



Trade and environmental regulation

Taler

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Omstendigheter

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- 1 The GATT - now institutionalized by the WTO - has, since the second world war, facilitated unprecedented rates of growth world wide. It has offered protection, not least for small countries against unilateralism and arbitrariness in trade on the part of the more powerful. Without access to foreign markets we
5 would never have been able to create so many jobs, finance our social policies, or to protect the environment.

Now, each year, the world economy grows by figures corresponding to the entire economy of South America. Only a lifetime away, our 14 trillion dollar
10 world economy may have grown fivefold. The ecological implications may become disastrous. If 7 billion people were to consume as much energy and resources as we do in the West today, we would need 10 worlds, not one, to satisfy all our needs.

- 15 Several organizations are now examining the relationship between trade, and environment and it is high time that we take seriously whether the rules governing world trade take adequate account of environmental concerns.

Many countries, in particular in the Third World, see the environment and trade agenda as means by which the industrialized world try to establish new
20 protectionist measures. It is essential however, that the fear of growing protectionism does not block national and international efforts to improve the environment. Free trade and environmental policies must be made mutually supportive. The means of doing so in the most cost-effective manner must be
25 found.

Today, according to UNEP, 18 out of 180 international environmental

agreements contain trade measures as a possible instrument. A number of the
30 measures in existing agreements seem to work well, such as the banning of trade
in ozone-depleting substances and the trade rules regarding hazardous waste.

We need to make clear the relationship between WTO and the individual
international environmental agreements. Countries are generally free to agree
35 measures between themselves, but WTO must be a secure line of defense
against abuses, unwarranted extraterritorial morality and protectionism, - the
goal being that we are sincere in our endeavors to pursue the goal of
environmentally sustainable, efficient and equitable use of resources.

40 The best means by which we can move forward is to strengthen the
harmonization of product specification, to promote mutual recognition and to
refine our cooperation on defining environmental needs. By gradually changing
the contents of economic growth towards less polluting and resource-intensive
practices, we can promote prosperity, protect the environment and reduce the
45 pressure for restrictive trade measures.

The view is sometimes heard that there is an inherent contention between
environment and trade, not seldom with strong populist overtones. This is
clearly not the case. We need an integrated approach where more than one
50 important concern can be satisfactorily met.

We need to follow important principles:

that environmental costs should be internalized and that the polluter should
55 pay the precautionary principle, which aims at preventing potential damage
even if the scientific evidence is not entirely convincing yet. the no regrets
principle which favor environmentally protective measures against serious
threats even if we lack full scientific certainty, but where the measures are
nevertheless in the public interest.

60 A wide range of green lobbies may have considerable leverage in individual
countries with regard to specific issues, be they living species or polluting
compounds. Sometimes the objective of lobbying can be protection of
economic interests, for example by agriculture or the food industry. Countries
65 have been urged and tempted, to apply trade measures to pursue environmental
goals or other goals appearing in the guise of environmental concerns.

In the debate ahead we must be conscious of the need to base all measures on scientific evidence, and not on emotion or the pressure of single-issues groups. In a culturally, politically and economically diverse world, we have no other option than to base our international efforts to protect the environment on knowledge and science. If not, international environmental cooperation will be threatened rather than strengthened.

It is essential for all to realize the importance of the trading system for international political stability. The concerns of developing countries must be taken seriously. Technology transfers will help countries adapt to new environmental requirements. Technical and financial assistance should be made available for developing countries' change and renewal of obsolete production processes. Borders can be made even more open for unharmful products.

The agenda for trade and environment is still in a flux. The issues are complicated, the players are many, and the costs of failed policies are high. National economic policies may as a side effect hamper both trade and the environment. A clear example is when national coal production is subsidized and imported natural gas is subjected to taxes and duties. Such policies clearly support polluting practices and hamper trade as well.

Our aim must be to design environmental policies which are non-discriminatory between national and foreign producers. This can be achieved by shifting the tax-burden, away from good things such as labour, towards "bad things" such as unsustainable consumer practices, thus providing an incentive for production of cleaner, less resource intensive production and consumption.

Sustainable development is a constant challenge to the business world as well as to governments and international institutions. We can save ourselves a lot of work if industry itself would anticipate environmental problems and prevent them from occurring in the first place. This would most often give them the competitive edge as well.

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