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The Trade-Environment Nexus:
Whence, Whither, Why and Wherefore

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An Introduction

The debate over linkage between trade and the environment continues unabated. The entire complex of debates over this most enduring issue grows more complex even as it seems to become more finely tuned. One consequence seemed only inevitable: no multilateral regulatory code exists, or appears likely to emerge in the foreseeable future. Neither is there agreement that there be such a code impingeing on trade; shaping, colouring, limiting or enhancing aspects of trade as the interests of the environment are deemed to see fit. In this maze of debates, then, nothing seems permanent other than perceived interests approximating to classical free trade and standard environmentalism.

The relationship between the two is of growing significance, and in constant flux. Recent events such as the creation of the World Trade Organisation and renewed imperatives for the Non-Aligned Movement add to the kaleidoscope of movements, motivations, interests and objectives. Meanwhile, the distinct and perceptibly fixed interests of North and South remain, buttressing a framework that changes only piecemeal if at all.

In the circumstances, there is a perceived need for a forum without preconditions, or at least a felt need for dialogue without presumptions. The two polar extremes of (voracious) unbridled free trade and rampant (protecto-)environmentalism are still very much in play: growth at all costs, regardless of environmental decay or some irreparable consequence; and restrictive- punitive legislation ostensibly for environmental protection, but which is certain to restrict trade and punish foreign traders -- while affording disguised protectionism to domestically-based transnational corporations. The two ends of this continuum have drifted further apart, and in doing so have created more grey areas in the widened spectrum between them.

Individual countries and their governments have hitherto opted for a particular position along that spectrum. That choice is determined by the particular state's perceived needs and interests, within reasonable limits. Those limits, honed by the consensus politics of realpolitik (the latter derived from an interdependent world), ensure that extremism is not the norm. However, it would be a mistake to overrate the prospect of inducing a multilateral convergence on a trade-environment linkage, simply because trade happens to be a multilateral activity.

Any attempt to rewrite the fundamental terms of trade on a multilateral scale would need to address several basic questions: Should sovereign states renounce the right to determine their own pace, trajectory and interpretation of development? Who should do the rewriting, and who would need to do the complying? And given that the available evidence is still meagre for asserting definitively that multilateral transboundary pollution or other environmental damage occurs on a scale comparable to some envisaged multilateral legislation, would such legislation (or even the agenda on which it is based) be necessary, useful or justified?

Factors and Vectors

Among the multitude of factors identified in this connection is the perceived increase in the ecological scale of export-led growth. This in itself is not a problem, either for trade or the environment, because it is too vague and general to be even an issue. To regard it as a problem seeking resolution requires that the subject be set within a more tangible frame, with specifics relating both to the areas to be considered and evaluated, and to the implications of export-led growth, both positive and negative.

There is also a dearth of adequate information and knowledge required for determining and influencing policy. Gaps in credible data exist, and this is not overcome with sweeping generalisations, rank idealism or spurious arguments. Particularly when the objective is reforming policy, it is incumbent on the lobbyist, campaigner or advocate to possess all the necessary information on all sides to persuade their opponents, policymakers and public opinion of the merits of their case, and not just profess the sentiment required for persuading fellow campaigners. A degree of public responsibility, quite distinct from a sense of self-righteousness, must apply.

Then there are the questions to follow any questioning of export-oriented growth: Is import-substitution necessarily better? Can the people in a country or region be persuaded to opt for import- substitution instead, and if not what should be done? Where would Europe or North America be today if not for export-led growth? Where will they be if they now abandoned export-led growth? Is Latin America better-off than South-East Asia for having opted for import- substitution? Are

relatively closed economies necessarily more virtuous or beneficial -- and if so, for whom? These and other questions not only need to be asked, but also answered.

What is regarded as a high degree of resource-based trade is also considered an issue. Some of this trade, but not all, depends on exploiting depletable resources. The level at which this trade is conducted is then seen as high, and unacceptably so. Again, there is a need for specifics on what are essentially value judgements and subjective impressions.

It is important to note some realities that pertain to resource-based trade. First, such trade has a limited viability in the development span of states, at least at any "high degree". Second, resource-based trade that is also export-oriented at a high degree and which happens to be environmentally unsustainable (depending on depletable or unrenewable resources) concerns only a few commodities. Third, with the onset of industrialisation in various stages, resource- dependent trade diminishes in relative importance, and then in absolute importance.

Growing regional economic integration is another issue. On its own, it is as likely to present opportunities as to pose problems. Much obviously depends on its linkages. Regional integration, whether by design or by default, does not necessarily impinge on the environment, or even immediately on the level or terms of extra-regional trade. What matters here is trade complementarity, not environmental issues per se.

Both regional economic integration and foreign direct investment may each give rise to hopes of inducing some multilateral environmental concerns. When such integration and investment rise simultaneously, the hopes may rise to unrealistic levels. Yet these hopes, however ostensibly well-intentioned, are little more than projections of expectations and extrapolations from speculation. Further, the more imaginative these interpretations become, the more is taken for granted, with much else assumed, thus veering ever farther from reality.

A relatively high degree of diversity in the social, economic and ecological domains is a neutral development with no particular proclivity for trade or the environment. Social homogeneity or diversity can equally spell trade success, as shown by Japan and the United States respectively. They can just as much be party to trade failure, as shown by various countries in the developing world. Economic diversity is a consequence of an increasingly interdependent world, particularly given the demise of the Cold War ideological contest. Ecological diversity is a feature of the natural world, and need not be linked with social, economic or some other diversity.

Any one or more forms of diversity is not necessarily a determinant of trade or environment issues, particularly when an entire panoply of determinants, sub-determinants, quasi-determinants and pseudo- determinants are already involved. The number of these determining factors have grown as the ideological conflict of the Cold War has subsided, and this is evidenced nowhere more than in the Asia-Pacific region. The principal results are growing regional economic integration and trade diversity, which cuts across different political systems. The question here then becomes: Will or should ecological diversity be linked in such a way as to limit this opening of political systems, economic relations, and trade compatibilities in the region? And, further, given that such limits are also being imposed through "social clauses" (e.g. labour conditions) in the WTO rather than debated in the ILO or UNCTAD, how would ecological linkage help matters for trade, or even for the environment?

It is clear that for both sides of the Pacific, external trade figures prominently in development matters. In the north-eastern corner of the region, industrial development has traditionally depended on external trade; this has, in previous decades, been replicated in the north-western corner. Today, the south-western corner is taking broadly the same route, being watched closely by

the south-eastern corner. The point remains that growth, and the development that derives from it, continue to depend on external trade (i.e. export-led industrialisation) for the regions and sub-regions of the Asia-Pacific.

This importance of external trade to the region derives directly from the importance of open trade in the region. It does not derive from any importance attached to restrictions or conditionalities placed upon open trade. This is where the trade-environment nexus, where a nexus is visible or perceived, appears most strained. The more important external trade is or becomes for a region, the more important it would seem to keep trade restrictions and conditionalities at bay.

