TRADE AND ENVIRONMENT

Statement by the Delegation of the United States

There is a growing recognition in the world community that the problems facing our global environment require urgent attention and cannot be ignored. The question that we must face in this body is whether the GATT will be ignored in finding solutions to environmental problems. There is a real danger that this will occur if the GATT does not forthrightly discuss and deal with both perceived and actual linkages between trade and the environment.

Speaking from the personal experience of the past six weeks in Washington, I can tell you that there is no doubt in my mind that there are important linkages between environment and trade - and I have the scars to prove it.

Trade and environment policies are intersecting with greater frequency. The GATT needs to examine the manner in which these two policies intersect and to ensure that they do not work at cross purposes. In particular, we see a number of reasons why the debate we are having today, and hopefully which we will continue shortly in a working party, is critical.

Firstly, there is a strong sentiment within certain segments of the private sector, and in particular among environmental groups, that the GATT and free trade are inimical to a healthy environment. If these views persist, we risk a serious erosion of public support for the trading system. A practical example of this situation is presented by our recent debate back home on extension of fast-track. Had we not been able to convince a good number of environmental interest groups that we were sensitive to their concerns, the results of the recent votes in our House and Senate could have been different.

I would not attempt to prejudge the validity of all the various charges that have been levelled at the trading system. I do know, however, that certain apprehensions on the part of environmentalists about the GATT - though well motivated - are based upon a misunderstanding of the GATT system. The GATT has been in existence since 1947, and the Agreement on Technical Barriers to Trade (or Standards Code) has been around since 1979.
Yet, in that period, no United States law designed to protect health, safety or the environment has ever been invalidated by a decision of the GATT or the Committee on Technical Barriers to Trade. Indeed, no panel has ever ruled that our very high level of protection for health, safety and the environment contravened our GATT obligations. I believe that our fellow contracting parties have shared an equally positive experience. To me, this is persuasive proof that the basic principles of the GATT—such as the principles of non-discrimination, national treatment and transparency—are not inimical to health or environmental objectives.

Nevertheless, while a number of concerns raised about the trading system are based upon misunderstanding of the GATT, we can’t honestly say that we have given all of these concerns a full airing. We would hope that through further expert debate and analysis of the issues that have been raised we can forthrightly confront these questions. The discussion alone will go a long way towards showing that the GATT is not insensitive to the environment.

Secondly, at a more practical level, contracting parties face the need at national level to devise solutions to urgent environmental problems. In an increasingly interdependent world, these solutions will in many instances have implications for the interests of other contracting parties. In such a situation, it is critical that we have a clear understanding of how GATT rights and obligations relate to the options that governments face. In Ambassador Ricupero’s note for this meeting, he outlines a number of GATT provisions that are relevant to the debate. We could think of others. The important point, however, is to ensure that we understand what these provisions mean in relation to environmental instruments. Some might argue that that is what dispute settlement is for. However, the fundamental purpose of the GATT is to avoid disputes, not settle them.

Thirdly, at the multilateral level, we have seen an increasing number of international agreements on the environment that incorporate trade provisions. It is obvious that such agreements can have important implications for the GATT. However, at present the GATT has no systematic process for monitoring the progress of such negotiations, keeping the contracting parties apprised, and making appropriate input. The GATT holds a fundamental responsibility to make a contribution, within its areas of competence, to the international debate on environmental problems. We need to address on an urgent basis how to accomplish this objective. If we fail to do this, we run a serious risk that rules and practices will spring up around the globe in a manner that will create real and dangerous conflicts between two equally important and equally valid objectives of international co-operation—the goal of liberalizing world trade and the goal of ensuring greater protection of the earth’s environment. The first goal will help to reduce economic inefficiency, raise living standards and ensure a more peaceful world. The second goal is the only way to see that our future well-being, and that of our children, will be preserved. These two goals need not be mutually exclusive, but they can become so if governments around the world ignore the important and complex interlinkages between trade and the environment.
In summary, the United States believes that the relationship between trade and environment policies is an important issue and we need to decide in what manner the GATT can best approach it.

Therefore, we welcome and strongly support the objective of the EFTA proposal to examine the growing intersection of trade and environment policies. We agree with many others that it would be worthwhile to update the terms of reference of the 1971 Working Party, provided that this be done without delay.

The GATT simply cannot avoid dealing with these issues. Indeed they are already inserting themselves into GATT discussions and dispute settlement panels. The GATT will be far better served by addressing these issues in a comprehensive and direct fashion rather than piecemeal.

I believe strongly that the GATT has an enviable record - a forty-four-year record - of improving global wealth and enhancing human prosperity. It has done all this in a sound manner that recognizes the sovereign right to protect human health and safety, natural resources and the environment. The United States is not willing to see the GATT evolve in any other manner. We consider it important to ensure that governments do not use the environment or health concerns as a pretext to create new impediments to trade. On the other hand, we believe that the GATT's rules must continue to recognize the sovereign right of any government to protect its citizens on legitimate health, safety and environmental grounds. To us, this means that existing or new GATT rules should recognize the right of all governments to develop sound policies, even policies with inevitable trade implications, provided such policies are non-discriminatory and are not designed simply to protect domestic industries.

In short, we have to ensure a future organization of the world market (and let's all concede that we no longer live in a world of separate, independent national markets) which recognizes the sensitivity and the legitimacy of environmental policies. We cannot let the GATT become some form of "super court" that attempts to set national health, safety and environmental standards. I do not believe that this is the intention of any government - least of all the United States.

In Ambassador Ricupero's informal consultations we have sensed an openness to seeking a mutually satisfactory approach to this issue. We are convinced that with continued good faith efforts by all concerned, we can quickly come to a meeting of the minds on how best to proceed.