

Unclassified

COM/TAD/ENV/JWPTE(2007)34/FINAL



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

08-Feb-2008

English - Or. English

TRADE AND AGRICULTURE DIRECTORATE  
ENVIRONMENT DIRECTORATE

COM/TAD/ENV/JWPTE(2007)34/FINAL  
Unclassified

### Joint Working Party on Trade and Environment

OECD WORKSHOP ON REGIONAL TRADE AGREEMENTS AND THE ENVIRONMENT  
TOKYO, 19-20 JUNE 2007

Report by the Secretariat

*Attached is the report of the OECD Workshop on Regional Trade Agreements and the Environment held in Tokyo, Japan on 19-20 June 2007.*

For further information, please contact Ms. Cristina Tébar-Less, Environment and Globalisation Division. Telephone: +33 (0) 1 45 24 18 51, Email: [cristina.tebar-less@oecd.org](mailto:cristina.tebar-less@oecd.org).

JT03240109

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

English - Or. English

## **Background and purpose of the workshop**

The OECD Workshop on Regional Trade Agreements and the Environment co-organised with the Ministry of the Environment of Japan and the United Nations University Institute of Advanced Studies (UNU-IAS) took place on 19-20 June in Tokyo (Japan). This workshop was part of the project by the Joint Working Party on Trade and Environment (JWPTE) on Regional Trade Agreements and Environment

The purpose of the workshop was to disseminate the recent OECD publication “Environment and Regional Trade Agreements”, and to share countries’ experience in dealing with environmental issues in regional trade agreements (RTAs) – with a particular focus on negotiations in Asia. The workshop also discussed new developments on environmental issues in RTAs and gathered experts’ input for the development of a checklist on environment for RTA negotiators currently being developed by the JWPTE. The workshop was attended by some 60 experts from governments, academia, business and NGOs, mainly from Japan and other Asian countries. The presentations, as well as the speakers’ and chairs’ biographies, are available at [www.oecd.org/environment/rtaworkshop](http://www.oecd.org/environment/rtaworkshop).

## **Summary of discussions**

### ***Opening session***

The workshop was opened by representatives from the Ministry of the Environment of Japan and the United Nations University Institute of Advanced Studies, followed by a presentation on enhanced coverage in regional trade agreements. Four key trends emerge: RTAs have taken the front and centre stage in trade policy, shifting resources away from the multilateral trade system; they are innovative in content and include issues such as services and environment; they are cross-regional and covering new areas; North-South RTAs are replacing former preferential arrangements in favour of secure reciprocal arrangements; and there may be a trend towards consolidation of intra-regional RTAs into continent-wide regional trading blocks. This session also included the presentation of the OECD book “Environment and Regional Trade Agreements”.<sup>1</sup>

### ***Session I: Experience with environment and regional trade agreements***

The session, which spanned over the whole day and included 3 sub-sessions, focussed on countries’ experience with the negotiation and implementation of environmental provisions in RTAs.

Sub-session 1 focussed on *countries’ approaches to incorporate environmental issues in RTAs*. It included speakers from the European Union, New Zealand, China and India. The presentations showed that approaches to environment in RTAs differ by country. The EC takes a systematic approach: RTAs include the aim of promoting European values on democracy; and environment will be part of the negotiations, with a view to ensuring substantial commitments from trade partners. New Zealand uses an overarching framework for all its negotiations, but applies it in a flexible manner. In China, there is no focus on environment but there is a reference to “sustainable development” in the preamble of its trade agreements. Reference to environmental cooperation is also included in the China-Chile FTA. In India, so far, RTAs have been concluded with developing countries only and do not contain environment provisions – but the situation may change. Among the conclusions of this discussion was that it is necessary to let people in charge (including governments, congress, etc.) understand that trade promotion and environment protection can be mutually supportive, and that RTAs can be relevant tools for this purpose.

---

<sup>1</sup> [An abstract of the book and the executive summary are available at www.oecd.org/document/8/0,3343,en\\_2649\\_37465\\_38768584\\_1\\_1\\_1\\_37465,00.html](http://www.oecd.org/document/8/0,3343,en_2649_37465_38768584_1_1_1_37465,00.html).

Sub-session 2 focussed on *factors that facilitate the negotiation of environmental issues in regional trade agreements*, and dealt with topics such as mandates to include environmental provisions in trade agreements, coordination between Trade and Environment Ministries, public consultation, etc. Presentations were made by speakers from Japan, Vietnam, Chile and the Centre for International Trade, Economics and Environment (CUTS CITEE).

The presenters approached the topic from different viewpoints, but key points were the need to work at an early stage with negotiating partners to bring all Parties up to speed with issues that not all may be familiar with. Joint study groups can be a useful way to do this; the need for a mandate to negotiate on environmental issues; and the need for better coordination among government agencies and for greater public consultation with all stakeholders, including businesses. In examining reasons why environment is not a strong feature in RTAs, one of the speakers highlighted the need for political support (which is reflected in the negotiating mandate), and for recognition by officials that environment is a relevant issue in a trade context. He noted that the North-South divide is often reflected in RTA negotiations, and observed that an approach to trade negotiations that excludes environmental cooperation has costs in terms of lost opportunities to take a 'building block' approach, and the inability to achieve gains from sustainable regional economic cooperation.

Sub-session 3 dealt with *experience with environmental co-operation and capacity building in regional trade agreements*, in particular, practical aspects, such as funding, and co-ordination with other ongoing co-operation and capacity building approaches. Speakers included experts from Thailand, Indonesia and Norway.

