempts to include both labour and environment standards in the final WTO declaration (Zimmerman, 2008). The subject was already addressed again at the Singapore Ministerial Conference in 1996, where WTO members discussed whether the WTO should address the relationship between labour standards and international trade (Léon, 2013). Developed countries argued that it would mean “a mutually reinforcing relationship between an open trading system and respect for core labour standards” (WTO-USA, 1996) by ensuring that successful market competition is not achieved through systematic violation of workers’ rights (Ribeiro, 2009), while the developing countries maintained that linking international trade with labour standards would lead to protectionist measures using labour rights protection as a pretence (Léon, 2013). The next attempt at the Seattle Ministerial Conference in 1999, received a particularly forceful response from civil society on the relationship between societal issues and global free trade. Thus, even though they did not succeed in making any official standards, the discussions did lead to the creation of the

ILO-WTO Standing Forum on trade labour and globalisation questions (Wetzel, 2011).

Paradoxically, even before the final implementation of the GATT in 1947, there were attempts to include a provision centred on “fair labour standards” (Ribeiro, 2009). Thus, had the provisions been included already at the organisation’s initiation, the idea of in the multilateral trading system might have seemed a lot less alien today. It also shows that even though CSR and trade are maybe not directly compatible in the neoliberal ideology of the WTO, there have continuously been forces both outside and inside the institution urging more involvement in social and environmental matters related to trade. However so far, there has been no official statement from WTO-members on the link between WTO rules and voluntary CSR initiatives, no trade dispute or negotiation on CSR initiative and trade policy or agreement, and the WTO has no explicit mandate to promote global CSR. However, the WTO does address related matters, such as reputational risk in supply chains, and argue “it is important to manage the sources of such risks rather than merely engage in damage control to reduce the consequences” (WTO, 2013), which could be interpreted as an implied encouragement of CSR. It is also worth mentioning that there have been no formal complaints against CSR codes of conduct in a WTO forum (Léon, 2013). Maybe, this is mainly due to the reluctance of talking about sensitive social issues in an international setting, especially when the objector may likely be the one with the “dirty laundry”. Thus, it could either be a sign of some positive incentives, or just that no one has yet pushed it “too far”.

The most recent attempt to deal with the ‘trade-and’ dilemma was in connection with the Doha Development Round that began back in 2001. But the labour standard discussions have faded away, in exchange for debates on tariff cuts for industrial goods and agricultural exports, which have stalled the global trade talks indefinitely (Wetzel, 2011). The gridlocked Doha round has brought on serious issues of credibility to the WTO, which are perceived as a syndrome of the substantive differences between the major trading powers (Zimmerman, 2008). The Business community is frustrated by the WTO’s inability to address 21st century problems, e.g. energy data flows, trade and the environment, and criticises the WTO for being the “custodian of an out-dated rulebook” (Harbinson, 2015). Thus, the private sector is in this regard supportive in promoting social and environmental issues within the WTO, as it holds business opportunities. But as advocated by the CSV framework, progress requires supportive stakeholders, incl. national governments and international institutions. At the Hong Kong Ministerial Conference in 2005, the director-General at the time, Pascal Lamy, attempted to promote the sustainability agenda, by urging labour-advocates

to ensure the reassurance of developing countries that uniform labour standards will not impede the competitiveness of their exports (Zimmerman, 2008). However, it seems that this plea has yet to bear fruit.

The bureaucratic structure

The size, composition and components of the WTO indicate the principal outline of the constraints and mandates of the organisation. The objectives of the WTO are to provide a set of rules, and help settle disputes among members (Lester, 2014, s. 64). But the WTO is first and foremost a negotiating forum. The rules are not permanently in favour of trade liberalisation, and may at times support maintaining trade barriers, e.g. to prevent diseases and protect consumers (WTO, 2005). There are therefore opportunities to deal with issues that could be perceived as trade distorting, but tends to only be accepted in very serious and urgent matters. The article III of the WTO charter uncovers the relevant organisational functions. According to article III.5, the WTO is to cooperate, as appropriate, with the International Monetary Fund (IMF) and with the International Bank for Reconstruction and Development and its affiliated agencies (WTO, 1994), and are emphasised “with a view to achieving greater coherence in global economic policy-making” (WTO, 1994, s. 9). This point is quite interesting as the WTO secretariat has a very limited mandate to cooperate with other agencies in general. It could then be argued, following the CSV notion, that ensuring ‘coherence in global economic policy-making’ would demand the inclusion of other agencies, which also represent the two other pillars of sustainability, as the three are interdependent in the modern global economy. The WTO is however starting to “communicate” with UN human rights bodies, although it still cannot coordinate directly with international institutions (Zimmerman, 2008).

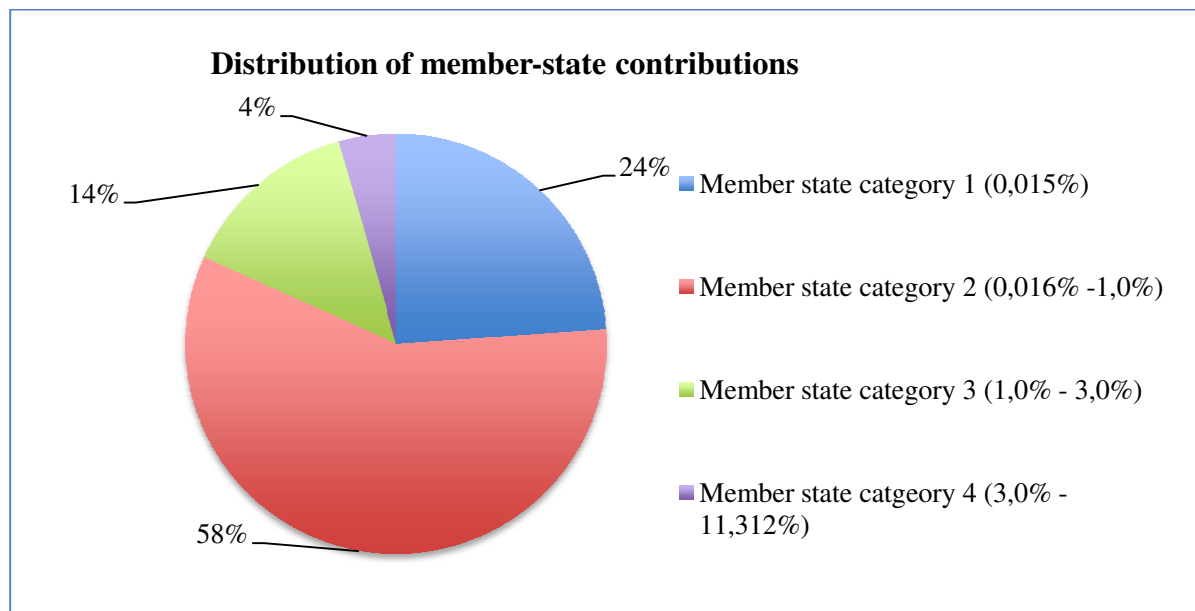
The mandates of the WTO bureaucracy tend to lack specificity and clarity in general. For example, the mandate of the director general is only vaguely described in the WTO agreement, and perceived as a constrained role with limited ability to take initiative (Harbinson, 2015). The secretariat is responsible for the administrative and technical support, incl. trade performance and policy analyses (Lester, 2014). Thus even though the secretariat does not have a power mandate, it takes on a supporting role and therefore holds special relevance to this research due to its advising and policy responsibilities and obligation to be neutral, whereas the rest of the organisation is politically embedded. According to RCI, even though an institution is founded with a specific function, it can

over time be developed into setting its own norms and operating procedures. Thus, the WTO may eventually be able to develop its own power of initiative within the system, which may also lead to an extension of the secretariat's mandate and the agenda of the WTO in general. If the secretariat were to hold more power, it could potentially lead to increase in NGOs and other private actors' engagement, which some human rights and environmental groups claim would be the only effective procedure in battling the regulatory 'race to the bottom'. But according to Barkin, it they may also force international rules in regards to issues such as trade without sensitivity to local conditions or problems (Barkin, 2006). It has however been suggested in a WTO report from 2013 that the secretariat could be given 'greater power of initiative' without changing the current decision-making procedures (WTO, 2013).

Decision-making procedures and financing

According to RCI theory, rules and procedures govern decision-making, and thus the WTO rules have an impact on how members choose to act in international trade. Understanding how the procedures for decision-making plays out in the WTO, will therefore provide a better insight into the powers of the organisation and how they are executed among the institutional bodies and the members. According to Snidal et al., the question of who benefits and who pays the cost of an institution is determined by its membership rules and they therefore have important consequences for interactions (Snidal, 2001). Complexity in decision-making in the WTO arises due to the large amount of members, high level of engagement and the binding dispute settlement mechanism (DSM). There is therefore often some apprehension in concluding trade agreements, and the consensus-rule means that any member despite their size can block any decision by explicitly objecting, which limits cases brought forward to only those that are likely to reap consensus (Lester, 2014). Consequently, this operation mechanism does not necessarily provide the optimal solutions and creates a system that is slow to reform. It may also be counterproductive to its original intend, by opening up for larger economic powers to use their influence to encourage smaller countries to support certain initiatives. But although the process may be favouring to certain members and lacking transparency, there is not a better alternative available at this stage (Pedersen, 2006). The WTO is facing the same challenge of finding the balance between efficiency and inclusiveness as any other intergovernmental institution. But when it comes to a globally spanning organisation dealing with vital global issues, there isn't really a trade-off. Efficiency and inclusiveness is, in this context, mutually dependent.

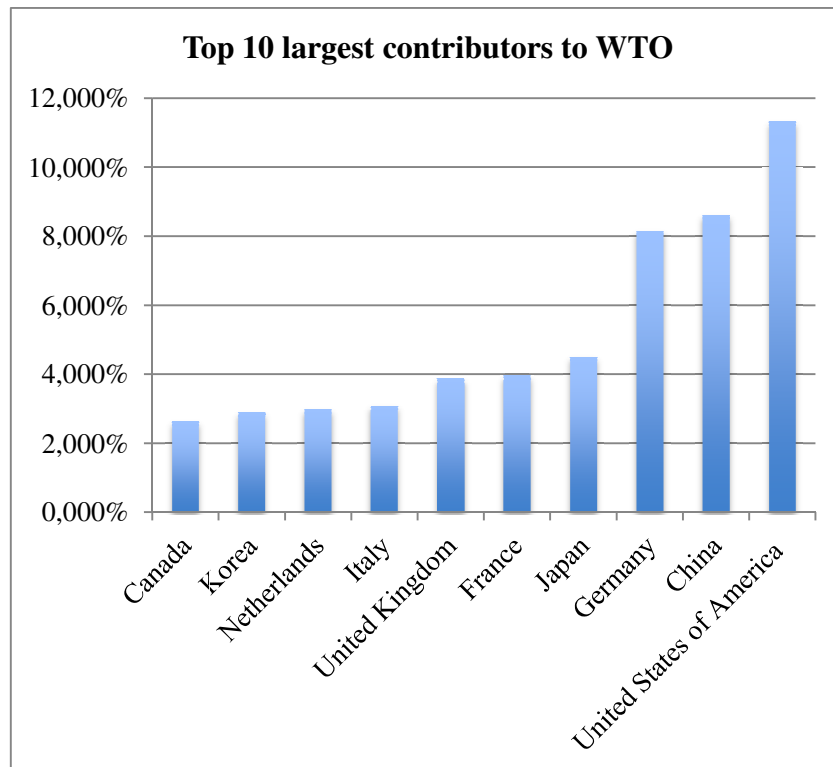
In terms of uncovering the decision-making power within the organisation, I will look at the specific member-states and their contribution to the financing of the organisation, as it is considered a strong indicator of the power distribution within the WTO between members. The WTO secretariat is funded by contributions from members, which are calculated based on each individual member's share of the consolidated trade of all member-states². Officially, if a member's share is less than 0.015, only a minimal contribution is assessed, i.e. 0.015% (Lester, 2014). As of November 30th 2015, the WTO has 162 members incl. all major industrialised nations and most developing countries (WTO, 2015). I have performed a small analysis of the power distribution based on the list of members' contributions in 2015, a large amount of developing countries paid an exactly 0,015% share, and has presumably less than the minimum share of total trade (WTO, 2015).



Derived from data acquired from the WTO website (WTO, 2015)

Thus, there are a few countries, which have a dominant individual power. However, they might be in the minority out of the WTO total membership, in regards to their specific interests. In other words, developing countries can collectively gain dominant power by having the majority interest in regards to specific issues.

² Compounded as a 3-year average of recent trade figures.