From all indications, this position constitutes a regional consensus in much of the Asia- Pacific. The consensus may be more contiguous in some places than in others, but it is a phenomenon known to all. More importantly, it is a consensus -- or bond -- between not only governments, but also government and industry in the countries of the region. This is a formidable combination, particularly when the bond is largely shared by multilateral trade organisations. Any attempt to reform the status quo must rely purely on the power of positive persuasion, based on credible and relevant data. Anything less is unworthy of any cause, and would suggest that the effort itself is unjustified.

In the longer term at least, it is likely that the very openness of trade regimes in the region would afford a certain porosity of national regimes in such aspects as state priorities and perspectives. In this sense, the transmission of social concerns could occur involuntarily, i.e. through an osmotic process that is more organic (evolutionary) than mechanical (institutional). Such transmission may be slower, but the results would be more durable for that. However, this initial porosity of national regimes is not to be confused with any general porosity of national perspectives; neither is it a pliability of particular national policies or conventions in respect of unilaterally or externally-decreed quick-fixes.

Another feature of the region is the rapid rise in consumption, accompanying a similar rise in income levels. The former is a natural consequence of the latter, and is neither a boon nor a bane, necessarily. There is nothing wrong with rapid income growth, particularly if it is equitable growth. There is also nothing wrong with even increasing consumption, if it serves to fulfil legitimate needs -- and particularly given that legitimate needs exist in the still-developing regions of the Asia-Pacific. Increasing income and consumption levels are features of economic development anywhere. Problems arise when incomes are increasingly inequitable, or when consumption is needless, wasteful or too costly -- i.e., unsustainable.

For development, as distinct from growth, savings must also grow along with incomes, and must not be overshadowed by consumption. Consumption must also not grow disproportionate to incomes, to check inflation and to prevent economic unsustainability. In sum, neither growing incomes nor increasing consumption is the issue for sustainable development, nor should either be. Instead, what is at issue is: firstly, the rate of income growth relative to needs and productive resources; secondly, the rate of increase of consumption relative to incomes, savings and assets; thirdly, the equitability (or not) of income distribution as incomes rise; and, fourthly, the type of consumption, as distinct from the volume of consumption per se.

More generally, a vector often considered to be of pressing significance is the rapidly evolving "global trade and environment agenda," particularly with respect to its impact in the region. However, it would be more accurate to talk of distinct, if related, global trade and environment agendas. Even so, while there may appear to be a "global" trade agenda in the WTO, there is no single global agenda for the environment other than the proceedings at Rio.

There may be a handful of broad guiding principles in respect of trade and a trade- environment nexus, but nothing adequate to constitute a multilateral "agenda". The debates continue, positions still shift, perspectives require clarification, motives have to be ascertained, agreements still need to be reached, outlooks are still uncoordinated, the need for coordination is still arguable, and even decisive data remains unavailable. There is not, and there does not appear soon to be, any global agenda subsuming and linking both trade and the environment.

And even with a WTO-type trade agenda alone, important issues still need to be settled between countries and regions. The WTO, like GATT before, is essentially and unapologetically a trade organisation, not an environmental one. There is no question of either of them having to change fundamentally its mandate. And so long as they remain trade organisations, they will need to place trade matters before other considerations, where such a choice has to be made. The same applies for an environmental organisation when it has to place environmental considerations before all else.

In reflecting current concerns, the WTO preamble does address the need for environmental protection, but as a function of differing levels of national economic development. The World Trade Organisation therefore cannot be accused of not abiding by its mandate, or of ignoring political realities. In the circumstances, the competence of the WTO should not then be overstretched (1) to accommodate various extra-trading concerns. In several instances, the WTO would not be the best forum to consider these concerns. Furthermore, environmentalists might serve their cause better if they began by addressing political realities more pertinently, and by considering trading concerns at least as much as the WTO addresses environmental concerns.

Some Issues in the Current Debate

There is a near-characteristic weakness of several of the positions associated, directly or indirectly, with environmental concern. Because the concern issues not from trade interests but "other-than" (non- trade) interests and objectives that may constrain economic relations and skew their attendant political interests, it can fail to be fully cognizant of the prevailing political realities. There is, for example, an argument that freer trade facilitates closer environmental regulation across borders (2), while underrating how realpolitik is stacked against the interests of the developing world.

In the Uruguay Round for example, TRIPS (trade-related intellectual property rights) constraints act to restrict the flow of environmentally sound technology to the developing world (3). Yet increasing pressure is piled on the latter to abide by more stringent environmental standards. More generally, there is often also a blithe neglect of the questions of who should set the norms and regulations, and who would need to comply with them (4).

Further, such actions as eco-labelling have typically targeted the poorer countries. Already burdened by poverty, debt, low market prices, inequitable distribution, political instability (or alternatively, external strictures on democracy and human rights standards), and now increasingly trade conditionalities, countries of the South have had to accumulate continual pressure from the North. A partisan distinction is made, for example, between tropical timber on the one hand and temperate and boreal timber on the other, by interests in the North that unilaterally proceed to practise discriminatory eco-labelling against the South.

Such practices compel indigenous producers in the South to seek better information, technology and economies of scale for adaptation that their social and economic infrastructure cannot yet provide. These practices therefore disadvantage not only the poorer countries, but also the smaller producers in these countries in world markets traditionally dominated by larger Northern interests. A direct consequence is the licensing and promotion of world market dominance by the North, i.e. of the rich and powerful over the small and weak, in an increasingly inequitable world.

The discourse on harmonising environmental standards, or methodologies, further complicates a situation that has yet to receive its due clarification, if not also resolution. Deliberations on harmonisation, even within a region, frequently ignore or underrate the wide, operative diversities of culture, history, socialisation, value system, economic trajectory and growth rate. These diversities produce correspondingly disparate assumptions, perceptions, expectations, priorities and objectives, which in turn derive from quite different needs, interests, attitudes and approaches. Much of the difficulty, and impracticability, might also apply to attempts at harmonising methodologies.

Limiting the scope to the Asia-Pacific alone is no solution; this "basin" is perhaps the single largest geographical expanse on the map (5), incorporating various regions and continents, and comprising all the conceivable hemispheres: north, south, east and west, and North and South. To talk of sharing ideas is fine, and to conceive of compatible value systems may even be wonderful. For ideas and values to be meaningful, however, they have to be relevant, significant, applicable, acceptable and appropriate for any particular society and time.

No idea can be any of these if it can accommodate double-standards: for example, while it is common to talk of national resources as part of the "global commons", it is still rare to consider global markets as an "equal opportunity home" of all national producers, sans discriminatory rulings, or how individual states might enjoy "universal suffrage" in multilateral trade organisations. Moreover, any set of discriminatory rulings -- however justified ostensibly by circumstances -- would face much the same kind of difficulty (and impracticability) whether they originate from harmonised standards or from standardised methodologies.

Further, there is a not-uncommon distortion of world events in the pronouncements of various "multilateral" agencies, sometimes amounting to an inversion of reality. For example, the APEC Environmental Vision Statement (Vancouver, March 1994) states (6):

APEC economies recognise the inter-relationship among poverty, unsustainable patterns of production and consumption, population growth, natural resource depletion and environmental degradation, and the potential for regional approaches in addressing global environmental problems.

