

## Executive Summary

Many of those concerned about the environment are growing restless. The importance of achieving improved environmental protection and conservation around the world is widely acknowledged, yet progress is slow. The problems are complex, the science is often uncertain and different countries have different priorities and capacities to address competing demands. Indeed, some developing countries have virtually no capacity to respond to the environmental agenda being pressed upon them by developed countries. And the latter have not come to grips with many of their own environmental responsibilities. The costs can be high and most taxpayers are reluctant to face them.

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