WTO: Trade and Environment-The two Notions

Dr. Kalpana Agrawal
Asst.Prof.Prestige Institute of Management and Research,Indore

Abstract

Trade has grown dramatically in the last decades and has increased widely in scope: it affects more and more other areas of public policy, such as environmental standard setting, environmental protection, agricultural subsidies, or health measures. The general decline in tariff barriers at the national borders has ensured that any given cost-raising standard is becoming relatively more important for international competitiveness. Thus, the WTO increasingly has to deal with non-tariff barriers to trade, such as standards of environmental protection, which often go at the heart of national policy-making.

Concern for the environment is now building in to the mandate of WTO, though there is disagreement about the nature of this commitment. At the same time, environmental awareness has increased, and the scientific basis for environmental protection is becoming more solid. Various attempts have been made to co-operate internationally in order to stop environmental degradation. This trend of increased emphasis on environmental policies is relatively recent: with higher income in the industrialized world, demand for environmental goods has increased and channels to lobby have become institutionalized and organised more effectively.

Since trade and environment both affect the use of natural resources, they naturally interact - and the two camps have had a long legacy of mutual mistrust. As Fontagné (2001) puts it succinctly, “Trade and environment: the two notions are at the epicenter of the globalization debate”. In recent years, the relationship between international trade and environmental policies has attracted increasing attention. In some ways international policies and instruments on trade and environment have compatible goals, but in others the objectives and effects appeared to conflict. The present paper is an attempt to study the same. The first part of this paper will compile an inventory of the WTO’s environmental provisions and the recent developments in the negotiations as well as in WTO-case law. It will primarily focus on the Marrakech and the Doha Declarations and the workings of the Committee on Trade and Environment.

Introduction

Today the whole world is witnessing a paradigm shift in the way the businesses have been carried over the years and the way in which they are being designed in the present scenario. After the Second World War, the whole world was divided into two regional blocks, one that was led by the USA and the other which was headed by the then USSR. During the cold war scenario, the trade and business related to the international trade was done with the political interest being given more weightage than the business development plans. The formation of GATT (General Agreement on Tariff and Trade) which was formed in the 1948 as a measure to develop the international trade served as a base for integration of the world trade. The countries which were a part of the GATT had several round of negotiations so that more liberal terms and conditions could be evolved for the expansion of the international trade. But the real challenge was witness when the eighth round of the negotiation which was held in the Uruguay in 1986 lasted for about many years and until in 1994, Mr. Author Dunkel who was the Director of GATT had prepared a draft as there could not be a consensus of the participating countries. On 31st December 1994, the much debated GATT agreement came to an end and this marked the beginning of new more powerful organization which was called as the WTO (World Trade Organization) which was formed on 1st January about 148 countries are the members of the WTO.
The basic objective of WTO were:

Trade without Discrimination
Trade without Barriers

The above said objectives gives a required platform for the developing and the developed counties of the world to provide a level playing field which would ensure that no one who is a part of the WTO agreement would suffer either economically and that the world trade develops and more employment opportunities are being provided. A very important aspect of the international business is that of international trade. For over several decades, international trade has been growing much faster than the world. For more than two and half decades until the oil shock of the early 1970s there was tremendous expansion of the world trade propelled by the progressive trade liberalization and high growth rates of output. Thereafter, there has been a substantial growth of the non-tariff barriers to trade and a fall in the growth rates of the developed economies causing slow down of the pace of trade growth. However, the rate of growth of the world trade has been significantly higher than that of the world output implying that more and more proportion of the world output has been traded across the national borders.

Growth of World Exports

During 1950-60s the value of world exports became more than doubled. During the 1970s the value of the world exports increased by about five and half times. During the 1980-90, the value of world exports increased by 80 per cent. In the first half of the 1990s, it increased by about 47 per cent. By the end of the 1990s, the combined value of the world trade in good and services reached $ 7 trillion and in achieving this growth the WTO has a leading role to play. But at the same time this growth of international trade in the recent past has come under attack for ignoring environmental and social issues in promoting global trade. There are ample evidence that it has undermined health, safety, environmental standards, and human rights in making trade policy worldwide. The Tuna-Dolphin and Shrimp Turtle case reveal the same. There thus exists an undesirable effect of rapid increase in trade on deforestation, depletion of Ozone layer, climate change, hazardous waste and exploitation of natural resources.

