

# National Trade Policy and the Environment

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## **Trade Policy and the Environment**

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Trade Reform – the potential and the concern

Using the “Policy Wheel” to incorporate environmental considerations into trade policy development

## Trade and the Environment

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“Global benefits of free trade . . . would be enormous (possibly running into the trillions of dollars). According to some, the budget outlays needed are practically zero, implying not just a huge flow of net benefits but also a benefit-cost ratio of infinity. Beat that!”  
*(The Economist, 7 June 2004)*

So why the opposition? . . . Among other things . . .

Trade liberalization needs to be accompanied by progress on social issues (environmental protection, poverty alleviation, human health improvements) so that benefits are realized by all. Can't wait for the benefits to trickle down – action is required now.

## **Environmental Considerations**

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Without strong environmental protection policies, expanded economic activity resulting at least in part from increased trade may be harmful to public health, the environment and a country's long-run development goals.

Trade negotiations and agreements (e.g., CAFTA, SACU-FTA) provide a point of leverage – and therefore the opportunity to address gaps and long-term needs

## **What Is Needed for Success?**

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Both sides must be willing to invest:

- Developing country governments must be committed to achieving real improvements in public health, environmental, and social conditions
- U.S. must be committed to support reform and enforcement of environmental laws and programs. To date, U.S. track record of actually committing resources to implement technical assistance agreements has not been very good
- Increased public participation and engagement on environmental and social issues

## **Where Does USAID Fit In?**

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Technical assistance is needed in all areas –

- Policy reform; enforcement; measurement of results; public participation; improved governance

Timing is key –

- Take advantage of the opening provided by trade negotiations to push for environmental reform. There may be no better opportunity.

There are many opportunities for stretching technical assistance resources –

- Public-private partnerships
- Consumer driven strategies
- Public disclosure as an enforcement tool

## Using the “Wheel” to Incorporate Environmental Considerations into Trade Policy Development

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*DIAGNOSIS* – Identify opportunities for demonstrating benefits of linking trade and environmental issues

Use *DIALOGUE* to raise awareness, draw broader set of stakeholders into the debate, dispel myths about adverse effects of environmental considerations, identify opportunities for reform

Engage stakeholders in *DESIGNING* trade policies that are built on sustainable development principles -- clean technologies, best practices, “polluter pays” incentive schemes

Strengthen capacity to *IMPLEMENT* programs through training and technical assistance

Measure and *EVALUATE* results using agreed-to benchmarks and indicators