Abstract

of paper proposed for the

Commission for Environmental Cooperation's
North American Symposium on Understanding the Linkages between Trade and Environment

Methodologies for Evaluating the Environmental Effects of Services Trade Liberalization
by Dale Andrew, Organization for Economic Co-operation and Development (OECD)

The aim of the proposed paper is to compare environmental assessment methodologies in terms of their applicability to services trade liberalisation. This is *terra incognita*. Some work is underway on evaluating the environmental effects of the service economy at the national level, (cf. the Resources for the Future framework of direct impacts, upstream impacts and downstream impacts). However, little exists in the literature on such impacts from services trade and its liberalisation. The implicit assumption is that services trade—as its synonym "invisibles" might indicate—lacks environmental impact. Yet, its growth and importance would indicate that liberalisation is likely to have environmental implications, both positive and negative.

At the 1999 OECD Workshop on *Environmental assessment methodologies of trade liberalisation agreements*, the OECD 1994 *Methodologies*, and its appended Checklists, were suggested as a starting point. This essentially uses the well known framework of scale, structural, product and technology effects, which had been constructed to examine environmental effects of trade in goods. It was suggested that environmental assessment might need to await progress in quantitative evaluation of the economic effects of services trade liberalisation. In the meantime, work to understand services trade-environment linkages might focus on services trade specificities.

Beyond the general OECD *Methodologies*, it is therefore of interest to examine the more detailed *Final Analytic Framework for Assessing the Environmental Effects of NAFTA* and the Sustainability Impact Assessment methodologies under development for the European Commission. While these approaches mention services and might be considered better suited to the job, they appear still to follow in the tracks set for assessing trade in goods. The RFF framework on the national services economy will be examined to determine its potential for assessing services trade. The comparative analysis will suggest which points in the various methodologies are most relevant to services trade liberalisation and where development work needs to be focussed.