The stated ills are bundled together as complementary developments ("inter-relationship") seeming to issue from a particular type of polity, when in fact they characterise quite different hemispherical polities. Poverty is typically of the South, unsustainable patterns of production and consumption typically of the North, high population growth being of the South, and extensive natural resource depletion and environmental degradation being of the North -- since the mature industrial countries' earlier experience of industrialisation had already devastated their share of the green global commons. There is no interrelationship between these separate developments and phenomena as is commonly assumed.

Some pertinent questions at this juncture include: Which countries consume most of the world's resources and generate most of its wastes? (Answer: Countries of the North, at 80 per cent of global volumes. (7)) Which countries have the highest per capita consumption of the world's resources and per capita generation of its wastes? (Answer: Overwhelmingly countries of the North, particularly given their smaller populations compared to those of the South.)

Despite the growing significance of economic entities as distinct from states, and despite the global changes in geopolitics, multilateral organisations still deal in terms of state actors. This affirms the abiding value of the state as perhaps still the basic (but not the only) unit of multilateralism. And that, in turn, signifies the continuing importance of national sovereignty, the key element in

statehood.

Much as it is important to ascertain what sovereignty is and is not, and what it should or should not do or be, little appears to be understood about the concept -- perhaps because even less about it is generally accepted. The dissolution of familiar states in recent years, and the accompanying ascent of para-state or intra-state entities like ethnicity and sub-nationalism, further complicate the picture. However, that is not to demean the sovereignty of independent states, or to make studies or measures based on statehood any less meaningful.

A significant portion of the environment-trade debate revolves around what should or should not pass as a "sovereignty issue". Both sides tend to accept that a legitimate sovereignty issue should be settled in the favour of the sovereign state in question, since in a democratic world all sovereign states have equal rights as states. The debate then hinges on what is or can be acceptable as a legitimate sovereignty issue. Environmentalists tend to narrow the scope of sovereignty claims, and free traders to widen them -- since most states seek increased market access abroad, against restrictions imposed by other interests externally.

Principally, national sovereignty is the right of an independently-administered state to exercise free will in the conduct of affairs affecting itself, so long as that prerogative does not impinge unreasonably on the rights, interests or affairs of other entities beyond its jurisdiction, whether or not these are sovereign states. Next, sovereignty anywhere should be respected everywhere. Third, sovereignty permits a state to promote vigorously its products for export no matter how they may be produced in that state, but does not allow any other state to impose restrictions that forcibly compel the exporting state to curtail, abort or alter its production volume or methods.

This then explains why environmental groups in the North, for example, have embarked on a two-pronged strategy of lobbying their governments to take unilateral (restrictive) action, and pressing multilateral agencies to the same end. Unilateral action by individual states can succeed only for the strong and powerful against the weak and poor. This could slip into a North-South confrontation or "new divide", as a substitute for the Cold War (8). Like non- governmental organisations, multilateral agencies -- including those comprising states as contracting parties -- can claim no right whatsoever to impose restrictive measures on anyone based on "sovereignty".

An agglomeration of states as members in a multilateral agency does not amount to the sovereignty of a single, even the smallest, state contracting party for the agency's aggregate entity. This explains why existing multilateral agencies can move only in the general direction willed by the interests of their constituent states, albeit largely by the interests of their principal constituents -- which tends towards freer trade -- and are ever-wary of efforts that might divert such movement. It also signifies the futility of ever attempting to construct a new multilateral agency for the sole or principal purpose of implementing trade conditionalities and restrictions. (Such an agency, if ever it was considered, would only be a pact -- however covertly -- between certain partisan NGOs, with a parochialism that further delegitimises their actions.)

Despite the seeming intransigence of both extremities in the trade-environment debate, some interest groups are not so readily defined as being in any opposing camp. That less of the debate is actually as polarised as it appears is grounds for hope of joint progress, but that possibility is not to be confused with ready compromise. The first implies a certain middle ground occupied, or that may be occupied, by third parties; the second requires a malleability in standing on the part of archetypal interests that is still quite remote.

There is, then, a certain contiguity in the continuum. However, even to hope for progress on trade-environment relations in any particular direction is to presuppose that such change is desirable or

necessary in the current status quo position. That assumption is not part of any multilateral consensus, despite various official pronouncements by trade agencies in support of the higher synthesis of sustainable development.

The phrase "sustainable development" is itself a problem. Since 1987, in response to the Brundtland Report of March that year, the term has become common currency among all interest groups. And like common currency of any denomination, it is widely sought-after, and the more it is used the more it is devalued. Rather like democracy, everyone endorses it, only that it means different things to different interests. Perhaps not unexpectedly, like all (other) forms of religiosity, it has deteriorated to a point of deep schisms papered thinly over by a common term.

The enduring differences between interest groups notwithstanding, there is already agreement in areas where agreement is an immediate imperative. There are, for example, clear regulations against the use of scheduled poisons in foodstuffs or the sale of shoddy or unserviceable merchandise. Contravention of these rules constitutes an offence, for which the legal penalties and the rationale for them are generally well-understood, transparent, interest- free, legitimate and accepted.

Regulating these basic practices are laws implementing bans, which are quite distinct from such measures as eco-labelling. The latter qualifies a wider range of product contents or production methods, which include areas that are less transparent (in the way they are qualified) and more subjectively defined. A result is lesser acceptance of their modus operandi, and even of their being. Another result, in the harsh world of realpolitik, is that any restrictive legislation that is implemented becomes a tool of stronger governments acting on behalf of richer producers of the North, against their competition in the South.

In a multilateral world, sanctions seldom work -- if only because the targetted country enjoys trade on several multilateral fronts. There are other problems for trade conditionalities, including external attempts to impose limits on domestic pollution levels. The majority of environmental standards concern domestic localities, such that national sovereignty is readily and not unjustifiably invoked in protest. The difficulty in fair and legitimate legislation is compounded by such realities as varying degrees of sulphur present, when that depends on the proximity of regions to volcanic soils.

Further, it has not been agreed that standards should be harmonised between North and South, whether in the present or at some stage in the future. Even if there is such agreement, a consensus on the modalities for arriving at common standards could remain elusive. Again, harmonising the implementation of those standards is quite another matter, with its own set of difficulties. Then, penalties for infringement would require further multilateral agreement. No consensus at any one of these various stages can be assured, while the whole exercise is likely to strain relations and constrict trade (9).

Product measures are also more difficult to comply with than packaging requirements. Production methods pertain to more basic processes, such that product measures impose a heavier burden on producers through greater demands on technology, capital costs, and other factors of production. There are also more alternatives available in packaging materials and processes, while fewer alternatives exist for production methods.

The imposition of certain product measures on producers in the South could also curtail fledgeling or smaller-scale industries in the South, while serving to promote competing alternative products from the North: Malaysia's experience with the United States includes natural-versus-synthetic rubber, and palm oil as set against soyabean oil. Much of the foregoing applies to direct attempts to harmonise industry standards, as well as efforts to standardise methodologies for evaluating

production methods. Another fact of economic life is that, whatever the implications, only rarely do environmental regulations within the same industry harmonise across different countries (10).

