

Depending on its approach, Canada faces both risks and opportunities associated with concerns over greenhouse gas emissions, environmental management and resource stewardship in its export markets.

Voluntary and Non-Regulatory Initiatives

Until recently, legislation and regulations have been the principal policy tools to achieve environmental objectives. Faced with increasingly complex environmental problems and strapped for resources, governments, companies and non-government organizations have begun to explore and develop other tools such as supportive taxes, subsidies and emissions trading schemes, and a broad range of voluntary and non-regulatory initiatives (VNRIs).

A VNRI is a commitment not required by legislation, agreed to by one of more organizations and applied in a consistent manner to influence or benchmark behaviour.² Examples of VNRIs include voluntary challenges, such as the Voluntary Challenge and Registry Program, environmental management system standards, such as ISO 14001, codes of practice, such as Responsible Care, structured agreements, such as covenants, and eco-labeling schemes.

Although some companies and government departments support the development of VNRIs for reasons of flexibility and efficiency, there are concerns about their effectiveness in achieving environmental objectives. In general, there is considerable interest in developing improved policy tools, of which VNRIs are likely to play a prominent part.

Linkages Between Trade and Voluntary and Non-Regulatory Initiatives

The key linkages between trade and environmental VNRIs are in the areas of market share, costs and market opportunities. The research demonstrates that some VNRIs, for example voluntary challenges, have had negligible effects on market share due to their limited geographic scope and issues of credibility. Those VNRIs with verifiable performance criteria and international recognition, such as some eco-labeling schemes, can help enhance market share. The research shows that VNRIs that allow the participants flexibility, such as codes of practice, voluntary challenges and negotiated agreements, yield improved competitiveness by reducing costs.

Dutch government and industry both acknowledge that the demanding covenant process has not hurt Dutch trade competitiveness. Some companies that have developed their own in-house codes of practice have been able to generate new international market opportunities. **For VNRIs to have positive impacts on trade competitiveness in the areas of market share, costs and market opportunities, the important factors are flexibility, credibility and international recognition.**

The interest in ISO 14001 and certain eco-labeling schemes is driven by the prospects for enhanced trade competitiveness, as well as improved