Environmental issues

Environment refers primarily to the things which are around us and infact the liberalization, globalization cannot achieved by neglecting the environment which is the prime reason for the development of mankind and a healthy environment is a must for the growth and survival of the mankind and for the coming generation. The developed countries of the world have always raised the environmental issues. Developed countries, particularly EU, were very keen on negotiations on environment related issues to accommodate concerns of their civil society. They wanted environmental considerations integrated throughout the negotiations in the new Round ('mainstreaming') which will also dilute the focused mandate of the Committee on Trade and Environment (CTE) to that extent. USA was further keen that Members right to set high environmental standards was not undermined by trade rules. US and CAIRNS Group countries also called for the removal of environmentally damaging subsidies such as agricultural subsidies and fishery subsidies that contributed to over capacity. Developing countries sought adjustments in the TRIPS Agreement for preservation of biological diversity and reward for traditional knowledge. The proposal to mainstream environment dilute the role of CTE and the US proposal regarding environmental standards were opposed by some developing countries including India while there was considerable support for removal of environment-related subsidies. The TRIPS related proposals were supported by some, but there was no consensus.
Nature of Environmental Barriers:

These barriers focus on areas, which have been the subject of environmental campaigns to: (Aserkar and Vyas, 2007)

- Eliminate use of toxic, substances - chemicals and heavy metals in particular
- Recycling of waste product and packaging;
- Protect wildlife;
- Raise food safety standards;
- Promote organic food and oppose genetically modified organisms (GMOs).

Critical Environmental Issues:

1) Eco-labeling
2) Effluent Emission Norms
3) Standards regulating (maximum residue) levels of toxic substances in products
4) Standards for product harvesting
5) Packaging and labeling requirements
6) Standards mandating energy efficiency/ emissions reductions
7) Regulations pursuant to MEAs and other international treaties

Issues in Environment and Trade:

Trade and environment issues started gaining mainstream attention in the beginning of the 1990s, in the wake of the now (in)famous General Agreement on Tariffs and Trade (GATT) Tuna/Dolphin decision. In this particular case, the WTO ruled the US policy of banning imports of tuna from states that used purse seine fishing techniques to catch tuna, and subsequently kill dolphins, violated the terms of GATT. The ruling struck a raw nerve among the flipper generation and provided the impetus for bringing the issues associated with trade and the environment to national attention.

The topic stayed in front of the public throughout the 1990s because in 1998, the WTO gained against a US ban on shrimp imports caught without Turtle Excluder Devices (TEDs), equipment developed to help save endangered sea turtles. These two cases show how process, the issue of how goods are produced, can stir up trade and environmental problems. However, trade and environment issues encompass a much broader and complicated set of issues than merely the issue of process. Environmentalists express concern that years of work negotiating environmental treaties could be disrupted if WTO rules of trade are used to nullify those environmental enforcement measures under the assumptions that they violate free trade principles.

Trade Policy and Global Environmental Changes:

In recent years the relationship between international trade and environmental policies has attracted increasing attention. In some ways international policies and instruments on trade and environment have compatible goals, but in others the objectives and effects appear to conflict. Issues within the trade environment debate include:

- to what degree international trade regulation and liberalization may constrain international and domestic environmental regulation;
- whether trade agreements provide a forum for Harmonization of Environmental Standards and whether harmonization positively or negatively affects the environmental impact of economic activity
- if trade agreements provide an effective forum for internalizing environmental costs not currently accounted for in production and processing of traded goods. the question of transparency of dispute resolution mechanisms in multilateral trade agreements if applied to environmental matters.
the application of intellectual property rights and patent regimes, especially as related to biodiversity.

