

# Policy Forum 97-06: Environmental Cooperation at APEC: the First Five Years

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## **Environmental Cooperation at APEC: The First Five Years Lyuba Zarsky and Jason Hunter**

March 31, 1997

The Asia Pacific Regional Environment Network ([APRENet](#)) Policy Forum Online is intended to provide expert analysis of regional environment, trade, and security issues in the Asia-Pacific Region, and an opportunity to participate in discussion of the analysis. A set of questions based on the work below is appended below. The Nautilus Institute invites your responses, based either on these questions or on any other thoughts you have after reading the work. We will post responses on this Web site. Please send your responses to us at: [aprenet@nautilus.org](mailto:aprenet@nautilus.org).

[Abstract](#) | [Discussion Questions](#)

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## "Environmental Cooperation at APEC: the First Five Years"

Lyuba Zarsky and Jason Hunter

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### ABSTRACT

Founded in 1989, the Asia Pacific Economic Cooperation forum (APEC) has emerged as the leading multilateral framework for trans-Pacific diplomacy. Focused primarily on economic cooperation--especially the liberalization and facilitation of regional trade and investment--APEC has included environmental issues within its purview almost since its inception. Since 1991, it has spawned a host of initiatives, including a Framework of Principles for sustainable development, meetings of Environment Ministers, a host of studies and task forces, and, most recently, a regional environmental Action Programme. Initiatives sweep across sectors, embracing energy and tourism, sustainable cities and clean production technologies, biotechnology and marine conservation.

The "APEC Way" of environmental cooperation has focused not on specific trade-environment linkages, as in other international trade fora, but on broad economy-environment integration. For the past five years, the primary thrust has been to define common principles, study and scope out key issues, and try to improve environmental management capacities sector by sector. The World Trade Organization (WTO), by contrast, has been absorbed with defining the environmental parameters for trade sanctions and trade restrictions.

Given the narrowness, rigidity and snail pace of environmental diplomacy at the WTO, APEC's broad scope and momentum are impressive and its flexibility is hopeful. Within the past five years, APEC has made impressive gains on environmental issues. It has accepted the principle that environmental issues are a legitimate part of APEC, an organization which remains pre-eminently focused on economic and trade issues. It has defined a Framework and developed an integrative, development-oriented approach which have spawned a host of initiatives and avoided political stalemate. And it has sparked the interest of a widening sector of "civil society."

Nonetheless, there is little yet to show for all the verbiage in terms of implementation, let alone measurable improvements in environmental performance. Environment officials themselves recognize the problem, defining it as the need to come up with "deliverables." With the first five years devoted primarily to building norms--and developing the capacities to build capacities-- the next five years will need to focus more squarely on policy initiatives and institutional development.

There are three key areas in which APEC will need to focus its environmental work agenda.

1. *Linking the "trade track" and the "environment track:."* Despite the Vision Statement's call for broad economy-environment integration, environmental diplomacy has emerged on a separate track from trade diplomacy. The design of a process to liberalize trade and investment, centered in the creation of "Individual Action Plans (IAPs)," has not been informed by sustainable development principles. There is no requirement, for example, for the IAPs to be reviewed and/or modified on

environmental grounds, nor to include specific commitments to improve environment management capacities

By the same token, there has been no attempt on the environmental track to guide the process of liberalization toward sustainable development. Investigation and analysis of likely environmental impacts, both local/immediate and broad/intersectoral, would provide recommendations as to the pace and scope of liberalization on a sectoral level. In some cases, such an investigation might suggest a precautionary, "go slow" approach to liberalization, while in other sectors, liberalization could yield "double dividends" for both environment and economy and should be speeded.

Within APEC, an early debate about a "parallel" versus "integrated" track for environmental diplomacy resulted in the push towards parallelism. However, the prevailing model of the parallel track was the "side agreements" approach of NAFTA. Trade bureaucrats were universally wary of such an approach, the Western governments because they thought it would slow momentum toward liberalization, and East Asian governments because they saw it as covert form of Western protectionism. A new, APEC-specific approach to trade-environment integration is clearly needed. A good place to start is within the IAPs.

*2. Crosscutting and participatory mechanisms:* The need to coordinate and guide progress toward sustainable development is already pressing and will become more so as more initiatives are undertaken. An annual review by the Senior Officials Meeting would be a good start and would help to ensure there is progress on and broad coordination among various initiatives. However, there are important crosscutting functions which the SOM could not provide, including analytical and strategic work in examining cross sectoral linkages and proposing-and even implementing--new cross-sectoral work. At the moment, the Working Groups are the only vehicle for implementation and, as argued above, they face certain structural limitations.

One proposal is for the Economic Committee to take on crosscutting analytical and institutional work, perhaps in the creation of an Environment Commission. One of the advantages of an institutional "home" for the environment is that NGOs and other groups can have better access to information and more generally, to the agenda-setting process.

Modalities for an interface between environmental and other NGOs with APEC are sorely needed. Proposals include the creation of an "Environmental Eminent Persons Group" and an "APEC Council of Councils" made up of representatives from national Councils of Sustainable Development.(44)

*3. Resource Management:* Environmental diplomacy at APEC has yet to tackle some of the region's most pressing environmental problems, especially problems related to resource management. One of the greatest concerns is agriculture: with rapidly growing incomes and a fast growing and rapidly urbanizing population, food demand in East Asia will grow dramatically in coming years. On the other hand, unsustainable agricultural practices will undermine food supply, while agricultural liberalization will displace potentially millions of peasants. Involved in agricultural management, in other words, are security and livelihood issues which could have far-reaching consequences.

The interplay of food security, resource management, population, economic and trade issues requires a cross-sectoral approach in designing a transition to sustainable agriculture. On the trade side, this would include the eventual design of common policies eliminating chemical, water and energy input subsidies to agriculture, including by major food exporters like the United States. Other key resource management issues at APEC include fisheries, minerals, and forests.

APEC members are not ready at the moment to move beyond capacity-building efforts towards considering common policies on resource management or any other issue. However, in 1993, they

were not ready to develop a regional Action Programme, which in 1996, was uncontroversial. Even modest efforts aimed at capacity-building-but which squarely put resource management issues on the agenda-would be a progressive first step. Over the long term, the move from capacity-building to policy development will be the crucial indicator that sustainable development at APEC has come of age.

### The Nautilus Institute Invites Your Responses

You are invited to participate in this "virtual forum" by considering the questions below, or collecting any other thoughts you have after reading the paper, and then emailing your comments to: [aprenet@nautilus.org](mailto:aprenet@nautilus.org). The Nautilus Institute will review responses and post selections to this web site.

1. The paper suggests that APEC's approach to trade facilitation and economic and environmental cooperation is a model for the WTO. Is this assessment correct, and if so, what efforts can the WTO take to implement the "APEC way" ?2. Transparency and NGO participation is raised as a key hurdle to the full implementation of APEC's environmental agenda. Why is NGO participation important? Given APEC's loose structure what are the logical and potentially most effective entry points for NGO participation?

3. The paper suggests that APEC's parallel approach to environmental cooperation (separate agendas of trade facilitation and environmental cooperation) has been less effective than an integrated trade and environment approach (incorporating sustainable development and trade principles). What areas exist where these two agendas are converging in APEC, and what are the pressure points for NGOs to push for integration of the two agendas?

4. It is argued that addressing environmental issues within an economic cooperation regime is counterproductive. Is this statement correct, or are there arguments against this assumption? What examples exist within APEC to counter this point?

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Nautilus Institute  
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email:  
[nautilus@nautilus.org](mailto:nautilus@nautilus.org)