Derived from data acquired from the WTO website (WTO, 2015)

Considering the individual power of each member-states, it is clear that the US holds a greater momentum in decision-making. But the curve is not correlated with dependence of trade, and ironically the US holds much more input into the decision-making and changing of WTO rules than for example Singapore, which is greatly affected by these rules due to its high dependence on trade (Barkin, 2006). The rather linear correlation between financial strength and power assertion is also blamed as one of the core obstacles to the WTO fulfilling its goals. When considering the debate on including CSR into the WTO, it is interesting to see that the majority of the top-ten most powerful members are proponents of the inclusion, among those are quite outspoken frontrunners within CSR, such as Canada, United Kingdom and the US. Thus, one could be tempted to reason if all of these countries collaborated, they could push more sustainability issues through on the multilateral trade agenda. But developing countries and emerging markets are extremely apprehensive due to the perceived threat to their competitiveness, and one of these are the second most powerful member, namely China. It will be difficult to convince them to perceive the issue differently, especially with an agreement such as the multi-fibre agreement in the history books, (I will return to this point later in the analysis).

6.2 Dispositions within the WTO in relation to social and environmental issues.

In the second part of the analysis, I will by analysing the dispositions set by the structures of the WTO, identify the opportunities and barriers to change the status quo of the multilateral trade system in regards to the three pillars of sustainability.

6.2.1 Preferences and behaviour

Finding common ground in a heterogeneity of preferences

The first conjecture about scope (S1) deals with the issue of preference setting, as it states “issue scope increases with greater heterogeneity among larger number of actors” (Snidal, 2001). In general, it is easier to reach agreement on collective international policy between actors who share common interests and have relative symmetry. For example, in the EU the member states tend to have similar preferences about for example CSR policies, and it has therefore been feasible to find a focal resolution, where all members have similar national policies. However, as the amount of members in an institution increase, so will the heterogeneity of the group. For example, new members acceding to the WTO, tend to be qualitatively different from the earliest actors, as the founding members were from industrialised countries, and new accessions tend to be countries of less development. The accession of the new members has for example contributed to a movement in the trade policy debate from revolving purely around economic issues to including social policy issues. The scope of the WTO has thus expanded due to the integration of developing countries into the trading system, but it has also been due to a variety of other factors e.g.; regulating regimes and policy goals in member-states, increase in the importance of environmental protection and human rights issues in the global society, the general growth of the modern regulatory states and finally the expansion of the scope in various trade agreements (Lester, 2014). Heterogeneity between members can lead to indecisions, as shown by conjecture (M1), (see 6.2.3), or it can open up for new opportunities for solving certain issues. Differing interests may actually be connected in a way that can be used to resolve conflict and reach mutually beneficial agreements (Snidal, 2001). For example, in regards to environmental protection issues, which tends to be important to developed countries, but can also be linked to issues of development and technological innovation, which can spur the interest of less-developed countries. Porter and Kramer do likewise suggest that seeking opportunities in previously unexplored markets or reconceive new products may lead to the innovation of solutions that are beneficial for all actors. Thus, while heterogeneity may bring about more problems of disconnection, it may also bring about more similarities, which can be used to improve general progress.

Providing more clarity about trade rules and CSR could therefore help solve discrepancies between member-states of the WTO, and maybe add momentum to CSR efforts by “green-lightening” those strategies that are not proven to be trade distorting. For example under the precautionary principle, i.e. a CSR measure by a developed country may in perception of developing countries be trade distorting, but is accepted by the WTO anyways as precautionary in respect to e.g. health protection, until scientific verification is provided. Moreover enhanced clarity could, as Pascal Lamy plead, be used to reassure the developing countries and emerging markets about non-protectionist intent. Convertibly, the WTO could also support its members by providing guidance on whether its domestic trade rules are neutral, or undermine global CSR. The WTO needs to particularly provide support to the developing countries in this regard, by assisting them in understanding the requirements they must fulfil in order to export to the west. This is particularly needed in regards to the apparel industry, as it is quite a mobile business and it is relatively easy to move a textile factory from one country to another, if the standards are not satisfactory. There is therefore a possible economic development argument to dealing with CSR more directly. Moreover, the WTO could support them in seeing how the heterogeneity between WTO-members could be a source for developing new markets and products as proposed by the CSV framework. But a mutual understanding of respective preferences and expectations would be a prerequisite. The aid for trade initiative utilises existing mechanisms for identifying and prioritising trade-related capacity constraints, where financial support from donors (i.e. developed countries and agencies) can be applied (OECD, 2015). These mechanisms could be developed to understand the correlation between the country’s CSR capacities and export appeal to developed countries. In general, the WTO could be a positive force in breaking down silos between policy communities by implementing analytical approaches to trade and CSR, and improve understanding of the trade-offs between policy objectives.

Dealing with the *raison d’être*

The membership conjecture (M2) deals with the issue of “restrictive membership increases with uncertainty about preferences”. An effective membership is seen as one where the rules create a separating equilibrium, where only those who share certain characteristics will bear the necessary costs to participate (Snidal, 2001). The WTO requires prospective members to bring key domestic rules in line with the WTO rules (Snidal, 2001). Thus current members have signed-up based on the

characteristics and goals set in the creation of the WTO, and changing this basis can be extremely difficult, if not impossible, as evident by the Doha negotiations. However, these can be bend a little, e.g. by pursuing the options under certain articles and phase-in allowances.

Despite its lack of clarity and precision, the preamble statement was referenced in the significant Turtle-Shrimp case (paras 127 -31). The case was a landmark in the WTO realm, and concerned the ability of the US to regulate the process by which shrimp were harvested outside the US waters (similar to the Tuna-Dolphin case). The case provided some clarification on the differentiation of products by reference to social and environmental criteria in regards to the GATT 1994. Moreover there is, in a sense, CSR codes of conduct included in the WTO, as the TBT agreement comprise a 'Best-Effort' clause. Article II under TBT outlays the obligations WTO members have assumed in respect to technical regulations adopted by 'central government bodies', and article III.1 states "members shall take such reasonable measures as may be available to them to ensure compliance by such bodies with the provisions of article II" (Léon, 2013). Thus WTO members are responsible for the technical regulation of non-governmental bodies insofar as they take up 'reasonable measures' (TBT article 3.1). Otherwise, the member could be held responsible for the indirect violation of article 2 by a non-governmental body³. Acts of private entities may in certain circumstances engage the responsibilities of the WTO members, i.e. "where 'some form of government action' influences actions in the private sector, these may fall within the scope of the GATT" (Léon, 2013). Thus, the governments of WTO member-states may take 'reasonable measures' to encourage CSR objectives by corporations, while these remain within the parameters of TBT agreement's policy space. But, how does one define what constitutes 'reasonable measures', and under what circumstances are article II disregarded? This is a very complicated question with a multitude of underlying issues, and usually defined through cases taken to the DSM. But it can be quite an expensive, and may be demotivating for pursuing direct measures and a massive stalemate to the progress of addressing social and environmental issues within the WTO. Moreover, it is a discussion where most members are inclined to 'beat around the bush', as both sides of the argument are uncertain about the preferences of others and could risk outcomes restrictive to their objective. Proponents of CSR fear for example that a future WTO decision in this regard may cause the legality of CSR initiatives by

³ Non-governmental body under TBT annex 1.8 constitutes 'a body other than a central government body or a local government body, including a non-governmental body which has legal power to enforce a technical regulation'.

member-states to be called into question (Ribeiro, 2009). Thus, it may be more practical to increase the specificity of the articles, but it also thereby carries a risk of not being in alignment with the preferences of various members. Thus it remains difficult to translate the concept into precise rules due to unclear definitions. Sustainable development seems implicitly defined within the international trade system as a “consensual belief, used to shape the legitimate ends of economic activity”. The lack of implementation of sustainable development into the WTO is due to the perception of the concept as being in opposition to the *raison d’être* of the organisation, i.e. as the guardian of free trade (Vevatne, 2004). However, since the WTO follows a neoliberal economic paradigm proscribing that free trade and the abolishment of trade barriers will lead to economic growth globally. It also holds that a precondition for a cleaner environment is to implement the following elements in sustainable development: more efficient use of resources, the adoption and diffusion of cleaner technologies, higher productivity and increase income levels (Vevatne, 2004). Interestingly, these elements correspond quite well with the elements of ‘redefining productivity’ as presented in the CSV framework as a strategy for enhancing all three pillars of sustainability. Thus CSV is in this respect not at odds with the neoliberal argument, but simply supply it with a larger emphasis on the corresponding societal benefit.

Another interesting example of how the membership is affected by preferences is the multi-fibre agreement (MFA), which posed quotas on the amount of clothing and textile exports from developing countries into developed countries. The agreement was introduced in 1974 and expired on January 1st 2005, and was implemented in order to cope with the imbalance between developed and developing countries. The industrialised countries implemented the MFA in order to impose membership restriction, which would protect their competitiveness from developing countries whose preferences regarding social protection and economic prospects varied significantly from their own. But even though the objective of the MFA was to ensure a balanced competition in production and exports, it was also presented as a measure to prevent the exploitation of the labour force as an indirect consequence. While some may also argue that the agreement delayed the current economic growth in developing countries by three decades, and the agreement was for the sole purpose of protecting the developed countries from being outrun, especially by China. The developing countries resisted implementing social clauses into tariff agreements, there was instead created an Agreement on Textiles and Clothing, (1994-2004), which provided gradual dismantling of the MFA quotas (Wier, 2009). It is quite interesting to note that even though Bangladesh was

predicted to suffer the most from the abolition of the MFA, due to the expectation that it would lose its competitiveness to China, the country's industry managed to not only survive, but actually increase its exports. During the first three years post ATC, Bangladesh managed to increase its exports by 28 % (appendix C.1), as it continued to offer the cheapest labour forces in the world, which was largely due to state intervention through the government's Post-MFA action programme (ILO, 2016). The notion of the conjecture (M2) is that if the "price of membership" is too low, the institution will not be informative, and by extension, in the case of the WTO, it will not serve its purpose adequately (Snidal, 2001). Thus, although the MFA, and subsequently the ATC, set in place certain measures temporarily to protect industrialised countries from competition, all members are eventually held to the same rules. As the new members, incl. China, did not get a 'free ride', the MFA/ATC could be justified by the objective of ensuring the new markets join for reasons that are in accordance with WTO preferences. However, the MFA was used as an entry for developing countries to the WTO, and it will be very difficult to apply similar programmes with current members. Moreover, there is currently no consistency between members in regards to preferences on social and environmental matters. Thus, if regulations become too tight, there may be vital actors, who will choose to leave and pursue bilateral agreements and other trade organisations. The WTO is not restrictive in the sense that it will exclude current members, but members may choose to leave if they feel indirectly excluded by strict WTO regulations.

Reciprocity and precaution

Centralisation can be a resolution for collaborative problems due to uncertainty and numbers. The two conjectures (C1) and (C2), respectively states centralisation increases with uncertainty about behaviour and about the state of the world (Snidal, 2001). The former addresses the conundrum that is also known as the 'prisoners' dilemma', in which uncertainty about the behaviour of others decreases the likelihood of mutually beneficial outcomes. For example, if a member is uncertain about how others will interpret and implement any potential social and environmental regulations, they may decide to avoid them altogether, even though they might benefit economically from the regulations over time. Conversely, reciprocity strategies will lead to cooperative outcomes by centralising information between WTO members. Finding a common solution to social issues should, according to this notion, be achievable in an institution such as the WTO, which put great emphasis on transparency. The latter conjecture is addressing the precautionary principle, by arguing that individual actors choose to cooperate because of

uncertainty about the future, and they wish to have all possible information available to them in any event. WTO-members are “encouraged to use international standards, guidelines and recommendations where they exist”. (WTO, 2016). But they may also implement higher standards, if there is “scientific justification” or based on “appropriate assessment of risk” (WTO, 2016). Thus, in the case of scientific uncertainty members may increase standards under the precautionary principle, which has for example been used under the SPS agreement in the GMO debate between the EU and US.

Conjecture (V3) state “individual control (to block undesirable outcomes) increases with the uncertainty about the state of the world” (Snidal, 2001). As previously mentioned, every member-state in the WTO has veto power, and since states are risk-averse, they may in situations where they feel uncertain about the future and how various agreements may affect them, be most likely to block proposals. It is according to the WTO, a widespread argument that the rise of emerging economies, and subsequently veto-power votes in the WTO, has put a strain on the practice of consensus decision-making (WTO, 2013). Issues related to social policies are especially vulnerable in this scenario, as many developing countries may perceive the policies to have a great likelihood of a negative effect on their competitiveness. This calculation tends to be based on an economic perspective, and may have a different outcome if social and environmental factors were included. The concept of CSV makes an argument against this perception, by saying that business should view social constraints as opportunities for increasing the economic pie rather than vice versa. This view could be transferred to the member-states by for example including social and environmental factors into a national (CSV-inspired) strategy may help them to move up the value chain instead of ‘raising to the bottom’. But there needs to be research available that decrease uncertainty about the realistic benefits of such an approach.

