



V-LRN

VIRTUAL LEARNING NETWORK

International Business Environment

Block-5 UNIT-17

International Trade And Environment

Virtual Learning Network



Topics to be Covered

- Introduction
- Trade vs. Environment-Genesis of Conflict
- International Institutions Dealing with Environment
- GATT\WTO and the Environment Agenda
- Multilateral Environmental Agreements
- Regulatory Measures and Economic Instruments
- Achievements of the Uruguay Round of Negotiations
- Trade and Environment
- Environmental Issues and International Trade-The Indian Experience
- Summary

Introduction

The genesis and growth of the multilateral trading system and the function of GATT and its successor, the WTO.

In this learnt about one of the contemporary and very often contentious issue, in the form of the environmental factor increasingly influencing the courses and direction of International Trade

Some exposure has also obtained on the areas wherein trade disputes could arises and the forum for settlement of such disputes.

Trade vs. Environment

1960

- Environment problems generated by industrial pollutants surfaced as a major issue in the developed world calling for stricter environment and product standards

Trade
economists

- Tackle the environment problem separately, through International Agreement on Environment Standards and Policies .Free trade is the best method to ensure that developing countries are enabled to absorb the most recent technologies and production methods

1992 *Earth
Summit at Rio*

- Had rightly stressed the need for international cooperation to promote Sustainable Development through trade



International Institutions Dealing with Environment

- **The United Nations (UN) - General Assembly**
 - The General Assembly of the United Nations, as the highest level intergovernmental mechanism, is the principal policy making and appraisal organ on matters relating to the follow-up of the United Nations Conference on Environment and Development (UNCED).



UN Commission on Sustainable Development

The UNCSD's terms of reference include:

Monitoring progress on the implementation of Agenda 21

Monitoring progress towards the target of GNP from developed countries for Overseas Development Assistance(ODA).

Reviewing the adequacy of financing and transfer of technologies as outlined in Agenda 21.

Providing recommendations to the General Assembly through the Economic and Social Council.

UN Environment Programme



UNEP *coordinates* United Nations environmental activities, *assisting* developing countries in *implementing* environmentally sound policies and *encourages* sustainable development through sound environmental practices.

Its activities cover a wide range of *issues* regarding the *atmosphere*, *marine* and *terrestrial ecosystems*.





The UN Conference On Trade And Development (UNCTAD)

- The United Nations Conference on Trade and Development (UNCTAD) is the main organ of the UN General Assembly in the field of trade and development. It was established as a permanent intergovernmental body in 1964 and has 186 member states.
- The objective of UNCTAD is
 - To reduce and eventually eliminate the trade gap between the developed and developing Countries.
 - To accelerate the rate of economic growth of the developing world.

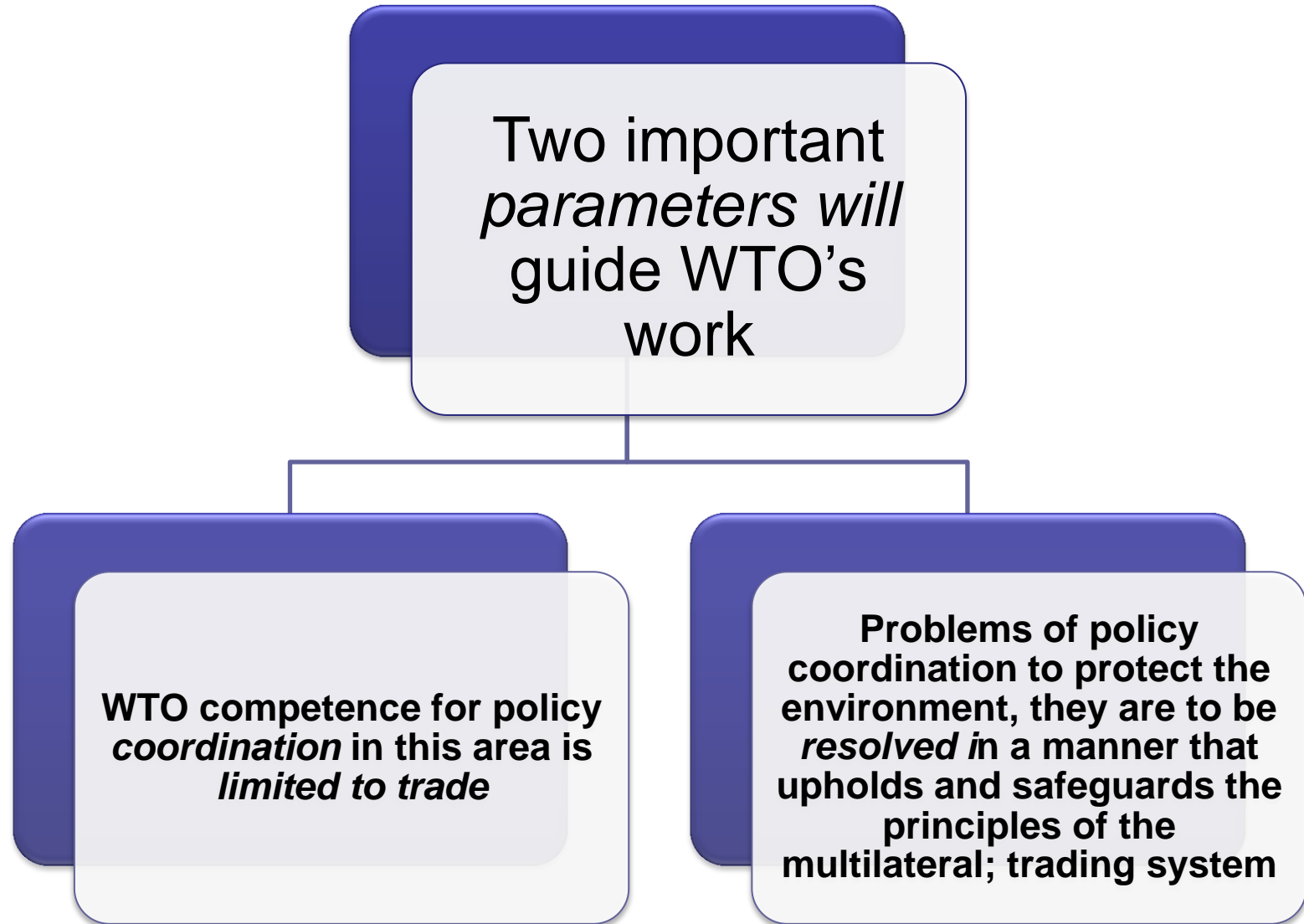
The World Trade Organization (WTO)