**Harmonization of Environmental Standards:**

Harmonization refers to the process through which environmental standards in different countries are brought to similar levels. This process can become an issue in trade, because higher environmental standards may impose costs on manufacturers or other goods producers. Trade disadvantages could result for countries where more stringent standards increase the price of goods compared to that in countries with less restrictive environmental standards. The Organization for Economic Cooperation and Development (OECD) and the European Union (EU) have both actively promoted harmonized environmental standards. (Joshi and Srinivas, 2007)

**WTO and Environment**

Why is the environmental topic important for the WTO? First of all, the WTO itself calls it a “new high profile”. The trade and environment debate is complex and varied, and it involves some of the most fundamental WTO principles and rules, such as the concept of non-discrimination and the definition of “like products”. It is a horizontal issue that cuts across many disciplines in WTO. For example, Multilateral Environmental Agreements have consequences for trade which may come into conflict with the general aim of the WTO to reduce trade barriers.

In addition, the recent WTO round is marked by great cleavages and drifts and has more than once been at the brink of failure. Although they are not the main focal point of the internal cleavages, environmental issues bear the potential of worsening the North-South drift in the WTO, which could possibly escalate and eventually undermine the global trading system.

Nordström and Vaughan (1999) regret that, “One of the unfortunate features of the trade and environment debate is that at times it has generated more heat than light”: too many generalizations have been made both from the trade and the environmental communities.

The complexity of the interrelation and the scarcity of empirical evidence undermine the ground for a solid and factual debate. Thus, in the following, this article seeks to shed light on the trade and environment debate in general arguing that the WTO cannot turn its back on environmental aspects of trade. This article follows the premise that independent from what the WTO concludes with regard to its relationship with environmental aspects - environmental concerns are among the crucial issues that need to be addressed for the WTO to strengthen its credibility and public image. After having depicted the “green” provisions by the WTO and recent developments, the focus is on the normative aspects of the role of the WTO and on the assessment of recent WTO-developments with regards to the environment.

Trade and environment, as an issue, is by no means new. The link between trade and environmental protection both the impact of environmental policies on trade, and the impact of trade on the environment was recognized as early as 1970. Growing international concern about the impact of economic growth on social development and the environment led to a call for an international conference on how to manage the human environment. The 1972 Stockholm Conference was the response.

**Objectives of the study**

- To understand the trade liberalization and the need for environmental cooperation.
- To understand is trade liberalization and environmental protection compatible?
- To understand the appropriate role of WTO regarding environment.
Research Methodology
The information needed for the study was obtained from secondary sources. To understand the role of WTO better, a few real-world cases, interviews available at net, that elaborate the benefits of environmental protection were also analyzed. The information obtained was analyzed keeping the objectives in mind and presented in the relevant format.

Review of Literature
Environmental issues as Non-Tariff Barriers
With the progress of liberalization process, that is, gradual reduction of tariff levels and removal of quantitative restriction, mainly from agricultural and textile products, the developed countries are resorting to the alternate trade restricting measures. These new era barriers include the non-tariff barriers such as environment standards, food safety regulation, labeling requirement and quality standards. The trade and environment have are closely related to each other in free trade regime. This focus on trade and environment in the international trade framework helps promoting environmental protection and ensures an open, equitable, multilateral trade system.

Environmental and health-related standards and regulations in developed-country markets are creating hurdles for the exports of products from developing countries like India. The environment-related non-tariff barriers (ETBs) generally cover all barriers that have been introduced by the importing country to protect the environment, as well as the health and safety of wildlife, plants, animals and humans. Developing countries have to adjust their production processes in response to changing environmental regulations in developed countries. Measures such as pesticide maximum residue levels (MRL) permitted in foodstuffs, emission standards for machines, and packaging eco-labeling requirements have created operational hurdles for our exporters. These barriers mainly have distorting effects on our small sector exporters because huge costs are involved in adhering to the standards set.

It is assumed that when a single country or a limited number of countries enforce an ETB it is more likely that these countries have simply enforced a non-tariff barrier. Such trade restrictive measures are bigger threat for the trading environment.

