

Ensuring Access to Water and Sanitation – The Trade Dimension

ICTSD and IUCN Side Event

CSD 12

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Opening Remarks – Tracking the Linkages

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Over the past few years we have seen States adopt ambitious, yet necessary, targets for improving access to safe drinking water and basic sanitation, both through the UN Millennium Declaration and the World Summit on Sustainable Development (WSSD) Johannesburg Plan of Implementation. Extraordinary efforts will be required if we are to meet these targets and the best way to do so is being debated here, as it was at the 3rd World Water Forum in Kyoto last year. In particular, we are witnessing a vigorous debate about the role that privatization, liberalized trade and investment, and the use of market instruments more generally, can play in achieving these targets.

Important negotiations are going on in relation to the General Agreement on Trade in Services (GATS), and WTO Members need to consider what specific commitments they will make under the Agreement, including in relation to the provision of water and related services. We need to address the linkages between the Millennium Development Goals (MDGs), the Johannesburg Plan of Implementation and the GATS to ensure that ongoing negotiations and decisions contribute to meeting agreed targets, and advance, rather than frustrate, moves towards sustainable development.

IUCN is promoting four messages at CSD 12, just as it did at the 3rd World Water Forum. One of these messages is improved domestic water governance. During these opening remarks, I wish to briefly explore the links between the GATS, the MDGs, the Johannesburg Plan of Implementation and domestic water governance, in particular in relation to the environmental and equity aspects of sustainable development.

The challenge ahead in meeting the agreed targets is enormous. There exists a suite of tools and measures that can be adapted to local conditions to improve the delivery of water and related services, such as the decentralization or devolution of authority, entering into private/public partnerships, the use of pricing and other market mechanisms, and innovative licensing regimes for water allocation and pollution control. These tools and measures, and others, are being used in a variety of ways. Through their use, we are witnessing a changing role of government both in the delivery of

services and in resource management. This changing role has also been influenced by international trade and investment rules at global and regional levels, including through the GATS.

While the role of government may be changing, the role of government, and parliaments, in protecting the public interest is not. Governments and parliaments must identify and protect the public interest both in international negotiations and in developing domestic law and policy.

The use of a broad suite of available tools and measures, coupled with the changing role of government, make the role of sound regulatory frameworks, and their effective implementation, even more important if the public interest is to be adequately protected. This is especially true when governments seek to engage with the private sector as the demands of a relationship between government and the private sector is quite different from dealing with public sector agencies.

Sound legal frameworks at the domestic level, capable of effective implementation, can protect the public interest through, *for example*, the incorporation of the following principles:

Equity: ensuring accessibility to a sufficient quantity and quality of water and adequately recognizing customary and other rights.

Sustainability: making provision for environmental flows for healthy river systems and preventing and reducing pollution on a basin wide level.

Transparency: providing for open and transparent subsidies where necessary or desirable, and clearly setting out roles and responsibilities.

Participation: making provision for the genuine participation of civil society, including all water users.

Accountability: as authority is devolved, enhancing accountability through, for example, requiring reporting to parliaments.

These frameworks must also be capable of operating within the context of changing conditions, and in particular taking into account the impacts of climate change. Such frameworks must be capable of being adaptive.

How is all of this relevant to the GATS? International rules developed under the GATS *could* impact domestic policy and legislative options. Policy makers must be vigilant and pay attention to detail. This is a highly complex area and we must work together to ensure that GATS, and other international trade and investment rules, can contribute to our collective goal of achieving sustainable development. In this context there are several key questions to address.

How compatible are developing international trade and investment rules with the ability of countries to adopt strong domestic laws and policies for resource management, environmental protection and equitable access to water and sanitation services?

Rules must acknowledge the need for adaptive management in mitigating the effects of climate change. How do we reconcile the need for certainty in trade and investment rules with the need for flexibility in resource management, for example in relation to water allocation, pollution control licences, licence fees and the recognition of customary rights, often not yet acknowledged in legislation.

Can you liberalize trade in services while adequately addressing environmental and equity issues, and if so how is this done?

IUCN has an interest in working with others to facilitate the generation and sharing of knowledge on the trade dimension, such as we are doing through this joint session with ICTSD. Today we will hear from our colleague from COESNA about a country that has vast experience in dealing with global and regional trade liberalization, Mexico. This practical experience provides valuable lessons for us all.

There has been a lot good work done in this highly technical area from an environment and equity perspective, such as the work done by the Canadian Environmental Law Association. IUCN would like to see the results of this work made more widely available in order to expand our collective knowledge base. In this way it is more likely that informed negotiating positions, and decisions, are taken under the GATS, and other trade and investment rules – positions and decisions that work towards supporting the targets set in the MDGs and the Johannesburg Plan of Implementation and work for sustainable development.

Finally, on behalf of both sponsoring organisations, ICTSD and IUCN, I would like thank you for joining us today and to express our gratitude to the Ministry of Environment Finland, the Italian Development Cooperation, Ministry of Foreign Affairs and the North American Commission for Environmental Cooperation for their support for today's side event. We also express our thanks to ICTSD for taking the lead in organizing the session.

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