



World Trade Organization Free Trade and the Environment

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Introduction

Signed at the Marrakesh ministerial in 1994, the Agreement Establishing the World Trade Organization clearly lays out the principles and bylaws of the WTO. The organization was founded primarily to achieve economic goals – expanding trade, improving standards of living, achieving full employment, and raising demand and production. However, after laying out economic goals, the charter changes course to speak of protecting non-economic goods, such as the environment. This suggests that a deep concern for the environment is engineered into the very structure of the body. Indeed, the WTO even includes a standing Committee on Trade and the Environment.

Yet critics both inside and outside the WTO argue that this written commitment is not reflected in WTO agreements or ways of operating, and some argue that trade and the environment are fundamentally in tension. As WTO agreements strictly enforce trade liberalization, they leave little room for non-economic concerns. Without regulation, increased production releases larger quantities of fossil fuel pollutants, further degrading global environmental health. Furthermore, free trade forces companies to compete globally. This may create a troubling “race to the bottom,” in which all countries lower standards in order to lower the costs for businesses to locate in their area. Free trade proponents respond that the nations with the highest environmental standards in the world are also the wealthiest and most industrialized. Only once they are developed do countries have excess resources to apply to public goods such as the environment. By raising standards of living, free trade may lead to a greater concern for the environment. However, even this solution would not satisfy all interested parties. If environmental standards were to rise – either as a result of concerted effort now or as a **byproduct** of rising standards of living in the future – this would be harmful to countries that were still developing. If wealthy nations raise global environmental standards and expect everyone to play by the same rules, how will less developed nations ever catch up? Would this simply be another instance of the rich getting richer, holding the poorer countries back?

As delegates to the World Trade Organization, it is up to you to sort through these issues and come to a **consensus**. You must balance the concerns of developed nations and those lagging behind. In addition, you must decide how to achieve free trade and economic growth without selling out the long-term health of the environment.

byproduct—a secondary or unintended result.

consensus—a general agreement or understanding.

Explanation of the Problem

The State of the Environment: Cause for Concern

There are a number of indicators that suggest that human activities, especially those related to industry, have a negative impact on the environment. The earth offers a home to live a healthy life, the means to earn a living, and the food and water on which we depend. Damage including global warming, land degradation and decreasing biodiversity, and water pollution, ultimately threatens all human life on the planet. Global warming refers to the measured increase in global temperature, approximately one degree Fahrenheit over the last century, the warmest the earth has been in the last 10,000 years. Slow increase in the global temperature is normal, but the overwhelming majority of the scientific community agrees that the rapid increase in rate of temperature change in the last century is due in part to an increase in carbon dioxide **emissions** in the atmosphere. These greenhouse gasses, released as by products of burning fossil fuels such as oil, increase the amount of heat trapped by the earth's atmosphere and result in a rise in the earth's temperature. The problem is real, and there are many reasons to devote resources to curb global warming. The US environmental group the Sierra Club reports that ten of the hottest years on record are within the last 15, and 2005 was the warmest year on record since measurements began. These increases are expected to rise within the next century, with estimates set at an increase of between three and ten degrees Fahrenheit. This rapid and dramatic increase in global temperatures threatens to melt polar ice caps and increase sea levels, destroying low-lying human habitats. Climate change and severe weather are also blamed on global warming due to fossil fuel usage. Heat waves such as the one that resulted in over 10,000 deaths in France in 2003, hurricanes, floods, tornadoes, and reduced agricultural yields can all be blamed on the manmade increase in global temperature. Land degradation, deforestation, and decreased **biodiversity** are major environment problems caused by development that ignores the value of natural resources.