At the global level, 185 products have been identified, which face environment-related trade barriers in at least one importing country. These environmental based issues are of great concern for India because these are largely affecting the vibrant export sectors of the Indian economy. They are mainly leather and leather products, textiles, chemicals, marine products, tea and other agricultural products and are mostly concentrated in SME sector. The nature of NTBs faced by these sectors, ranges from technical standards and product content requirements to mandatory labeling, eco-labeling, packaging requirements and other SPS-related measures.

WTO & Environmental Barriers:

There is no specific agreement dealing with the environment in WTO, however, a number of the WTO agreements include provisions dealing with environmental issues. At the end of the Uruguay Round in 1994, the participating countries decided to begin a comprehensive work programme on trade and environment in the WTO. They created the Trade and Environment Committee (CTE). While following such environmental barriers countries have to follow the basic principles of WTO pertaining to transparency, non-discrimination and MFN. WTO keeps a check on the member the countries that they use these environmental provisions only as precautionary measure and not as preventive measure. Such measures should not be invariably high, aiming to restrict the imports of certain commodities.

E.g. In early 1997, India, Malaysia, Pakistan and Thailand brought a joint complaint against a ban imposed by the US on the importation of certain shrimp and shrimp products. The protection of sea turtles was at the heart of the ban.
Under The US Endangered Species Act of 1973, the US required US shrimp trawlers to use "turtle excluder devices" (TEDs) in their nets when fishing in areas where there is a significant likelihood of encountering sea turtles, as they consider some varities of turtles as endangered.

In the ruling the Appellate Body made clear that under WTO rules, countries have the right to take trade action to protect the environment (in particular, human, animal or plant life and health) and endangered species and exhaustible resources. The WTO does not have to "allow" them this right. So, this action of US to ban the imports of shrimps on environmental protection ground was acceptable.

Still, the US lost the case, on the grounds of practicing discrimination among the members. It provided countries in the western hemisphere mainly in the Caribbean - technical and financial assistance and longer transition periods for their fishermen to start using turtle-excluder devices, though the same were not provided to the four Asian countries (India, Malaysia, Pakistan and Thailand) that filed the complaint with WTO.

Provisions in the WTO agreements dealing with environmental issues:

- **GA TT Article 20**: policies affecting trade in goods for protecting human, animal or plant life or health are exempt from normal GATT disciplines under certain conditions.
- **Technical Barriers to Trade** (i.e. product and industrial standards), and **Sanitary and Phytosanitary Measures** (animal and plant health and hy!,rienc): explicit recognition of environmental objectives.
- **Agreement on Agriculture**: environmental programmes exempt from cuts in subsidies
- **Subsidies and Countervail**: allows subsidies, up to 20% of firms' costs, for adapting to new environmental laws.
- **Intellectual property**: governments can refuse to issue patents that threaten human, animal or plant life or health, or risk serious damage to the environment (TRIPS Article 27).
- **GATS Article 14**: policies affecting trade in services for protecting human, animal or plant life or health are exempt from normal GATS disciplines under certain conditions.

**The Trade and Environment**

In theory, the objectives of trade liberalization and environmental protection are compatible: they both aim for the reduction of distortion and thus optimization of efficiency in the use of resources. From a normative, welfare-theoretical point of view, free trades and environmentalists have a common goal: the increase of social welfare. There are possible win-win situations in which trade liberalization and environmental protection interact positively, for example in the case of elimination of trade subsidies that increase environmental degradation such as agricultural over-use of resources, deforestation or the depletion of fisheries. Trade encourages the economy to develop - from primary resource extraction to manufacturing and eventually to (less polluting) services. If poverty is the core of the problem of environmental degradation, economic growth will be part of the solution of a shift from more immediate concerns to long-run investment into the future resources. Furthermore, an improvement in production techniques through international dissemination of technological knowledge helps reduce pollution.