One presenter's remarks were set in the context of the benefits and costs of economic globalisation and aspirations for the way this might evolve. She examined the way in which Multilateral Environmental Agreements interact with WTO rules, and the extent to which cooperation and capacity building can enhance the relationship between trade and environment. She discussed two examples of co-operation and cautioned that success in capacity building requires not just willing partners but well-managed administration and good communication with stakeholders. Another speaker characterised the challenge of capacity building in terms of dealing with the need to internalise environmental externalities that can result from increased economic activity as a result of increased trade. In looking for better ways to deal with such externalities, she suggested that RTAs could include mechanisms for environmental measurement (including testing and certification), development of regional initiatives on infrastructure development and R&D, cooperation and information exchange on environmentally sound methods of production, and regional strategies for improving sustainable trade. Also, any such assistance for capacity building must be at reasonable cost and relevant to national policies. A third presenter focused the discussion on three core questions: what is capacity building, why should it be included in RTAs, and how should it be carried out? Key points were that capacity building is one form of contribution on a spectrum that ranges from cooperation through to capacity building; the choice about which form of assistance is most appropriate depends on the objectives being sought; and in designing a programme for capacity building there are several criteria that will assist in developing an effective programme.

This was elaborated in the discussion, with a reference to the 2005 Paris Declaration on Aid Effectiveness, which sets out guiding principles that might be relevant in a capacity building context. Another discussant noted the basic dichotomy between trade (which is competitive in nature) and capacity building (which is cooperative in nature), and that capacity building is sometimes misused as a lever to advance particular policy issues or to undertake activities to meet other objectives. He also reinforced points made by other participants that those who stand to benefit from capacity building initiatives should take ownership of them, and that such initiatives should be demand-driven and focus on priority issues for the recipients.

### ***Session 2: Contributing to global trade and environment objectives through RTAs***

This session explored how regional trade agreements can best contribute to addressing specific trade and environment objectives, and how RTAs can support and complement multilateral efforts in the areas of trade and environment. It included presentations on RTAs and recyclable materials, on how RTAs can contribute to promoting trade in environmental goods, on the contribution to environmental objectives through RTAs, with a focus on trade in organics and in renewable energy technologies, and on how RTAs can complement the multilateral trade and environment agendas. Speakers included representatives from the Philippines, the International Centre for Trade and Sustainable Development (ICTSD), the Institute of Global Environmental Strategies (IGES) and Tufts University.

The session covered a range of very different topics, and conclusions emerged for each one separately. Trade in waste is a delicate area, and there are fears by developing countries that developed countries may wish to use trade agreements to export hazardous wastes more easily. Among the suggestions made to overcome such fears and to build confidence are ensuring adequate public consultation and providing for conflict resolution mechanisms. As regards trade in environmental goods and services (EGS), it may be easier to deal with it in the context of regional trade agreements, where EGS often benefit from general tariff removal under the agreement. Trade in organics needs to be accompanied by domestic measures to promote such trade; the debate is not so much about tariff removal but about non-tariff barriers, such as diverging certification systems.

One of the conclusions from the presentation on how RTAs can complement the multilateral trading system was that the gradual shift from an almost exclusive focus on multilateralism towards RTAs has formed a “shadow” regime of agreements, which should be seen, not as isolated regimes, but rather, as contributing to a whole: RTAs are part of the global trading system. The increasing number of different agreements may make it more difficult to achieve sustainable development, especially in light of capacity constraints of many developing countries, and developed countries “pushing” to achieve their own objectives. The multiplicity of forums can, on the one hand, create duplication and inefficiencies, as well as increased costs, but, on the other hand, RTAs also offer opportunities for developing countries to better define their own sustainable development agendas.

### ***Session 3: Elaborating a checklist on environment for trade negotiators***

In this session participants were invited to provide ideas and suggestions for a possible “checklist” of items to consider when negotiating environmental provisions in RTAs. A draft checklist was distributed to support the discussion. The session also included a presentation of the APEC draft chapter on model measures on environment. Presentations in this session were made by speakers from Chile, China, New Zealand and Japan.

The draft measures on environment are one of the models being developed following the mandate by APEC leaders in 2005 to develop model measures for as many commonly accepted FTA chapters as possible by 2008. This initiative builds upon the [APEC Best Practices for RTAs/FTAs](#). The model measures are not binding but intend to serve as guidance to APEC countries engaged in negotiations of trade agreements.

One of the presentations focussed on the development of a guideline for environmental impact assessment of trade policy in China. The guideline, which is still under development, includes a checklist of environmental factors; environmental protection targets and assessment indicators. New Zealand’s guide for environmental arrangements was also presented. It includes a range of options to be considered in negotiations of such arrangements, which can be applied flexibly to accommodate trade partners’ interests.

Participants found the elaboration of a checklist on environment for trade negotiators a useful tool. The initiative by APEC to develop model measures and New Zealand's guide for environmental arrangements show that countries are reflecting on different ways of developing tools to support the inclusion of environmental concerns in RTAs. The assessment of potential environmental impacts of the agreement was considered an important part of the negotiations. It is also important to have guidance on how assessments should be carried out, who should be involved, at which stage, and how conclusions should be fed back into the negotiations. Participants also referred to the need to have ex-post analysis of impacts and to provide for mechanisms to monitor impacts of the agreement when it is implemented.