6.2.2 Zero-sum to positive sum

Striking a balance between the developed and developing world

The conjecture (M3) about membership, deals with the issue of “inclusive membership increases with the severity of the distribution problem”. The distribution problem infers that zero-sum concerns occur due to a relative gain in perspective on the issue by the actors involved, and it will in turn impair cooperation (Snidal, 2001). This conjecture is highly relevant in terms of accepting developing countries as new members into the WTO, especially in regards to the debate on the inclusion of social policies in the WTO, and the varying stances between developed and developing

countries. When referencing the developed countries in this debate, as the proponents of including social policies in multilateral trade relations and the codification of core labour standards, the emphasis is primarily on the US, Canada and certain members of the EU (Wetzel, 2011). These countries fear that the current trade rules will lead MNEs to seek out countries with weak regulatory standards for products and production process, which are often in developed countries, in order to gain lower compliance costs (Lester, 2014). This will in turn lead to low labour and environmental standards, and a 'race to the bottom' effect, i.e. countries will lower standards to attract investment. Research has shown that membership in the WTO leads to a lower labour-rights index⁴ (appendix C.2) (Economist, 2013). Thus, the pursuit of expanding trade is at the cost of labour rights. While the developing countries tend to "fear and resist incorporation of social (labour) obligations into the WTO system, which they see as disguised protectionism that would prevent them from maximising their comparative advantage of low labour costs, and hence establish obstacles to market access and their competitiveness in exports" (Wetzel, 2011, s. 108). Moreover, developing countries also argue that the WTO does not have the competence or mandate to pass judgement on members' conduct in non-trade issues.

There are two theoretical options for finding common ground. Either by following the somewhat utopian route of rearranging the terms of cooperation and balance the benefits equally, but it will most likely be a complex and costly undertaking, and maybe also impair cooperation. The other option is to upturn the membership, as relative gains will decrease as the amount of actors involved increases and also allow for mediation through possible trade-offs (Snidal, 2001). Additional trade-offs can provide incentives to consider issues that would otherwise be overlooked. For example, governments tend to implement CSR measures based on the domestic demand, and have very little incentive to consider the impact of these on other member countries. According to a WTO report, countries tend to implement regulations without considering the impact on their trading partners, and may even at times be inconsistent with their WTO obligations (WTO, 2013). So, countries tend to view issues such as CSR in isolation of other members, but as membership expands, issues and incentives will also increase. Thus, the WTO's membership expansion into developing countries, could mediate the distributional problems by expanding the possibilities of trade-offs among members. However, as the incoming members are especially concerned about the implementation of social policies, it has arguably so far not been a promoting factor. The CSV framework

⁴ Data collected from 135 countries over 18 years.

postulates that the involvement of more stakeholders will widen the pool of possible solutions rather than eliminating specific demands. Thus, the relative gains might be smaller by having more actors involved, but it could possibly increase the likelihood for reaching an agreement, which will in turn prove to be more beneficial for all actors in the long run.

Aligning present costs with future benefits

The conjecture (S2) does also deal with the issue of relative gain by proposing that “issues scope increases with the severity of the distribution problem” (Snidal, 2001). The conjecture proposes that the distribution problem is not only to be solved by a larger pool of actors, but can also be resolved by a larger pool of issues. In other words, linkage between issues with different distributional consequences opens up for solutions, where reaping benefits in one issue can compensate cost-bearing members in another. Thus a zero-sum game can become a positive sum-game, which is also the perspective of the CSV framework. An actor may find that he/she is paying the bill for others, but from a realistic perspective it may benefit you in other areas, i.e. “you reap what you sow”. Thus, when the CSV framework suggests increase the scope of possible benefits by enabling cluster development, it is not just about a “moral obligation” or a venture of reputational risk management, but it is an investment into future yields. The conjecture (S3) proposes this narrative by stating, “issue scope increases with the severity of the enforcement problem” (Snidal, 2001). Thus a large scope may not only solve the distribution problem, but also the enforcement problem. However, an increased scope also brings additional costs incl. extra bargaining cost, great probability of misuse of stalling-power, and risk of general unravelling (Snidal, 2001).

A strong example is the debacle regarding the GATT exemption articles XX (and XIV), which addresses the issues of balancing trade and other issues, by making an attempt at drawing the line between domestic measures legitimately used to pursue certain policies, and policies that can be found discriminating or trade restrictive (Lester, 2014). The article has been a very controversial subject in the WTO, where it has received criticism from both sides of the debate. NGOs complain that the rules have not been interpreted flexibly enough to allow for appropriate use of ‘non-trade’ policies, while developing countries find that the employment of ‘unilateral environmental and health issues’ is means of disguised protectionism (Lester, 2014). Thus, even though a greater scope might help to widen the pool of possible solutions, it may also generate more disputes and difference of opinion amongst members. Especially in regards to environmental goods or policies,

which have seen a growing number of disputes (WTO, 2013). It is therefore only *ceteris paribus* that an increased scope infers undisputed benefits. The realistic actors will therefore make the usual cost-benefit calculation of increasing the scope until the marginal cost equals the marginal benefit. However, when dealing with such complicated issues of a qualitative and sensitive nature, it is way easier said than done. The scope increase must be determined on a case-by-case basis and will be subject to a variety of options from a vast amount of stakeholders. Thus, social and environmental issues may be about to gain ground, but it is a time-demanding process that develops gradually.

Joining forces

The third conjecture about centralisation (C3) proposes “centralisation increases with number” (Snidal, 2001). If the number of members increases, the cost of decision-making will only be reduced through centralised bargaining. The centralisation will also provide the benefit of economics of scale by coordinating operational efforts, instead of duplicating and working against each other. The CSV framework supports the argument of centralisation by promoting public-private partnerships as a strategy for improving efficiency and societal impact.

In 2005, the WTO set up a task force for operationalizing ‘Aid for trade’, an initiative intended to support developing countries to build supply-side capacity and trade-related infrastructure needed to implement and benefit from WTO agreements and consequently expand trade (OECD, 2015). The initiative follows the vision that “effective aid for trade should enhance growth prospects, reduce poverty, complement multilateral trade reforms, and distribute the global benefits of trade more equitably across and within developing countries” (OECD, 2015, s. 9). ‘Aid for trade’ is an example of an initiative within the international trading system seeking to ensure simultaneous economic and social upgrading. The initiative has proven to be particularly impactful for the apparel industry, as social upgrading is quite difficult to achieve in the industry due to high pressure on labour as a cost factor. In the period 2005-2011 (i.e. the first six years of the initiative), Southeast Asian countries in particular experienced a remarkable growth in the textile exports (appendix C.3) (WTO, 2014). Thus ensuring sustainable development requires a joint effort between various stakeholders with specific policy goals set in place. In an evaluation report of the initiative in 2015, the OECD proscribed that the further improvement of the initiative requires “integrated approaches that breakdown siloes between policy communities”. Thus, the OECD finds a need for new analytical approaches to improve understanding of the trade-offs between policy objectives (e.g. trade expansion and environmental protection).

Furthermore, the OECD recommends that the role of the private sector in the initiative should be strengthened further (OECD, 2015). When a vital organisation to international trade, such as the OECD, supports the notion that business should have some role in trade initiatives, it is relevant to address the connection between the private sector and the WTO. It appears that the WTO is capable of creating vital initiatives, but has nonetheless achieved these in collaboration with the OECD, and in order to progress further, other stakeholders should be involved, particularly the private sector. Clear guidelines to the private sector of each WTO-member state is a significant element to consider. Since policymakers set the context for business operations and competition, it is the responsibility of governments to develop incentives for ethical business conduct and thereby send clear signals to global market actors. Issues regarding labour are especially in need of stakeholders joining forces in generating wide-spanning initiatives. There are many who have been disappointed that the Rana Plaza disaster did not spur more active responses, and that the apparel industry has not managed to materialise an industry-wide and collective response (Maher, 2015). After the incident, many forums and organisations were initiated. Even the WTO touched upon CSR issues a little during the WTO Public Forum 2014, which had special focus on the Rana Plaza incident and related issues. The forum stated that Rana Plaza showed “there might be a need for additional measures to promote decent work in globalised economy” (WTO, 2014), and that “discussions about the benefit tend to focus on how trade leads to economic growth and development in developing countries, but low-paid workers of the countries are sometimes missing from the bright picture” (WTO, 2014). But even though these have created a positive change in Bangladesh, it has also created somewhat of a displacement of the actual problem, as much of production is moving on to e.g. Myanmar, which do not have these new programs. Thus, there is a need for not only an industry-wide, but also a centralised response to labour standards, as it is more efficient to coordinate efforts on issues with international impact. According to the RCI assumption of ‘gains from exchange’, the WTO may incite its members to encourage CSR, through conducting research following the ideas of the CSV framework, which will thereby improve social outcomes.

The WTO could also contribute by joining forces with other actors on certain issues, and thereby take on a role in the promotion of CSR and sustainability. The UN Guiding Principles on Business and Human Rights, which provide a framework for both governments and businesses to adopt to ensure that human rights are upheld, have been criticised for failing to map a role for international

institutions, including the WTO (Deva, 2011). HRW has proclaimed serious grievances about the lack of enforcement mechanisms in the guiding principles, proclaiming that the “global rules are needed, not just guidance” (HRW, 2011). The WTO itself has suggested reinforcing the WTO’s surveillance and monitoring functions in the World Trade Report 2013 (WTO, 2013), and thereby showing that there could be capacity available. Moreover, there is as mentioned direct evidence that the WTO expansion have had a negative effect on labour rights, which could potentially be solved through collaboration between WTO and ILO, where each contribute their expertise and perspective to uncover potential resolutions. It would be a significant mould to break, as labour standards, in any shape or form, decisions or no decisions at all, will have a real and long-term impact in all three pillars of sustainability. For example, it could be a policy preventing chemical pollution in the workspace and the dumping of said chemicals, which could protect health and the environment from contamination. Moreover, following the CSV framework, innovation and providing a solution could be a source for economic profit for business, and a healthy and positive work environment will improve productivity in the long run. But it could also prove a source of competitive advantage for countries, e.g. those in the middle income trap, which are no longer super competitive on low-cost labour, while also finding difficulty in moving up the value chain.

6.2.3 Enforcement versus flexibility

Voluntary measures and collective action

The conjecture (M1) supposes; “restrictive membership increases with the severity of the enforcement problem”. As the enforcement problem entails a situation where individual actors do not have a sufficient incentive to voluntarily contribute to the collective goal of the group, it will increase in complexity as the number of members in the institution rises. In respect to the implementation of the three pillars in the WTO, collective action becomes problematic, as all individual members do not experience the same incentive to voluntarily contribute to such a group goal. This problem of unity has increased in general through GATT/WTO history, as more members have acceded to the WTO and thereby preferences have been more widely dispersed. Thus, proponents of bilateral interactions argue that seeking multilateral agreements will decrease the incidence of cooperation (Snidal, 2001). There is therefore a growing trend of including CSR provisions in free trade agreements (FTAs), as it is more tangible in a situation with only a few actors involved. For example the recent EU-Vietnam FTA is “devoted to areas such as Corporate Social Responsibility and fair and ethical trading schemes” (EU, 2015). However, the enforcement problem does not necessarily occur in international guidelines, where everyone benefits from

wider participation, as membership is inclusive, and enforcement vs. free riding is not addressed. Thus there is a significant distinction between the international guidelines and the WTO agreements. The guidelines serves as inspiration and is a “suggested course of action”, while the WTO prospectively cannot avoid the question of enforcement, if it is to tackle the issue of social policies directly. However, the international guidelines have still been criticised for its nonspecific and voluntary nature, i.e. the notion that non-enforcement removes incentives for implementation and compliance. In a letter to Kofi Annan in 2000, Human Rights Watch (HRW) stated “non-governmental human rights organisations have raised their concerns regarding the global compact’s effectiveness due to, *inter alia*, the lack of legally enforceable standards, the lack of monitoring and enforcement mechanism, and a lack of clarity about the meaning of the standard themselves” (HRW, 2000). The UN’s global compact is for example not a regulatory instrument or code of conduct, but promotes good practices by corporations, and is a widely endorsed initiative for good practices by business (ILO, 2016).

