



ENVIRONMENTAL STANDARDS AND THE GSP: A PROPOSAL

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While the United States' Generalized System of Preferences (GSP) program includes criteria such as non-support for terrorism, enforcement of intellectual property rights, and respect for international labor standards, it does not include an environmental provision. With the current U.S. GSP program set to expire at the end of December, and environmental issues taking on growing urgency, now is the time to correct that omission.

The goal of new environmental criteria in trade preference programs is to promote improved environmental stewardship that will facilitate sustainable development. This should be achieved by requiring beneficiary developing countries (BDCs) and least developed countries (LDCs) to live up to their obligations under core multilateral environmental agreements (MEAs) and helping countries who have not yet signed or ratified these agreements to do so within a reasonable time frame.

In the absence of a set of internationally agreed upon environmental standards (akin to the internationally recognized worker rights currently included as a criteria in the U.S. GSP program), enforcement of domestic environmental laws, and

international environmental obligations is used as a benchmark. The United States should provide adequate technical and capacity building assistance, as well as financial assistance for countries that are unable to bring themselves into compliance with the new criteria.

The revised GSP statute would stipulate as a mandatory provision that developing countries must adhere to the following criteria in order to be eligible for GSP treatment:

A GSP beneficiary may not fail to effectively enforce its environmental laws, and its laws, regulations, and other measures to fulfill its international environmental obligations.

A phase-in period will be established during which countries that received GSP benefits prior to the revised environmental criteria going into effect would be allowed a set period of time during which they must bring their actions into accordance with those standards. This transition phase will include capacity building and technical support as well as financial assistance.



Least developed countries will be allowed more time to come into compliance with the new standards. Failure to comply with the environmental criteria will be examined on a case by case basis. The United States (through the Trade Policy Staff Committee) will work with these countries to develop National Plans of Action, and provide financial assistance if necessary to assist in reaching environmental standards. LDCs that work with the U.S. to develop these National Plans and then work to implement them will continue to be granted GSP preferences.

Historically, enforcement of MEAs has been spotty and at times unreliable. While these challenges are very real, they are also surmountable. The enforcement provisions already included in the GSP program provide a useful tool to enhance monitoring efforts and these provisions can be strengthened further.

Currently, eligibility criteria of the GSP, such as in the area of labor standards, are enforced through a petition system. A number of improvements can further enhance the petition process, making it more accessible and transparent. For instance, any

petitions that are rejected should be accompanied in writing with a statement or explanation for the decision. Petitions should be accepted throughout the year rather than in limited filing windows as is currently the case. Furthermore, clear timelines should be established for the process. Another important reform is the acceptance of both country and sector-based petitions. That is, environmental standards that are being broken in one sector should not necessarily mean that the entire country loses its GSP privileges. Suspension of GSP privileges should be applicable by sector as well as by country. Finally, countries found in violation of environmental criteria should have the opportunity to develop a one year remediation plan rather than suffer immediate loss of preferences.

Enforcement of environmental standards should focus largely on compliance, as determined by receipt of petitions.

The following organizations helped to develop this report and its conclusions:



Center for International Environmental Law | Defenders of Wildlife | Dēmos | Earthjustice |
Environmental Investigation Agency | Friends of the Earth | Sierra Club

Dēmos and the **Sierra Club** drafted the report.
Cristina Vasile and David Callahan of Dēmos were the report's main authors.