



DRAFT Concept Note

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Initiative: Dialogue on Trade and Environment Capacity Building for Latin America and the Caribbean

Background

The Latin American and Caribbean (LAC) region has been increasingly engaged in signing and negotiating free trade and economic integration agreements. Consequently, tariffs in the region have decreased from an average of 54% at the beginning of the 1980s to less than 7% in 2005.¹ The increased trade activity has contributed significantly to the dynamic and substantial economic growth LAC countries have experienced in the past 5 years and has created a number of new opportunities and challenges for environmental protection, poverty reduction and sustainable development.²

Trade liberalization itself is neither intrinsically good nor bad for the environment. On the one hand, liberalized trade and ensuing economic expansion can lead to the unsustainable consumption of natural resources, environmental degradation and increased inequality if not accompanied by the appropriate environmental and social policies. On the other, enhanced trade has the potential to create new opportunities in high-growth environmentally-friendly market segments, such as sustainable coffee or eco-tourism. Moreover, trade agreements may be accompanied by specific provisions that conserve the environment, reduce poverty and promote sustainable development.

From a sustainable development perspective, the key is to minimize the environmental, social and economic losses from trade liberalization while maximizing the gains. The development and implementation of mutually supportive trade and environmental policies is one means of furthering this objective. However, this is dependent on access to timely and useful information, the ability to translate this information into appropriate trade and environment policies, and the existence of sound institutional structures and regulatory systems to implement policies and market-based mechanisms in support of sustainable development.

It has been acknowledged in numerous international and regional conferences that many LAC countries require support to build their capacities on many of these fronts. To date, there is a wealth of experiences related to trade and environment in LAC region that are not shared among countries. Enhancing inter-regional dialogue may therefore bring about important benefits for sustainable development and foster South-South cooperation.

At the *UNEP – OAS Informal Dialogue on the Possible Establishment of a Working Group on Trade and Environment for Latin America and the Caribbean*, held in Quito, Ecuador, on November 18, 2005, participants called for enhancing dialogue on trade and environment capacity building in the region to further the exchange of information, increase coordination, enhance collaboration, determine capacity-building needs, and openly discuss relevant topics on trade and environment. Participants confirmed that the aim of these activities will be to contribute to the development and implementation of trade and environment policies that are mutually supportive. They also noted that this would support a decision reached at the

¹ Murillo, Carlos, Promoting Sustainable Development through Mutually Supportive Policies.

² Note: In 2005 the region experienced growth rates of 4% and rising merchandise exports of 17%.

Fifteenth Meeting of the Forum of Ministers of the Environment of Latin America and the Caribbean, which took place in Caracas, Venezuela from 31 October – 4 November 2005, which called on organizations working in the region to “improve their dialogue and coordination mechanisms to support capacity-building programmes on the links between trade, environment and sustainable development, both in the context of negotiations for integration or trade agreements and in their implementation, taking into account the realities and needs of the countries, whenever possible” (Decision 16). Participants suggested that the name of the initiative should reflect the objectives of information exchange and experience sharing. In this respect, it was suggested that the group be referred to as a Dialogue on Trade and Environment Capacity Building for Latin America and the Caribbean.

Objectives

The overarching objective of establishing a Dialogue on Trade and Environment for Latin America and the Caribbean is to promote environmental protection, poverty reduction and economic growth through increased dialogue and collaboration on trade and environment issues at the regional level. As such, the Dialogue supports many of the objectives outlined in the World Summit on Sustainable Development Plan of Implementation and the Millennium Declaration. The WSSD Plan of Implementation calls for a “holistic and inter-sector approach” to sustainable development. Specifically, it calls for urgent action ... to enhance the delivery of coordinated, effective and targeted trade-related technical assistance and capacity-building programmes...and to examine the relationship between trade, environment and development (Para 45). Likewise, the Millennium Declaration emphasizes the need to “create an environment –at national and global levels-which is conducive to development and elimination of poverty.” The Dialogue on Trade and Environment Capacity Building for Latin America and the Caribbean supports the MDGs as it seeks to integrate the principles of sustainable development into country policies and programme (MDG7) and to develop further an open trading system that is rules based, predictable and non-discriminatory, includes a commitment to good governance, development and poverty reduction-nationally and internationally (MDG9). As noted above, the dialogue on trade and environment is also consistent with, and will directly contribute to, the implementation of the Forum of Ministers decision calling for improved dialogue and coordination mechanisms to support capacity-building programmes in the region.

The Dialogue will be an open and inclusive body and will serve as a forum to accomplish the following specific objectives:

- Improve the effectiveness of regional capacity-building activities related to trade and environment;
- Improve communication and enhance coordination of activities in the region by capacity-building providers such as international or regional organizations;
- Increase national ownership and impact of the capacity-building activities to address the specific requirements, needs, priorities and conditions of specific countries and subregions;
- Discuss and identify current capacity-building needs related to trade and the environment in the region;
- Facilitate information exchange between different countries in the region;
- Contribute to the understanding of topics related to trade and environment by all members and the need to make trade and the environment mutually supportive; and
- Increase public participation in trade and environment decision-making and thereby enhance transparency.

Activities

Without being a political decision-making body or funding mechanism, the Dialogue will be a proactive and flexible forum for pursuing these objectives. The Dialogue's programme of activities will include:

- **Exchange of information** on lessons learned, best practices and experiences and expertise in the area of trade and environment between the different countries and sub-regions in LAC to improve coordination, inter-regional dialogue, transparency, and coherence between the different stakeholders;
- **Ongoing discussion and identification of capacity-building needs** in the area of trade and environment, such as the need to enhance capacities for conducting integrated assessments. This also includes continuous follow-up of international debates related to trade and environment conducted within the WTO, the MEAs or other international forums;
- **Development of a regional capacity-building agenda** on trade and environment with a regional and national capacity-building component that aims to minimize the risk of duplication of efforts and takes into account the needs as well as the differences of interests within the LAC region;
- **Training and capacity-building activities** on trade and environment topics, including coordination of capacity-building activities undertaken by international and regional organizations in the region, conducting specific capacity-building activities, and support the development of simple replication mechanisms for national capacity-building activities to reach a wider set of stakeholders;
- **Research** on selected trade and environment issues to serve as background material to support the Dialogue's other activities; and
- **Country Projects** to enhance capacities and understanding of members of the Dialogue of the relationship between trade, environment and development.

Modalities

The Dialogue will serve as a platform for open dialogue and exchange of information and experiences on trade and environment, with the objective of maximizing the impact of capacity building activities in the LAC region. The group will gather representatives from governments, NGOs and the private sector, but it will also include capacity building providers and experts in specific subject matters.

The activities of the Dialogue shall reflect the priorities established by the group and participating countries. All the information related to the group and capacity building activities in the region will be available online in the website maintained by UNEP and OAS, who will serve as coordinating institutions and facilitators for the group.

The group will meet at least once a year in the region. The location of the meetings will be subject to countries willingness to host and support the meetings. The meetings will be open to interested parties. Sponsorship to attend the meetings will be based on availability of funding. The coordinating entities will make every effort to ensure participation. Considerations for funding will be based on a number of criteria, including among others, geographic distribution and timely application.