A WTO-member could contribute to promoting the compact through implementing it in national policies, even though the compact is still quite vague and lack enforcement; the adaptation may still send a vital signal. But is also quite a big mouthful for the SMEs, as the 10 principles are quite elusive, and complicated to understand and implement. The DFT also finds that CSR should remain largely voluntary, as it will allow the companies to apply CSR in the best suitable way to their specific interests (DFT, 2016), and thereby also prevent that SMEs are faced with too strict requirements that may not even be relevant in regards to their specific business. Thus even though there may not be grounds for actively enforce CSR in the WTO or its member-states, it may still serve as an indirect enforcement by encouraging voluntary contributes, and thereby accounting for the complexity faced by members. A way of solving the enforcement problem within the WTO itself in regards to CSR-related matters could then be by each member having the option of signing up voluntarily, in exchange of being authorised to provide their national companies with a certification. Thus rather than pursuing direct enforcement measures, the interested members could send a message of seeking to change the incentives in the market, and thereby develop a more diplomatic approach towards the neoliberal ideology of free trade. But again this raises the question of ‘protectionism in disguise’, which requires a vast amount of research and negotiations to answer.

Solutions for good, rather than harm

According to conjecture (F2), “flexibility increases with the severity of the distribution problem” (Snidal, 2001), and the longer an agreement will affect the members, the harder they will bargain. It is therefore complicated to tackle the issue of labour standards at the WTO, as the effects of any standards will most likely have a real and long-term impact, especially on members that have a large dependence on production and labour provision. For example, labour issues arise, when trade is between countries of different development levels and has a direct impact on specific industries (Lester, 2014). The global outsourcing of the textile and clothing industry has brought along an erosion of the labour and social rights of employees (Wier, 2009), and there has therefore been a call for the WTO to focus more on issues related to the emergence of global supply chains (WTO, 2013). But alas the organisation has been unable to engage these issues, due to the lack of progress in the Doha round. The endeavour is quite complicated due to the existence of varying degrees of labour rights in different countries, e.g. in relation to minimum wage, unionisation, and safe working condition policies. Officially the WTO finds that labour issues, except for prison labour, generally fall outside of the WTO, and rather belongs within the scope of the ILO due to “the strong views of developing countries, whose exports often benefit from labour policies that do not comply with international standards” (Lester, 2014, s. 880). Thus opponents of including labour standards into the WTO, claim that there is no economic relationship between labour and trade, and there are therefore no grounds for a social clause to be established in the WTO (Wetzel, 2011).

However, the aforementioned research on the ‘labour rights index’ has also shown that the problem is not lack of laws favouring the workers. Countries are rather competing by “enforcing labour laws less rigorously than they might”, consequently leading to increase n violations of labour rights prescribed in local laws (Economist, 2013). The research also showed a precipitous fall in the labour-rights index during the 1980s and 1990s, which is credited to competition for foreign direct investment (Economist, 2013). However, enforcement of labour standards does not necessarily depend upon economic development in a given country (Wetzel, 2011), and may also raise the issue of trade measures being used to coerce labour practices in other countries (Lester, 2014).

A flexible solution, which could reduce distributional problems and bargaining costs of negotiating a single long agreement, could be to pursue a series of shorter agreements (Snidal, 2001). However flexibility does also have certain drawbacks, i.e. costs of renegotiation and escape clauses, risk of

freeriding, risk of misuse of ability to stall negotiations, and negotiations will be more time consuming and challenging as the amount of actors increases. The latter point is enforced by conjecture (F3), which presumes “flexibility decreases with number” (Snidal, 2001). Thus, as the amount of actors involved increases, the costs will also increase, while the benefits will diminish. Members will therefore be less prone to introduce flexibility into the agreement. However, a realistic actor will also be less prone to renegotiate an agreement in a scenario where the cost trumps the benefits.

Reputational risk and control

According to conjecture (C4), “centralisation increases with the severity of the enforcement problem” (Snidal, 2001). The WTO has the informational capacity to expose states’ behaviour, and can thereby influence even the most powerful member’s actions. For example, despite its lack of enforcement capacity, members usually obey the DSM, as it may otherwise lead to additional costs, e.g. in the form of damage to international reputation. Snidal et al. argue, “formalised agreements can create reputational incentives that enable parties to solve commitment problems” (Snidal, 2001, s. 790), since the incentive to cheat is reduced by the increased reputation costs of the failure of the agreement. Thus even though the WTO has no direct enforcement mandate, its agreement have a significant indirect enforcement effect. A possible solution to the CSR issue in the WTO could for example be inspired from the 1998 OECD Anti-Bribery Convention. The WTO could rely on domestic legislation for implementation and enforcement, but provide a centralised inspection system ensuring members hold their own firms accountable. The centralised inspection system would thereby solve the enforcement problem through reputational risk incentives.

The two conjecture (V1) and (V2) refer to the governance of institutions, and claim respectively “individual control decreases as number increases” and “asymmetry of control increases with asymmetry among contributors (number)” (Snidal, 2001). Thus, power in an institution is a fixed-sized pie, and as the membership grows, the less power will be available for each individual member to grasp. Since the WTO is a large institution with 162 members, efficiency in achieving collective benefits dependent on each member’s willingness to give up individual control. Additionally, the size of each member’s piece of the pie is dependent on its importance to the WTO. For example, as shown in the first section of the analysis, the USA is the greatest contributor to the WTO collective trade, and is therefore the most important member. This is known as the ‘Shapley

Value', according to which an actor's (potential) contribution to a coalition corresponds to the pay-off the actor receives (Snidal, 2001). Thus, a developing country will most likely not see an incentive to support a coalition, as they do not perceive the potential pay-off to be in their benefit. Whereas the US might feel strongly incentivised, seeing as social policies is a strong political move domestically, and can be used to protect their industries against Chinese competition. However in regards to social policies, there is no explicit possibility for one WTO member to raise barriers to trade against another member accused of violating human rights (Wetzel, 2011). Thus, even though the US may be the most powerful member, it cannot enforce human rights through trade measures. I therefore see a need to answer certain questions in regards to domestic regulations about the nature and boundaries of CSR-initiatives, which members can pursue and promote in accordance with the WTO rules. Firstly, it needs to be determined who holds the authority to set standards on social and environmental issues, which will have effect in the global market. The lack of clarity may create uncertainties among policymakers about the legality of their policy tools, which may in turn hinder progress. Thus, I find it important to improve specificity about the limitations on domestic regulations to ensure that progress, by and large does transpire and in benefit of the entire WTO membership. For example, by answering complex questions regarding the effectiveness and impact of different policies, depending on the technology, characteristics of the sector and the specific market. The research will therefore also be quite extensive, as there is no one-size-fits-all model, but rather an umbrella of unanswered questions within each industry. The apparel sector is especially complex due to its global nature, numerous components, labour intensity, etc., and there is therefore a vast plurality of sub-issues that needs to be settled.

The demand for clarity becomes even more pressing in consideration of the fact that CSR in the international trade system requires the involvement of a third set of actors, i.e. private business. The OECD finds that the responsibility of ensuring compliance with human and labour rights has shifted from governments to lead firms in the supply chain, seeing suppliers must comply with codes of conduct in order to export their products. The OECD recommends that business should help monitor implementation of CSR standards and norms, and measure their contribution to global public goods and compliance with national laws (OECD, 2009). But I find that first and foremost, MNEs need to have more clarity and knowledge about their responsibilities in overseas markets. Business could therefore benefit by having direct support from the WTO, in the form of available research on what constitutes responsible global business from a trade perspective. It is a perquisite

to have a clear understanding of expectations in order to seek quantification of these objectives. Thus, business needs guidance from governments, while governments need guidance from the WTO in understanding 'the rules of the game', which needs to find a balance between specificity and flexibility in order for all members to play along. Thus, a WTO-member could support the international guidelines by being more specific and set concrete standards. But the groundbreaking efforts might remain absent, as long as each WTO-member is not clear about what they are able to do in accordance with the WTO rules. However, opponents of a direct rules setting and enforcement argue that a list of rules can never be comprehensive and without loopholes, and will consequently provide misleading guidance (Deva, 2011). Thus, there is a need for specificity among flexibility in order to ensure compliance and competitiveness simultaneously.

Finding flexibility amongst uncertainty

In finding possible solutions for how to incorporate all three pillars into the WTO in a manner, which can appear fitting to all members, I will turn to the conjectures regarding flexibility. Conjecture (F1) presumes "flexibility increases with uncertainty about the state of the world" (Snidal, 2001). I propose that in responding to members' uncertainty about the distributional implications of such additions, the WTO could utilise the Koremenos model, which allows for states to renegotiate an agreement after experience has shown which states benefit the most (Snidal, 2001). The Kimberly Process Certification Scheme is a similar example to the model. The scheme is so far the only waiver of WTO rules that has been set in place to protect human rights, and it was also the first time an international organisation officially linked a voluntary CSR initiative to a trade agreement. It declared that nations are only allowed to trade diamonds with this certification, and established with intention of ensuring the continuation of legitimate diamond trade, i.e. does not fuel conflicts or fund terrorism and without violations of human rights in its production (Aaronson S. A., 2010). But as the Koremenos model suggests, it was only established as a temporary measure, and emphasised as a waiver under 'exceptional circumstances', (3/4 acceptance by members) (Aaronson, 2010).

Thus, since any scope increase and regulatory restrictions are decided on a case-by-case basis, it could be worth to pursue a version of Koremenos' model. Instead of proposing binding agreements in regards on CSR and sustainability, the WTO could propose a model inspired by the international guidelines, which are subject to renegotiation and modification. This model could serve an

opportunity to test presumptions about the distribution of costs and benefits by showing the real effects. Additionally, it could allow for the option of escape clauses. The model could serve as an option and be inspirational like the international guidelines, and not “jump the fence” and appear as trade barriers or even sanctions. Because flexibility do not need formalisation according to Snidal et al., and a ‘soft law’ approach might be as feasible as full legalisation. Some perceive ‘soft law’ as a failed attempt of international law, but Snidal et al. argue that it could also be perceived as a “superior international adaptation because of its flexibility” (Snidal, 2001, s. 794).

A temporary trade agreement could for example address minimal wages in the apparel industry, serving as a sort of “trial run” to uncover more information about the potential outcomes. It could assist as a way to test the presumptions about the distribution of costs and benefits, which could hopefully diminish uncertainty, and take the edge off the apprehensions among members. There are many presumed effects about inserting a minimum wage in the apparel trade, but trade history shows (i.e. the MFA and ATC), you can never be certain in your predictions of winners and losers. The stakeholders also need to weight the size of relative costs against the likelihood of never reaching an agreement, especially when allowing for flexibility, as it will increase uncertainty. But, weighting these costs against the risk of no progress at all and a potential ‘race to the bottom’, the reckoning may turn out quite differently. The neoliberal notion would argue that any potential benefits of this pursuit would be generated by the market naturally, whereas the CSV framework assumes that initial investment must often be risked in regards to these issues in order to look toward a sustainable future. Thus, again the feasibility of this option is dependent on the independent belief of each member, which is largely formed by the availability of tangible information.

6.3 The neoliberal organisation and the three pillars of sustainability

The first two parts of the analysis showed the WTO to be a very neoliberal organisation with quite a strict institutional design, and limited space for social and environmental matters in general. It is therefore relevant to ask, if there is even occasion for including the three pillars of sustainability, and by extension CSR, into an organisation that is so dominated by neoliberal thinking. The final part of the analysis therefore address the complexity of this question by examining the main arguments out of multiple perspectives, and address the basis for challenging some of the basic notions in the WTO.

6.3.1 Main arguments against the inclusion of CSR and counterproposals

It is too far outside of the WTO scope

It is a prevalent argument that the WTO should not address CSR or related matters, since the WTO does not deal directly with companies, and moreover is more concerned with the relationships between states than the relationships within states (Aaronson S. A., 2010). However the national governments of member-states do serve as somewhat of a mediator between the WTO and the private sector, and trade is at the central core of most CSR-related matters. As clearly stated by the OECD “decisions by business have a direct impact on all levels of society: economic, social and environmental” (OECD, 2009), and trade rules have a central role in how these decisions are eventually shaped and formed. Although it is the governments that negotiate, sign and implement agreements, it is the decisive aim of the WTO to help producers, importers and exporters to conduct business (Lester, 2014). Thus even though business is formally excluded from the decision-making process at the WTO, it is to a large extent the needs of business that the organisation seeks to accommodate. Conversely, it is also the common belief that the member-states have the major MNEs clearly in mind when negotiating at the WTO, and negotiations are driven by the goal of maximising the benefits of MNEs (Dine, 2005). The TRIPS agreement is for example perceived to be highly beneficial to the big pharmaceutical companies, and thereby the US, the most powerful actor in the WTO. The WTO is therefore often criticised for being “in bed with multilateral corporations”, and the rules are written by and for MNEs, and benefit them at the expense of the world’s poor. According to Aaronson, some even claim that the WTO rules provide incentives to the MNEs to act irresponsibly in the developing world (Aaronson S. A., 2010). These are quite serious accusations against the WTO, as it implies the organisation encourages corruption and breaking international law.

