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New Economic Approaches for a Coherent Post-2015 Agenda

Trade and Sustainable Development

by

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PLENARY SESSION II. TRADE AND INVESTMENT RULES FOR INCLUSIVE AND SUSTAINABLE DEVELOPMENT

"Trade and sustainable development"

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There is absolutely no doubt that economic development generates pollution. In fact, the interaction between human beings and nature reminds us at every turn that wherever we have left our footsteps, we have destroyed nature. The complexity of economic relations has been addressed quite amply and, fortunately, has resulted in an increasingly widespread social conscience regarding the consequences of this situation at local, national and global levels. Likewise, the discussion as to whether a greater number of regulations provides businesses with an incentive or simply forces them to incur higher costs has been addressed by several authors. There is a school of thought that argues that complying with regulations provides businesses with an incentive, because they must achieve greater efficiency in their use of resources, as well as bringing benefits for society as a whole due to the use of clean processes.

Scientific development, foreign trade and pollution go hand in hand. **A prime example** of polluting activities are those that **support foreign trade**, as is the case of Information and Communications Technologies (ICTs): a UNESCO (2010) study mentioned that despite the undeniable benefits of these ICTs, we cannot simply forget the pollution that they can cause at the end of their useful life cycle. Many computers and cell phones end up in the common trash, where their hazardous substances such as lead and arsenic enter the groundwater, poisoning the land around landfills. The study goes on to point out that although the recycling of electronic waste is a lucrative business due to the large quantity of precious metals that they contain, in many countries these benefits are missing because of the lack of both specific regulations and business initiatives for their sustainable treatment[2].

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A technological rationalization does not look set to come about. Let's look at **the second example** of pollution, in this case in **industry –** more specifically the case of the automotive sector in Mexico, which is one of the pillars of the country's exports. During 2011, this sector employed more than 504,000 people directly, as well as supporting over 80,000 employees as distributors, 438,158 people in the auto parts sector and 66,668 jobs in the terminal sector – a total of 584,826 additional posts [3]. As a result, in principle we might think that industrial restructuring of this sector would be very expensive. However, we can identify some aspects of production that cause pollution and replace them with green processes, such as the construction of hybrid engines with alternative energy sources. In a complimentary way, we can encourage the use of public transport and there are other measures that should be identified. We must, for example, develop engines whose energy source does not generate pollution, whilst ensuring that the fuels that replace oil are not even more polluting.

The third example of international trade activity that generates pollution, now in the case of **services**, is the tourism sector. In the Mexican beaches, this activity threatens to wipe out some mangrove species. Mainly on the recommendation of NGOs, the Government adopted the law on mangrove protection, resulting from the reclassification of the mangrove as a species in danger of extinction, as stated in the official Mexican standard 059-SEMARNAT-2010, precisely in order to put an end to this threat. However, a crucial factor for keeping ecosystems safe is the rule of law: there are too many examples of violations of laws or unethical constructions that not only threaten mangroves, but also the animal species that inhabit the ecosystems that they provide. Mangroves also help to maintain equilibrium, given that they protect the coasts from the impact of hurricanes.

We can also look at **the case of forests in general**. In the period from 2000 to 2010, there was an average decrease in the global forested area of 5.2 million hectares per year, i.e. over 14,000 acres per day. In the particular case of Mexico, even though it is considered to be one of the 10 countries with the largest area of primary forest (native species) in the world, Mexico is one of the countries in the world with the greatest deforestation. It is estimated that between 2005 and 2010, deforestation in Mexico has occurred at the rate of approximately 155,000 hectares per year.

However, the problem is that the government bodies responsible for monitoring and enforcing environmental regulations are limited in their powers and duties. In this context, a greater

business awareness of the side effects of businesses and their impact on the environment is required, but it would also be desirable for the institutions responsible for protecting the environment to have greater powers, allowing them not only to impose fines, but to halt and cancel a project if it has violated the regulations.

It is necessary to give organizations responsible for controlling environmental pollution more preventive and decision-making powers, as well as to provide them with financial and, above all, legal autonomy. Introducing a greater emphasis on the environment at the basic levels of education is another important task.

Some proposals are: i) A significant incentive for companies that meet the requirements to be considered non-polluting (for example, through compliance with the ISO 14000 standard) could consist of allowing them to defer payment of some of their taxes during the time in which such a certification remains valid; ii) Likewise, it could be given preference to enterprises which fulfill ISO 14000 in government purchases; iii) similarly, it would be better evaluated an enterprise for the granting of a credit if she submits sustainable accessories in their projects, such as water or garbage recycling.

Pollution and economic development are often inseparable, as demonstrated by all economic activity, but what we must not do is fail to insist on sustainable development, because future generations demand it of us. Thank you.

[2] UNESCO (2010) "Los residuos electrónicos: Un desafío para la Sociedad del Conocimiento en América Latina y el Caribe", http://www.unesco.org.uy/ci/fileadmin/comunicacion-informacion/LibroE-Basura-web.pdf, January 15, 2013.

[3] Secretaría de Economía (2012) "Industria automotriz. Monografía", marzo, http://www.economia.gob.mx/files/comunidad_negocios/industria_comercio/Monografia_Industria_Automotriz_MARZO_2012.pdf, November 18th, 2012.

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