

# INTEGRATING SUSTAINABLE DEVELOPMENT INTO PREFERENTIAL TRADE AGREEMENTS

DR SHAWKAT ALAM  
MACQUARIE LAW SCHOOL  
MACQUARIE UNIVERSITY

# Sustainable Development: Trade-Environment Nexus

- \* Chapter 2 of Agenda 21 - the need to promote sustainable economic 'development through trade'
- \* Reinforced in the Johannesburg Plan of Implementation 2002
- \* The Preamble to the WTO Agreement commits to multilateral trade liberalisation in the pursuit of sustainable development

# Why Concentrate on PTAs, GATT and Sustainable Development?

- \* *GATT Article XXIV* – the predominance of multilateral trading rules
- \* Shift away from multilateralism to regionalism and PTAs
- \* PTAs used by countries to emphasise their sovereignty, and their own agendas
- \* May lead to a focus upon ‘commercial’ objectives at the cost of ‘non-commercial objectives’ such as sustainable development

# Services and Sustainable Development Promotion

- \* Services cover a wide range of areas, such as water, health, and education
- \* Development relies on functioning infrastructure services
- \* Social progress needs the provision of basic services such as education, healthcare and water

# Potential Negatives of Service Liberalisation

- \* GATS and push for privatisation of services could result in economic value being placed above sustainable development objectives
- \* Developing countries fear the enforcement powers of WTO may undermine their national sustainable development agendas
- \* Adverse impacts upon the environment from a large range of services, such as tourism, transport, oil-drilling, energy or waste incineration services

# PTAs, Services and Sustainable Development

- \* PTAs can enable a localised consideration of sustainable development
- \* Specialised implementation strategies
- \* Must be an emphasis on ‘capacity building’
- \* This emphasis missing in GATS

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# CURRENT AUSTRALIAN PRACTICES

# *Australia – Thailand FTA*

- \* Lack of direct mention of sustainable development
- \* ‘Glimpses’ of the concept are represented by the social consideration of ‘consumer welfare’
- \* Highlights the importance of cooperation in relation to research, skill development, and capacity analysis
- \* At best, a fragmented approach with a failure to examine environmental considerations



# *Australia – Singapore FTA*

- \* The objectives concentrate upon trade liberalisation, ‘commitments at the World Trade Organization’ and the openness of trade
- \* ‘Trade in Services’ does not mention sustainable development, nor clearly consider the elements of sustainable development
- \* Like Australia-Thailand FTA, does not consider environmental considerations

# Incorporating Sustainable Development into FTAs

- \* Environmental considerations could include factors such as:
  - \* Inclusion of sustainable development as an objective;
  - \* Consideration of environmental impact assessments (EIA); and
  - \* Regulations in relation to services

# Sustainable Development and FTAs

- \* Implications of sustainable development as an objective of the WTO
- \* Commitment in Agreements (eg Australia-Thailand) to WTO provisions
- \* Discussion of the possibility of sustainable development emerging as international customary law

# Incorporating Sustainable Development in Australian Agreements

- \* Neither Thailand nor Singapore conducted EIAs for these FTAs, despite doing so before establishing agreements with the US
- \* Indicates such countries will only do so at the request of the contracting *developed* country
- \* Does Australia therefore have a responsibility to ensure the inclusion of sustainable development considerations?

# Potential Australia-India FTA

- \* Current negotiations are occurring for the establishment of a FTA between Australia and India
- \* Overall, *Feasibility Study* focuses upon economic advantages of FTA
- \* Sustainable development needs to be considered at the negotiation stage of the FTA, during the deal, and adaptation once implemented

# Sustainable Development and Trade in Services with India

- \* One indirect consideration of sustainable development in relation to standards
- \* Standards used for reasons such as, ‘consumer protection, safety and the environment’
- \* Both parties signatories to TBT Agreement – allowing consideration of social and environmental considerations
- \* India and Australia are subject to the requirement to not dump goods

# Case Study - The Education Sector

- \* A bilateral approach to education could assist market competition, productivity, export opportunities and FDI
- \* Existing historical relationship between Australia and India in the realms of education
- \* Education can help to achieve sustainable development and promote culture of sustainability
- \* Therefore, FTA can be used to promote sustainable development through concentrating on enhancing education connections

# Case Study – Agricultural Sector

- \* India's agricultural sector has shown slow growth, in part a result of unsustainable practices and limited capacities
- \* Australia has expertise in a range of agricultural and agri-business services and could enhance India's export capabilities
- \* Sustainable development and green technologies of key importance in this sector



# Challenges for an FTA with India

- \* Importance of sophisticated regulatory frameworks to ensure liberalisation produces expected benefits
- \* Need for capacity-building to ensure necessary training, technical enhancement, networks and management of movement of people and sectors
- \* Must go beyond the fragmented approaches of other FTAs in regards to social and environmental considerations