

Under these circumstances, the GATT and its soon-to-be successor, the World Trade Organization (WTO), have come under the gaze of environmental groups and others. In particular, there is growing interest in, and demands for, the use of trade restrictions to advance environmental goals at the international level. Trade restrictions, especially those intended to exert pressure on countries considered to have inadequate environmental policies and standards, are seen as fast and effective tools for achieving change. They also have appeal for some governments as a high profile way to respond to political pressures when solutions to the underlying environmental problem are considered too difficult or costly domestically in the short-term. Accompanying the proposals for trade restrictions are calls for amendments to the international trade rules under the GATT and WTO to provide greater latitude for trade action. Dissatisfied with the state of affairs on the environmental front, a new liaison is sought.

This Paper, prepared against the background of discussions on the trade and environment issue that are already well underway in the GATT, addresses the proposals for change, attempting to boil them down to their basics, considers their implications and suggests a way forward in the process that will be unfolding in Geneva. In essence, the paper makes the case that the liaison between the WTO and the environmental agenda contemplated in many of the proposals would be a dangerous one indeed.

As a start, it is maintained that the type of change suggested fails to recognize, and could actually interfere with, the important contribution the trading system already makes to improved environmental protection and resource conservation. First and foremost, trade is one of the central forces driving international economic growth, which in turn is a critical factor in advancing the goal of environmental protection. The evidence is clear that an open, predictable and non-discriminatory trade regime is a prerequisite for increased wealth and that increased wealth is a prerequisite for a better environment. At the same time, and contrary to common perceptions, broad scope already exists under the GATT/WTO rules to employ a wide range of trade measures in support of environmental programmes and standards. Just about anything can be done in relation to environmental and conservation matters within a country's jurisdiction as long as the basic GATT principles on non-discrimination and least-trade-restrictiveness are met (exceptions to the non-discrimination requirement are even possible). In fact, the business community in many countries is expressing increasing concern that there is not enough discipline on the use of certain trade-related environmental measures, which are threatening to disrupt international markets seriously.