The WTO General Council has established a new *Committee on Trade and Environment*,

The *committee's terms of reference provide it with a broad-based remit covering all areas of the multilateral trading system*

WTO Committee specifically *try to address some of the more recent problems* which have surfaced in the area of *trade and environment*

The World Trade Organization (WTO) (Contd.)





Multilateral Environmental Agreements

- **The Montreal Protocol**
 - The convention protect the depletion of the ozone layer was among the earliest of the spate of environmental conventions.
- **Trade Provisions:**
 - Imports of controlled substances from nations not members of the protocol were banned from January 1990.
 - By 1993, the ban was extended to developing countries from exporting any controlled substances.
 - Within three years of the agreement, a ban was introduced on products which contain controlled substances from nations which are not members of the protocol.
 - Parties signatory to the protocol are expected to discourage the export of technologies used for controlled substances to nations not members of the protocol.



Multilateral Environmental Agreements (Contd.)

- **The Basel Convention**
 - The basic objective is to the Control the Trans boundary Movements of Hazardous Wastes and their Disposal.
- **Trade Provisions:**
 - Every country has the sovereign right to ban the import of hazardous wastes.
 - The export of hazardous wastes to and the imports from a non-party state are prohibited.
 - Before permitting exports of wastes, the export country has to make sure that the importing country has agreed in writing to the specific import.



Multilateral Environmental Agreements (Contd.)

- **The London Guidelines**
 - Its for the Exchange of Information on Chemicals in International Trade were elaborated to assist Governments in increasing chemical safety through exchange of scientific, technical, economic or legal information on chemicals in international trade.
- **Trade provisions**
 - As a general rule, importing countries should ensure that actions taken with regard to a specific chemical are not more restrictive than those applying to the same domestically produced chemical or to the same chemical imported from mother country.

The Cites Convention

- **The Cites Convention**
 - To provide guidelines and procedures to protect endangered species of wild flora and fauna against over-exploitations
- **Trade provisions**
 - Trade in species that are, or could become, threatened with extinction is regulated through a system of import and export permits.
 - For species included in Appendix III an export permit should be granted by the states which have listed the species in the Appendix, on the basis of recommendations of a Management Authority



Trade vs. Environment- Global Conflicts

- The manner in which GA'IT rules have operated in the environment arena, including their role in preventing protectionist abuses and their attempts to impose standards on unilateral basis on other countries. become more apparent while considering the following trade disputes.
 - Mexico / United States.
 - United States / Thailand (Thai restrictions on importation of internal taxes on cigarettes).
 - Canada / European Community, Mexico vs United States.



Regulatory Measures and Economic Instruments

- **ISSUES OF CONCERN TO DEVELOPING COUNTRIES**
 - Environmental standards and regulations in industrialized countries generally formulated to protect their local environment may also have an impact on developing countries by altering their trading opportunities.

Regulatory Measures And Economic Instruments (Contd.)

