

First, there is no question about the importance of working towards improved environmental protection. All governments participating in the GATT discussions, which, of course, are the same governments meeting in other fora to address environmental issues, accept as a given the need to deal appropriately with these issues. It is clear, then, that the debate is not about environmental ends - it is about the *means* to those ends. It is about the means for action at the national and international levels, the means for international decision making and, specifically, what role the use of trade restrictions and the WTO should or should not play.

Second, it is widely agreed that there is already broad scope for using trade measures for environmental purposes under the existing GATT rules and that there exist confusion and misinformation on that score that are creating unnecessary concern. Governments have recognized that efforts should be made to clarify and better explain the relevant provisions and that this should be an important aspect of the work of the Trade and Environment Committee.

Third, all but the United States and Austria have rejected the unilateral use of trade restrictions as a means of imposing an environmental programme on others.

Against this background, this Paper is intended to contribute to the on-going debate on the trade and environment question by providing an analysis of the main issues arising from proposals for change to the GATT/WTO and the key factors that will affect the process we will be engaged in over the next few years. On this basis, some objectives for Canada will be suggested, along with possible options for change to meet those objectives.

It should be noted that this Paper focuses on the proposals to loosen the trade rules for environmental purposes that have driven the debate so far. The Paper also identifies, however, emerging concerns in the business community in many countries about the trade distorting effects of certain environmental measures increasingly in use at the national level. The key issues and possible need for improved disciplines on some of these measures are flagged, but more detailed analysis remains to be done. Further work is planned to address this dimension of the trade and environment debate in greater depth.

2. Issues and Factors

To set the context, it is useful to begin with an indication of the scope under current GATT rules for using trade restrictions for environmental purposes and the nature of the proposals for change.