Moreover, CSR initiatives are key elements of “soft law”, i.e. voluntary efforts, whereas trade agreements are “hard law”-measures, i.e. they bind the behaviour of companies (Aaronson S. A., 2010). Thus, a link must not violate WTO principles of non-discrimination and national treatment, while still being designed to preserve the voluntary nature of the CSR initiatives. Striking this balance could however prove somewhat of an “authorisation” of domestic CSR policies and thereby diminish the risk of accusations about protectionist behaviour and setting up trade barriers. But although governments could execute “WTO-approved” policies, it is still up to the company itself to initiate changes in their business practice and codes of conduct. But then one could argue that if,

at the end of the day, the responsibilities lie with business actors anyway, there is no need for national governments and international institutions to become even more involved. But the Rana Plaza disaster clearly showed, among many other complications, that self-regulation by private companies through CSR, is not sufficient to ensure basic labour standards and minimum working conditions. According to Keune et al., the incident showed that there is a need for more comprehensive and effective multilateral approaches, e.g. in the form of social clauses in general or sectoral WTO agreements (Keune, 2014).

It will decrease economic prosperity and misplace power

Arguments against CSR include criticism that they may distort or detract from the primary focus of the company, i.e. making profits, which is similar to the international trade argument that sustainability efforts may distort trade and diminishes economic prosperity. Most MNEs are driven by shareholder value maximisation, and the introduction of social values is therefore hostile to the firms' philosophy and the regulation of rules upon which the firm is founded (Dine, 2005). Thus, it is the argument that shifting from focusing exclusively on shareholders to including all (immediate) stakeholders will bring 'unnecessary responsibilities', and thus CSR requires "the imposition of a new regulatory layer on business (Dine, 2005).

Similarly, CSR-initiatives are perceived to diminish growth and prosperity in developing countries. However, economic upgrading is, in the perspective of the three pillars, mutually dependent on social upgrading. Economic upgrading is the path to growth and economic development, while social upgrading may advance workers' pay, conditions and skills levels, and thereby position the workforce to undertake higher value work (ILO, 2016). According to a World Bank report from 2014, there is a role for complementary policies to promote social upgrading and maximize the sustainable development impact of global value chain activities (Taglioni, 2014). Following this sentiment, a government and an international institution such as e.g. the WTO, has a responsibility to support both social and economic upgrading through its policies, which includes how it deals with MNEs. This view is however slightly in opposition to the neoliberal perspective that economic upgrading will by default generate social upgrading, as well as the notion that power should rest with the market rather institutions. However, the idea of the CSV framework is that uniting the two is not a zero-sum quest, but could in a strategic manner open up for more growth opportunities. Moreover, the roles of governments or the WTO are usually not executed as regulatory enforcers,

but rather as enabling and empowering facilitators, e.g. through a CSR policy, primarily based on the voluntary initiative and will thereby possibly be combinable with the neoliberal ideology of the WTO. Moreover, Dine argues that moving CSR to international institutions may cause them to become too powerful, as well as a society where the role and responsibility of government is reallocated to business actors (Dine, 2005). Again, a point similar to the neoliberalism argument against regulation, as it is only a barrier to trade and creates unfair advantages to selected (stronger players). However, in regards to creating too powerful institutions, the analysis has clearly showed that such a scenario in the WTO is highly unlikely.

It will cause more imbalances between actors and skew competitiveness

CSR-requirements might cause imbalances between business actors in the market, as MNEs have far better potential of adhering to CSR standards and bearing the cost of CSR demands while generating profits, than small-and medium sized enterprises (SMEs). CSR regulations could potentially create unfair advantages for MNEs, and by extension the larger members of the WTO. This can also give some imbalance in managing the value chains, since 90 % of all business globally is generated by SMEs (Léon, 2013), and especially in the apparel industry where the majority of lead firms are SMEs. These do often not have the know-how or capacity to ask the relevant questions or make demands due to the risk of ruining the price-deal. According to Dansk Fashion & Textile (DFT), “there is a long way ahead before they (i.e. SMEs) can be certain that their suppliers can live up to the international guidelines, especially those in developing countries” (DFT, 2016, s. 2:30). Thus SMEs operating in those countries need more assistance in dealing with CSR, in order for them to stay in business and conduct CSR, and the trade system needs to ensure that MNEs are setting a good standard for business conduct.

There are many developing countries that have perfectly acceptable laws regarding social, labour and environmental issues. Therefore at face value, the government of a host country appears to have “good intentions”, but the implementation and enforcement are very often inadequate or simply absent. There are often inspection reports available, but due to corruption a lead firm cannot rely on these report, and is therefore reduced to follow their instincts instead of concrete information. Rana Plaza was for example inspected very shortly before it collapsed (DFT, 2016). In these situations, it is often bad business actors that tend to set the norm, while only large and powerful MNEs have the resources to navigate the resulting complexities of such a market. In the textile and clothing

industry, the liberalisation of national market and shifts in production, have allowed for MNEs to expand their markets by squeezing smaller competitors out, and essentially “initiating a race to the bottom in regards to social standards” (Wier, 2009). But the MNEs also have the capacity to inflect positive change. In an interview with the Danish Ethical Trading Initiatives, stated “it is always the frontrunners who moves the pieces, those who is already able to comply with the guidelines, and then the other companies will follow” (DETI, 2016, s. 12.35).

The international guidelines are sufficient and inspire a more organic development

Pursuing CSR has become even more complex due to the large plurality of CSR schemes, which all have varying verification and tracking procedures, and the fact that MNEs face a multitier verification procedures throughout the supply chain instead of just a first-tier focus (Léon, 2013). Suppliers are therefore faced with a need for substantial investment, and in labour-intensive industries in developing countries, e.g. the apparel industry in Southeast Asia, the costs of CSR-initiatives might rather lead to squeezing the low margins of suppliers, rather than improving labour and environmental conditions. Even though the MNEs only constitute 10 % of the apparel industry, they are as top lead firms able to set the standards for the whole value. For example, the Danish apparel companies set their standards in order to accommodate their buyers, and the MNEs therefore set the CSR agenda in the global apparel industry (DFT, 2016). Thus, at the end of the day, it is the MNEs who set the general CSR standards in an industry. It could then technically be argued that if all MNEs followed the OECD guidelines for multinational enterprises, SMEs would be encouraged to make accommodating changes, and sustainability in the supply chain would eventually be brought about in an organic manner, and moreover diminish the need for additional guidelines. This would be a very simplistic view placing a vast amount of trust and responsibility into one solution, which primarily caters to the developed world. However, the OECD guidelines do impact the MNEs, ‘suggested standards’ (i.e. not legally binding) providing a government-backed standard of good corporate behaviour for a level playing field in the international market place (OECD, 2001). However, as the guidelines only apply to OECD countries, which are primarily developed countries, it is a bit of an unbalanced approach when dealing with global issues. There are currently 38 members of OECD and 162 WTO-members; hence less than 25% of the WTO-membership is applicable in this mechanism.

Reliance on CSR codes, standards and guidelines like the UN global compact, ISO 140001, SA 8000 etc., may in the future be perceived as necessary albeit insufficient CSR initiatives. Therefore companies may rather be estimated based on their level of innovation in using products and process in tackling social and environmental problems (Visser, 2012). Just like many states decide to participate in the WTO out of fear of being disadvantaged by international investors and MNEs, many companies tend to participate in various international guidelines in order to secure their reputation and by extension their customers. But real impact may require more profound incentives in regards to CSR, other than ‘fear of missing out’ and risk management. As argued by the CSV framework, there is a need for a stronger connection between social and economic incentives in order to generate sustainable growth both within a company and a country. However, in order to globalise these ideas, it needs to be driven by other stakeholders as well, especially national governments and international institutions. All in all, the issues of the guidelines seeks the assistance of different stakeholders and regimes, and including CSR in the WTO could bring about three of the desired changes, i.e. reinforcement of existing CSR initiatives, rationalisation of the amount of CSR approaches and a strengthened encouragement of companies to adopt CSR initiatives, by clarifying rules and expectations.

6.3.2 Compatibility of the neoliberal ideology of the WTO and the three pillars

It is difficult for an organisation so firmly rooted in an ideology, as the WTO, to adjust to perspectives that differ from the existing narrative. It is therefore essential to keep in mind that “new ideas do not enter an institutional vacuum (...), but are inserted into a political space that is already occupied by historically framed ideologies” (Vevatne, 2004, s. 96). Thus it is difficult for the organisation to adjust to perspectives that are potentially different/diverging, e.g., as history shows, the notion of labour standards has always been in consideration, but has continuously been trumped by the neoliberal argument. The introduction of CSR to the WTO therefore has to be corresponding with the existing ideology. In other words, if all three pillars of sustainability are to be implemented into the existing trade system as embodied by the WTO, it is of the utmost importance that it is corresponding to the existing paradigm. Thus new ideas must be adaptable to the neoliberal ideology of the WTO. There is therefore a need to balance the core tensions in the debate on international trade and the CSR related to the perspectives of neoliberalism and the three pillars of sustainability (Table 5), that have been referred to throughout the analysis and will also be addressed in the discussion.

Table 5: Debates between the three pillars of sustainability and neoliberalism

Pros for incl. of CSR in international trade	Cons for incl. of CSR in international trade
Business decisions affect all 3 pillars	Protectionism in disguise
Sustainable economic upgrading requires active social upgrading	Economic upgrading will cause social upgrading by default
Emphasis should be on all stakeholders	Emphasis should only be shareholders
The 4 guidelines do not address all WTO-members equally	The international guidelines are sufficient
Provide clarity on issues for solving discrepancies	Misplacement of power and skews competitiveness unjustly
CSR-regulation can help progress, where the market does not solve issues organically	Regulatory demands will squeeze out smaller players in the market
WTO officially aims for sustainable development	Incompatible with the neoliberal objectives of WTO

Following the arguments by both CSV and RCI of involving more actors in order to generate more options for satisfying the differing demands of stakeholders, the WTO could have a significant role in addressing CSR codes of conduct. Centralising the issues of CSR and trade could also provide more efficient solutions through joint effort and added communication, as argued in the analysis. As the analysis showed there are similarities between neoliberalism and the CSV framework. It may therefore be possible to apply the technical approach embedded in the neoliberal culture of the WTO to social and environmental issues, and thereby in some manner promote CSR. In other words, it may be theoretically possible to add the ideas of the latter to the WTO without having to seek radical measures and challenge the basic institutional design of the organisation. However, although the discussion will outline various solutions that could be examined further in depth and perhaps implemented in the WTO, there is one massive hurdle that I have chosen to steer around in this research, i.e. the geo-political climate. Even when assuming, if provided with the essential information and evidence on the benefits of CSR measures in international trade, the members would perceive it as the rational choice in the WTO, it may still be disadvantaged for other political incentives. Following the RCI notion of cooperation, the proponents of respectively neoliberalism and the three pillars of sustainability are obliged to cooperate for achieving results, as both sides of the debate and the actors involved are dependent on each other to reach their objectives, both in regards to CSR and trade. But the rational choice will on the other hand always be to act in benefit of one's own preferences and utility maximisation, which may not generate the best outcome for the collective group.

I propose a sensible strategy is to build on the ideological foundation of the WTO with the addition of a few amendments dealing with the CSR aspects of international trade. A non-radical approach do not carry the same risk of “scaring” developing countries, as an easy and slow process will not appear as threatening to their competitive advantage in global trade. This strategy will also keep the WTO within reasonable limits of the rational conjectures without pushing the dependent or independent variables too far or into a radical direction. But there is also a prominent need for readjustment and institutional adaptation to the current global political economic structure. Otherwise, a ‘race to the bottom’ will be free rolling, and its catastrophic consequences, such as Rana Plaza in 2013, will be difficult to avoid. As argued by Maher, “when our governments promote neoliberal, free market capitalism as the only game in town, they are aiming for a reorganisation of society exactly like that being delivered in Bangladesh” (Maher, 2015). Thus, there is a call for neoliberalism to reinvent itself, albeit without changing fundamentally, by adding the perspective of the three pillars of sustainability, and the WTO could be relevant starting point. Based on the knowledge generated thorough the analysis of dispositions as well as identification of barriers and opportunities within the institutional design of the WTO, I will move into a discussion on the immediate feasibility of various strategies and solutions for addressing CSR in the WTO.

7. Discussion – possible solutions and steps for change

As uncovered by the analysis, the WTO aims to include an agenda of sustainability in the multilateral trading system and there have been several attempts to include CSR-matters. The analysis also showed that in order to promote the three pillars further, it must be building on the existing neoliberal paradigm, rather than seeking to change the fundamental functioning of the WTO. Thus in order to counteract the potential inequalities and injustices caused by the separation of CSR from the WTO and the international trade system, I will in this section discuss the immediate suitability of various solutions based on findings in the analysis.

