



International Centre for Trade
and Sustainable Development



Ensuring Access to Water and Sanitation - The Trade & Sustainable Development Dimension

An ICTSD-IUCN Side Event proposal for the UN Commission On Sustainable Development, 12th session, New York, 22 April 2004

Organised with the support of the Italian Development Cooperation, Ministry of Foreign Affairs and in collaboration with the North American Commission for Environmental Cooperation (CEC)

1. Context

Ensuring access to clean water and sanitation is one of the core pre-requisites for sustainable development. Such access is essential not only from an environmental perspective but also because water and sanitation are so fundamentally linked to health and have a direct impact on diseases ranging from diarrhoea (which kills 2.2 million people each year according to UNICEF) to cholera and typhoid. According to the 1996 WHO World Health Report, provision of adequate and clean drinking water, basic sanitation and waste disposal, together with simple personal hygiene measures can prevent these and other diseases such as poliomyelitis and hepatitis. The Johannesburg Plan of Implementation (POI) and the Millennium Development Goals (MDGs) clearly recognise these needs, calling on governments to "halve, by the year 2015, the proportion of people who are unable to reach or to afford safe drinking water (as outlined in the Millennium Declaration) and the proportion of people who do not have access to basic sanitation".

The achievement of these goals and their urgency will require multi-pronged action at *all* levels and on a number of fronts of which international trade (covering investment in commercial services) is a significant one. This is because water and sanitation involve large infrastructural projects for which there is often a lack of financial and technical resources and capacity among developing countries. International trade liberalisation driven by both multilateral negotiations under the WTO as well as regional and bilateral trade agreements could either expand or restrict access to water and sanitation in absolute terms or with respect to different territories or socio-economic groups. Possible expansion of access could occur due to reduction in the cost of relevant goods and services arising from lower barriers to trade and investment, providing an example of how trade liberalisation could work for sustainable development.

On the other hand, trade negotiations would also touch on various policy instruments, such as subsidies and government procurement, important for ensuring 'universal access' to water and sanitation for all socio-economic groups. The implications of these for regulatory policy space as well as access to water and sanitation will need to be carefully assessed. Many civil society organisations and government officials have also expressed concerns regarding private control over essential resources such as water and its distribution for human use. They have questioned whether trade liberalisation and privatisation would ensure access to water for low-income socio-economic groups in cities and in rural areas. Similar concerns could also apply to sanitation. All of these considerations will have a potentially huge impact on whether and how the water and sanitation goals in the Johannesburg POI and the MDGs could be attained.

Trade liberalisation in goods and services relevant to water and sanitation are being driven by negotiations in the WTO as well as in regional trade arrangements. A mandate from the 2001 WTO Doha Ministerial Conference particularly singles out environmental goods and services for further reductions in tariff and non-tariff barriers. The lists of environmental goods and services proposed for liberalisation include equipment and services for wastewater management, possibly 'water for human use' and solid waste disposal all of which are relevant to water and sanitation goals laid down in the WSSD mandate and the MDGs. Negotiations, especially in environmental services, are already underway with a number of requests and offers on market access being tabled by WTO Members. The EU, for instance, has sought market access for services related to the entire 'water-cycle' under the ambit of environmental services negotiations. A diversity of views range among developing country trade negotiators on whether trade liberalisation in environmental goods and services could enhance or impair access to these critical services for the millions of poor in their countries.

2. Relevance of the session

The session proposed by ICTSD and the World Conservation Union (IUCN) provides a timely opportunity to inform, educate and sensitise stakeholders at CSD-12 of the trade and sustainable development linkages in water and sanitation. Understanding and clarifying these issues is required *firstly* due to the urgency of

the goals laid down in the Johannesburg Plan of Implementation and the Millennium Development Goals and *secondly* due to the need to positively influence the pace, nature and direction of ongoing and future WTO and regional trade negotiations so that the outcomes contribute to rather than hinder these important systemic goals. Without a bridging of this crucial 'knowledge-gap', there is the danger that countries could make the wrong type of market access commitments, in the wrong type of goods and services, fail to preserve the 'policy-space' required for operationalising various models of access to water and sanitation, and above all fail to tailor their trade negotiating strategies to respond to their real sustainable development needs and concerns.

