



Trade and Environment: Environmental goods and services

This is one of a series of position papers on trade and environment. BirdLife International is focusing on key environmental issues that are significant to the 5th Ministerial Session of the WTO in Cancún, Mexico, September 2003. We believe that mutually reinforcing and supportive multilateral systems for international trade and environmental protection are essential to sustainable development and well-being. Without positive outcomes for both the environment and developing countries, the so-called 'Doha Development Round' of the WTO will fail to meet both its own sustainable development mandate and the needs of present and future generations.

Summary position:

BirdLife International believes that the Doha Round must deliver a multilateral trade system that reflects the concerns of civil society and works for the common good – people and the environment. It must support poverty eradication and have sustainable development at its heart.

With respect to this outcome, BirdLife International believes that:

- The benefits that might arise from liberalisation of environmental goods and services (EGS) are unclear.
- The outcome will depend crucially on the definition of 'environmental'. The current direction of negotiations is rather threatening as it promotes environmentally damaging and potentially hazardous activities, a loss of control over essential services, and few, if any, genuine gains for either the environment or the developing world.
- Any potential benefit of liberalisation will only be realised if Members agree on a comprehensive but truly environmentally sound definition of 'environmental' that goes beyond the dominant 'end-of-pipe' focus and that includes goods and services of export interest to developing countries.
- In addition, trade rules in EGS must respect national sovereignty and protect access to essential services.
- Sound domestic regulatory environments and policy coherence are essential for a positive outcome.
- Developing countries must be supported to participate in trade and fully benefit from any liberalisation.

1.0 The Doha Ministerial Declaration (DMD), Paragraph 31(iii), commits members to negotiations on '*the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services*'.

2.0 **Any potential gains arising from the liberalisation of environmental goods and services for either the environment or development are far from guaranteed. As it stands, the commitment poses huge challenges and threats for sustainable development and environmental protection.**

3.0 **BirdLife International has identified four essential conditions important to preventing negative outcomes. These are as follows:**

(1) The definition of 'environmental' must concentrate on sustainable development and environmental protection.

- (i) The definition must go beyond the dominant WTO focus on 'end-of-pipe' pollution abatement. Environmental gains depend on a more comprehensive definition that includes preventive environmental technologies and services, sustainable resource use and conservation.

- (ii) Negotiations have concentrated on the large capital-intensive goods, technologies and engineering services for which industrialized countries have a strong export advantage. BirdLife believes there must be more attention to goods and services of interest to developing countries.
- (iii) In relation to this, EGS should include 'environmentally preferable products', i.e. those which, from a life-cycle perspective, cause significantly less environmental harm than their alternatives. Many developing countries have export interests in this area, for example, natural dyes and jute fibres.
- (iv) Attention to agricultural products is particularly important given the size of this sector in the developing world. BirdLife believes that extending the scope of the EGS agenda to sustainable farm produce could assist small farmers in developing countries. For this to happen, negotiations on environmental goods must be taken beyond the WTO's Non-Agriculture Market Access Committee.
- (v) However, we recognize that if the issue of environmentally preferable products extends beyond greener natural products to goods requiring technical know-how, for example, energy efficient domestic appliances, developing countries must receive capacity building and support necessary to benefit from this areas.
- (vi) The definition must ensure that the included goods and services make a genuine and unambiguously positive environmental contribution. Some proposed goods and activities are multi-use, not directly relevant to improving environmental protection, or potentially environmentally and socially harmful. For example, removing restrictions on hazardous waste processing could open up the prospect of dumping waste in developing countries.
- (vii) We believe the EGS sector should include goods produced in an environmentally friendly manner. However, any restrictions based on production and processing methods must be carefully and clearly defined to maximise opportunities for developing countries while promoting environmental benefits.

(2) Negotiations must respect national sovereignty and support social development objectives.

Liberalisation of environmental goods and services threatens national control over sectors of vital economic, social and environmental importance, for example, water collection and distribution. This raises critical development issues, including the cost and accessibility of basic services. BirdLife International believes that it is a government's role to safeguard universal access to basic services and that trade rules should in no way undermine or interfere with their supply/distribution. Governments should have the power to decide if and how to liberalise their EGS sectors. They should also have the option of subsidising infant sectors that risk being overwhelmed by the competitive advantage of foreign and particularly powerful multinational firms.

(3) There must be policy coherence and effective national regulatory frameworks.

We believe that positive outcomes depend on policy coherence and sound regulatory frameworks, and support should be given where needed to enable this in developing countries. National socio-economic regulations could include limitations on market access commitments under GATS in the form of ceilings on prices for public services; minimum level of profit reinvestment in the national infrastructure; and technology transfer and training. Environmental policy frameworks should emphasise enforcement, avoid distortions that limit promotion of cleaner technologies and processes, and create an enabling environment where innovation can thrive.

At the international level, BirdLife stresses the need for coherence between EGS rules and other international regulations and agreements. EGS liberalisation is not taking place in a vacuum, and the outcomes will be influenced by negotiations in other areas. For example, the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) will affect the transfer of cleaner technologies.

Any liberalisation of environmental goods and services should be linked, where possible, to Multilateral Environmental Agreements (MEAs). This would support the technology transfer aspects of most MEAs as well as help ensure that goods and services were both appropriate and compliant with environmental

regulations.

(4) Developing countries must be enabled to participate fully in EGS negotiations and trade.

BirdLife believes that any negotiations must reflect differential approaches for developing countries. States that face difficulties in participating in the multilateral trading system should receive all the support needed to access the potential economic and environmental benefits of EGS liberalisation. Among other areas, assistance is needed in:

- Collecting information to decide on what limitations to market access to maintain, and on what conditions to attach to liberalisation commitments.
- Enacting domestic legislation, institutional and administrative systems and procedures on environmental and trade policies; and in implementation and enforcement of enacted laws.
- Training and capacity building of relevant personnel.
- Enabling full participatory presence at negotiations.

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All position papers have been written and produced by the RSPB in consultation with BirdLife International's Secretariat (Cambridge).

BirdLife International is a global Partnership of conservation organisations, working in more than 100 countries worldwide. The BirdLife Partnership strives to conserve birds, habitats and global biodiversity, joining local communities around the world to achieve awareness of our natural resources and how to use them sustainably.

The Royal Society for the Protection of Birds is Europe's largest wildlife conservation organisation with over a million members and the UK partner of BirdLife International. Through research, advocacy and land management, we strive to link national and international policies for sustainability with local concerns in both the South and the North.

We have extensive programmes of work in many policy areas including agriculture, trade, climate change, energy, transport, the marine environment, fisheries, education and capacity building.

The RSPB and BirdLife International are working to ensure that international trade and international trade rules provide a positive contribution towards achieving sustainable development and thus do not adversely affect the environment.

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