



Considerations on Environmental Impact Assessment of Trade Agreements in the Asia Pacific

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APEC Capacity Building Workshop on Environmental Provisions in FTAs/RTAs

Beijing, China

12 September 2017

Yes: Assessments Should Be Conducted

- Environment and sustainability concerns may not be sufficiently addressed in many current RTAs/FTAs
- Usually trade or economy ministries are in charge of negotiations, with insufficient consideration of sustainability issues.
- Trade & trade negotiations should be more connected to SDGs and sustainable development (“Global Goals”)
 - Trade is a “means of implementation” or a tool.
 - Trade in itself is not a goal.
 - We need to check whether or not trade is actually promoting or hindering global goals such as human welfare, jobs, environmental protection, etc.
- Other ministries such as environment, labor, health, should be more involved



The Scope of EIA Should Be Expanded to “Sustainability Assessment”

- Focus only on environment is not enough
- Need to include jobs, health, inequality, etc.
- Environment is interlinked with other sustainability issues, as discussed in SDGs
 - Examples: climate change, deforestation, pollution harm health and increase poverty and inequality.
- EU conducts sustainability assessment of trade agreements



SDGs and EIA/SIA of Trade Agreements

- In principle there should be SDG assessment
- Some practical issues and limitations regarding SDGs
 - SDGs have 230 indicators
 - Not all indicators are relevant to the scope of each trade agreement.
 - Many indicators are too narrow (for example, air pollution only focuses on PM)
 - Environment-related indicators are underdeveloped
 - Some important environmental issues are not included (e.g. mining)



Expand Geographic Scope of EIA/SIA

- Existing efforts
 - Tend to focus only on one economy, or only on negotiating partners.
- Problem
 - Environmental impacts may be shifted to negotiating partner economies, or to economies outside of the negotiating group.
- Recommendation
 - Analysis should at least cover all negotiating partners
 - Ideally, the analysis should be global to consider whether trade impacts are shifted outside of the negotiating partners



Who Should Conduct EIA/SIA?

- The government should be legally required to conduct it.
 - Currently, it is required only by a few countries.
- Multistakeholder participatory process is the best practice.
 - Trade is complex and affects many stakeholders
- The government may need to outsource the assessment to experts.
- NGOs may conduct their own separate assessments.
- Negotiating economies may commission joint assessments by a group research institutes (one institute from each economy)
- Capacity development for EIA/SIA may be needed



When to Conduct EIA/SIA

- Before negotiation
 - To inform the scope of the negotiations and negotiating strategy.
- During the negotiations
 - To assess various proposals
- After the end of negotiations and before final approval
 - To inform the final approval.
- After the agreement enters into force
 - To check the overall progress.
 - To monitor implementation and enforcement of environmental provisions



Methodology of EIA/SIA Should Be Improved

- Increased complexity, new elements in trade agreements
 - (Not just on traditional tariffs and quotas.)
 - Intellectual property
 - Investment
 - Government procurement
 - Services
 - New dispute settlement procedures, especially investor-state
- Cumulative effects on trade should be considered
 - Typical assessment focuses on additional impacts of a new agreement. These may be small, but the cumulative impacts of past agreements may be large.
 - There may be interactions between individual provisions of agreements, such as tariff reductions + investment liberalization
- New methodology may be needed to address these issues



National Environmental Policies & Enforcement

- Typically, trade policies (and their enforcement) of partner economies are analysed before starting trade negotiations.
- Environmental policies and enforcement should also be analysed.
- Differences in environmental policies could be trade distorting and reduce political support for trade agreements.
 - Worries about trade competitiveness
 - Worries about job loss
- Therefore, stronger and more harmonized environmental policies/ standards & strengthened enforcement should be incorporated into trade agreements. (Similar to the EU.)



Example: Air Pollution



- Widely varying standards in East Asia
 - Ambient standards for pollutants: PM10, PM2.5, SOX, NOX, O3 (many not meeting WHO guidelines)
 - Vehicle emission standards (ranging from none to Euro 6)
 - Fuel quality standards, fuel economy standards
 - Point source emission standards
- Fears about trade competitiveness may be preventing strengthening and enforcement of standards
- Historical examples show that economies with higher standards become more competitive in autos (Japan, China)
- EU example: harmonized standards plus capacity building for less developed economies (CLRTAP: Convention on Long Range Transport of Air Pollution)

How EIA/SIA is Used (Or Not Used)

- Concerns raised by EIA/SIA should be addressed in the negotiations and final outcome.
- However, currently, there is no mechanism to ensure this.
- “Trade” negotiations tend to prioritize trade, and trade/economy ministers are usually in charge.
- This is why sustainability and environment-related principles should be included among the main objectives of the agreement.



Institutionalization of EIA/SIA

- EIA/SIA should be institutionalized in the trade agreement itself.
 - Monitor the environmental and sustainability impacts of the agreement
 - Monitor environmental policies and enforcement of members and trading partners
 - The process should include multistakeholder participation to allow civil society involvement and input
- There should be some provision in the agreement to mandate that environmental problems should be addressed, and a process for addressing them should be established.



Conclusion

- Trade is supposed to be a means, not a goal.
 - (In SDGs, it is part of the “means of implementation”)
- Trade is widely believed to promote economic prosperity.
- Trade’s relationship to environmental and social issues is less clear, and more research is needed.
- However, in the current global system, trade promotion has become an end in itself.
- SDGs established human well being as the goal, recognizing the importance of conservation of the environment and ecosystems.
- Trade is a means of implementation.
- EIA/SIA is needed to determine to what extent trade contributes to these goals.
- EIA/SIA should be institutionalized within trade agreements



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Thank You!



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