REGULATORY MEASURES

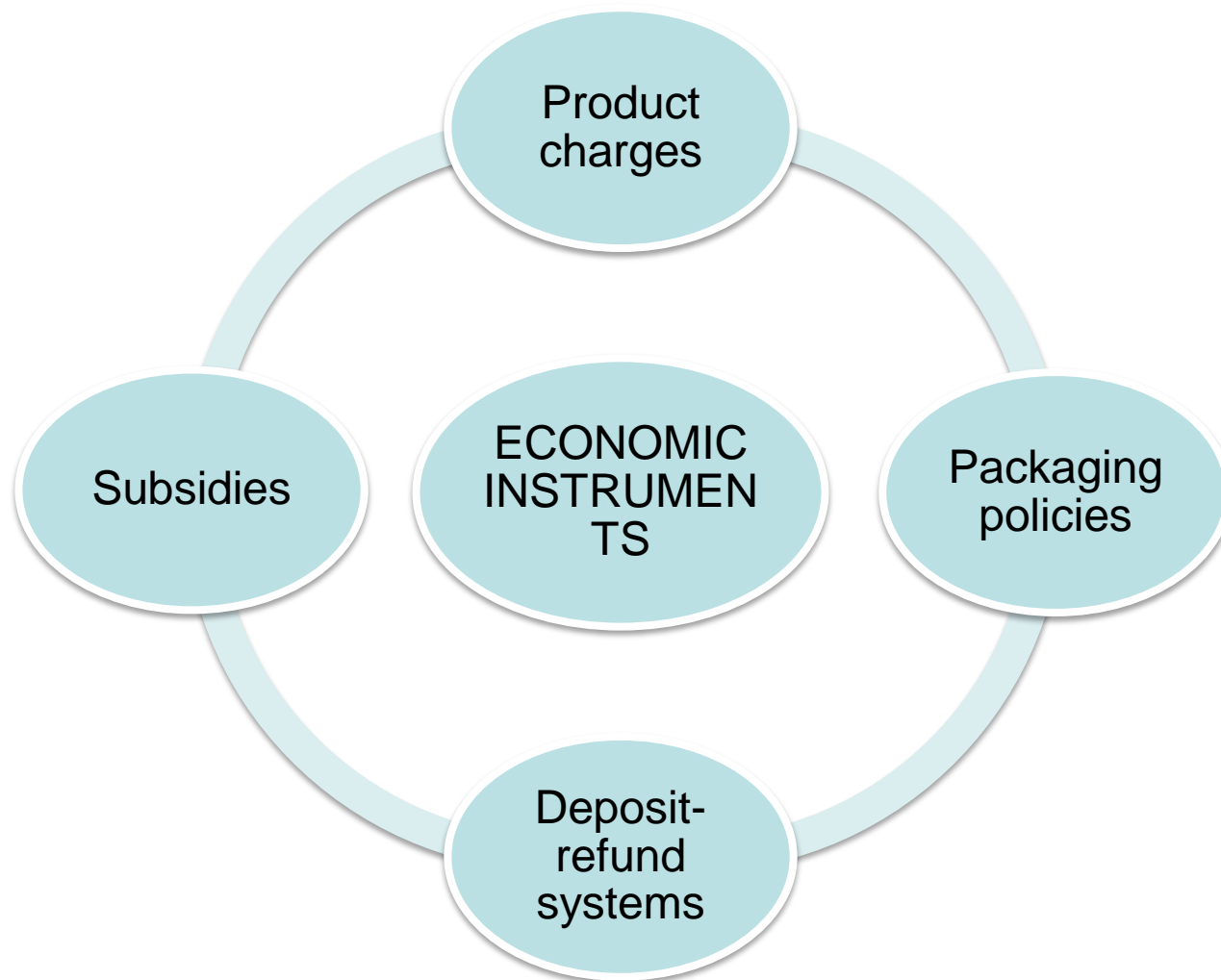
Product standards and regulation

It refer to technical specifications such as performance, quality, safety or dimensions of a product.

Process standards and regulation

It can be direct or indirect. Technology standards are essentially direct controls, as they dictate the production process at the plant level.

Regulatory Measures And Economic Instruments (Contd.)



- The final Uruguay Round of Trade Negotiation addresses a number of environmental concerns in its different sectorial agreements. Although not entirely foolproof, the Agreement signify a definite attempt to bridge the differences between the various sections involved in this issue and marks some progress towards the goal of Sustainable Development.

Achievements Of The Uruguay Round Of Negotiations Associated Agreements On Trade And Environment(Contd.)





Environmental Issues And International Trade – The Indian Experience

- India as one of the important developing country suppliers to world markets, has shown some concern on the introduction of what it regards as new issues, such as environment, child labour, labour standards and human rights in the international trade agenda.
 - Examples:
 - Leather goods
 - Textiles and Garments
 - Tea & Coffee
 - Shrimp & shrimp products

Summary

- The worldwide concern for safeguarding the domestic environment by different nations has extended to preserving the sanctity of the global environment.
- Issues like degradation of natural resources, depletion of the ozone layer, conservation of wild life biodiversity and health and safety standards have become dominant global agendas and have had a major impact on the conduct of international trade and negotiations.
- The seeds of the Trade vs Environment conflict have often emanated from the varying perceptions of the powerful environmental lobbies and the trade economists.

*Thank
You*