7.1 The role of WTO-members

As the initiative for change comes from WTO-members, the discussion will begin with recommendations for how WTO-members can provide support through domestic policies and actions. As Zimmerman states, “the WTO system is not the given reaper for human rights” (Zimmerman, 2008, s. 63), and the changes to be made in the WTO needs to grow from the members and their national efforts. One of the core arguments against institutional involvement

with CSR is the neoliberal view that market forces demand ethical behaviour, and therefore governments and international institutions do not need to play a role (Ribeiro, 2009). But markets do fail, and not all corporations live up to their responsibility. Therefore governments have a responsibility to address these failures, assuming that they cannot be probed as trade distortive measures (as described in the analysis). Further, the CSV framework argues for the role of government in creating shared value by constructing regulations that set goals, stimulate innovation, and thereby enhance shared value. However, WTO-members cannot directly promote global CSR through the WTO agreements, and they can therefore only regulate behaviour within their own borders (Aaronson S. A., 2010). The WTO itself describes the rules, which are negotiated and signed by governments, as having the goal to “help producers of goods and services, exporters, and importers conduct their business, while allowing governments to meet social and environmental objectives” (WTO, 2005, s. 9). But simultaneously, the WTO regulates how and when governments can apply policies that may distort trade. (Aaronson S. A., 2010). The question is how do the WTO define the line between legitimate social and environmental objectives, and misconduct in regards to the WTO principles? As the analysis showed, it’s a difficult question to answer, especially with continuously shifting preferences, and is done on a case-by-case basis. Many may argue that governments should have the ability to take the appropriate action to promote human health and safety, and that trade policy and agreements should not undermine this (Lester, 2014), as it is proscribed in the GATT exemption articles XX (and XIV). But although the articles provide some loopholes for the governments to take decisions protecting social and environmental interests, as mentioned in the analysis, they are also examples of how the WTO rules tend to be too vague and lack clarity, which leads to disagreement and stalling progress, which in turn brings the debate on to effective measures versus disguised protectionism. There is therefore a need for increased precision on what a national government is “allowed” to do under the WTO trading system. But there are also possible strategies that a WTO-member could pursue now to promote CSR in regards to MNEs and consequently the multilateral trading system.

Supportive national policy for sustainability

The OECD finds that one of the main responsibilities of government is to ensure that markets work for people, while leaving space for business to grow by providing a clear rule-based framework, and governments are advised to recognise both regulatory and voluntary instruments as complementary and effective measures (OECD, 2009). Research shows for example that the governmental efforts to

encourage CSR can provide unique impact through its affect on social perception of responsible corporate behaviour, and thereby helps companies to understand what is expected of them (Vallentin, 2012). According to the DFT, the fact that the Danish government has provided a CSR policy, has contributed to the CSR movement as a motivational factor (DFT, 2016). Likewise, the UK Slavery Act has also had a huge impact both domestically and globally, as it is perceived as “groundbreaking” being the first law that is valid abroad, and has inspired other countries incl. Denmark (DETI, 2016). Thus, if a member-state provides a CSR policy framework based on primarily voluntary principles supported by regulatory instruments, it could possibly have a significant effect on business behaviour, while allowing the government to largely avoid the enforcement problem. Moreover, it could possibly create a domino effect to other members by influencing as front-runners, i.e. as the analysis showed it is the powerful actors who indirectly set the standard for the rest of the industry. Moreover seeing as, according to the WTO, weak coordination at the domestic level may generate incoherence at the global level (WTO, 2013), a vital step in improving CSR on a global scale would be for national governments to have clear policies with implementation and enforcement mechanisms set in place. Thus both national and international policymakers therefore need to clarify the responsibility of corporations on a global scale in order to generate at least some level of coherency.

Providing clear guidelines to the private sector

According to Aaronson, MNEs (in both developed and developing countries) call for governmental assistance and sector-specific partnerships to navigate the complexity and confusion approaches (Aaronson S. A., 2010), due to the plurality of private CSR initiatives, which all has their own code or set of standards and principles offering guidance in social and environmental issues (OECD, 2009). However private CSR initiatives do not possess the same legitimacy, and surveillance and enforcement mechanisms, as domestic labour legislation and institutions (ILO, 2016).

Besides the private CSR initiatives, there are the four international guidelines. All four of the guidelines have different degrees of specificity, but a WTO-member could support each of them by following up with national policies building on these guidelines by providing more concrete and direct information specified to each industry and each challenge. For example, as the title of the OECD guidelines suggest, they focus on providing guidelines primarily for MNEs, which is somewhat of an Achilles heel in respect to the apparel industry as it primarily consists of SMEs and production in developing countries. The OECD finds the international guidelines to be “perhaps

imperfect, but nonetheless invaluable instruments for positively influencing corporate behaviour” (OECD, 2001). In an interview with the DFT, they explained that they advise most of their members to prioritise the other guidelines over OECD’s, as they “are difficult to read”. The DFT advises their members to base their CSR strategy on the Global Compact, as it is more conceivable than the other three, but on the same time the OECD guidelines have the most detailed instructions (DFT, 2016). Overall, the DFT finds the lack of specific guidelines and standards, as one of the key challenges in implementing CSR in the Danish apparel industry, and “the more they (i.e. the guidelines) are able to address the concrete problems, which the companies are to handle, the easier it is for them (i.e. the companies) to apply them” (DFT, 2016, s. 12.54). The DFT finds that companies find it more conceivable to apply concrete standards and demands, than general and loose guidelines, as it is then more tangible and motivating to apply CSR (DFT, 2016). Moreover, the DFT also find that the Danish government could support the CSR-initiative better by providing funding to its development, e.g. the offering of courses for skill enhancement to SMEs. This could in turn support the effort in branding Denmark in regards to CSR and sustainability (DFT, 2016). Clear governmental guidelines may therefore move the entire promotion of global CSR faster, as long as actors are still able to determine strategies based on voluntariness rather than compulsion.

Obtaining execution through positive reinforcement rather than punishment

A WTO-member could pursue a more hands-on approach to the enforcement of international guidelines. The ISO 26000 Guidance in social responsibility is for example relatively tangible, as it includes definitions, backgrounds, principles, and seven core social responsibilities with 37 related issues, on how an enterprise is expected to act responsibly. Similar to the other guidelines, it is an inspiration and has no international certification attached. But the Danish government has for example formed a ‘Danish Certificate Standard’ based on the ISO 26000 called ‘DS 49001 social responsibility management system – requirements’ (DBA, 2015). Thus, Denmark has attempted to deal with the enforcement problem by offering a positive motivation for following the requirements of the national standard, and consequently the ISO 26000. Other member-states of the WTO could be inspired by this initiative, and even though it may not actually produce much result in regards to enforcement, it could deliver significant knowledge about preferences. If all members started to draft such standards, it would also provide more relevant information for debating CSR standards and certificates on a global scale and in the WTO. It would be a helpful contribution to the quest of finding common ground between members, as it could provide more clarity on the CSR

requirements and objectives of each member state. The strategy would then have the added benefit of producing tangible material for starting a discussion and maybe even reach consensus on some sub-issues.

7.2 Strategies for dealing with CSR in the WTO

Following the first part of the discussion on how the WTO-members individually can support a global CSR effort through domestic actions, I will now discuss recommendations for how the WTO can provide support within the current barriers and opportunities set by its institutional design.

CSR and Trade agreements

As shown in the analysis, there are quite clear reasons to believe that including provisions on CSR in trade agreements could be used as a disguise for developed countries to squeeze out their competitors and increase their markets. Thus, what game-changing impact could an inclusion of CSR in trade agreements actually deliver and for whom? The WTO and its members need to address this question in depth before any trade negotiations can actually be on the table.

According to Dine, there are two main options of enforcing social and environmental issues into the operation of the multilateral trading system. Either by inserting international norms into trade treaties, or including them in the jurisprudence of the WTO, e.g. by including them in the assessment criteria for decision-making in the WTO, or in the jurisprudence of the DSM. This could include the option of 'Forum shifting', e.g. IPR issues shifted from UNESCO and UNCTAD to World Intellectual Property Organisation and the GATT (Dine, 2005). Potentially a similar shift (within limits) could be pursued with some labour rights. Although it would look quite differently subjected to the DSM, and there is the risk of the rights being undermined by economic considerations. But the ILO do also believe that including 'CSR language' in trade agreements could potentially reinforce the benefits of CSR by dealing with the challenge of providing coherence, legitimacy and implementation between various initiatives (ILO, 2016). Thus, maybe the WTO and the ILO could together generate a compromise between a full forum shift and the current limited investment.

There are however severe obstacles to including CSR in agreements, related to the risk of creating discrepancies between developed and developing countries. Thus, as indicated in the analysis, there is the risk of subjecting suppliers in developing countries to CSR requirement, which may weaken their capacity to compete in export markets and thereby create trade barriers (Vidal-León, 2013).

Moreover, as also mentioned in the analysis, the inclusion of CSR in the WTO is criticised by the notion that market forces and various stakeholders would provide a sufficient and more organic approach to ensuring ethical behaviour. Thus to directly and officially include CSR in the international trading system may be an unnecessary move, and potentially bring about serious side effects. From the outset, there is no direct occasion to include CSR in the WTO. The analysis showed that there has always been a little, but relatively limited chatter, and the WTO is not designed to deal with social and environmental policies, nor does it deal directly with actors in the private sector. There are also many drawbacks in the shape of high costs and high risk for all stakeholders in entering negotiations on social and environmental issues, and seeing as decisions are reached by consensus, it would under most circumstances be highly difficult to obtain CSR inclusions in trade agreements.

WTO as a solution to the enforcement problem

The analysis showed that there is not necessarily a problem of lack of domestic legislation on labour rights, but rather a lack of enforcement, which could again be solved through collaboration between international organisations. For example, by setting up some sort of centralised monitoring system by utilising the strength of different institutions. Additionally, setting more official standards regarding labour rights could help to solve the problems of varying degrees of labour rights between members. It is however important to keep in mind that the WTO does not have a strong capacity for enforcement, as the organisation only possess an indirect enforcement effect, and can therefore only be used in some capacity to help solve the enforcement issues of international regulations through its apparent influence in the international trading system.

The WTO as a source of clarity and guidance

Looking beyond the more ‘radical’ measures of including CSR in trade agreements, there are also some smaller steps that the WTO could pursue as an institution. Since the WTO cannot tell members what to do, guidance in the form of suggestion seems the only immediate way forward. A WTO ‘stamp’ on solutions, as they are reviewed from a trade and economic perspective, might carry some authority in areas where the other international institutions might be less influential. Providing more clarity on CSR-related matters could also be an antidote to the risks related to the scope increase mentioned in the analysis, since the more information available before entering negotiations, the smaller the risks of prolonged bargaining. It is of course in no-way an assurance

against impasses, but it could assist in revealing the Shapley Value (see analysis) for the members in regards to the specific issue.

Specify the relationship between trade rules and CSR-initiatives

As the trade debate has moved “beyond traditional border concerns to grapple with the trade effects of ‘inside the border’ measures” (WTO, 2013), there is a need to review and/or expand the agenda on social and environmental matters of the WTO. In order to achieve any progress, the WTO must first of all clarify the relationship between Voluntary CSR strategies and WTO rules. The WTO could utilise its strong capabilities and legitimacy developed through the DSM, and help to provide clarity and guidance on how governments can promote CSR without distorting trade, in order to ensure simultaneous social and economic upgrading. All in all, the WTO could address the confusion related to CSR-matters by investigating how the system itself, can support members in encouraging global CSR without undermining WTO rules. If CSR-issues are to be addressed more directly in the WTO, there is a need to add more specificity to the definition of when members may use their market power to promote globally responsible practice, and when these become trade distortive strategies in violation of the MFN obligations.

Debate the ‘legitimacy’ of labelling social and environmental labelling

The WTO could also provide more guidance on when a government may promote the use of social and eco-labelling, without being accused of using disguised trade sanctions, block market access for producers from developing countries, or violating the WTO approach to ‘like products’. According to Aaronson, the WTO may create global market efficiencies by issuing a statement that voluntary social and environmental labels do not inherently impede trade, which will generate an increase among governments’ creation of and companies’ application for voluntary social and eco-labels (Aaronson S. A., 2010). However, it is quite an optimistic suggestion in the view of the current institutional setting of the WTO, and would likely bring about objections from developing countries unable to provide or acquire such labels for the export products. Thus, each label would in all likelihood be subject to a significant amount of scrutiny before, or if, being accepted as a non-trade distorting measure.