Biodiversity, the variety of plant and animal life in an area, is threatened when habitats are destroyed. This can happen through deforestation, when forest is turned into farmland, or when non-native species are introduced, either on purpose for agricultural reasons or accidentally as the result of trade. Biodiversity is itself a resource with economic potential for commercial development, and though it may not be immediately clear what economic benefit a certain species may have, protecting the variety of species is an important goal. Species are becoming extinct at an alarming rate. The World Resources Institute estimates that 100 species per day become extinct because of tropical deforestation, but it is a problem by no means limited to tropical regions. Land degradation is similarly alarming, and can result in natural disasters like mudslides

emissions—*release of gas into the atmosphere*

biodiversity—*different organisms and plants found within a geographic area.*

as well as play a role in lower agricultural yields and famine. Water is one of our most precious and necessary resources, though in the developed world it is largely taken for granted. Pollution from agriculture and industry can threaten water sources, and overpopulation or inadequate sewage and water treatment can stress water systems and lead to scarcity. According to the Global Water organization, over 40,000 people die every day from diseases directly related to drinking contaminated water, which often carries diseases and pathogens that attack bodies already weakened by malnutrition and stress. Even in developed countries water becomes an issue when it is scarce or when industrial pollution threatens public health or the fishing industry.

The Impact of Unregulated Commerce

Although scientists may debate the finer points of the environmental crisis, they all seem to agree on one thing: humans are the primary cause. The changes began with the Industrial Revolution and have accelerated in tandem with the expansion of industry. Carbon dioxide emission from the burning of fossil fuels is generally accepted as the main driver of climate change. The creation and transportation of goods create this negative externality and lead to an over-consumption of the world's natural resources. Unregulated free trade exacerbates this problem by increasing the flow of goods around the world. As new markets open up, production increases as does the distance goods are transported. Environmental regulation increases the cost of production, making goods more expensive to create. Without strong regulation, companies have little incentive to produce in an environmentally conscious way. Instead, the pressure to protect the bottom line by lowering costs encourages pollution and resource consumption – resulting in the growing global environmental crisis.

Many are concerned that free trade might also lead to a “race to the bottom” in environmental restrictions. Free trade forces companies to compete with firms around the world on a level playing field. Without tariffs to make foreign goods more expensive, domestic producers must lower costs. Countries with high labor costs, such as the United States, are forced to innovate in new sectors as their heavy industry moves to countries with cheap labor. A race to the bottom would occur if nations lower their environmental standards in order to make their domestic industries more competitive. This would allow them to produce goods more cheaply and have a competitive advantage over producers in similar industries in other countries. Standards would spiral downwards, creating a vicious circle. The most extreme theorists argue that even the loosest regulations would be lowered until all environmental regulations were eventually lifted.

Global Attempts to Save the Environment

Governmental regulation has been successful in some areas of environmental protection, through national and local movements to protect wild areas, clean up polluted waterways, and pressure government officials to enforce environmental regulations. In the international arena, some regional policies in Europe have been successful in curbing air pollution, and the **Kyoto Protocol** have aimed to curb greenhouse gas emission to help reverse the effects of global warming. While some key states, notably the United States and Australia, have failed to sign, there is recognition that in matters of global resources an international response is appropriate.

The modern environmental movement arose in the 1970s and a number of environmental agreements have been signed since then. Arguably the most important, and certainly the most extensive meeting about environmental issues was the UN Conference on Environment and Development held in Rio de Janeiro in 1992, often called simply the “Earth Summit.” This conference resulted in the Framework Convention on Climate Change, the forerunner of the Kyoto Protocols calling for reduced greenhouse gas emissions from developed nations. The summit also produced The Rio Declaration on Environment and Development; Agenda 21 about sustainable development and laying out action to be taken at all levels of governance to prepare for the 21st century; The Convention on Biological Diversity; and the Forest Principles. The summit showed major international support for and underscored the importance of environmentally sustainable development. At the same time, some criticized the Earth Summit for allowing business leaders to “greenwash” their reputation, paying lip service to environmental concerns to seem “green” and environmentally friendly, but doing little to actually change environmentally destructive practices and policies. The summit also drew criticism for establishing environmental issues as separate from trade issues, hindering the likelihood of trade, tax, and tariff policy changes necessary to effect real changes in environmentally destructive practices.

