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*Capacity Building Task Force on Trade, Environment and Development*

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## **Short Report**

# **UNEP-UNCTAD CBTF Workshop on Post- Doha Trade and Environment Issues**

**Santo Domingo, Dominican Republic  
21-22 July 2005**



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### **Background**

The UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF) convened a capacity-building workshop on 21-22 July in Santo Domingo, Dominican Republic entitled, *Workshop on Post-Doha Trade and Environment Issues*. This workshop was held back-to-back with a WTO regional training seminar on trade and environment.

The purpose of the CBTF regional workshop was to strengthen the capacities of Latin American and Caribbean countries on current issues relevant to trade, environment and sustainable development. In particular, the workshop considered the role of integrated assessment in ensuring the development of mutually supportive trade and environment policies, and examined key issues relevant to the current WTO negotiations on environmental goods and services, particularly with respect to developing countries in the region. Approximately 70 participants from 25 countries attended the workshop, including two officials from each country – one responsible for environmental issues and one for trade issues.

### **Presentations and Discussions**

The workshop was opened by Nuria Castells, Economic Affairs Officer, UNCTAD, Fulai Sheng, Economic Affairs Officer, UNEP and Enrique Leff Zimmerman, Environmental Training Network Coordinator, UNEP Regional Office of Latin America and the Caribbean. The speakers provided background information on the UNEP-UNCTAD CBTF and highlighted the importance of trade and environment capacity-building activities in the region.

After the opening remarks, Ms. Castells presented an overview of the current state of environmental goods and services (EGS) negotiations at the WTO and analyzed the different proposals submitted thus far in the negotiations. The issue of environmentally preferable products (EPPs) was also discussed. She noted that an analysis developed by UNCTAD of the OECD and APEC lists found that developing countries are net importers of these goods, but that the inclusion of EPPs could result in an increase in imports for some developing countries, but not all of them. She highlighted the importance for developing countries to evaluate and identify both their offensive interests (exports), and their defensive interests (impact on imports) in terms of the negotiations. Statistical analysis was also presented on the imports and exports of selected Latin American and Caribbean countries.

Mr. Raul Garrido, an UNCTAD consultant, presented on the relevance of environmental goods and services to the Central American region, Cuba and the Dominican Republic. In particular, he presented the findings of an UNCTAD-supported project on EGS in these countries. Mr. Garrido highlighted the need to link the negotiations on environmental services and environmental goods, given the close relationship services and goods have to each other and the fact that negotiations for both are called for in the Doha Ministerial Declaration. He noted that

environmental goods are often a prerequisite to providing environmental services. Therefore, the commitments taken under the different negotiating areas will be closely related. Mr. Garrido also described the various developmental and environmental needs of the countries involved in the project and how these needs would be addressed under the different proposals submitted so far in the WTO. He argued that current proposals do not properly address Special and Differential Treatment for developing countries and the win-win-win (environment, trade and development) dimension embedded in the Doha Ministerial Declaration mandate.

Ms. Catterin Cattafesta, International Resources Group, presented the results of a national study on environmental services undertaken as part of an UNCTAD capacity-building project on trade and environment issues related to the Doha Ministerial Declaration. She described the main environmental service sectors in the Dominican Republic, and discussed the Millennium Development Goals (MDGs) and what their attainment would imply in terms of improving environmental services in the Dominican Republic, such as water sanitation, waste management, etc. She noted that liberalization in the waste management sector could lead to better quality only if coupled with a clear consideration of the social impact of the liberalization and an adequate system of incentives in order to get the private sector investing in recycling and re-using of waste.

Ms. Jenny Suazo Navarro, Trade and Environment Unit, Ministry of Industry and Trade, Honduras, made a presentation on the experience of Honduras as part of the same UNCTAD capacity-building project on trade and environment issues. The data presented was obtained from several national consultations with stakeholders, where needs were identified and the current situation on environmental services in Honduras was discussed. Ms. Suazo addressed the difference between the concept of "services provided by ecosystems" and "services provided to manage the environment." Her study focused primarily on the "trade community" approach, namely the one concerning the services focused on environmental issues (waste management, atmosphere, etc.). She described the legal regulatory framework concerning these sectors of activities, and noted that the process of liberalization still has many obstacles internally since it has social and political consequences. In addition, parts of these services are defined as public services that cannot be provided by the private sector. In spite of the opposition from part of civil society concerning the process of liberalization, there is a tendency in the government to seek partial privatization of some of these services. This implies reforms that would affect both environmental regulation and trade.

Mr. Benjamin Simmons, Legal Officer, UNEP, made a presentation on the relationship between multilateral environmental agreements and environmental goods and services. He noted that both Agenda 21 and the WSSD *Plan of Implementation* include provisions on the need to further improve the transfer of environmentally sound technologies to developing countries. Moreover, he reviewed the technology transfer provisions found in several MEAs, such as the Rotterdam Convention, the Stockholm Convention, the Cartagena Protocol on Biosafety and the Montreal Protocol. Mr. Simmons asked participants to consider whether there might be linkages between the liberalization of environmental goods and services and MEA implementation, particularly with respect to technology transfer. He noted that both India and the European Communities have included references to MEA implementation and technology transfer in proposals for the WTO negotiations on EGS. Mr. Simmons then led a short group exercise where participants discussed their national environmental objectives related to MEAs and what types of technologies might be relevant to MEA implementation.

