



## **UNEP-OAS informal dialogue on the possible establishment of a Working Group on Trade and Environment for Latin America and the Caribbean**

**Quito, Ecuador**

**November 18, 2005**

### **I. Executive Summary.**

The United Nations Environment Programme (UNEP) and the Organization of American States (OAS) convened an informal dialogue in Quito, Ecuador, on 18 November 2005 to discuss the possible establishment of a Working Group on Trade and Environment for Latin America and the Caribbean. The dialogue was held following an OAS capacity-building workshop on trade and environment, which focused on recent lessons from conducting assessments of the effects of trade liberalization in different sectors in the Andean region.

Representatives from national governments, as well as from non-governmental and inter-governmental organizations, research institutes, universities, civil society and the private sector from 15 Latin American and Caribbean (LAC) countries, and the United States, participated in the dialogue (see Annex I).

The dialogue was organized to respond to several requests UNEP and the OAS have received in the region to:

- Increase the number and improve the effectiveness of capacity-building activities related to trade and environment, including guaranteeing an adequate follow-up to activities and conducting on-going needs assessments.
- Improve coordination of activities by capacity-building providers to ensure a consistent, cost-effective and long-term approach to capacity building.
- Increase national ownership of the capacity-building activities to be more demand driven with reference to the specific requirements, needs and conditions of LAC countries and sub-regions.

Specifically, the informal dialogue aimed to explore the feasibility and relevance of establishing a regional forum to discuss priorities and capacity-building needs, exchange experiences, enhance partnerships and coordination, and to provide a platform for capacity-building providers and recipients to work together on what capacities should be built, for whom, on what topics, to what extent and what approaches are most suitable.

The meeting was organized around an annotated agenda that presented participants with specific questions that were discussed in small groups followed by a plenary dialogue (see Annex II). The small group setting generated a frank and active discussion of priorities and ways of addressing them among participants.

Throughout the meeting, participants overwhelmingly confirmed the need to coordinate capacity-building activities related to trade and environment and noted their commitment to

the establishment of a forum for exchanging information on capacity-building activities in the LAC region.

With this in mind, participants agreed that UNEP and the OAS would prepare and circulate three documents as follow-up:

- A detailed report of the informal dialogue to ensure that comments by participants are accurately captured;
- An update and extension of a table UNEP and OAS prepared as background material for the dialogue summarizing the various trade and environment capacity-building activities taking place in the region by intergovernmental and non-governmental organizations; and
- A Concept Note for the formation of an Informal Working Group on Trade and Environment for Latin America and the Caribbean based on comments and recommendations made at the informal dialogue.

## **II. First Session: Discussion of needs and identification of priorities for the region**

Chair: Maria Fabiana Oliver, Director of Trade and Environment, Fundación Ambiente y Recursos Naturales, Argentina.

The objective of the first session was to discuss the main challenges, priorities and capacity-building needs in the area of trade and environment and brainstorm about possible ways to respond to these needs in the region. Participants were provided with an illustrative list of possible priorities (Annex III) and divided into small groups to address and discuss the following questions:

- What are the main challenges facing the region in relation to trade and the environment?
- What are the main capacity-building needs based on these identified challenges?
- What could be some useful ways to respond to these needs?
- How should these responses be prioritised?

Each group of participants selected a rapporteur to present in plenary the outcomes of their discussions. The participants identified both procedural and thematic trade and environment challenges and priorities for the region, and agreed on the need to address both simultaneously given the accelerated pace of regional integration through regional trade agreements and the fact that current capacity-building efforts are unable to keep pace.

Specifically, participants expressed the need for a platform to exchange national experiences in a regional context not only among government officials (from different sectors of government), but also among private sector representatives, civil society and academia. They also suggested the need to emphasize private sector participation, given the key role of this sector in meeting environmental requirements and trade participation. Participants agreed that a multidisciplinary approach to capacity-building efforts is crucial given the cross-cutting nature of the issues related to trade and environment.

It was recognized that international and regional organizations play a critical role in the delivery of capacity-building activities as well as information generation and distribution. However, participants highlighted the need for coordination between these organizations and

the need to work closely with national institutions through activities such as training of trainers to ensure capacity-building efforts are extended to the national level. Participants suggested and discussed different proposals in this regard, including working with the media and simplifying the information to make it more accessible. Another proposal referred to the need to find commonalities between the agendas of different organizations, government agencies and the private sector in order to ensure coordination.

The main substantive priorities identified for the region included:

- Enhancing the understanding of the relationship between trade and the environment, including the impact of trade liberalization on the environment;
- Building capacities to value and manage ecosystem goods and services;
- Promoting conservation of biodiversity, including through promoting sustainability in production processes, in areas such as agriculture;
- Improving management of chemicals and pesticides;
- Building capacities to comply with certification systems, including, in particular, environmental performance systems;
- Developing tools for improved management of internationally shared resources, such as water and fisheries;
- Enforcing environmental laws and MEA implementation;
- Implementing public participating principles such as those articulated in the Inter-American Strategy for Public Participation in Sustainable Development Decision Making (ISP); and
- Promoting the use of assessments to increase data availability, improve analysis of the impact of trade liberalization and share lessons.

Regarding integrated assessments, the group of participants mentioned the need for a more sectoral focus and holistic approach considering the complexity of the production chain, including both imports and exports. It was noted that until now the focus of assessments has been on exports of goods, excluding imports, services and foreign investment, all being relevant to the economies of developing countries. The tourism industry in the Caribbean was mentioned as an example of this situation. Participants also highlighted the need to share the lessons learned from assessment efforts undertaken in the region as well as activities related to developing environmental indicators.