The Kyoto Protocol that emerged from the Earth Summit are an example of one of the most effective international environmental agreements to date, despite the failure of some key countries to sign on. The Kyoto Protocol, created in 1997 and entered into effect in February of 2005, calls on the world to reduce emissions of greenhouse gasses by 5.2% compared to 1990 rates. Most of the cuts in emissions come from developed nations who agree to either cut their own emissions, or engage in emissions trading. Emissions trading allow those for whom it is easiest to reduce emissions to profit by selling their ability to cut emissions to those for whom it would be more expensive and **cumbersome**. The US, the biggest per capita carbon dioxide polluter of all industrialized nations, has failed to ratify the treaty, and thus its emissions targets

Kyoto Protocol—an international agreement ratified in 1997 to reduce carbon emissions.

cumbersome—slow-moving

non-binding. Some American politicians criticize the treaty for failing to create binding emissions targets to developing nations, but former President Bush's primary reason for failing to ratify the treaty was that it would unduly burden the US economy.

The Position of the WTO Charter

Since its founding, the WTO has been conflicted about its stance on environmental protection. The organization's primary function is to facilitate free trade in order to improve economic conditions around the world. However, the introduction of its founding document argues for: "allowing for the optimal use of the world's resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development." Many within the World Trade Organization proclaim that free trade and environmental protection are not necessarily opposing goals. Trade may reinforce the environment by raising standards of living, combating the pollution of poverty, and strengthening international relationships. Of course, research shows that the negative impact cannot be ignored.

The WTO strictly enforces its rules on free trade and is governed generally by the principle that nothing should stand in the way of trade. However, it does allow for some exceptions. Broadly speaking, there is an umbrella clause that allows countries to take action to conserve exhaustible resources or protect human or environmental health – though it is unclear how this would ever be enforced. More specifically, member nations may grant subsidies for environmental protection. The key principle is that countries may not take action in a discriminatory manner. That is, they cannot enact measures that are more stringent on foreign producers and trading partners than domestic producers.

WTO Rulings on the Environment

However, these policies do not seem to solve the clear overlap between trade and environmental agreements. Without the ability to threaten import restrictions or tariffs on non-compliers, environmental agreements would seem to be very difficult to enforce. Also, what happens when a domestic law or multilateral environmental agreement conflicts with a free trade agreement? For instance, if the United States passes a law that allows only gasoline of a certain quality to be sold to reduce air pollution, may it restrict imports on lower grade gasoline or is this in violation of free trade agreements? The General Agreement on Tariffs and Trade (GATT), the precursor to the WTO, ruled on a case very similar to this in 1990, and ruled that the United States was in violation of global trading rules. It forced the United States to reduce emissions standards for gasoline imported from certain Central American

countries.

The WTO has issued a number of other rulings on environmental cases brought before its dispute resolution board, again with mixed results. The WTO upheld the United States restriction of shrimp imports from countries that were not doing enough to protect endangered sea turtles. However, the WTO initially ruled against the United States, arguing that the trade ban violated global trade agreements. This caused a great deal of outrage among environmentalists, as the US ban seemed to be a great example of a country taking action to protect the environment. A 2001 ruling upheld a European ban on products containing **asbestos** in order to protect human health. However, a 1998 ruling prevented the EU from banning beef treating with hormones in the United States.

asbestos—*mineral materials that had previously been used in houses but are no longer used due to their cancer-causing effects.*

Recent Developments

The Trade Energy and Environment Conference

On October 22, 2009 the WTO held this conference at their headquarters with a theme entitled, “Global Challenges at the Intersection of Trade, Energy and the Environment”. The purpose of this conference was to discuss how governments can embrace energy alternatives and ways in which to make existing facets of energy such as petroleum more eco-friendly. Trade policy experts, energy specialists, and government representatives all converged at this meeting organized by the WTO. One of the main objectives of this conference was to bring all three groups environmentalists, trade experts, and energy experts all to the table to figure out how to maximize trade while decreasing environmental hazards. In his keynote address, WTO General Director Pascal Lamy asked some questions that as members of the WTO you should look to answer, “The core question I refer to is whether we need a new, more comprehensive global governance in energy. Following from this, if the answer is affirmative, is what the form and content of such governance should be and in what institutional setting. Finally, what would be the WTO role in this new energy governance? For instance, should the WTO adapt its existing rules or define specific rules to energy.”

