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 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 can enable a localised consideration of sustainable development
* Specialised implementation strategies
* Must be an emphasis on ‘capacity building’
* This emphasis missing in GATS
Integrating Sustainable Development into Preferential Trade Agreements

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
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?
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
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