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APEC Environment Ministers Gather in Toronto, Canada

Photo Courtesy of IISD/Sustainable Developments

Heading for the Doldrums? APEC and the Environment
Lyuba Zarsky

In early June, environment Ministers from eighteen countries around the Pacific met in Toronto to sign off on Asia-Pacific's first "regional action programme" for the environment. The action will focus on three key areas: encouraging the transfer and adoption of clean technology; conserving the marine environment; and promoting sustainable cities. Along with some 40 odd "capacity building" projects, the programme is the fruit of a five-year effort to incorporate environmental concerns into Asia's premier multilateral organization, the Asia Pacific Economic Cooperation forum (APEC).

Given the political, economic and ecological diversity of its members—who span from the United States to Papua New Guinea, from China to Chile—the achievement of consensus on environmental cooperation is no small feat. Moreover, the lodging of environmental concerns within an organization pre-eminently concerned with trade and investment holds promise for more sustainable paths of development.

On the other hand, the actual programmatic initiatives to date are meager and there is little sign of coherent leadership or regional political passion. Dominated by overworked bureaucrats mostly from

offices of foreign affairs—and mostly from Western countries—APEC's environmental initiatives are too often only thinly connected to domestic politics and interests. Without stronger political winds, APEC's environmental agenda will be propelled more by drift than by steady progress on a charted course. The question of where the winds might come from is the central question for environmental policymakers and activists alike.

APEC AND THE WORLD TRADING SYSTEM

APEC's potential role in promoting sustainable development is linked to its particular character as a trade-oriented and as an Asian institution. Founded in 1989 at the initiative of Japan and Australia, APEC operates on two tracks. One track--indeed, the main highway--leads to the liberalization of trade and investment throughout the APEC region. Another track, dubbed "eco-tech," leads to a deepening of the region's economic and technical cooperation, including on issues of environmental conservation and sustainable development. Over 300 projects have been developed in APEC's fourteen Working Groups along the eco-tech track, many of them languishing for lack of implementation.

With its founding focus on eco-tech, APEC initially compelled little interest in Washington. Political winds picked up in 1993, when U.S. President Bill Clinton harnessed the interests of export-dependent APEC economies to shore up flagging global trade negotiations. Propelled by big gusts from Washington, APEC's ships of state in 1994 adopted a "broad vision" of free trade and investment throughout the region by 2010 for the developed and 2020 for the developing countries.

To implement the "broad vision," APEC economies developed an Action Plan by which individual countries nominate their own preferred products or sectors for liberalization. To date, there have been few nominations which exceed commitments made under the GATT/WTO. In fact, on the trade track, APEC has operated primarily as a vehicle to help implement WTO commitments.

APEC, then, apparently follows rather than leads in the global trading system. In two fundamental ways, however, APEC and the WTO are very different institutions. First, unlike the WTO, APEC is not a negotiating body. There are no trade deals, treaties or agreements. Rather, APEC is more of a "talk shop." Second, following the lead of its Southeast Asian members, APEC operates on the principle of consensus. Any member can block an initiative or even discussion of an issue. While the WTO is often beset by shrill debate, discussions at APEC are skewed towards non-contentious issues. Moreover, APEC counts among its members nations, most notably China, which have not yet been been acceded to the WTO.

APEC's different style--and the fact that it incorporates some of the most pro-free trade countries in the world--means that it can set the pace, if not the precise terms, of world trade policy. For example, Clinton successfully used the November, 1997 APEC Leaders Meeting as an opportunity to gain support for an International Telecommunications Agreement ahead of the December WTO ministerial. Moreover, APEC's "broad vision" goes much further toward global free trade than anything yet articulated by the WTO.

Nonetheless, lacking the adrenaline of high-stake trade negotiations, APEC has delivered little in the way of specific new commitments. The country-by-country liberalization plans generally are thin on new initiatives or even text On the other hand, APEC has been important in some countries, especially in Southeast Asia, in strengthening domestic political support for open economic policies. Indeed, the real action of APEC is rooted as much in domestic political economy as it is in regional relations.

A REGIONAL VISION OF SUSTAINABLE DEVELOPMENT?

Like the push toward trade liberalization, pressures to develop an environmental agenda have come from APEC's Western countries, especially the U.S. and Canada. Since 1993, there have been three Environment Ministerials, two called and held by Canada and one, a "Sustainable Development" ministerial, by the Philippines.

The first Ministerial, held in 1994 in Vancouver, generated a set of Principles for Integrating the Economy and the Environment. The following year, all APEC Working Groups and Committees were directed to integrate environmental concerns into their activities, which aimed largely at promoting and facilitating freer trade and investment.