Regional Issues in Sustainable Development and Trade Liberalisation

In a trade-environment debate often characterised by competing or conflicting interests between North and South, some key questions are sublimated in mutual perceptions and remain unasked. Among them: Would not promoting sustainable development, on the terms in which it is presented by a Northern polity, in effect trigger, perpetuate or exacerbate the dominance of Northern interests in multilateral arrangements and bilateral relations? The empirical evidence thus far is that it would, whereas nothing assures any party that it would not.

This truism is generally accepted, such that liberal reformists in the North now place their arguments in the context of having to secure joint discussions on arriving at more widely acceptable terms. However, it is still rare to find agendas for such discussions being arrived at jointly. Given this situation, even the terms of the discussions have been loaded by the organisers in the North.

In the Asia-Pacific in particular, such partisanship could aggravate the forces of divisiveness to distance East Asia from the Americas. This is not only a geographical divide, but also one of culture, history, social ethic, industrial competitiveness, growth rates and attitudes to trade reform. The Pacific is the world's largest ocean, linking or dividing several quite distinct and disparate regions. The fact that certain regions happen to border on the Pacific is no reason for assuming that they share common interests, inclinations or destinies (11).

For the countries of Asia and more generally the South, sustainable development is a universal virtue and desirable goal -- so long as it does not come packaged with unilaterally- prescribed trade-related environmental demands. Increasingly, governments are also realising that sustainable development is both legitimate and necessary in assuring continued development and environmentally-friendly trade. However, even where one definition of sustainable development can be accepted universally, it still covers a wide field of concern and endeavour.

It is a wide field with many corners and angles, some of them legitimate and widely agreeable and some not. The point is to expand agreement on them, which could be equated with harmonising various unilateral perspectives multilaterally. It is a difficult challenge, given that perspectives derive from interests which are still quite disparate.

Sustainable development also supposes that other forms of development are unsustainable. In practice, unsustainable patterns of development pertain to national or cultural lifestyles, and not the conduct of individual collectivities called nation states. Yet trade conditionalities target national economies, threatening the welfare and sustainability of states, instead of the wasteful cultural or social patterns. What is therefore at issue is the per capita levels of consumption and pollution in countries, and not the individual countries as "state actors" as such.

In blurring the role of the state as the unit of calculation in multilateral trade conditionalities still further, interest groups (including states and advocacy groups) in each South and North do share certain values and aspirations. To deny this demeans the importance of both trade liberalisation and environmental concern, caricatures and distorts the true situation, strains relations between South and North, and might even contribute to environmental degradation and trade restriction. To appreciate it, without illusions, is to be able to begin the long trek towards both increased trade and improved environmental protection.

To obscure further the value of states as the prime unit in shaping trade terms, both governments

and environmental NGOs of the South share certain key values and aspirations. The same can be said for both governments and environmental NGOs of the North, particularly in recent years. The "fault-lines" between South and North (in the Asia-Pacific, largely between West and East respectively) are already being drawn, awaiting only the next seismic tremor.

The question might then be asked: How does the position of the South typically relate to GATT and national sovereignty? (Answer: by seeking and facilitating more open markets for its products it is GATT- consistent, and by avoiding political adventurism it is well within the bounds of national sovereignty.) Another question: How is the position of the North typically in relation to these? (Answer: By periodically attempting to subvert GATT provisions -- and even the spirit of GATT with TRIPS, TRIMS and TREMS -- it is not GATT-consistent, and in extending its jurisdictional reach unilaterally it contravenes the spirit and essence of the national sovereignty of others.) (12)

Essentially, trade liberals in the Asia-Pacific will want to ask: How to make sure that NAFTA stays at least as open as APEC? Relative closure in any one market is generally bad for the other, and can be regarded as discriminatory and anti-GATT cross-regionally. Similarly, it should not serve the interests of any regional market to be more closed than another. And if countries really believed in the merits and virtues of free and open trade, they should not regard any relative impermeability of their own regional market as an advantage.

Put another way, Asia-Pacific trade liberals would want to ask: How to make sure that any trade-restrictive or trade-qualifying measure enacted in APEC would not be more extensive or comprehensive than in NAFTA? Introducing more restrictive or demanding measures in APEC may render APEC-only countries more vulnerable to the trade measures of countries in both APEC and NAFTA, at least on a bilateral basis. Yet any perceived "competitive advantage" by the latter through such a discriminatory relationship may not accrue, while much valuable goodwill so important to better trade relations is almost certain to be lost.

NAFTA and APEC necessarily operate on separate sets of product and trade schedules, with only certain items that may be common or where practices might overlap. With a discriminatory arrangement between them, perceptions of unfair treatment (in APEC-only countries) are likely to be larger and more widespread than actual discriminatory practices on the relevant products merit. And given that the "competitive advantages" gained or thought to be gained through a relatively closed NAFTA may not be worth the loss in goodwill, trust, and commitment to multilateralism in APEC, such discriminatory regionalism is merely a means of losing trade friends without necessarily influencing people. The steady consolidation of close and convivial trade relations accumulated over years is crucial for improved trade; this being an ethic that also characterises one side of the Pacific (East Asia) from the other (the Americas).

For countries of the South, and particularly for the developing economies of East Asia, free and open trade lies at the core of their very being. It is not only a means to greater profitability as for countries of the North traditionally, nor is it solely an ideological cause as for the West (typically during Cold War confrontation), because it lies at the heart of notions of regional and national security, and of national sovereignty. Unilateral efforts to tamper with it in East Asia from outside the region are an invitation to scorn and suspicion, and even to figure as a threat to national security -- and to be treated accordingly.

Put succinctly, trade conditionalities, as they have evolved so far at least, are seldom if ever worth the political, economic, diplomatic and other costs attached (13). Their eager formulation typically neglects careful consideration of their intrinsic worth or extended costs. Even where a less direct approach is taken to standardisation, based perhaps on the assumption that growing regional integration might ease or foster a certain uniformity of perspective, the demands imposed may still

lead to a deterioration of trade relations (14).

For the administrative (governmental) and NGO communities of the South, even an organisation that deals generally with trade issues like the WTO is an unsuitable forum for presiding over trade conditionalities (15). It follows that APEC, with a mandate for improved economic (particularly trade) cooperation, is even less suited to consider such conditionalities that are more likely to restrain trade than enlarge it. Free trade requires a heuristic approach because it is an absolute that does not exist in practice, such that it is as important to avoid its curtailment on any ostensible rationale as it is to enlarge its scope on environment-friendly terms.

While it is said that the trade community (specifically, GATT) has the onus of clarifying those circumstances that legitimate trade restrictions (16), the environment community should equally be obligated to clarify its case. (It might even be argued that the latter has the greater obligation, since it is the party advocating changes in the status quo.) Northern interests would also need to put their own house in order, particularly on their commitment to equitable free trade (17). It should also be remembered that there are no limits to the demands of some environmentalism, which may extend to autarky, veganism, new-age self-denial and even beyond.