The Copenhagen Summit

On December 7, 2009 The Copenhagen Summit occurred in Denmark. This meeting was the processor to the Kyoto Summit that yielded the Kyoto Protocol in 1997. The main purpose of the Summit was to discuss climate change and ways in which governments can help stop global warming. The outcome of the Summit was that all nations that signed it recognized that climate change is one of the most important issues existing in the world today and that strategies should be implemented that allow for no more than a 2 degree increase in temperature. In response to the conference, the WTO argued that more could be

done, especially in terms of carbon emission reduction.

NGO Perspectives

Heritage Foundation

As a Washington D.C. based think tank with the established goal to “formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defence”, the Heritage Foundation views international trade as a crucial foundation of American prosperity. The movement toward free trade, according to the HF, has created a high level of competition for improved products and prices across the globe, leading to higher paid jobs and increased welfare for citizens of the US. Additional benefits are counted to be increased savings and investment and the creation of new markets. The benefits of free trade, in the view of the HF, far outweigh most of the negatives such as environmental concerns. The HF states that without the benefits of free trade, many of the initiatives towards a greener future would lack funding and that there is not necessary any direct correlation between free trade and damages to the environment such as climate change. The national and international debate over trade-related questions is thus exaggerated and most importantly ignores the important benefits from free trade.

Center for American Progress

The Center for American Progress (CAP) is a progressive organization founded by both liberal and conservative thinkers and politicians and strives to improve life in America for those who want to achieve through hard work. Equalizing economic opportunity is thus their main agenda item and protecting this move toward equality from outsourcing and a world economy whose gains are evenly distributed. To that end, it has petitioned the World Trade Organization (WTO), the body you will be governing and that sets the trade rules, to stop allowing and actively encouraging very cheap exports to developing nations. WTO has in response promised to exercise this move by 2013.

Focus of the Debate

The Question of the Environment

Environmentalists remain doubtful of the efforts made by the WTO to protect the environment. They assert that free trade, as it has traditionally been constructed, and environmental protections are fundamentally in tension with one another. Accordingly, they believe that the WTO’s efforts to promote free trade either undermine its environmental

protection goals or are blatantly prioritized over the environment. But environmentalists believe that the protection of the environment cannot be sacrificed, despite the importance of trade.

Furthermore, environmental impacts are often only evidenced in the long run, making it difficult to measure progress in reaching the goal of environmental protection. Furthermore, corporations and government officials tend to focus on the short run. Rather than looking decades ahead, these individuals are concerned primarily with yearly profit margins and re-election campaigns. Because their short-term goals are often in conflict with more long-term environmental efforts, environmental concerns are often pushed to the back-burner in favor of these more immediate needs—for instance, the need to expand economic opportunities to disadvantaged parts of the world, and to raise the standard of living for the poor.

While environmentalists acknowledge the importance of these economic goals, they demand that regulations that will curb the environmental impact of these developments. They argue that the world cannot afford to have countries take environmental concerns into account only after the standard of living has improved. Environmentalists claim that the resources lost are irreplaceable, and that development that is *not* environmentally sustainable will be **detrimentally** to everyone in the long term.