The directive to integrate the environment into the trade/economic work of APEC, rather than sideline it, was revolutionary. To date, however, most Working Groups have delivered little of substance. The primary focus has been on building capacities to build capacities, that is, on information exchange. One of the most active, the Regional Energy Cooperation Working Group, which is co-chaired by Japan and Australia, has focused largely on promoting coal exports and technologies. Even one of its potentially key environment-related activities--the harmonization of energy efficiency standards--is conceived more in terms of commercial needs than environmental objectives.

The regional action programme adopted in June, 1997 likewise has potential to be revolutionary. The Clean Technology initiative, which aims to harness the power of private markets, offers a glimpse of a new way to promote technology transfer in an era of shrinking aid budgets. The Sustainable Cities initiative points toward the creation of crosscutting integrative policy frameworks to guide social and economic development. And the Marine initiative could promote a sustainable utilization regime for the Pacific Ocean.

The achievement of APEC's potential, however, is far from assured, primarily because these initiatives and more broadly, the idea of environmental cooperation have not caught fire either among APEC governments or, in general, within APEC countries. There are several reasons.

First is lack of leadership. The agenda-dominating Western APEC- minders tend to construe the environmental issue as "Asia has problems, we have solutions." Happily for the West, the solutions typically involve commercial gain in the form of exports of environmental goods and services. Not only do environmental problems in the West get short shrift, but Asian governments feel little ownership of the agenda-setting process. Indeed, at worst, the environmental agenda is viewed by foreign affairs heavies, if not by environmental policymakers, as part of the U.S. push to open markets in Asia, an effort which not long ago the U.S. claimed it would accomplish "by a crowbar" if necessary.

Lack of leadership is also evident in the lacklustre commitment of Western countries to environmental diplomacy at APEC. In the U.S., for example, APEC environmental work is greatly underresourced and unintegrated with the trade track. While the official State Department view is that environmental cooperation promotes US security interests in Asia, there is little investment in understanding either the ecological issues or how best to conduct environmental diplomacy in the region. There is also no integrated foreign policy vision by which to understand the complementarities and trade-offs between U.S. long term strategic and short term commercial interests.

A second problem is the fear of most Asian governments that rising environmental commitments will slow the pace of rapid growth. Echoing North-South debates in other fora, some of APEC's poor (and

not-so-poor) members have called for a focus on "development," meaning financial transfers or technology giveaways. The U.S. and other Western countries are adamant that if there are to be transfers, it will be through commercial markets.

Concerns about possible adverse domestic economic consequences of environmental commitments are not confined to Asia. At the Toronto ministerial, the U.S. pushed for APEC to support the Climate Change framework, including binding emissions targets for developed countries and evolving obligations for developing countries. In a candid, behind-the-scenes discussion in Toronto, Chinese delegates told the U.S. that they found it hard to move forward while the U.S. itself had not embraced binding targets. In the U.S., action on climate change is stalled by concerns about loss of jobs and market share.

A third reason for the lack of passion in APEC's environment-related work is that those who are most knowledgeable and passionate-- scientists and intellectuals, citizen groups, progressive policymakers and businesspeople--are not included in the discussion. Rather, environment-related initiatives have been crafted by longtime bureaucrats in foreign affairs or environmental departments. While many are highly committed, they lack both in-depth technical expertise and political weight.

Finally, momentum on environmental issues is constrained by the lack of coordinating and integrating institutions at APEC. The typical modus operandi at APEC, whether for Working Groups or governments, is "find a niche and do your own thing." As a result, there has been a proliferation of initiatives, mostly studies and information- sharing, but no sense that they all add up to something. The June Ministerial Statement obliquely called for a "coordinating mechanism" but there is no consensus about what it should be or how it should operate.

In short, despite the promise and rather extraordinary momentum of the past five years, cooperation for sustainable development at APEC is adrift and may be headed for the doldrums. The fundamental problem is that there is little political demand at home for APEC to grapple seriously with creating a framework for sustainable trade and investment in the region. Without domestic demand and the political will it generates, APEC's initiatives will tend to be narrow and shallow and follow the dictates of its strongest members.

There are some bright spots. Asian governments themselves are beginning to conceive of a self-interest in regional environmental cooperation. At the Toronto Ministerial, Asian countries, including China and Indonesia for the first time presented some initiatives of their own. Even more promising is the emergence throughout Asia and the Pacific of groups and individuals, both in and out of government, who are seeking to identify and advocate a common interest approach to both development and environment in the region. Whether or not these groups can coalesce into a significant regional political voice is likely to be the single most important determinant of APEC's effectiveness in promoting sustainable development. APEC governments can themselves nurture such networks by providing opportunities and funding for collaborative research efforts and discussion. It is from such a quarter that a wind could blow.

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