The mandates for both the WTO and GATT lie elsewhere. Neither of these institutions has the competence, capacity or jurisdiction to handle environment issues, much less environment-trade issues. Nor do other multilateral institutions like the IMF and the World Bank, although environmentalists may wish to see their lending criteria amended. As much as environment-friendly trade and sustainable development are of increasing importance, they are not so crucial as to redefine the purpose of all multilateral institutions everywhere.

Meanwhile, relations between the interests of North and South will continue to be strained, if not deteriorate further, given the interested pressures being mounted on producers in the South by way of trade-related conditionalities. The "social clause" baggage has accompanied the shunting of criteria on labour conditions from the ILO to the WTO, which is as unsuited to handle the matter as it is to preside over environmental concerns. As a trend, this does not bode well for South-North relations, as it only adds to existing injustices and inequitabilities.

So-called "trade-related" intellectual property rights matters were introduced into GATT not to liberalise trade in any related product or service, but to create monopolies for transnational corporations at great cost to the public interest, economic welfare and national policy of developing countries. The intellectual property rights issue alone covers a gamut of goods and services, more notably such sectors as pharmaceuticals and biotechnology (18). As a start, such partisan concepts and vocabulary as "PPM" (process production methods), "eco- dumping", "social dumping" and "cost internalisation" should be banished from trade discourse. NGOs in the North genuinely committed to social betterment could contribute to joint action on reform, and demonstrate good faith, by endorsing such moves.

Much of course depends on the wording of provisions, since terminology in charters constitutes both form and substance. Terminology, in turn, derives from the conception of provisions and the involvement of the different interests party to their formulation. This implies that much more work remains to be done, even on the ground rules for the most basic principles. It has been suggested, for example, that "cost internalisation" be applied to both North and South (19). But would interests in the North be prepared to pay more for imports from the South (e.g. forest products), for better conservation and waste disposal practices when relocating in the South, or otherwise subsidise production in the South? The empirical evidence from a competitive industrial world does not encourage that thought (20).

As things stand, the stark reality is that it is far easier for the interests of the North to force changes in the countries of the South than to transform their own consumption habits and consuming lifestyles. This is typically done through multilateral organisations like the WTO, since Northern interests exert considerable and disproportionate leverage in them. This cannot be a substitute for needed reform, particularly since it only compounds the difficulties of the South in overcoming myriad problems in the development process.

The trend is not encouraging for the social upliftment of the South. Neither does it encourage the trust and confidence of the South in calls from the North for sustainable development. Sometimes, even the promised means for aiding the South achieve such goals are denied. Only eighteen months after Rio, and particularly at meetings of working groups of the Commission on Sustainable Development, Northern interests had already reneged on the commitment (at Rio) to provide "new and additional resources" like technology to enable societies in the South to achieve sustainable development (21).

The United States, for all its economic and technological resources, leverage in multilateral agencies, and habit of applying trade conditionalities on others, has yet to abide by any of the provisions in UNCTAD's "set of multilaterally agreed equitable principles and rules for the control of restrictive business practices" (22). This latest round of administrative lethargy and double-standards merely echoes previous practices on such trade matters as intellectual property (23). Naturally, it strains South-North relations still further, besides delegitimising calls for environment-related trade reform. The current situation is largely a product of unilateral quick-fix solutions for immediate short-term gain for partisan interests.

Following the conclusion of the Uruguay Round, there is talk of a "green round" among Northern entities. This notion, mooted by US and EU quarters and some Northern NGOs, should be examined closely in the interests of the South. Such a proposal has no multilateral legitimacy if it is not endorsed equally by the South, and it cannot have the endorsement of the South if it does not value Southern interests equally. Much depends on how such programmes are conceived, presented and implemented. They should complement and consolidate, not duplicate or contravene, the agreements reached at Rio.

Divergent Interests, Dissimilar Perspectives?

The Asia-Pacific meta-region is particularly intriguing for the future of South-North relations. This is the arena where the interests of North and South interface most vividly, given the predominance largely of US and Japanese (Northern) interests and the interests of rapidly industrialising (Southern) developing economies in East Asia (and soon, also parts of Latin America). In time, the former might be joined by the East Asian NIEs as those industrialising economies mature, and the latter by the countries of Indochina and certain parts of Latin America as those economies become more fully integrated into the Pacific-based meta-system.

The Asia-Pacific is also undergoing an intriguing period in terms of trade conditionalities and reform. Quite apart from the sets of bilateral linkages between China, Japan and the United States, largely Northern interests are coming together to formulate and implement trade conditionalities largely for the South. This may be a natural course for established industrial economies to take when faced with cut-price competition, but it is not legitimated just for that.

Further, Asian (Confucian-based and Austronesian-based) culture and habits occasionally come into cognitive, sensate and policy dissonance with their Occidental/Anglo-Saxon (US, Australian and Canadian) equivalents in the Pacific Basin. The former is typically characterised by less formal, non-legalistic and fairly uninstitutionalised modes of interaction (e.g. ASEAN), and the latter with the

opposite (e.g. NAFTA). These differences have surfaced in joint projects like APEC, but usually less overtly than not. They can be expected to colour joint discussions on issues like trade and the environment, to which the evidence over eco-labelling attests.

For its part, the South is still in the stages of mining its natural resources, and remain more abstemious in its work habits and production methods. This is as much a natural course for poorer economies still new to the demands of industrialisation and the rigours of rapid growth. The confluence of these two trends, cultural and economic, produces the expected impact on trade and development for a growth- centred South in the Asia-Pacific.

The view from the South may be that there is no demonstrated or justifiable need for harmonising standards, or even for coordinating methodologies. By now its perspective -- incorporating governmental, corporate and NGO/environmental interests, subsumed in the larger development interests of the South as distinct from the privileged and established interests of the North -- is fully aware of the need for adequate environmental safeguards to facilitate sustainable development. If societies do not yet apply stringent environmental standards wherever necessary, it is not because they enjoy living dangerously or profit from unhygienic habits, but because they lack access to funds, technology, training, education and the rest of a social-economic infrastructure that can readily be incorporated as primary development aid from the North.

Environmental crusaders from the North should first identify specifically where liberalised trade constitutes a threat to environmental standards, before prescribing acceptable conduct and demanding immediate compliance. Credible evidence from reliable and disinterested data would be helpful, as are cooperative efforts with agencies in the South. The solutions to identifiable problems should then not be to restrict trade, but to channel the needed resources to help improve environmental standards. In this way, environmental concerns will not be regarded necessarily as anti-trade or pro-protectionism, and might thereby even obtain additional sources of funding from trade agencies and the corporate sector for projects that could accommodate a correspondence, even synergy, between open trade and environmental care.

Developing countries do not relish being left behind by the North on environmental standards, if only purely for self-interests. In any country regardless of economic standing or political system, the largest and most immediate beneficiaries of proper environmental safeguards would be the domestic population, including the elites. Where developing countries are still less developed on environmental action, they will not want to remain the environmental backwater or dumpsite of a rapidly modernising world. They are certainly not going to remain "developing" (underdeveloped) indefinitely.