3. Structure of the proposed side-event

The side event which is proposed to be organised on 22nd or 23rd April tentatively from 1.15 to 2.45 pm will consist of a series of short presentations on the selected themes and will strive to lay down some of the key issues, priorities and concerns with regard to trade liberalisation and the manner in which they can advance or hamper access to water and sanitation. The presentations will then be followed by a question and answer session where questions will be addressed to speakers.

The first presentation will seek to highlight some of the broad systemic linkages that exist between the WSSD Johannesburg Mandate and the MDGs and the multilateral trading system driven by the WTO and how these links could be further strengthened, starting with key 'entry points' such as water and sanitation.

The second presentation will introduce and present a brief state-of-play of negotiations at the WTO, particularly in issue areas deemed relevant to water and sanitation, including their perceived relevance to sustainable development from a trade negotiator's perspective.

The third presentation will seek to put forward some critical perspectives on the role of trade liberalisation on the implications for 'regulatory policy space' in ensuring access to water and sanitation.

The following presentations will then look at specific country case studies -- namely Mexico, China and an African country-- and examine how trade negotiations at the multilateral and regional level have contributed to or restricted the access of populations to water and sanitation, and how the challenges could be overcome. The role of public-private partnerships (a key issue at the CSD) and their reflection in trade negotiations (such as within the GATS Agreement) could be a major theme of both presentations. It is hoped that the country-specific presentations will serve as useful 'models' to illustrate lessons learnt and their implications for future policy decisions that serve to link trade and sustainable development with respect to water and sanitation.

The aim of the presentations will be to sensitise CSD attendees, particularly the 'non-trade' crowd to the implications of trade liberalisation on access to water and sanitation. Due to this, presentations will be concise and cover the key aspects of the issue in as non-technical a language as possible.

4. Collaborating organisation(s):

North American Commission for Environmental Cooperation (CEC)

5. Estimate of Financial support required (towards travel-expenses for 3 participants and per-diem expenses for 4 participants)

10.000 EUR

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ICTSD - IUCN Side event at the UN CSD 12th Session, New York
22 April 2004, 13h15 to 14h45
Conference Room 2

Tentative Agenda and Speakers *

Opening remarks – Tracking the linkages: Current international trade negotiations and SD objectives

- **Achim Steiner**, *Director-General, The World conservation Union (IUCN), Gland, Switzerland.*

The WTO, the WSSD Johannesburg Mandate and the Millennium development Goals: Strengthening systemic linkages

- **Mahesh Sugathan**, *ICTSD, Geneva, Switzerland.*

Trade negotiations at the WTO and the regions: their relevance to water, sanitation and sustainability

- **Federico Cuello**, *former Ambassador to WTO, Pontificia Universidad, Dominican Republic*

Implications of the GATS Negotiations on 'regulatory policy space' in water and sanitation

- **Michelle Swenarchuk**, *Canadian Environmental Law Association, Toronto, Canada.*

Access to clean drinking water and wastewater management, international and regional trade: A study of Mexico

- **Enrique Lendo Fuentes**, *Consulting services in Public Policy, Tlalpan, Mexico*

Water, Sanitation and Trade in a rapidly growing economy: The Chinese challenge

- **Mr. Peter French**, *AccessAsia, Shanghai, China*

Open Discussion

Moderator

- **Chantal Line Carpentier**, *Head, Environment, Economy and Trade Program, North American Commission for Environmental Cooperation (CEC), Montreal, Canada*

* The side-event will be structured around presentations on key themes related to water, sanitation and trade by noted experts working on these issues and coming from a variety of backgrounds-former environment and trade policy makers and negotiators, lawyers, consultants and regional analysts as well as academia and civil society. In brief presentations of about ten to fifteen minutes, the speakers will strive to present in a succinct and selective manner, the issues they deem most relevant to the trade water and sanitation linkage from systemic, policy and regional perspectives. It is hoped that these broad range of presentations, followed, if possible by an open discussion will serve to ignite further debate, research and dialogues on the issue amongst the trade and sustainable development communities attending the event.