detrimentally—
obviously harmful

Environmentalist groups argue that free trade arrangements like the North American Free Trade Agreement (NAFTA)—signed by the US, Canada, and Mexico in 1994—show that environmental protections are meaningless unless they rigorously enforced and adequately funded. For example, NAFTA provisions intended to ensure that **hazardous** waste created by American companies operated in Mexico would be cleaned up or removed have not been enforced, and, as a result of this negligence, pollution in the densely-populated border areas has increased, *not* diminished as some NAFTA proponents foresaw. NAFTA and the recently-signed Central American Free Trade Agreement (CAFTA) also contain provisions that would allow newly-enacted environmental legislation to be challenged as “barriers to trade,” for which companies would be able to receive monetary compensation. This clause weakens the ability to enforce environmental regulations, and further illustrates the ongoing conflict between free trade and environmental protection.

hazardous—*involving
or exposing one to risk.*

Increased Free Trade

Many WTO members believe that environmental protection is not their job, but rather that their primary focus is international trade. These individuals argue that environmental protection agencies and other groups are the correct forum for such discourse. They say that adding this type of discussion to trade talks would only complicate the

process and prevent agreement on core economic issues. Many also believe that commercial and economic interests should take precedence over environmental concerns. This is especially true for developing nations, who face a long struggle to raise standards of living for their citizens. Free trade raises incomes, promotes peace and good government, reduces the cost of living, and stimulates growth—why obstruct it? Instead, supporters of increased free trade suggest that free trade may actually *encourage* stronger environmental protection by raising standards of living around the world, as wealthy industrialized nations, such as those in Europe, have the highest environmental standards in the world. Only once countries have achieved a certain level of development do they have the excess resources to devote to non-economic public goods. Before that, they must pay for necessities such as basic infrastructure. This argument implies that anything that raises standards of living could eventually lead to greater awareness and increased action for the environment and public health in the long run.

Roger Porter, Harvard professor of business and government and an advisor to the Ford, Reagan, and George H.W. Bush administrations, argues that there is little evidence supporting a race to the bottom. He points out that environmental standards went up in Mexico following NAFTA, although opponents suggest that these improved standards may not actually be practiced.

Furthermore, increased standards of living that result from economic development brought on by free trade may alleviate another type of pollution—the “pollution of poverty.” According to the OCED Glossary, this term refers to “environmental problems that result from a lack of development rather than the development process itself.” In countries that lack basic infrastructure, poverty may be more detrimental to the environment than industry. The major problems plaguing the environment include a lack of clean water, insufficient food and housing, a lack of basic sanitation, and widespread disease. Rather than plaguing the interconnected global **ecosystem**, they are location-based. As a result, they receive less attention from environmentalists—but still should not be taken for granted. Free trade may alleviate this form of pollution by raising standards of living. However, opponents maintain that poor nations are helped only marginally by free trade, and that the system remains biased against them. Countries that stand to benefit from free trade, but do not enjoy the luxury of established wealth and development likely support these views. The United States has also drifted into this camp at times, especially when it is asked to take a disproportionate share of the burden.

ecosystem—the combined chemical and biological components of a specific environment.

Developing Countries Disadvantaged

The strongest advocates of environmental regulation are the wealthiest, industrialized countries. These nations tend to have the

highest environmental standards in the world, as they have the resources to devote to such goals. European countries are leading the charge, though they have broad support in the developed world. The United States may be slower to join the cause, as evidenced by the Senate's failure to ratify the Kyoto protocols. But typically, as nations become wealthier, they are more likely to support non-economic concerns such as the environment.

However, developing countries, such as those in Africa and some parts of Asia, point out that they are greatly disadvantaged by environmental regulations, and therefore are strongly opposed to them. When the current world powers were expanding their economies, they did so without restriction. Now that these countries have achieved a sufficient level of development, they are now restricting other nations who are just starting to grow their own industries. Developing countries argue that this double standard is incredibly unfair, as the ultimate impact of these regulations is to undermine developing nations' competitiveness in the world market. Some extreme thinkers suggest that wealthy nations *want* to prevent developing economies from competing with them, and that these regulations are mal-intentioned. Regardless of intent, these regulations would almost certainly slow the growth in developing countries' economies. But for developing countries, commerce and free trade take precedence over the environment.