Mandate for the secretariat

Even though there has not yet been established a formal CSR agenda under the WTO secretariat, the secretariat do employ staff that actively publishes articles related to trade and non-trade issues. The WTO has for example published a report in collaboration with the ILO, e.g. ‘Trade and Employment: Challenges for Policy Research’ (WTO-ILO, 2007) and ‘Making Globalization Socially Sustainable’ (WTO-ILO, 2011). The reports are no doubt very informative, but remain vague and deal with CSR-related matters indirectly and in a very elusive manner. Thus, it is worth to examine if the secretariats mandate could be extended slightly to offer more explicit proposals regarding CSR-related matters, without breaking with the basic institutional design of the WTO. I find that benefits could be derived from extending the mandate of the WTO secretariat to do research and have ‘greater power of initiative’. The secretariat is a fitting entity to place this responsibility with, as it is already responsible for supporting members, especially developing countries on technical standards, and policy analysis, and can therefore build on already established capabilities and practices. The WTO-members could provide more specificity to the mandate of the WTO in regards to research on issues related to sustainability, and setting up study-groups to examine these issues. The WTO’s preamble has a clear statement about its intent of ensuring sustainable development, but has through the past two decades remained quite vague on the subject. Thus, there is a need for more research on sustainable trade in general and the role of the private sector in particular. Likewise, the mandate of the secretary-general to take initiative within certain matters could be extended. So, he/she can use the position of having executive information available, to kick-start relevant research in due time, and thereby contribute to a more effective institution with suitable research, instead of (per usual) waiting for disputes to define the practice.

Sharing and expanding the expertise

Pascal Lamy has observed that there has been made attempts to close the “coherence gap” in the international system. But even though there have been established links between the international regimes, these remain weak (WTO, 2013). As the trade debate has progressed to involve social policy issues, so must the bureaucratic functioning of the WTO. Expansion of cooperation would support the WTO objective of coherency in the global economic policy agenda. Since other economic institutions, e.g. the IMF, increasingly expands into addressing sustainability and development issues, the WTO needs to evolve as well if coherency is to be upheld. The WTO may not retain the necessary expertise to address the non-trade issues within the three pillars

sustainability, but it can contribute by providing relevant insights of the economic pillar. I propose that the WTO secretariat could benefit from cooperating more closely with other international institutions, as each institution holds parts of the information needed to solve various issues regarding sustainable practices. For example, it is generally accepted that the expectation of companies to comply with the international guidelines will only increase over the next decade, while simultaneously expecting companies to demonstrating sensitivity to local issues and priorities (Visser, 2012). Hence, there is a growing need for clarity on how to balance CSR and sensitivity to local conditions, which will be relevant to all stakeholders and could benefit from the perspective of international trade. The WTO staff could for example collaborate with the ILO on a continuous basis, to uncover ways to include labour rights in the multilateral trading system or just for clarity purposes, by jointly collect information and make it readily available, i.e. through smaller research papers on more specific issues rather than the occasional “cosmic” report.

Competitive advantage has been a recurring theme throughout this research, and has proven a deciding factor in the preferences and decision-making of WTO-members. But it may also be so within the WTO-system itself in regards to its own future. The institution is as mentioned based on the notion of voluntary participation, and a prerequisite for its existence is its competitive edge in regards to the benefits offered to members. Thus, the WTO must also consider if the inclusion of CSR and related matters will enforce or weaken its competitive advantage over other international institutions and trade systems.

Conclusion

The thesis has uncovered the main structures of the WTO and dispositions in relation to the three pillars of sustainability, while assessing to what extent the status quo within the institution may or may not be changed to include CSR and related matters, according to the following research question “*Whether and how can the WTO and its members address CSR and related matters within the current institutional setting?*” The research has shown that from an institutional perspective, there are possible steps to be pursued between the many hurdles in including CSR in international trade. These hurdles are both ideological; i.e. neoliberalism vs. the three pillars of sustainability, political; i.e. discrepancies between WTO-members, especially developed and developing countries and technical; i.e. can the institution be capable of addressing various issues related to CSR? The conclusion is that it is feasible for the WTO to address CSR and related matters within the institutional design of the organisation. However, only through relatively small initiatives, which do

not require fundamental changes to the organisation. The WTO is a deeply neoliberal organisation, and finding a way of implementing all three pillars of sustainability is not a straightforward road. Rather, it is a narrow path with many twist and bends, offering plenty of opportunities to be derailed. The feasible strategy is therefore to go slowly, with a clear and specific intent as possible.

I have strived to highlight both positions of the debate by considering the perspectives of all members, both developed and developing countries, and the arguments for and against the inclusion of CSR in international trade. Based on these considerations, I recommend to apply smaller changes, such as extending the research and cooperation mandate of the WTO secretariat, rather than pursuing amendments to the WTO agreements. Although, I have remained critical towards the current situation, where CSR is not being addressed by the WTO, I am also appreciating of the fact that applying the three pillars of sustainability is not a simple task giving the institutional design of the WTO, which has been reflected in the discussion and the action-oriented recommendations. The WTO therefore needs to identify its role in respect to all three pillars, which requires substantial research, e.g. on whether addressing CSR in the multilateral trading system would have any tangible impact on sustainability. Moreover, there remains a huge question mark grounded in the hurdles of the geopolitical environment around the WTO, which is relevant to address in examining the actual feasibility of including the proposed options by this thesis. When everything is considered, it is the actions of member-states that constitute the lever for spreading CSR-matters and initiatives in the international trade system. The issue is however not just about the WTO implementing CSR in one way or another, but by looking at the larger context, how the international trade system in general can address the potential positive and negative outcomes of CSR. The thesis is therefore seeking to open the door more up, to a larger debate on the role of neoliberalism in respect to CSR, and how all three pillars of sustainability should be addressed in global trade.

Bibliography

- Abbott, A. (2004). *Methods of discovery - heuristics for the social sciences*. New York : W. W. Norton & company .
- Aaronson, S. A. (2010, 06). A match made in the corporate and public interest: marrying voluntary CSR initiatives and the WTO. *Institute for International Economic Policy Working Paper Series, Elliott School of International Affairs* .
- Aaronson, S. A. (2008). *Trade imbalance: The struggle to weigh human rights concerns in trade policymaking*. New York: Cambridge University Press .
- Bache, I. S. (2011). *Politics in the European Union* . Oxford : Oxford University Press .
- Barkin, J. S. (2006). *International organisation: theories and institutions*. New York : Palgrave Macmillan .
- Bøås, M. &. (2004). Ideas and institutions: who is framing what? In M. &. Bøås, *Global Institutions and Development - Framing the world?* (pp. 206-224). London: Routledge.
- Bryman, A. (2008). *Social research methods*. Oxford: Oxford University press.
- Chantal, T. (2009). The WTO and labour rights: strategies of linkage. In J. Waincymer, D. Kinley, & S. Joseph, *The World Trade Organisation and Human Rights* (pp. 257-284). Cheltenham: Edward Elgar Publishing Limited.
- Collins, R. a. (2011). *International Organizations and the Idea of Autonomy: Institutional Independence in the International Legal Order*. Routledge.
- Cottier, T., Pauwelyn, J., & Bonanomi, E. B. (2005). *Human Rights and International Trade*. Oxford: Oxford University Press.
- Crane et al., A. (2014, Winter). Contesting the Value of "Creating Shared Value". *University of California, Berkeley* , pp. 130 - 145.
- DBA. (2015). *A comparison of 4 international guidelines for CSR*. Copenhagen : Danish Business Authority .
- DETI. (2016, 07 07). The Danish Ethical Trading Initiative. (P. Hvolgaard, Interviewer)
- Deva, S. (2011). A critique of the SRSG's Framework. In L. K. Roseberry, *Corporate social and human rights responsibilities* (pp. 108-126). New York: Palgrave Macmillan .
- DFT, D. F. (2016, 08 02). Sofie Pedersen. (P. Hvolgaard, Interviewer)
- Dine, J. (2005). *Companies, International Trade and Human Rights*. Cambridge: Cambridge University Press.
- Duvoisin, J.-M. (2016, 03 02). What does it take to make Creating Shared Value work? *the economist* , 2.
- Economist. (2013, 11 27). Labour standards - Racing to the bottom. *The Economist* .
- economist, t. (2009, 11 17). Triple bottom line. *the Economist* .
- EIU. (2014). *New business models - shared value in the 21st century*. the Economist Intelligence Unit. the Economist.
- EU. (2015, 08 04). *EU and Vietnam reach agreement on free trade deal*. Retrieved 08 11, 2016 from European Commission - Press release: http://europa.eu/rapid/press-release_IP-15-5467_en.htm
- EU parliament. (2010). *Corporate social responsibility in international trade agreements* . The European parliament, Committee on International Trade . Brussels: The European Union .
- Hafner-Burton, E. M. (2005, summer). Trading human rights: how preferential trade agreements influence government repression. *International organisation* , pp. 593-629.
- Hall, P. A. (1996). Political science and the three new institutionalisms. *Political Studies Association* , pp. 936-957.
- Harbinson, S. (2015). The World Trade Organisation as an institution . In P. &.-c. Weller. New York : Routledge.

- HRW. (2000, 07 27). *Corporate Social Responsibility*. Retrieved 08 19, 2016 from Human Rights Watch: <https://www.hrw.org/news/2000/07/27/corporate-social-responsibility>
- HRW. (2011, 06 11). UN Human Rights Council: weak stance on business standards. *Human Rights Watch* .
- ILO. (2016). *CSR i International Trade and Investment Agreements*. Geneva: International Labour Organisation.
- ILO. (2016). *Sectoral Studies on Decent Work in Global Supply Chains - Comparative Analysis of Opportunities and Challenges for Social and Economic Upgrading*. Geneva : International Labour Organisation.
- Keune, M. (2014, 11 04). *Lessons from Rana Plaza: the need for global regulation* . Retrieved 01 07, 2016 from Social Europe: <https://www.socialeurope.eu/wp-content/uploads/2015/01/SER-RanaPlaza.pdf>
- Kramer, M. E. (2011, 01/02). Creating Shared Value: How to Reinvent Capitalism - and Unleash a Wave of Innovation and Growth. *Harvard Business Review* , pp. 63-70.
- Lamy, P. (2010, 09 26). *World Trade Organisation*. Retrieved 06 22, 2016 from Lamy: “Trade and human rights go hand in hand”: wto.org
- Léon, C. V. (2013, XX XX). Corporate Social Responsibility, Human Rights and the World Trade Organisation. XX , p. XX.
- Lester, S. B. (2014). *World Trade Law - Text, Materials and Commentary*. Oxford: Hart Publishing Ltd. .
- Maher, S. (2015). Rana Plaza: Two years after the tragedy, why has so little changed. *The Guardian* .
- Moses, J. W. (2012). *Ways of knowing - competing methodologies in social and political research*. Hampshire : Palgrave Macmillan.
- Nielsen, R. (2011). Public Procurement, International Labour Law and Free Movement in EU Law: Protect, Respect and Remedy . In K. L. Buhmann, *Corporate Social and Human Rights Responsibilities Global Legal and Management Perspectives* (pp. 165-185). Hampshire: Palgrave Macmillan .
- O'Brien, R. &. (2010). *Global Political Economy* . Hampshire: Palgrave Macmillan .
- OECD. (2015). Aid for trade 10 years on: keeping it effective . *OECD Development Policy Papers No. 1* .
- OECD. (2009). *Annual Report on the OECD Guidelines for Multinational Enterprises 2008*. Geneva : OECD.
- OECD. (2001). Responsible corporate behaviour for sustainable development. *OECD Observer* (226/227).
- Pedersen, P. N. (2006, 5 1). The WTO decision-making process and internal transparency. *World Trade Review* .
- Porter, M. E. (2012). *Measuring Shared Value How to Unlock Value by Linking Social and Business Results* . FSG .
- Porter, M. E. (2006, 12). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review* .
- Ribeiro, G. F. (2009). Navigating the turbulent waters connecting the world trade organisation and corporate social responsibility. pp. 249 - 273.
- Shepsle, K. A. (2009, 09 01). The Oxford Handbook of Political Institutions. *Oxford Handbooks Online* .
- Snidal, D. B. (2001, Autumn). The rational design of international institutions. *International organisation* .

Snidera, K. F. (2013, June). Corporate social responsibility and public procurement: How supplying government affects managerial orientations. *Journal of Purchasing and Supply Management* , 19 (2), pp. 63-72.

SOMO. (2005). Trade and the need to apply international Corporate Social Responsibility (CSR) standards . *The Centre for Research on Multinational Corporations (SOMO)* .

Taglioni, D. a. (2014). *Making Global Value Chains Work for Development*. The World Bank.

The Danish Government. (2012). *Responsible Growth - Action Plan for Corporate Social Responsibility 2012 -2015*. Copenhagen: The Danish Government.

Tschopp, D. a. (2012, April). The potential role for corporate social responsibility reporting in trade agreements. *Social and Environmental Accountability Journal* , 32 (1), pp. 27-28.

