



Business RoundtableSM

**ISSUE BRIEF: PERU TPA
GOOD FOR THE ENVIRONMENT**

THE U.S.-PERU TRADE PROMOTION AGREEMENT AND THE ENVIRONMENT

The U.S.-Peru Trade Promotion Agreement (“PTPA”) ensures enforcement of environmental laws and sustainable use of biodiversity.

The PTPA contains a comprehensive environment chapter that ensures enforcement of environmental laws and provides innovative protections for biodiversity and traditional knowledge.

- The agreement also requires respect of multilateral environmental agreements and an agreement not to weaken environmental laws. In addition, the PTPA provides a well-developed mechanism for environmental cooperation and capacity building.
- The PTPA empowers citizens to enforce environmental laws and creates mechanisms to improve environmental protection. The Agreement goes beyond previous agreements to specially address protection and sustainable use of biodiversity.
- The PTPA provides guarantees for public participation in environmental enforcement by requiring that each party allow citizens to petition national authorities to investigate violations of environmental laws. In addition, the agreement creates an Environmental Council, which will develop a citizen submission process that will allow citizens of the United States or Peru to file a complaint alleging failure to enforce environmental laws.
- The biodiversity article of the PTPA breaks new ground by recognizing the importance of traditional knowledge and by committing the parties to protection and sustainable use of biodiversity. The Understanding Regarding Biodiversity, signed in parallel with the PTPA, acknowledges the economic and development potential in biodiversity and traditional knowledge while also recognizing the importance of environmental and culturally sustainable use of those resources.

The PTPA breaks new ground by committing the parties to protection and sustainable use of biodiversity.

The PTPA fulfills the letter and spirit of the environmental negotiating objectives set forth by Congress in the Trade Act of 2002.

- Congress called on the President to ensure that our trade partners do not weaken their environmental laws and that those laws are effectively enforced. The PTPA requires member countries to effectively enforce their environmental laws and provides for dispute settlement proceedings and fines if a country violates that requirement.
- The goods and services chapters of the agreement reduce or eliminate barriers to U.S. environmental goods and services in Peru. Improved market access for U.S. environmental technology and services not only increases U.S. exports, but ensures better access to state-of-the-art environmental technology and services in Peru.

Increasing prosperity as a result of trade will help improve environmental protection in Peru.

- Peru is a country with important tropical and mountain ecosystems and biodiversity. Peru also suffers from poverty and the environment and public health problems that arise from that poverty.
- According to the World Bank: “Lack of opportunities in the wider economy relegates most people [in Peru’s rural Sierras] to low productivity employment in a semi-subsistence economy where their main asset (land) is undergoing serious environmental degradation.”¹ One important step to improving protection of the environment in Peru is poverty reduction through increased economic growth.
- Countries with higher national incomes tend to have stronger environmental protections and lower rates of pollution.²
- Liberalized trade will produce more and better paying jobs in Peru – and that prosperity will make it possible for Peru to improve protection of biodiversity and the environment.
- In addition to stimulating economic growth, liberalized trade can enable new investments in environmental infrastructure, making it easier for environmental scientists, engineers and technicians to provide services to people and businesses in Peru. Upon implementation of the PTPA many American environmental goods will be able to enter Peru duty free. Restrictions on provision of environmental services by American companies and individuals will be similarly removed. Improved provision of such goods and services will help improve public health and environmental protection.

Environmental Negotiating Objectives Check List

- ✓ “ensure that trade and environmental policies are mutually supportive and seek to protect and preserve the environment and enhance the international means of doing so, while optimizing the use of the world’s resources;”
- ✓ “seek provisions in trade agreements under which parties to those agreements strive to ensure that they do not weaken or reduce the protections afforded in domestic environmental laws as an encouragement for trade;”
- ✓ Ensure parties do not fail to effectively enforce environmental laws through a sustained or recurring course of action or inaction;
- ✓ Strengthen the capacity of United States trading partners to protect the environment through the promotion of sustainable development;
- ✓ Reduce or eliminate government practices or policies that unduly threaten sustainable development;
- ✓ Seek market access for U.S. environmental technologies, goods and services; and
- ✓ Ensure that environmental, health, or safety policies of trade partners do not arbitrarily or unjustifiably discriminate against U.S. exports or serve as disguised barriers to trade.

¹Designing a Rural Development Strategy for Peru, World Bank (2004).

²WTO Special Studies No. 4.

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