Yet there are as well areas of conflict between trade and environment. Most importantly, trade increases economic growth and with the rise in quantities produced (and given market failures), pollution increases. Furthermore, trade liberalisation opens up the possibility of firms moving their production to countries with lower environmental standards in order to save costs. This can lead to “eco-dumping” in less regulated countries or to a “race to the bottom” of standards, if more regulated countries want to attract or keep business. The net environmental outcome of trade is difficult to evaluate precisely, but Brack (2000) evaluates that the structural effects and win-win situations are most likely to be offset by the large negative scale effects from the expansion of economic activity, and smaller aggregate negative distribution effects.
On the appropriate role of the WTO regarding the environment

There is no international consensus on which role the WTO is supposed to play in environmental issues. Many free-traders world argue that the WTO should have nothing to do with environmental concerns, as its sole purpose is to promote free trade and that environmental protection should be left to another body, possibly the MEAs’ secretariats or a new body. It is claimed that the WTO is not the appropriate institution for environmental concerns, as it is arguably overloaded. This trade round is arguably overburdened, and by advancing another the contentious issue such as environment and trade, this might contribute to the failure of the already-fragile round.

Similarly, developing countries are very skeptical about an expanded role of the WTO in maintaining environment standards. They accuse the EU of pushing for the WTO’s further development in its own environmental terms. This in turn decreases the capacity for developing countries to capitalise on their own comparative advantages and it could be seen as “green protectionism” or “protectionism in disguise”, . In this sense, many suspect that environmental standards would not serve as market correction, but as disguised non-tariff trade barrier. There is the danger that pressure groups find it advantageous to support environmental claims in order to provide an additional, socially respectable, reason for unilateral import restrictions. Hence, although environmental issues have gained some legitimacy as an element of global trade policy, many economists remain unconvinced of the benefits from systematic linkages.

But at the same time “ The WTO cannot operate in isolation from the world in which it exists”: In the absence of a parallel organisation, with inclusive membership and a built-in mechanism for dispute resolution with sanctions, the WTO has emerged as a platform for debate on environment and trade issues over the last decade. In the need for cooperation, trade measures through the WTO are a powerful stick-and-carrot method to conform to international environmental standards. The theory of the second best suggests that one distortion (i.e. the environmental spill-over) can often be best met by another distortion (i.e. a trade ban) to enhance welfare on the whole.

Though while trade policy is clearly a second-best means to achieve environmental objectives, in practice it has become difficult to justify the exclusion of environment from negotiation on trade. Morici (2001) states that whether one is in favour or against it, the WTO participation in environmental issues is already a practical fact and not a theoretical proposition - an inevitable outcome of the recent trends. To Esty (1996), responding to environmental concerns is a political necessity for the trade community: “If the momentum for trade is to be maintained, the already-narrow coalition in favour of freer trade” is risked. As an influential institution of global governance, the WTO should to promote environmentally sensitive trading regimes and show responsibility to the common global goods.(Gnath 2008)

Market Access- green protectionism

The issue of environmental protection based on PPM-discrimination has great consequences for the developing countries. These countries often find themselves on the receiving end of environmental regulation: due to structural weaknesses they are standard-takers, and not standards makers. Thus, many developing countries are very suspicious about high-income countries’ motives and condemn this form of disguised protectionism vigorously. Krueger (2000) criticises: “Those seeking protection have no hesitation in cloaking their aspiration with the legitimacy of other issues.” It is thus vital that environmental concern do not become an alibi for reintroducing unilateral trade barriers, which have been reduced elsewhere. Recently, rather than tackling these difficult issues, discussions have concentrated on the win-win situations on agriculture and fishery, where trade liberalization could play a positive role for the environment. The width of existing decisions on the WTO has favoured free trade but there is no closure on these issues, as can be seen from the second shrimp ruling. Thus, Brack and Branczik(2004) claim that, “The story of the trade and environmental debate in the world trade
organization is one continued failure to make any substantial progress in rewriting WTO rules- but significant changes in the way in which existing rules have been interpreted.”(Gnath 2008)

Discussion
Assessment of the WTO’s provisions and latest developments

This paper argues that WTO and environment are naturally linked and the role of the WTO in environmental protection should be an active one. From the review of literature it is obvious that the trade and environment debate has steadily moved inward to the WTO agenda. While GATT was an agreement solely with the purpose of reducing trade barriers, the WTO, according to Cottier (1997), “increasingly assumes constitutional functions in a globalizing economy. It moves center stage to shape global economic policies ,the system become multifunctional.” Thus, the WTO has developed into an important forum of international environmental policy.