Natural resource-rich countries also tend to be poor countries, partly because the wealthier, industrialised countries of the North have earlier depleted their natural resources. For their part, the resource-rich countries of the South regard these natural deposits as a comparative advantage in the development stakes, particularly when they have yet to develop institutional resources like skilled labour (training), professional expertise, managerial skills and capital. Such natural resources as forestry also need not be curtailed if they are renewable -- i.e., properly managed and controlled, with adequate replanting.

An associated problem lies in the lack of specific and credible information on such matters as what constitutes adequate forest cover for sustainable development (24). Currently, Malaysia enjoys 56 per cent original forest cover, and 70 per cent if cultivated tree crops (technically also forests) are included. This is among the highest figures for any country anywhere, and compares favourably with the 27.6 per cent overall in the world (25). (Malaysia has called for global reforestation such that by the year 2000, at least 30 per cent of the global land mass will be under forest cover. It has

unilaterally pledged to maintain 50 per cent of its own land area under forest in perpetuity. (26))

There is no dispute over matters concerning environmental absolutes, where excesses are generally legislated against domestically. However, beyond that certain minima of observable practice, relative standards tend to be a luxury item for a developing South. In the proper perspective, relative environmental backwardness in the South is a product of general economic backwardness. It does not represent the same kind, or scale, of neglect as seen by the double- standards practised by the United States. Conversely, when developing countries overcome their economic and general backwardness, standards also rise on all fronts, including the environmental. (This however has not mitigated interest groups in the North from exploiting the general lack of information to skew the debate and launch scaremongering offensives. (27))

The graphic correlation between environmental standards and economic development is the "environmental Kuznets curve" (28). This curve applies in such areas as pollution rates and levels of deforestation (29). In the development process of societies, there is not one but several (micro-)Kuznets curves, comprising a larger curve spanning centuries. The apex of each micro- curve corresponds to a particular phase in econo-societal development that places particular burdens on the environment: shifting cultivation, cash cropping, urbanisation, heavy industrialisation/logging (See Fig. 2). The environmental Kuznets curve(s) applies broadly to all societies, regardless of history, culture, politics, current level of economic development, or hemispherical affiliation.

Any direct correlation between economic growth and environmental concern in a growth- oriented society may be weak, but an indirect link appears more evident. As societies develop economically and then socially and legalistically, more sophisticated institutional frameworks are formed that contribute to the development of a civil society. The growth of a civil society (and middle-class) engenders certain societal values and institutional practices more consonant with those of mature industrial societies. This has been the experience of the West, or North, and the evidence thus far from the newly industrialising societies of Asia roughly corresponds to this pattern of societal development. There may be occasional setbacks from policy failure or administrative oversight, but the general pattern applies.

A problem with trade conditionalities and classificatory requirements, including nominally innocent measures like eco-labelling, is that they are easily prone to abuse. With only slight modification, they can effectively degenerate into a non-tariff trade barrier. They are also difficult to implement equitably and confidently. Malaysia's experience with Austria, for example, is one of mandatory eco-labelling with an implicitly pejorative (discriminatory) stamp on tropical timber, but not on the temperate or boreal equivalent. (While 53.2 per cent of the world's forested area consists of tropical forests, they account for only 20 per cent of world timber production. (30))

Furthermore, on an industry basis, while tropical timber for construction may be labelled accordingly owing to its origins, equivalent practices are not applied to other construction materials or their production methods. These and other partisan practices serve to distance North from South, and to fuel bitter resentment in the latter at being manipulated, exploited, and denigrated. For the South, the necessity for labelling is not immediately apparent, particularly as there is still insufficient information on issues like absorption rates and the relative environmental value of tropical (as compared with temperate and boreal) forests to warrant discriminatory, tropical-only labelling. (While the debate over global warming continues, the Club of Rome expects that no hard evidence on the phenomenon will be available for another ten years. (31))

Among natural resources that are non-renewable and exhaustible, petroleum ranks among the most widely exploited. Its use further pollutes the environment with massive carbon emissions over the long term, it has a very brief use duration, and it is non-recyclable. (Compared to petroleum, timber

is far more environmentally benign in being non-polluting in use, with a long use duration, is replenishable with replanting, and is recyclable -- as in the conversion to wood chips, pulp, etc., which are again recyclable.) Yet there is hardly any transnational tumult over the oil (or related auto) industry, as compared to other, South-oriented industries like tropical timber. Double or multiple standards where the rich and powerful hold sway in multilateral regimes seem already to be at play, even in the initial stage of conceiving of certain industries as problematic and requiring constraints.

The sad experience of some countries of the South saddled with institutionalised pressure on environmental issues is a poverty trap. Constraints placed on their production or sourcing methods require additional and unavailable resources to placate and overcome, thus further burdening their productive capacity while also straining their resources for administering environmental quality. This has befallen Cuba, the Dominican Republic and to a degree India, and the continued indifference of the North to their interests and welfare is likely to guarantee a wider application of this fate.

Unilateral efforts by Northern interests to introduce more environmental regulation and stringency in multilateral organisations, aimed particularly at the South, can expect to meet continued resistance indefinitely. The view from the South at least is that APEC is a far from suitable medium for such regulation. However, rejecting its application in APEC is not rejection of its value or need as such, provided that its formulation and implementation are truly multilateral, non-partisan and equitable. Equally, adoption in a forum like APEC is no guarantee of success in implementation, or in anything desirable in particular.

There is an obvious need for more discussion, information exchange, resource flows, and accommodation of differences in perspectives. Above all, it is still a very diverse world of economic attainment, and a very uneven playing field. Through exchanges and dialogue, better understanding can be reached on all sides. It is important, for example, to understand that product quality should not be confused with environmental quality. To do so may only be providing a cover for protectionism, without any necessary gain for environmental protection.

It is also important for Northern publicists to appreciate that institutionalisation processes and over-legalistic measures place additional strains on the South's limited resources, particularly when such institutional frameworks and familiarity with them are generally lacking in developing countries. To keep track of developments and to attend each environment-trade conference, officials have to be selected, trained, educated, constantly informed, and then connected to a global network of colleagues, resource persons and organisations. Where such measures and processes are necessary or inevitable, sufficient time should be given before all parties can settle down to them comfortably and competently. An organic process of institutional unfolding may be slower, but it is likely to be more acceptable and durable.

Such previously agreed-to conventions as GATT provisions on non-discrimination should be observed, particularly given the development disadvantages of the South. Foreign investors (particularly but not necessarily those from the North engaged in the South) should heed the constraints and requirements of the local authorities where they operate. This is more than just general civility or diplomacy, as it also implies better working relations and respect for sovereignty.

Unilateral, and even sub-multilateral (non-unanimous, or "GATT/WTO - X") efforts to specify, institutionalise and implement discriminatory labelling are still inequitable, impracticable and undesirable for free(r) trade. If Northern interests persist in targetting Southern producers, the latter might retaliate in kind: for example, in food labelling based on Islamic (or Jewish) precepts, which require a pork-free diet and the ritual (halal, or kosher) slaughter of animals for meat and

meat products. This labelling exercise is already standard or mandatory practice for local meat in many Muslim countries (including, but not necessarily, de jure Islamic states), which number prominently among the more vocal members of the South.