Moreover, developing nations also point out that they rarely have a stake in creating the regulations that will be imposed upon them. Instead, they are forced to abide by the standards made by others. The Harvard Center for International Development calls them "standards takers rather than standards makers." Furthermore, as these countries lack infrastructure, scientific expertise, and funding, they have difficulty enforcing agreements—even if they support them. In their attempts to expand their economies, developing nations ask wealthier countries to provide aid through technical assistance, capacity building, and funding—but they also ask to be exempted from environmental regulations tied to trade or at least held to lower standards. The environmental cost could be viewed as an investment, helping to create more advanced economies, larger markets, and increased environmental standards in the future—but it could also be viewed as a problem, fueling the destruction of the environment's natural resources on the way to achieving those goals.

Possible Solutions

In order to solve this problem, you are encouraged to think creatively about this complex issue, as you will need to effectively reach a compromise that considers a variety of opposing perspectives. One major tension you will have to resolve is what happens when free trade

agreements conflict with domestic laws or multilateral environmental agreements. The following are a number of possible solutions to consider.

Incorporate Environmental Provisions into Free Trade Agreements

The most ardent supporters of the environment have called for the incorporation of environmental provisions into free trade agreements. As **multilateral** environmental agreements and multilateral free trade agreements tend to be negotiated by the same nations, it might make sense to negotiate the two at the same time. This could be beneficial to the environment, as it would give environmental agreements an enforcement mechanism; for example, if nations do not abide by the provisions of the environmental treaty, they could face trade bans that would cripple their economies. However, opponents of this idea point out negotiating both types of agreements would be nearly impossible because of their incredible complexity. Furthermore, many view trade restrictions as an overly harsh enforcement mechanism, which could also be misused to support some countries' hidden agendas. Finally, while this idea might allow for increased discussion of environmental issues between countries, and also create an effective enforcement mechanism, it seems unlikely that the majority of the WTO would approve of such a system.

multilateral—
*participated in by more
than two nations or
parties*

Mandatory Environmental Reviews

A solution more likely to receive broad support would be to require environmental reviews of all multilateral free trade agreements. Outside environmental groups or more established international organizations—such as the United Nations or even the WTO itself—could be brought in to assess the environmental impact of all agreements before they are signed. This would increase the amount of information about the relationship between trade and the environment. In time, it would allow nations to compare agreements based on environmental protection levels, and would allow them to make more informed choices about trade. Furthermore, it would give concerned citizens a chance to hold governments accountable if they agree to environmentally harmful provisions. The obvious downside to this solution is that it would not itself remedy any environmental damage, but would simply provide more information about the scope of damage. On the other hand, monitoring environmental health, deterioration, or impact would require resources that many governments are currently unwilling or unable to provide, and could be an important first step.

Encourage Subsidies

Another solution would be to require nations to subsidize “green” policy proposals, such as renewable energy programs. Many

nations already do so, but great change could be effected if “green” subsidies were required of all WTO nations. Subsidies would combat the problem of pollution without bringing free trade agreements into the picture. If member nations agreed to fund such projects, it might help to reduce environmental damage. Also, nations could be encouraged to share findings and best practices to other nations, thus allowing for collaborative environmental protection. However, some are concerned that it might lower costs for some producers and violate the WTO provision of non-discrimination.

Packaging and Labeling Requirements

Many have called for the development of a standardized system of environmentally friendly packaging and labeling requirements. This system would place a label on all products that meet certain environmental standards for packaging and production. Referred to as “eco-labeling,” this idea has created great controversy. Proponents argue that it would give consumers choice to purchase products that are less harmful to the environment, and would force other producers to work to meet the requirements. Opponents argue that it would discriminate against producers in developing nations who cannot meet these standards without great economic costs. Critics also point out that these standards could be applied in a discriminating fashion if regulated by domestic governments. It would seem that an international system would be more favorable to a system that would be domestically-run., but this conflict brings up yet another issue at stake with this solution: a country’s sovereignty in determining its own rules and regulations. While many see the benefits of this possible solution, there are still a number of hurdles to overcome before an idea of this sort achieves wide approval.

