

Balancing Trade Growth and Environmental Protection in the Mekong: Key issues

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All Mekong states have embarked on far reaching trade liberalization programs, driven by—or as a requirement of—World Trade Organization (WTO) membership, membership of the Association of Southeast Asian Nations (ASEAN) Free Trade Area or other international factors. Achieving a balance between trade and investment liberalization and environmental protection is one of the key challenges facing the states of the Mekong Subregion. The expansion of trade and liberalization initiatives further pressurizes the environmental sustainability of this region. The promising, but not uncontroversial, development of hydroelectric power and the setting up of regional power grids to support regional power trade are cases in point.

The sustainable utilization of water and natural resources in the Mekong basin is directly and inevitably linked to human survival in the region. Apart from formal trade and investment regimes, illegal trade, particularly of wildlife and timber products, is also undermining the sustainability of the region's environment. For example, illegal wildlife trade involves hundreds of millions of individual plants and animals and tens of thousands of species. The populations of many Southeast Asian wildlife species, including tigers, Asian elephants, pangolins, and freshwater turtles and tortoises, are declining sharply due to their high commercial value in the illegal wildlife trade.¹

The nexus between trade and investment and the environment

There is little evidence of any substantial initiatives to mainstream environmental issues into trade/investment

policymaking based on initiatives of domestic national actors or at the subregional or regional levels that go beyond official government rhetoric and—often unenforceable—legislative frameworks. The policy nexus between the environment and trade and investment is gradually gaining prominence, but this process is not driven by the subregion's own organizations such as the Greater Mekong Subregion (GMS) and Mekong River Commission, due to mistrust and lack of transparency among members, and is almost entirely steered by foreign donors.

ASEAN and the link between environment and trade

There is no shortage of regional policy initiatives and visions for stronger environmental considerations in trade and investment deliberations, most prominently in the *Fourth ASEAN state of the environment report 2009*, which promotes the idea of a 'Green ASEAN'. The Roadmap for an ASEAN Community 2009–2015 has a comprehensive pro-environment agenda. However, a comprehensive and explicit agenda of reconciling trade and environment does not exist. The reference to the environment in the ASEAN Economic Community Blueprint is very weak. Central ASEAN initiatives—at the level of the Secretariat—toward the mainstreaming of the environment into trade, which are strongly supported by foreign donors, are regularly blocked by individual member states. What is true for Southeast Asian integration in general also applies to the environment–trade nexus: major bottlenecks to breakthrough ASEAN reforms lie in numerous country level political stumbling

blocks. In other words, the main bottleneck to giving the environment more prominent consideration in regional trade matters is at the level of implementation in the ASEAN member states, not at the level of ASEAN strategy and policymaking.

The role of illegal trade and uncontrolled investment

There can be little doubt that illegal and uncontrolled economic activities, as well as corruption, have a serious negative impact on any official attempts to respond to environmental challenges. The ASEAN Agreement on Transboundary Haze Pollution is a case in point. Signed in 2002, it is still not ratified and implemented, mainly because of Indonesian opposition linked to ‘vested interests’ in the economies of Sumatra and Borneo. If put into force, the agreement would be the first legally binding ASEAN regional environmental accord and also the first in the world that binds a group of contiguous states to tackle haze pollution resulting from land and forest fires.

The role of foreign donors

Environmental concerns have played and are likely to continue to play both a direct and indirect role in donors’ strategies for the GMS and ASEAN, with the European Commission (EC) and European Union member states spearheading the approach. The mainstreaming of the environment into trade (and, to a lesser extent, investment) has been particularly successful in cases when donors could offer clear incentives, e.g. as part of the EC’s

Forest Law, Enforcement, Governance and Trade Program and energy/environment project COGENⁱⁱ in several ASEAN member states. However, trade is driven by global economic forces and by national economic imperatives. Multiple agents—bilateral agencies, WTO, international financial institutions, private firms, national policymakers and NGOs—pursue their separate policy agendas. There is a significant lack of coordination among foreign donors and other agencies in promotion a pro-environment agenda in trade.

The role of civil society

The few national NGOs that speak on environmental issues have little influence. While NGOs play some useful role in the social sectors in rural and remote areas, they have little impact on national level policy. In Lao PDR, civil society is in its infancy and there is no evidence on any impact on policymaking. At the same time, the role and impact of transnational civil society groupings and initiatives have been growing. A case in point is new civil society propositions to establish a fourth pillar of cooperation, the ASEAN Environmental Pillar. However, ASEAN policymakers see this development with concern.

Endnotes

- i Wildlife Alliance, Washington, DC, <<http://wildlifealliance.org/threats/illegal-wildlife-trade.html>>.
- ii This project involves combined heat and power generation from biomass, coal and gas using the latest energy friendly technology; see <<http://www.cogen3.net/index.html>>.

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