Mr. Juan Carlos Estrella Sampedro, Foreign Affairs Ministry of Ecuador, described the institutional context of Ecuador, which was involved in the negotiating process together with Colombia and Peru for a Free Trade Area with the United States. Their needs, coupled with the on-going process as part of the post-Doha work programme, led the country to make some institutional changes in order to deal with trade and environment issues more effectively. As a result of the UNEP-UNCTAD CBTF Andean Workshop on EGS held in April 2005 in Lima, Peru, Ecuador undertook a process to develop improved coordination of institutions and the involvement of civil society in the consultative process. The national committee analyzing the

issue of environmental goods is also attempting to identify non-tariff barriers related to these goods. To undertake this analysis, the country has developed three environmental issues groups: blue group for water; green group for forests and tourism; and brown group for soil and agriculture. The results of these three groups will be consolidated in a single report on environmental goods and services from the national perspective.

Mr. Hugo Rivera Santana, Director of Foreign Affairs and Administration of International Commercial Treaties, Ministry of Commerce and Industry, Dominican Republic, shared the experience of the Dominican Republic in negotiating the DR-CAFTA agreement with the US and Central American countries. Mr. Rivera Santana described the environmental commitments made by the Dominican Republic, such as strengthening institutional structures of coordination to address environmental issues; improving the national environmental legislation; building capacities; and exchanging professionals and experts from academic institutions, NGOs, governments and other stakeholders in order to strengthen environmental policy implementation and the development of environmental norms and regulations. The development of a dispute settlement mechanism as part of the DR-CAFTA is a new mechanism to resolve differences between Parties to the agreement. This agreement includes a mechanism whereby a Party can oblige another Party to effectively implement its national legislation, if the fact of non-compliance impacts on trade. Mr. Rivera Santana recommended more awareness-raising in order to pave the way for the effective implementation of environmental policies.

Mr. Fulai Sheng, Economic Affairs Officer, UNEP, introduced the concept of integrated assessment (IA) of trade-related policies in his presentation. Following a brief definition of IA, he explained its purpose such as enabling better-informed decision-making by including environmental, economic and social goals, to explore links in trade, environment and development, to inform negotiators, increase transparency and to develop policy packages. Besides giving a short description of the application of IA, Mr. Sheng identified some key areas for application of IA methodologies, such as trade measures or trade liberalization agreements. He noted that the scope of an IA may be determined by a certain sector, geographic region, ecosystem or a specific time frame. In the final part of his presentation, Mr. Sheng described how to organize and conduct the IA and how to propose a policy response. This policy response should be selected by using different criteria such as regulatory consistency, policy coherence and coordination and may take the form of modifying trade policies, developing “flanking” policies or monitoring and evaluation.

Ms. Claudia de Windt, Legal Specialist at the Organization of American States (OAS), gave a presentation on regional experiences with assessment of trade policies in Latin America and the Caribbean. In particular, Ms. de Windt outlined some of the findings from OAS-sponsored assessments conducted in Argentina, Paraguay, Costa Rica and Guatemala. She noted that by identifying *ex-ante* economic and environmental effects of trade policies, it is possible to identify opportunities to integrate environmental goals into these policies and to increase the likelihood for achieving sustainability in trade. She described the assessment methodology used by the OAS to develop national studies analysing potential impacts of trade measures. Following the economic and environmental impact analysis, she noted that governmental and non-governmental experts would discuss and evaluate possible options for the region. This process aims to yield enhanced national stakeholder capacities and create the momentum for replicating the process in other countries and policymaking processes. Based on the regional experiences with assessment, various challenges were identified in undertaking assessments in the region, such as a lack of information, data, resources, and coordination, inadequate methodologies and the inability to reach consensus.

Mr. Hernán Blanco, Executive Director of Recursos e Investigación para el Desarrollo Sustentable (RIDES), presented national experiences with UNEP-sponsored integrated assessment projects in Chile. After briefly reflecting on integrated assessment in general, he

outlined several findings and recommendations emanating from these previous experiences, such as the need to further engage in official IA, to ensure the implementation of the findings and monitor their impact, to ensure civil society participation and to further the use of IA methodologies in the services sector. Mr. Blanco provided insights into the use of IA by the Ministry of Agriculture in Chile that aims to support and influence the process of designing and implementing a new environmental policy. Due to the application of IA, the environmental objectives of the Ministry became more transparent for other stakeholders, the confidence and coordination between the various actors has increased as well as their capacities to understand the interlinkages between sustainable development, environment and agriculture. Furthermore, he discussed two assessment studies focused on the liberalization of the transport sector in Chile and Germany, and concluded that the primary benefits of IA for government and private actors, includes anticipating problems, saving resources, identifying and taking advantage of environmental benefits, reaching a higher degree in coordination and actively influencing negotiations.

Mr. Fulai Sheng, UNEP Economic Affairs Officer, concluded the UNEP-UNCTAD CBTF workshop by leading a group exercise on integrated assessment with the focus on the reduction of EU preferences for sugar. The participants discussed the topic within small groups and elaborated their proposals, which were presented in a final plenary session.

### **Conclusions and Recommendations**

The workshop provided an opportunity to promote discussions on the linkages between trade, environment and sustainable development among representatives from relevant government ministries in the regions.

The participants overwhelmingly found the training workshop to be useful and called for similar workshops to be organized in the region in the future. In particular, the workshop participants outlined the following as high priority issues for future trade and environment capacity-building activities:

- Environmentally preferable products (EPPs)
- Environmental goods and services, including a discussion on opportunities for identifying such goods and services of interest for developing countries
- Eco-labelling
- Integrated assessment and its use within the region
- Organic agriculture
- Impact of environmental policies on market access