

IV. THE ENVIRONMENT AND THE URUGUAY ROUND

The Uruguay Round results redefine the rights, obligations and disciplines that will govern future trading relationships among GATT contracting parties. By altering the terms of trade, the new package will affect the volume and origin of goods and services produced and traded. Changes in economic and commercial circumstances can have local, national, regional and global environmental effects. These effects are difficult to predict and quantify, but are sufficiently important to warrant review.

It is necessary to understand the potential global impacts of the Uruguay Round agreements to attempt to predict the impacts on Canada. An MTN round that leads to an anticipated increase in global economic activity is also likely to have an impact on the global environmental problems that affect Canada and other countries. It is difficult to estimate these global environmental impacts and, therefore, the primary focus of this review is on environmental effects arising from activity in Canada and the implications of the results on Canadian environmental policy making.

As countries agreed at the Earth Summit, "An open, multilateral trading system makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and incomes and to lessening demands on the environment."² The increased wealth generated by trade liberalization can be used, *inter alia*, to enhance environmental protection and to deal with outstanding environmental problems. By restraining recourse to protectionism, which can have an adverse impact on the environment by artificially encouraging a more intense use of resources, trade liberalization helps protect the environment. By improving market access in many developing countries, trade liberalization also makes it easier for these countries to have access to the best pollution-control equipment and services. Finally, trade liberalization does not adversely affect the ability of governments to establish the level of environmental protection they believe appropriate.

International environmental standards and agreements provide the basis for a common environmental infrastructure in which sustainable development can be promoted. Within the framework of the more than 127 international environmental agreements already in existence, the US\$270 billion in estimated benefits likely to be generated by the new trading system can be a positive force for environmental protection. Increases in gross domestic product (GDP) will provide governments, industries and citizens with the means to evaluate environmental quality and institute environmental improvements.

The international community has recognized the need to build and improve on the global environmental infrastructure. To this end, many issue-specific agreements