

Third, where discipline is deemed necessary against both signatories and non-signatories, there is no clear rationale for choosing trade as the instrument of choice, although clearly it is the weapon first thought of in most instances (all too often, in particular, by those who wield the biggest sticks).

Fourth, balance and equity suggest that sanctions against non-Parties are most convincingly justified when the IEA in question has attracted the support of a broad range of countries, where it contains obligations that are precise and no less onerous than the policy discipline aimed at non-Parties, and when signatories accept to discipline their own actions in practice with regard to the obligations of an agreement. In this regard, the development of effective compliance provisions, including a dispute settlement mechanism are critical.

Fifth, governments need to reconcile environmental objectives (as incorporated in a specific IEA) with trade obligations and objectives (as enshrined in the General Agreement on Tariffs and Trade in the first instance). How do we achieve a reasonable and responsible balance? Exemptions to GATT disciplines (or those contained in other comprehensive trade agreements) should not be created lightly. Neither should a rogue non-signatory nor a delinquent Party to a broadly based IEA be able to hide easily behind trade agreement cover.

In this Paper, I explore several of these issues further. The primary focus is on the nature of the discipline placed on Parties to IEAs. The inter-action with non-Parties is introduced largely as an illustrative counterpoint to help us to explore this central theme. Part 2 contains a brief summary of the nature and extent of the obligations contained in several international environmental agreements that include trade measures, pointing out ambiguities in or exceptions to these obligations. Part 3 focuses on the dispute settlement mechanism found in these same IEAs. Part 4 comprises a review of the sanctions issue, including lessons from the recently concluded North American Agreement on Environmental Cooperation. Finally, Part 5 identifies a number of guideposts derived from this inquiry.

## **2. THE INSTRUMENTS AND THE OBLIGATIONS**

### **2.1 The Montreal Protocol**

The first concrete example relates to an important global commons issues: the production and consumption of chemical substances that cause the deterioration of the ozone layer, thereby threatening human health and the environment as a result of increasing levels of ultra-violet solar radiation that reaches the Earth's surface. In this