Yet it is not entirely clear whether the provisions built into the WTO-framework to protect the environment are a mere lip service to the environment. The establishment of the CTE and the provisions in the Doha Ministerial Declaration do not imply that that much progress has actually been made in terms of reaching a resolution of the inherent tensions. Despite progress being made in bridging some gaps between free traders and environmentalists, the North-South gap has become critical enough to threaten further programme on the agenda at all, including environmental aspects.

How green is the WTO?
Marrakech Declaration 1994 and the creation of WTO

The WTO has no specific agreement dealing with the environment, as it is foremostly a trading organisation. It did not include a specific agreement in order to centralise all linkages; when the WTO was founded in 1994, negotiators took a more diffuse approach by establishing the Committee on Trade and Environment to deal with environmental issues. Yet a number of agreements include provisions for the environment. These „green provisions” actually countervail the general stance of the organisation’s principle of free trade.

"Governments are trading away our environment at the WTO. The WTO has already been used in the past as a weapon against environmental protection and public health. With this deal, even more environmentally and socially sensitive sectors will be liberalised. Corporate lobby groups will be the big winners, the environment and the poor the big losers."

David Waskow of Friends of the Earth US said: "The WTO process is completely undemocratic, and this framework agreement is the result. If the WTO proceeds on the course just laid out, these negotiations will pose a serious threat to people and the environment around the world."

Trade could play a positive role. Trade could play a positive role in this process by facilitating the diffusion of environment-friendly technologies around the world. Of course, this would require that countries are ready to scrap trade barriers on modern technologies and suppliers of environmental services to reduce the cost of investing in clean technologies and environmental management systems. A new round of trade liberalization negotiations could make a contribution here. Another potential contribution of such a round would be to address subsidies that harm the environment, including energy, agricultural and fishing subsides. This would yield a double dividend by benefitting the environment and the world economy at the same time. In short, trade is really not the issue, nor is economic growth. The issue is how to reinvent environmental polices in an ever more integrated world economy so as to ensure that we live within ecological limits. The way forward, it would seem to us, is to strengthen the mechanisms and institutions for multilateral environmental cooperation, just like countries 50 years ago decided that it was to their benefit to cooperate on trade matters.(Gnath 2008)
Suggestions for the Development of International trade with respect to Environmental standards:

1. **Strict regulations to comply with international trade:** One of the methods to make the member countries follow the international environmental standards is to make the more stringent regulations which could be in the form of huge monetary penalty if the goods do or services exported do not adhere to the international norms and create environmental pollution. This method should be used in only those cases where the default has been made with the willful intention. Those countries which violate the international environmental norms due to the inadequate availability of the infrastructure facility or due to the lack of superior technology should be exempted from the penalty.

2. **Increase the transition time for developing countries:** The time for the developing countries to comply with the international trade norms should be increased so that they can make the required structural changes in the economy, regulatory reforms to strengthen the implementation of the international norms, changes in the economic policies to ensure that they are in harmonization with the international trade and economic development. Countries like India where the WTO agreement has been implemented from 1st January 2005, should be given ample time to adjust with the requirements with that of the international trade. This would also ensure that the environmental norms would also be maintained.

3. **Broad outlines or Code for companies to follow environmental norms:** All the member countries of the world which are a part of the WTO should be given a broad outlines regarding the expected behavior in terms of the environmental standards to be followed by them. The detailed guidelines should be in the form of detailed procedures which makes it possible for the member countries to make the required changes in the production processes. For instance the fisherman in India uses the normal net to catch the fishes which are then exported. But the developed countries reject them because the turtles which are considered as the endangered species are trapped in the net and die. As per the international norms the specific type of net is to be used which would ensure that the turtles go free out of the net. !Jut the farmers which are poor and ignorant do not use any of such instruments and as a result ultimately end up ill the loss.

