

# Trade, Environment and Poverty

## Linkages and Potential

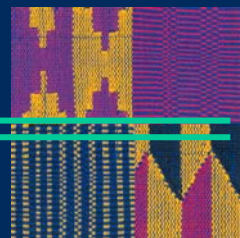
Markets, Trade and Poverty Reduction

Washington DC, January 6, 2005

Aaron Cosbey

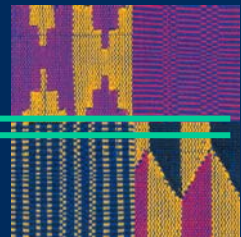
International Institute for Sustainable Development

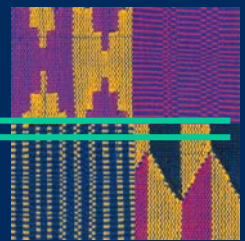
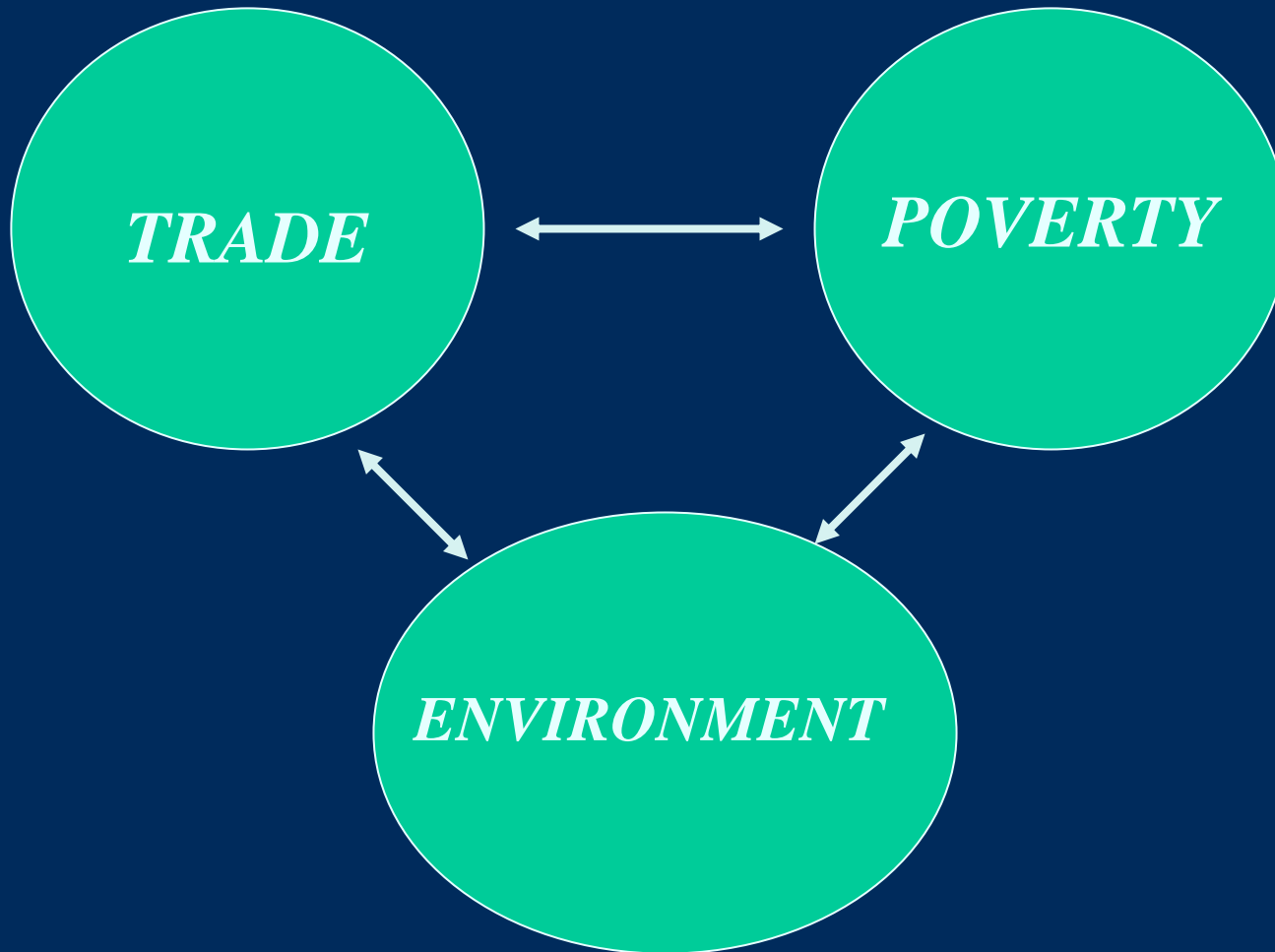
A. Cosbey - IISD JPAC Ottawa June 17 - 18 2002



# Trade, Poverty and Environment

- Trade and investment can work to alleviate poverty, while respecting the environment.
- But this will only happen if policy makers understand the linkages, make policy accordingly.