The Tax Issue

Many nations issue taxes on domestic goods that are harmful to the environment, for example, on gasoline. However, when these goods are exported, taxes on these items may violate free trade agreements. Indeed, these taxes may force other nations to impose the tax as well. The basic issue is, should these taxes be transferable, or should they be lifted when goods are exported? WTO nations could call for the **standardization** of these taxes, but it seems unlikely that many countries would support such an action.

standardization—to conform or bring into the fold.

Ensure Sustainable Development and Market Access

Member nations must also decide what to do about developing nations. These countries are less capable of protecting the environment from industry, but they also face the scourge of the pollution of poverty. Many argue that developing nations should be ensured market access in order to ensure economic growth whether or not they meet environ-

mental standards. These countries believe developing nations should be exempted from any environmental agreements until they achieve a certain level of development and can therefore afford to consider environmental issues. Some argue that developing countries also should be given technical assistance, funding, and capacity building, while others suggest that these solutions—from extensively aiding developing nations’ economies and, more importantly, exempting them from environmental treatments—is discriminatory treatment and inequitable. Critics of the “exemption” idea suggest that it would undermine the competitiveness of more developed countries’ markets, ultimately penalizing various nations for opting-in to environmental regulations.

Maintain Status Quo

Finally, the WTO might choose to issue a treaty outlining the relationship between the environment and trade as mutually beneficial and placing trade as generally more important than the environment, thus maintaining the current state of affairs. Member nations might argue that current provisions are sufficient and laud the many benefits trade brings. This treaty could be informative and express the WTO’s opinion on the necessity of free trade. However, many in the environmental community would strongly oppose such a measure.

Questions For Policymakers

As with any complex issue, there are a number of questions you should address during your deliberations. Ultimately, your goal is to create a treaty that outlines member nations’ opinions about the environment. This treaty may include specific policy provisions, or might just give a broader sense of how the nations view the issue and what should be done about it. First, you should consider the basic relationship of trade and the environment. Are they fundamentally in tension or are there opportunities for mutual reinforcement? Next, you should consider ways that the environment could be improved while working within current guidelines for trade. Perhaps you will seek to overthrow some of these constraints and establish new rules for global trading with environmental protection in mind. What should happen when free trade agreements conflict with multilateral environmental agreements or domestic laws protecting the environment? You should consider how to protect the environment without harming the global economy. Finally, you must consider what to do about developing nations and how to achieve sustainable development while also maintaining equity and fairness.

Conclusion

It is undeniable that the environment is a precious resource that must be protected. However, environmental protection requires trade-offs, often by causing more inefficient production systems, financial loss, and a lack of competitiveness. For some nations, these costs are well worth the environmental gains to be made. But for others, like many developing countries, these burdens are too great, especially when economic growth is a higher priority. A new proposal based on the protocol to replace Kyoto, which expires in 2012, has been introduced by China at the recent Climate Summit in Denmark. This proposal is supported by several nations such as India, Brazil and South Africa, giving it some traction. However, it has failed to get support of any other developing nations, primarily because it fails to establish deep emission cuts and build targets for financing that would be earmarked towards combating climate change in rich developing nations. It is your goal in this conference to balance the equitable positives of free trade with many of the negative factors, particularly uncontrolled CO2 emissions by developing nations.

It is up to you to clarify the relationship between free trade and the environment. You should debate the issue generally and then come to consensus about what measures would strike the best balance between the two. Keep in mind that your agreement must have broad consensus so that member governments enforce it. The future of the world economy and the environment rests on your deliberations.

Guide to Further Research

As members of the WTO it is imperative that you research who your particular country has done to reconcile free trade and environment. Perhaps these domestic initiatives can be used by the WTO on an international platform. In addition, utilize the World Trade Organization website: www.wto.org. Last, keep up with current events on each on these subjects. Good luck!

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