

**Undefined Territory: A look at the Relationship  
Between International Trade Agreements and  
Multilateral Environmental Agreements (MEAs). What  
is Being Done to Protect the Environment from the  
Impacts of Trade Liberalization?**

**By Brad Etlin  
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For better or worse, most countries are presently enduring some major economic restructuring. This is because states are becoming more cognisant of the potential economic opportunities that may be realized by removing barriers to trade. This new trend, known as trade liberalization, is occurring on a regional level, with countries striking bilateral and multilateral accords with one another, and on a larger scale, among World Trade Organisation (WTO) members.

Trade liberalization is already having a tremendous impact on economic activity across the globe. This is in large part a product of the WTO, which has created a lucrative global marketplace for the goods and services of WTO members. The Darwinian term "survival of the fittest" is suitable for describing the new global trading system because it allows top competitors to flourish while rapidly annihilating those that are unable to compete. This is particularly bad news for many small businesses that are already facing a tremendous amount of pressure from large corporate competitors.

Trade liberalization has the potential to increase the standard of living of those in both the developing and developed world, through higher income generation and job creation. Unfortunately, the economic gains resulting from trade liberalization are not being fairly distributed. This is evident given growing income disparities between developed and developing states and a widening gap between the incomes of rich and poor both within and between states. It is also evident that standard of living is now, more than ever, a product of how states are faring in the international marketplace. This is because with an internationally recognized floating currency system, the value of the Rand is reflective of the international demand for South African goods and services and investor confidence in South Africa.

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But domestic policy decisions can also influence the value of the Rand, which impacts the cost of imports and therefore the standard of living of South Africans.

Clearly, the corporate world has tremendous stakes in advancing trade liberalization. Gaining access to new markets means more business, and more business means higher profit-making potential. As a result, the corporate world is generally not interested in taking the time to consider the potential impacts of increased trade. So what does this mean for the state of the environment? Trade means development, and development, if excluded from the planning process, inevitably leads to environmental degradation.

But must international trade necessarily have an adverse impact on the natural environment? First, let it be clear that while some environmental problems are more local than others, none are confined to any specific geographic borders. This means that international efforts will be required to mitigate the impacts of trade on the environment. But what is the most effective means of concerting efforts in this manner?

As discussed earlier, there are many bilateral and multilateral trade agreements that exist in the world today; several of the biggest and most comprehensive agreements are between WTO members. Some of these include the Trade-Related Intellectual Property Rights Agreement (TRIPS), the General Agreement on Tariffs and Trade (GATT), and the General Agreement on the Trade in Services (GATS). At the same time, there are a number of multilateral environmental agreements (MEAs) that exist, including but not limited to the Convention of Biological Diversity (CBD), the Convention on the International Trade in Endangered Species (CITES), and the United Nations Framework Convention on Climate Change (UNFCCC). But much uncertainty exists as to the relationship between trade agreements and MEAs. If a WTO agreement conflicts with a MEA then which one applies? The WTO dispute settlement body (DSB) has a strict mandate to discourage member states from using trade barriers. This is at times problematic because these trade rules often do not afford states the flexibility that they require to protect the environment from any adverse impacts that may result from trade. The United Nations Environment Programme (UNEP) has expressed interest in assuming a greater role in helping to find solutions to trade and environment disputes. However, due to a lack of confidence in the United Nations system, it is unlikely that UNEP will assume any significant role in the near future.

Many environmentalists feel that it is simply impossible to balance trade and environment needs under the existing trading system. Certainly significant changes would be required to more effectively address the environmental impacts of trade. But perhaps where there is a will, there is a way. Thus far, the WTO has expressed its intention to change the way it operates so that the international trading system is able to protect, rather than undermine efforts to protect the environment. Yet no concrete steps have thus far been taken to formalize and/or institutionalize these intentions.

Mass protests in Seattle, U.S.A and subsequently in Davos, Switzerland, are two of several recent protests that successfully highlighted the problems that exist with the international trading system. While it is only recently that these problems gained the attention they deserve, proponents of trade liberalization will now find it difficult to make progress without addressing these underlying issues. This is a product of waning public confidence in the international trading system as it presently exists.

On February 8<sup>th</sup>, 2001, the WTO General Council announced that the next Ministerial meeting would be held in Doha, Qatar in November 2001. This meeting, and the World Summit on Sustainable Development to be held in Johannesburg, South Africa in 2002, are key opportunities for addressing these and other underlying issues.