In an increasingly ethnically sensitive world, the practice could spread to any or all the religious traditions. Hindus would require meat and meat-related products they consume to be labelled free from beef, and nobody could rightly deny them or any other group such demands. Inequitable market treatment of the different ethnic groups could spark a separate controversy, or worse. Vegetarians would in turn require products to be labelled free from meat and meat products.

In all these cases, not only the product contents but also the additives and preparatory and packaging materials and processes, including the cooking oil, other emulsion or solvents will have to be tested and guaranteed free of the proscribed meat and its by-products. Even more severe demands would be made by vegans and fruitarians in all food, beverage, and other related products commonly available at all food outlets. The same may apply to a whole range of cosmetics, toiletries and pharmaceutical products, including medicines. (Many Muslims for example already avoid alcohol-based cosmetics.)

Domestically, it requires only minimal administrative effort in many Muslim countries to extend the existing labelling practice on meat and meat products to the entire range of food, beverage, pharmaceutical and related imports -- or curtail these imports on (to believers) unassailable religious grounds. Whether or not this will be accepted under GATT rules is another matter; when done collectively by the various religious and other belief-system communities of the world, most of which are in the South, relations between North and South could take another turn for the worse.

Even minority groups resident in countries of the North could make similar demands. Where dietary proscriptions apply, they can extend beyond food, beverage and pharmaceutical products to include all consumer items, including leather goods, clothing and furniture upholstery, and the production and packaging processes of virtually any commercial item. (Pigskin leather items, for example, do not sell in Islamic countries.) From a ban on goods derived from animals that have been killed cruelly, it is only a short step to a ban on all goods derived from animals that have been killed at all. The latter would subsume the former and make better administrative sense in implementing the ban, and would no doubt be endorsed by Mahayana Buddhists and other vegetarian groups. While it can be argued that it is more barbarous to kill an animal cruelly, it can equally be argued that it is barbarous to kill an animal unnecessarily -- especially when synthetic substitutes abound.

If institutionalising a taboo by labelling imports is seen as a non-discriminatory measure, it is only because as a multi-edged sword it cuts all ways. It does not discriminate against anyone in particular, because it stands to discriminate against everyone equally. Such a measure enacted anywhere could pry open a whole Pandora's Box of tricks. Labelling, no less than overt (tariff or non-tariff) barriers, is open to retaliatory action of like kind from any quarter.

Some Possibilities

Despite mounting pressure on the South to comply with a growing panoply of conditions for trade, no particular agenda on the environment has been set (32). There is still no fait accompli, not even in the WTO, to exact more demands from largely Southern interests. A result: the debate, the campaigning and the lobbying continue with eager anticipation among Northern interests.

The parochial concerns of single-issue interest groups aside, a pressing global concern is to narrow the economic disparities of nations in the interests of world development. Apart from the inherent virtues of eradicating poverty, malnutrition and disease and of liberating human potential, world

development is also sustainable development in acting as a guarantor of sustained healthy relations between nations. As an important step in this direction that may be taken now, responsibility and participation in environmental work can be equalised among countries, if according to each their affordable means.

A further measure is for all to ensure, jointly, that the basic needs of all nations are met: without compromise. Without even the barest necessities of civilised development, there cannot be a case for sustainable development worth arguing. Genuinely committed agencies in the North should provide free access to all necessary information and technology for the development of the South. (The figures seem daunting: for example, countries in which the world's richest 20 per cent live have had economic growth 2.7 times that of the poorest 20 per cent. (33))

North and South are equally obligated, however, to prepare their societies to break from social conventions that hinder or obstruct the realisation of sustainable development. Wherever possible, this break should include encouraging decisions by local communities at the point of need, rather than by powerful bureaucracies of any type. Local communities could also be encouraged to be more analytical and assertive in helping formulate and implement national development plans.

Another measure is to work on how sustainable development, consensually defined, can be realised in its fullest sense by all nations and other interested parties. There is an overriding need to cut over- consumption and the over-generation of waste in the North, in both per capita and absolute terms. (The North, as only 25 per cent of the world's population, receives 85 per cent of the timber, 83 per cent of the income, 75 per cent of the metals, 70 per cent of the energy, and 60 per cent of the food. (34)) As a measure of intent, the countries of the North should and can do more to transform their wasteful lifestyles.

Essentially, a "cooperative approach" entails consensus at every stage of policy formulation and implementation. At the very least, constructive inputs should be forthcoming from all interested parties on an equitable basis. Just as no interested party should be neglected, none should be permitted to dominate the proceedings or follow-up processes either. No truly multilateral effort can afford to be anything less.

A combination of measures would need to be tried to secure more sustainable forms of development all-round, with an emphasis on carrots rather than sticks. (Much of this initiative would come from the North, with their greater resources, leverage in multilateral institutions, and demonstrated eagerness for environmentalism and sustainable development.) Carrots help open a country politically and socially; sticks tend to close a country economically, and then also close it politically and socially. A classic example today of the greater persuasive power of carrots is the People's Republic of China, where the promise of multilateral assistance has secured the most promising response yet from any government on Agenda 21 -- among other work, 50 proposed projects for sustainable development (35).

The following points attempt to encapsulate some needed measures:

* Remove technology and intellectual property rights constraints from multilateral organisations like the WTO and APEC, which restrict environmentally sustainable production in the South. This would at once liberalise trade and assist environmental protection. With the requisite political will, this could virtually be achieved anytime.

* Although energy consumption in the South is still low compared to the North, it is rising in the South while the more conservationist-minded in the North (though still not the general public) have successfully curtailed their own consumption. Promote, from North to South, any available,

appropriate and affordable energy-efficient techniques, with little or no technical dependence. Use of less efficient technology and equipment constitutes current practice, and may perpetuate a dependence of the South on the North. The key is energy efficiency, not use reduction per se, since the developing world may have many new and vital uses for energy in the development process. Energy efficiency would allow a more optimal use of resources for maximum returns (36).

* Promote the use of renewable energy resources in the South, not fossil fuel philosophy, technologies or equipment. The former would include forms of technical innovation that can easily and economically be modified and adapted for local needs.

* Open new market sub-sectors in environmentally-friendl y goods produced in sustainable ways, as an addition to existing market sectors that are not restricted on environmental (or other such) grounds. These new sub-sectors may enjoy unprecedented benefits or assistance, such as counter-trade arrangements and zero tariffs or even subsidies. (The issue of subsidies for tropical timber, so that less will be produced for higher prices, has been raised elsewhere by the South.)

* Offer environm ent-friendly research grants, exchange schemes, and sim ilar assistance for innovative and environmentally-sound ways to produce and pack goods for various market sectors. Within societies in the North, resources for education, training and publicity should be offered to help consumers transcend their wasteful lifestyles. Further, structural adjustment programmes for this purpose could also be aimed at the North (37).

