

## 6. Some Concluding Thoughts

The questions surrounding what multilateral discipline to apply to natural resource pricing practices, with the caveat that they have adverse environmental effects, are fundamental for the trade-environment interface. Canada has a strong interest in developing a transparent, rule-based trading system that integrates environmental and trade concerns. To date, the subsidy/countervailing duty dimension has not been adequately addressed. The GATT Working Group on Environmental Measures and International Trade did not consider the use of countervailing duties for environmental purposes.<sup>24</sup> Nor was the relationship considered within the context of the Uruguay Round, which did not consider the trade-environment nexus per se. Due to the scope of the Round itself, contracting parties thought that the addition of environmental linkages to trade would have further complicated and delayed the conclusion of the very protracted negotiations.

With the conclusion of the Uruguay Round, and the decision for the World Trade Organization to establish a committee on trade and environment, there is an opportunity to consider countervailing-like measures more fully in an environmental context, and to make recommendations on the matter.<sup>25</sup> This said, there should be no illusion about the intensive effort required to address the issue properly. Its intricacies are not yet understood, nor have the views of the major players been well formulated or articulated. The importance of the issue to certain environmental interest groups, however, necessitates that countries engage in a real dialogue on the use of countervailing duties in an environmental context.

Two aspects of environmental countervail policy are likely to give rise to considerable apprehension in the trade policy community and more broadly. These are the related fears of "slippery slopes" and the opening of Pandora's box. First, a clear need arises to prevent the countervailability of certain generally available subsidies, with environmental implications, from becoming a protectionist tool. Well

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<sup>24</sup>The Working Group's agenda comprised the following three issues: trade provisions contained in existing multilateral environmental agreements vis-à-vis GATT principles and provisions; multilateral transparency of national environmental regulations likely to have trade effects; and trade effects of new packaging and labelling requirements aimed at protecting the environment.

<sup>25</sup>The first meeting of the General Council of the WTO will establish a Committee on Trade and Environment open to all members of the WTO. Pending the first meeting of the General Council, it has been agreed that the work of the Committee on Trade and Environment should be carried out by a Sub-Committee of the Preparatory Committee of the World Trade Organization.