4. **Monetary support:** The world agencies like the World Bank and the International Monetary fund should provide the monetary support to the poorer countries of the world so that their economies can develop and they can also be part of the international trade. For instance recently the World Bank and IMF has waived the loan of $ 40 billion given to the poorer counties of the world. Such gestures would help the poorer to shape up their economies and give them a opportunities to become the part of the global trade.

5. **Scientific and technological aid from the developed countries:** The developed countries of the world should come forward and provide the technological support to the underdeveloped countries which would provide the level playing to them and make the compete with the other developed countries. This growth would help the underdeveloped countries to make the products as per the international standards which are also environmental friendly. This would make the more growth in the area of international trade.

6. **Consideration of all for developing standards:** The standards which are to be framed, for the better trade and development relations among the member counties should be based after taking into consideration all the practical limitations of the member countries. This would ensure that there is no conflict among the member countries and that they could understand the importance of safer environmental standards.

**Conclusion**

While the net effect of trade on the environment is not clear-cut, the implications from the recent literature are that trade expansion through liberalisation is likely to affect the environment negatively. Thus, it is necessary to offset the effects, especially by adjusting global environmental policies.
upwardly through international coordination. The stance of the WTO on this is not entirely clear: WTO is not an environmental organisation but it is getting greener. In particular, WTO case law has developed in favour of environmental protection. Yet, in spite of the political recognition of the importance of environmental aspects and the link with trade and the WTO and the recent rulings, environment issues are still sidelined or treated as a residual issue if one looks at the recent development of the Doha trade round or the July framework accord.

As this paper has shown, the topic of environment and trade and the WTO’s role in the debate is very heated and it includes a lot of rhetoric arguments on “green disguise” on part of the free-trade community and the developing world and on fears of a “race to the bottom” from NGOs and industrialised countries. In Doha, the “demandeur” for WTO negotiation on environmental issues was the EU, supported by Japan, Norway, and Switzerland. Yet, the great majority of members opposed such negotiations. This cleavage within the WTO needs to be solved – not only for the sake of the environmental debate – in order to achieve fruitful results in the recent trade round. In this context, the WTO needs to address environmental concerns in a way that does not increase the inter-organisational drifts and that strengthens the WTO as part of the global governance architecture. Especially in the absence of a global counterpart for environmental issues, the trade organisation cannot turn its back on this issue - deeds have yet to follow words.

Meanwhile, even within its current mandate, the WTO could do a few important things for the environment. The most obvious contribution would be to address remaining trade barriers on environmental goods and services in order to reduce the costs of investing in clean production technologies and environmental management systems. Another contribution would be to seek reductions in government subsidies that harm the environment, including energy, agriculture and fishing subsidies.

Although WTO is not the right forum to raise environmental issues, developed countries are using this forum for protecting their economies. Still tough actions are needed to be taken for overcoming environmental barriers successfully. WTO is looking after the implementation of the ETBs in international trade, still the members are skeptical about the issue that whether it is the right forum to discuss these issues or not. Though WTO advocates the clause of free trade, the developed nations are using the ETBs as trade restrictive measures against the developing nations. Thus, WTO needs a more focused approach towards the implementation of the environmental issues so as to ensure more liberal and competitive trade environment.

References:
- Gnath Katharina “The WTO and environment: …more words than deeds?
On the relationship between the WTO and the environment: overview, latest developments and assessment.”


Doha Round Briefing Series on Trade and Environment by ICTSD and IISD. August 2003.


Bown, Chad P. and Rachel McCulloch: „Environmental issues in the World Trade Organization“. Brandeis University July 2002.


Webliography
www.greennature.com www.ciobinternational.org
www.economictimes.indiatimes.com
www.indiadiaily.cqm www.economywatch.com
www.trade-india.com
Www.American.EdufTedfClass Www.Ciesin.OrgITglPi(ftrade
Www.Europa.Eu.Int
www.wto.org