* Interests in the North should consider more seriously and sympathetically the position and perspectives of the South. The South has hitherto had to contend with the position, perspectives and preferences of the North quite disproportionately.

* Re place environment concerns as such with wider h ealth concerns. The environment would be subsumed by health, which would in turn cover other pertinent areas like toxic chemicals, hazardous wastes, narcotics, and food additives. This would cover all countries equally, in both South and North, and remove any taint of double-standards anywhere.

* If trade-related environment standards are found to be necessary, they should apply more to countries with the highest per capita consumption of resources and per capita generati on of wastes. They should not apply to all countries un iformly, since countries vary in size (population and area) and type (economic need, climate, topography, culture and history), and are presided over by governments of different styles, strength, persuasion, etc. Since pollution also affects each person individually, it is the per capita consideration that should matter more than the implicitly assumed "per country" mode.

* Focus standardisation and remedial action on errant industries of the North, as the world's major players and trendsetters, not on countries of the South. Environmentalists in the North attempt to restrict damaging production in the North by aiming ("first") at industries of the South as a soft target, which in reality means targetting the countries or governments of the South. This obliqueness amounts to a skewed process that is dissipative, ineffective and often counter-productive, creating double-standards and alienating others.

* If there i s to be eco-labelling, it should come in different g rades of environment quality such that countries with higher levels of consumption and pollution per capita should have higher tolerance levels for less-environment-friendly goods by allowing more of the different grades to enter their markets. This would at once serve both as an incentive to societies in the North to curtail their wasteful consumption levels, and a deterrent to societies in the South against emulating the North's wastefulness. When high per capita levels of consumption and pollution prevail, it is futile to focus

on production -- the opposite end of the market process -- by eco-labelling, which penalises mostly producers in the poorer countries.

* Encourage all countries concerned -- whatever their size, economic status, political system, etc. -- to take an active part in deciding on trade-environment issues in all multilateral fora. Again, the requisite political will is critical. Fur ther, question critically whether and to what extent the trade-environment nexus is justified, useful or worth considering.

* Genuinely interested environmental NGOs in the North could also contribu te in their own ways to the larger process. First, they should distance themselves cl early from vested corporate interests in the North (e.g. in all protection ist-type m easures), then attack these interests more vigorously for their speciousness and duplicity. Second, they should join their counterparts and other agencies in the South to campaign together for sustainable development with justice, including rejection of partisan concepts and language advanced by Northern interests.

* Engage in a genuinely multilateral process of trade regime-building. This would take several steps:

(i) De-link trade protectionism and environmental protection, such as in removing trade conditionalities related to environmental issues.

(ii) Address environmental concerns separately from trade per se, but more cohesively and comprehensively among those concerns themselves (and not just in punitive terms), for perceived non- compliance with agreed safeguards.

(iii) Develop a wider range of issues in environmental concerns, and distinguish more clearly between them individually: rates of reforestation, levels of development and of dependence on natural resources, etc.

(iv) Develop in greater depth and detail the various issues linking development and the environment. Question the rationale and the motive forces for the linkage. A richer debate generally makes for fewer sterile controversies.

The seeming trend of targetting the South does not lend much hope of improved South- North relations, much less an equitably derived formula for multilateral agreements. While there is a danger of transforming North-South incompatibilities into a self-fulfilling prophecy of hemispherical conflict, that danger should also not mitigate the vigilance of the South on that prospect actually developing through unilateral moves from the North. Since interests in the North, however varied, are generally perceived as the initiator of polarising currents, the onus is on them to begin reversing this trend.

But the variations of interests in the North can sometimes be overplayed. Clintonomics for example is notably prone to social liberalism, but also an economic illiberalism that merges the interests of environmentalists, protectionists, and domestic industry set against perceived competition from abroad. And while environmentalists in the North might impose tough standards on their home industries as well, these standards are likely to make those industries more competitive over the longer term. It has been argued that while tougher standards may initially raise costs, they also induce technological advances that later reduce costs -- for the better developed industries of the North (38). The net result is a convergence of interests in the North against those in the South, which still lack the material, technological and vocational resources to join in the convergence equally, however much they may want to.

The real world of vested interests presents four basic problems for environmentalists to overcome

before they can proceed meaningfully. First, countries enter into international agreements only when they can gain at least as much as they might lose. Second, multilateral norms allow for only national practices that do not conflict with international agreements. Third, harmonisation and standardisation require an equivalence in interests or a uniformity of values to begin with, in a world that is still very unequal. And fourth, for all their professed concern for animals and plants, environmentalists seem quite unconcerned about the welfare of human beings in the developing world, whose plight could be worsened if some of their demands are met.

Without a satisfactory resolution of these points at least, much of the rest is merely academic. Without even recognising these issues as key obstacles to their cause, green reformists would simply be greenhorns. Free traders have less to say, being already busy enough doing what they do. They have the tougher job of holding the fort.

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ISIS Malaysia is an organisation that professes no views and advocates no policies. The opinions expressed in this paper are entirely those of the author, and should not be taken as institutional endorsement or official positions.

September, 1994

Notes:

(1) Address by the Malaysian Minister for International Trade and Industry, at the "Brainstorming Session on the Trade Agenda of the 1990s", Kuala Lumpur, 5-7 September, 1994

(2) Zarsky, L., "Lessons of Liberalization in Asia: From Structural Adjustment to Sustainable Development", Report to the Asian Development Bank Office of the Environment, July 1993

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(6) "APEC Environmental Vision Statement", APEC Ministers Responsible for the Environment, Vancouver, 25 March 1994

(7) An average percentage figure of all the world's resources consumed, and wastes generated, continually; Khor, M., "Trade and Environment: A Conceptual Note", Third World Economics, No. 86, 1-15 April 1994

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(11) J.D.B. Miller states quite succinctly:

The Pacific is a notional construct except in its capacity as a body of water. The fact that a country faces on the Pacific does not, in itself, provide any common interest with others which do the same.

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(14) Keatley, op. cit.

(15) "Why WTO is Unsuitable to Manage Trade-Ecology Link", Third World Resurgence, No. 45; see also "The World Trade Organization, Trade and Environment", op. cit.

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(17) ibid.

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(19) French, H.F., Costly Tradeoffs: Reconciling Trade and the Environment, Worldwatch Paper 113, March 1993

(20) Asian Rare Earth (Japan) faced problems in its operations in Malaysia over public protests by local residents in what the latter regarded as reckless dumping of toxic wastes. As a consequence, ARE decided in 1994 to cease operations and returned to Japan.

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(34) Rufin, op. cit.

(35) Window on the World television documentary report, RTM-2, Malaysia, 11 August 1994; see also Chen, X. and Wang, W., "China's Own Agenda 21", Choices, Vol. 3, No. 2

(36) "Developing nations need to optimise energy efficiency," and "Energy wastage can cost country RM20bn," Lashvinder Kaur, Business Times (Malaysia), 8 November 1994

(37) 1992 Human Development Report, op. cit.

(38) "The Greening of Protectionism", op. cit.

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