

INTEGRATING SUSTAINABLE DEVELOPMENT INTO PREFERENTIAL TRADE AGREEMENTS

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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