The role of international organizations such as OAS and UNEP was also discussed. Participants noted that they could help to bridge the gap between the political and technical discourse and facilitate access to information and coordination at the international, regional, and national levels, as well as between organizations, through the development of a trade and environment working group.

### **III. Second Session: Brief overview of current capacity-building activities in the region**

Chair: Ronald Vargas, Director of International Cooperation, Ministry of Environment and Energy of Costa Rica

The aim of the second session was to analyze whether the focus of current capacity-building activities in the region matched the needs identified earlier, to ascertain which capacity-building needs have not been addressed, and the required actions to strengthen future capacity-building efforts. During this session, participants were also briefed by various organizations on different capacity-building activities being undertaken in the region. An

illustrative table of capacity-building activities was distributed and served as a basis for discussion (see Annex IV).

Participants emphasized the need for capacity-building activities to respond to national and regional priorities and to be structured in a way that guarantees continuity as well as an ongoing evaluation of their impact. International organizations have been undertaking several needs assessments on trade and environment in the region, but so far only a fraction of the identified needs are being addressed. Participants agreed on the need for the region to take ownership of the capacity-building efforts and for recipients to be directly responsible for identifying capacity-building activities. International organizations would support these efforts by addressing priority areas identified by the governments and ensuring that the capacity-building activities are coordinated. For this purpose, participants agreed on the need for a clear assessment of existing capacity-building efforts.

Participants also suggested expanding capacity-building activities to reach a wider audience. The capacity-building activities that have been convened so far often target exclusively government officials from the ministries of environment and trade, which has proven to be beneficial in bridging some differences and building trust and understanding. However, the activities should be based on a multi-stakeholder approach that includes not only government officials but also the private sector and civil society. Moreover, participants proposed developing simple replication mechanisms to reach a wider set of stakeholders. In this regard, participants recommended strengthening training of trainers activities and securing adequate financial resources to replicate capacity-building activities.

Participants also noted the wealth of experience and information related to trade and environment in the Latin American and Caribbean region, developed through different programs such as the IADB policy dialogue on environment and the OAS and UNEP integrated assessment programs, respectively. However, the lack of dissemination of this information hampers the opportunities for other countries to benefit and build on this information. Thus, participants called for addressing this lack of dissemination of information and enhancing inter-regional dialogue to ensure adequate information sharing and enhanced South-South cooperation.

Other capacity-building needs that have not been adequately addressed so far and require attention include issues currently being debated in the WTO and other multilateral fora, such as MEAs. The participants noted the importance of continuous follow-up of these debates, but that the limited national resources available often made it impossible for each country individually to provide adequate follow-up. The participants also highlighted the importance of further enhancing capacities on eco-tourism, particularly in the Caribbean, where this is an income source vital to national economies.

#### **IV. Third Session: Potential Working Group objectives and activities**

Chair: Cleitus Springer, Saint Lucia National Trust Council

The purpose of this session was to consider the potential costs and benefits of establishing a Working Group on Trade and Environment for Latin America and the Caribbean, and if deemed by participant to be worthy of establishment, to identify the structure and objectives of such a Working Group.

Based on the discussions in sessions one and two, the participants confirmed the need to create an informal Working Group on Trade and Environment for the region, highlighting the need to develop a forum for sharing experiences between the different countries in the LAC

region. Participants suggested that such a group could not only facilitate information exchange between different members and regions, but also help to coordinate capacity-building activities related to trade and environment undertaken by international and regional organizations. Other participants suggested that the informal Working Group could also help to disseminate studies related to trade and environment issues, contribute to the understanding of topics related to trade and environment, as well as support the development of a regional capacity-building agenda on trade and environment. By doing so, the risk of duplication of efforts is minimized or eliminated and a structured capacity-building agenda taking account of the common needs of the region, as well as the differences in needs between the distinct states and groups within the region may be developed. Participants also agreed that the Working Group should not be a political decision-making body or a funding mechanism.

Participants proposed that the group be chaired by OAS or UNEP, or preferably by both organizations. They emphasized that in addition to civil society organizations and private sector entities, it is necessary to involve other stakeholders who were invited but unable to attend the meeting, including the World Bank, OECD, APEC, IADB and the WTO. Participants also agreed that the group should be open, inclusive, and flexible, and take into account other efforts on the policy front related to trade and environment in the region, such as the Trade and Environment working group created by the Forum of Ministers of Environment of LAC. Participants suggested that the name of the initiative should reflect the objectives of exchange of information and experiences as well as its open and flexible nature. In this regard, the OAS and UNEP propose the name: Dialogue on Trade and Environment in the Americas.

## **V. Summary of the Fourth Session: Next steps**

Given the support for developing an informal working group on trade and environment for the region, this session was dedicated to discussing next steps in its establishment. Participants agreed on the need for the group to be open and flexible, serving as a forum for dialogue and exchange among public and private organizations as well as experts. Also, participants reached a consensus that OAS and UNEP should prepare the following documents as concrete follow-up actions:

- A detailed report of the informal dialogue to ensure comments by participants were accurately captured;
- An update and extension of the table UNEP and OAS prepared as a background document for the dialogue (Annex IV) summarizing the various trade and environment capacity-building activities taking place in the region by intergovernmental and non-governmental organizations; and
- A Concept Note for the formation of an Informal Working Group on Trade and Environment for Latin America and the Caribbean. The purpose of the Concept Note is to provide an opportunity for participants, and others in the region that were not able to attend, to comment on concrete proposals regarding the modalities of the informal working group.

List of Annexes:

***Annex I: List of Participants***

***Annex II: Annotated Agenda***

***Annex III: Illustrative List of Priorities***

*Annex IV: Illustrative Table of Capacity Building Activities*