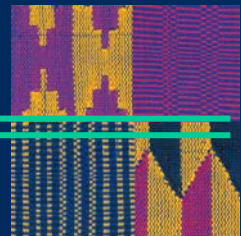






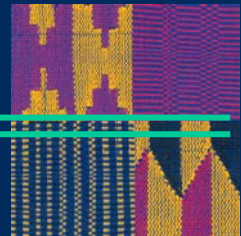
## First Things First: Defining Poverty:

- Sen: Poverty is lack of freedom, resulting in lack of capability to fulfill potential.
- Development as various freedoms
- Environment as one type of freedom



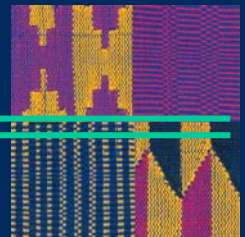
# Defining Trade

- Trade flows, trade policy, trade law
- “Trade” these days encompasses:
  - Trade in goods, services
  - Investment rules
  - Intellectual property rights protection
  - Rules on standard setting
  - Competition policy, etc.



# Trade, Poverty, Environment Linkages

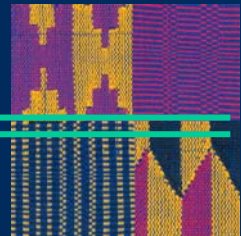
- Ecological capital
  - Public Capital
- Market opportunities



# Trade, Poverty, Environment Linkages

## *Ecological capital:*

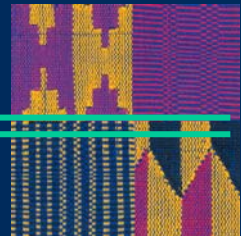
- Do export flows undermine their own basis? (forests, fisheries)
- Do export flows undermine ecological services to the poor?
- Do trade rules undermine the ability to regulate in the public interest? (health, environment)



# Trade, Poverty, Environment Linkages

## *Public capital:*

- Liberalization of investment, services, leads to water services concessions, privatization.
  - Implications for access by poor, quality of water treatment (both potable and sewage treatment).

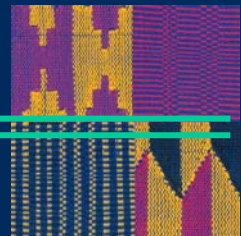




# Trade, Poverty, Environment Linkages

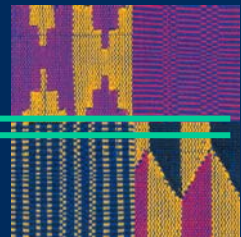
## *Market Opportunities:*

- Green markets (barriers, opportunities)
- Meeting foreign environmental standards



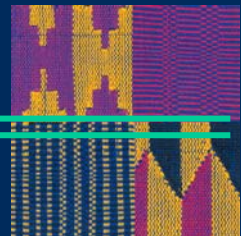
# What Role for ODA?

- Starting point: Take trade liberalization as a given.
- Driven by ...
  - International negotiations
  - Unilateral initiatives
  - Structural adjustment mandates



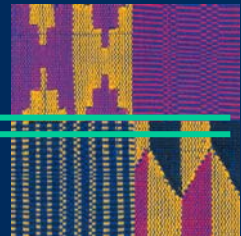
# What Role for ODA?

- Invest in prerequisites to gains from liberalization: *domestic policies and institutions*.
- Invest in ensuring that those gains are pro-poor, green.



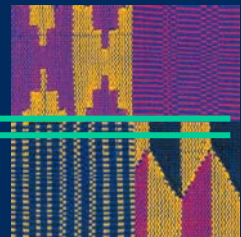
# What Role for ODA?

- Prerequisites to gains from liberalization:
  - Strong regulatory regimes
  - Rule of law
  - Social capital: education, health
  - Market readiness



# What Role for ODA?

- Making growth pro-poor, green:
  - Strong regulatory regimes
  - Rule of law
  - Social capital: education, health
  - Market readiness



# What Role for ODA?

- Invest in creating fertile grounds for sustainable development: in policies and institutions that support positive reinforcement of environment-economic linkages.
- By-product is poverty reduction.

