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

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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.
• 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.
Thank You!

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