UNEP. (2011). *Corporate Social Responsibility and Regional Trade and Investment Agreements* . New York : UNEP.

Vallentin, S. (2012, 04 11). Governmentalities of CSR: Danish Government Policy as a Reflection of Political Difference. *Springer Science + Business Media Dordrecht* , pp. 33-47.

Vallentin, S., & Spence, L. (2016). Strategic CSR and its limits.

Vevatne, J. &. (2004). Sustainable development and the World Trade Organisation. In M. &. Bøås, *Global institutions and development - framing the world?* (pp. 95-123). London: Routledge.

Vidal-León, C. V. (2013, 12 04). Corporate Social Responsibility, Human Rights and the World Trade Organisation. *Journal of International Economic Law* , pp. 893–920 .

Waleson, J. (2015). Corporate Social Responsibility in EU comprehensive free trade agreements: towards sustainable trade and investment. *Legal Issues of Economic Integratio* , pp. 143-174.

Wetzel, J. E. (2011). *The EU as a 'Global Player' in human rights?* London: Routledge .

Wick, I. (2009). The social impact of the liberalised world market for textiles and clothing. *Otto Bremer Fondation* .

Wier, I. (2009). The social impact of the liberalised world market for textiles and clothing . *Otto Bremer Fondation* .

WTO. (1994). *AGREEMENT ESTABLISHING THE WORLD TRADE ORGANIZATION*. Retrieved 07 09, 2016 from WTO.org: https://www.wto.org/english/docs_e/legal_e/04-wto.pdf

WTO. (2016, 08 11). *Glossary term - precautionary principle* . Retrieved 08 11, 2016 from WTO.org: https://www.wto.org/english/thewto_e/glossary_e/precautionary_principle_e.htm

WTO. (2015). *Members' contributions to the WTO budget and the budget of the Appellate Body for the year 2015*. Retrieved 09 07, 2016 from WTO.org : https://www.wto.org/english/thewto_e/secre_e/contrib_e.htm

WTO. (2014, 10 03). *Trade and decent work in the globalised economy*. Retrieved 01 07, 2016 from WTO Public Forum : https://www.wto.org/english/forums_e/public_forum14_e/pf14wks_e/ws47_e.htm

WTO. (2005, 10 01). *Understanding the WTO* . Retrieved 07 09, 2016 from WTO.org : https://www.wto.org/english/thewto_e/whatis_e/tif_e/understanding_text_e.pdf

WTO. (2016). *World Trade Organisation*. Retrieved September 2016 from WTO.org: <https://www.wto.org>

WTO. (2013). *World Trade Report 2013* . Geneva : World Trade Organisation.

WTO-ILO. (2011). *Making Globalization Socially Sustainable* . Geneva: World Trade Organisation & International Labour Organisation.

WTO-ILO. (2007). *TRADE AND EMPLOYMENT CHALLENGES FOR POLICY RESEARCH* . Geneva: World Trade Organisation & International Labour Organisation.

WTO-USA. (1996, 12 09). *Statement by the Honourable Charlene Barshefsky Acting United States Trade Representative*. Retrieved 07 17, 2016 from WTO MINISTERIAL CONFERENCE

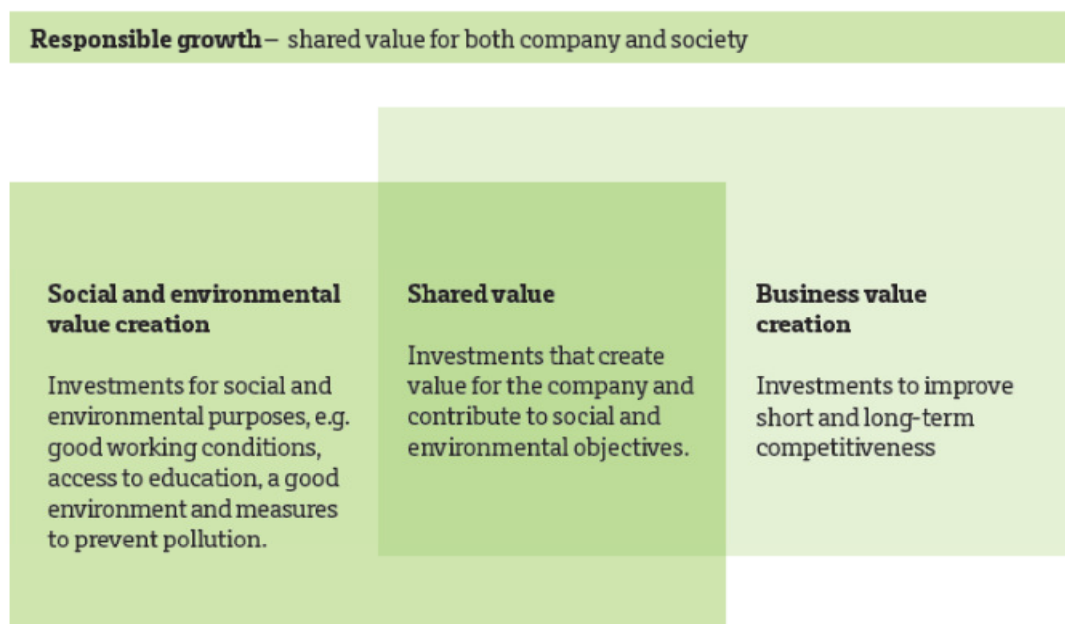
Singapore, 9-13 December 1996:

https://www.wto.org/ENGLISH/thewto_e/minist_e/min96_e/st5.htm

Zimmerman, J. M. (2008). World Trade Organisation and human rights. In S. A. Aaronson, *Trade imbalance: The struggle to weigh human irghths concerns in trade policymaking* (p. chapter 2). New York: Cambridge University Press.

Appendix

Appendix A.1 – Responsible Growth: shared value for both company and society



(Danish Government; 2012; p. 5)

Appendix B.1 – Classification of multilateral institutions

	Donor control	Power	Neoliberal	Economics
WTO	High	High	High	High
IMF	High	High	High	High
World Bank	High	High	High-medium	High
UNDP	Low	Low	Medium-low	Medium-low
ILO	Low	Low	Low	Medium-low
UNFPA	Low	Low	Low	Low

Derived from Bøås and McNeill (Bøås, 2004)

Appendix B.2 – Preamble, WTO Agreement, 1994

“Recognising that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”.

(WTO, 1994)

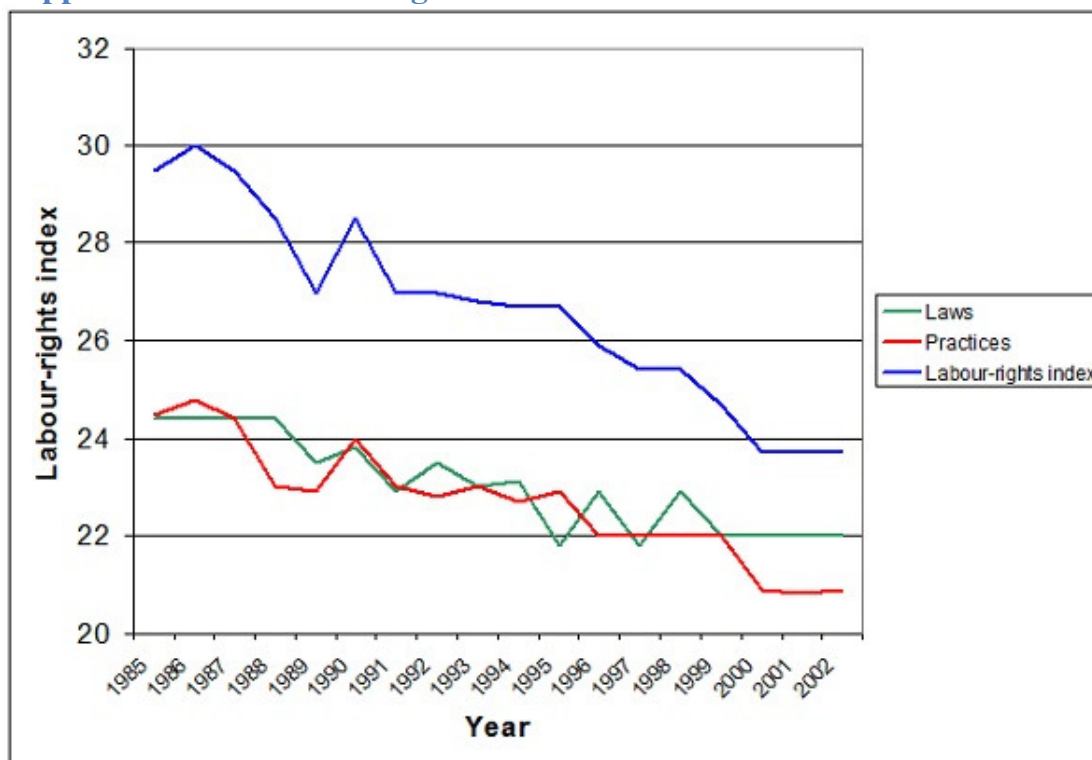
Appendix C.1 – Post-ATC winners 2004-2007

Country	Increase in exports (%)
China	73
Macedonia	56
India	45
Cambodia	45
Indonesia	30
Bangladesh	28
Pakistan	13
Sri Lanka	13
Turkey	8
Morocco	4

Source: MFA Forum 2008

(Wick, 2009)

Appendix C.2 – Labour Rights Index



(Economist, 2013)

Appendix C.3 – 8 fastest growing exporters of textiles (2005-2011, USD million)

Country	2005	2011	Percentage gain
Egypt	272	1,485	446%
Viet Nam	725	3,772.00	420%
China	41,050	94,411	130%
Bangladesh	705	1,590	125%
India	8,331	15,016	80%
Turkey	7,076	10,772	52%
Malaysia	1,356	2,036	50%
Thailand	2,764.00	4,072.00	52%
Indonesia	3,353	4,791	43%
Pakistan	7,087	9,082	28%
WORLD TOTAL	202,000	294,000	45%
Swaziland	174.8	85.4	-51%
Togo	0.28	4.1	1362%
Zambia	3.8	0.38	-90%

Source: WTO database.

(WTO, 2014)

Appendix D.1 – Written confirmations regarding interviews

Dansk Fashion & Textile

Sofie Pedersen 🇩🇰

Til: Pernille Hvolgaard

Vedr.: Anmodning om interview til kandidatspeciale

17. jun. 2016 kl. 20.21

Indbakke - net 📧

SP

Kære Pernille

Det lyder interessant, har du opstillet en problemformulering, eller endnu bedre skrevet et problemfelt?

Det findes ganske rigtig ikke meget international lovgivning, men der findes nogle eksempler på lovgivning der stiller krav igennem værdikæden: us and uk bribery act, uk modern slavery act (tror jeg), Timber direktivet (lovlig skovet træ), rohs direktivet mv. Det er faktisk meget interessant, og noget jeg ikke ved nok om.

Jeg tror desværre ikke jeg har tid inden jeg går på ferie d 29.6. Jeg er tilbage i starten af august. Hvordan ser det ud for dig?

Sofie

Med venlig hilsen / best regards

Sofie Pedersen

Projektleder / Project Manager, CSR & Sustainability

Danish Initiative for Ethical Trade

Pi Bjerregaard 🇩🇰

Til: Pernille Hvolgaard

SV: Henvendelse vedr. anmodning om interview

20. jun. 2016 kl. 08.57

Indbakke - net 📧

PB

Kære Pernille,

Tak for din henvendelse.

Jeg har mulighed for at afsætte en halv time onsdag den 29. eller torsdag den 30. juni, kl. 10.00.

Det vil være en stor fordel hvis du kan fremsende spørgerammen på forhånd, taget tiden i betragtning.

Bedste hilsner / Kind regards

Pi Bjerregaard

Head of Administration

Dansk Initiativ for Etisk Handel / Danish Ethical Trading Initiative

Overgaden Oven Vandet 10 IDK-1415 København K | www.dieh.dk

Danish Ministry of Foreign Affairs

Birgitte Mossin Brønden

Til: Pernille Hvolgaard

SV: Anmodning om interview til speciale (UM id: 1615908)

16. aug. 2016 kl. 10.17

Indbakke - net 📧

BM

Kære Pernille,

Mange tak for dine mails. Jeg har lige skulle få styr på hele ophobningen i indbakken, efter jeg vendte tilbage fra ferie.

Det lyder rigtigt spændende, dit speciale, og det omhandler emner, som jeg og mit team beskæftiger sig med. Jeg vil gerne stille op til et interview – engang i næste uge ville nok være at foretrække. Hvad havde du i tankerne. Ville du komme herind eller tage det per telefon?

Mvh. Birgitte Mossin Brønden