

formidable, particularly where there is already a considerable experience with differing standards in different jurisdictions.²⁰

Little progress toward greater uniformity in environmental standards is likely to be achieved in the absence of international cooperative efforts. At the same time, resort to unilateral trade measures aimed at enforcing unique environmental standards will likely do little more than undermine healthy international competition and harm global economic prosperity. Notes Patrick Low:

Environmental diversity and differences in assimilation capacity become part of what countries seek to take advantage of by specializing through trade, rather than what they seek to eradicate through trade restrictions and fatuous harmonization that is destructive of competition.²¹

Much standards-setting activity, of course, falls outside the scope of governments and involves cooperative efforts through industry-sponsored organizations and other private-sector links such as licensing arrangements. The driving force behind this activity is the recognition that markets are global and a proliferation of standards undermines competitiveness.

The desire for greater uniformity should be seen as part of the response by governments and industry toward the globalization of production and markets. On the macro-economic side, there is growing convergence, with all governments pursuing policies aimed at ensuring price stability. On the micro-economic side, there is both convergence and rivalry with governments using a range of policy measures both to protect existing investments and attract new investment. While harmonization per se is not necessarily virtuous, environmental policy rivalry – either to attract or protect investment – would seem an inappropriate and potentially destructive approach similar to the harmful use of subsidies to attract investment. From this perspective, convergence in the use of environmental policy instruments is an important international objective.

Environmental Policy and GATT

Over the past few years, there has developed an active international jurisprudence on the intersection of trade and environmental policy. These cases have involved:

²⁰ The slow progress in the technical discussions on phyto-sanitary regulations mandated by the Canada-United States FTA provide a valuable object lesson in this regard. Article 708 of the FTA provides for an ambitious work program aimed at reducing to the maximum extent possible barriers to trade resulting from differing health and phyto-sanitary regulations. Canada and the United States, despite enjoying highly integrated markets and very similar philosophies about health protection, have found it very difficult to accept each other's standards or to reach agreement on common or harmonized standards.

²¹ Patrick Low and Raed Safadi, "Trade Policy and Pollution," paper presented at the World Bank Symposium on International Trade and the Environment, Washington, November 21-22, 1991, pp. 8-9.