

integrated and complex international economy. At the same time, governments will need to ensure that the trading system is not destroyed on the basis of questionable arguments that will ultimately undermine the capacity of governments to pursue policies that will lead to the greater prosperity that is critical to achieving a whole range of societal goals including environmental protection.

The experience in addressing subsidies and product standards shows how difficult the negotiations of the future will be. In the Tokyo Round of GATT negotiations (1973-79), governments agreed on procedural codes that aimed at reducing the ability of governments to use subsidies, countervailing duties and product standards capriciously as barriers to international trade. The Uruguay Round has sought to take the next step – agreement on subsidies and standards. This has proven much more difficult. Similarly, it has proven very difficult to fit rules about intellectual property protection into the framework of GATT rules because the underlying goals of intellectual property protection are very different from those found in the GATT. Rather than reducing discrimination and increasing competition, intellectual property rules seek to do the opposite.

There is, of course, international experience in negotiating rules about the environment or labour. Generally speaking, international agreements on these issues have become largely political and hortatory without the enforcement mechanisms that are central to much more contractual trade agreements. Thus while it is recognized that we must address these difficult issues, we must equally recognize that progress will be slow and include many false starts and noisy conflicts, at home and abroad. As a start, we need to accept that negotiations will only succeed if they proceed on the basis of the two themes explored in this paper. Environment-oriented trade rules:

- should proceed on the basis of the concept of sustainable economic development, i.e., they should be both ecologically and economically sound; and
- they should not undermine the basic principles of the open trading system, i.e., they should build on and clarify existing trading rules rather than change them.

More specifically, efforts should proceed among environmental experts to reach cooperative solutions to global environmental degradation. To the extent that such cooperation needs to be enforced by means of trade instruments, trade experts should ensure that the necessary provisions are included in the trade regime. Such provisions should build on the basic principles of GATT including non-discrimination and transparency and involve the least possible distortion of international trade.