Region-Building and the Environment: The Role of the PECC

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Linda Low

Department of Business Policy
National University of Singapore

and

Tay Boon Nga

Department of Economics and Statistics
National University of Singapore

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The most distinguishing feature of the Pacific Economic Cooperation Council (PECC) is it is a tripartite organisation with representations from the government, business and academia from 21 economies in Asia Pacific. Because the PECC spans such a large expense of land and resources as

well as population and contains a diverse range of economies at various levels of growth and development, the scope and extent of cooperation in environmental issues could be enormous and rich. Moreover, the PECC can also be seen as a useful body to effect inter-institutional cooperation such as with the Asia Pacific Economic Cooperation (APEC) which is equally concerned with economic cooperation in the Asia Pacific region.

The paper notes while other international organisations appear to be have taken more serious and focused actions on the environment, the PECC can stimulate trade-environment debates among its members given that the strength is in its tripartite composition and strong research orientation. We conclude that a more substantive research agenda or work programme for the PECC on the environment could be incorporated in its existing task forces, fora and working groups. This, the PECC appears to be moving into as the Australian and Indonesian national committees of the PECC are initiating a proposal involving private sector participation to take a more serious, directed approach to envitonmental issues under its Trade Policy Forum in 1994. Nonetheless, this paper stresses that the PECC input is best in the area of research and networking, leaving the implementation, levying of sanctions and resolution of conflicts to other international agencies which have more resources and mandate to do so.

Region-Building and the Environment: The Role of the PECC

1 Introduction

The Pacific Economic Cooperation Council (PECC) is a tripartite organisation with representations from the government, business and academia from 21 economies in Asia Pacific. These economies represent a diversity in area and resources as well as in stages of development including:

1 developed industrial nations which are members of the Organisation for Economic Cooperation and Development (OECD) comprising the United States, Canada, Australia, New Zealand and Japan;

2 Association of Southeast Asian Nations (ASEAN) comprising Brunei Darussalem, Indonesia, Malaysia, the Philippines, Singapore and Thailand;

3 Latin American economies comprising Chile, Columbia, Mexico and Peru;

4 North East Asia and newly industrialising economies (NIEs) comprising China, Chinese Taipei, Hong Kong and South Korea; and

5 other developing nations comprising the Pacific Island Nations (PIN) and former Soviet Union.

These member committees of the PECC which reflect the tripartite spirit share their perspectives and expertise in search of broadly based solutions to the problems and issues of economic cooperation in the Asia Pacific region. It has several specialised task forces, fora and working groups which work on sponsored studies designed to achieve a common basis for policy consensus. The areas covered include trade and investment, economic outlook, human resource development, telecommunication, transportation and tourism, agriculture and fisheries, minerals and energy, and science and technology.

While there is no specific group on the environment as yet, environmental concerns pervade throughout all of the PECC areas of cooperation. In 1994, an initiative jointly pushed by the Australian and Indonesioan national committees of the PECC has begun to put up a proposal to have environmental concerns arising from trade more rigorously articulated. This group has been initiaed with private sector participation and it is scheduled to meet further in September and October 1994. It thus begins to look like trade and the environment is finally being formalised as A PECC concern.

This paper attempts to evaluate the present and potential role of the PECC in cooperation in environmental issues, particularly on provisions and codes relating to trade and investment which have tremendous impact for the environment. Because the PECC spans a large expense of land and resources as well as population and contains a diverse range of economies at various levels of growth and development, the scope and extent of cooperation in environmental issues would be enormous and rich.

Moreover, the PECC can also be seen as a useful body to effect inter-institutional cooperation such as with the Asia Pacific Economic Cooperation (APEC). This is a governmental body which is smaller than the PECC in membership (less Columbia, Peru, Russia and the PIN but includes Papua New Guinea with Chile to become a member by November 1994). It is equally concerned with economic cooperation in the Asia Pacific region. In the next section, we will provide a brief overview of the impact of economic growth, in particular, trade and investment on the environment. This is to enable us to tease out some issues of interest to the PECC to be discussed in Section 3. The final section will consider some policy implications from the PECC perspective.

2 Overview on the economics of the environment

A simple illustration of how a ruling of trade arbitrators from the General Agreement on Tariffs and Trade (GATT) on 16 August 1991 would drive home the connection between trade and the environment (Zaelke, eds, 1993, p 3). The GATT ruled that the embargo provisions of the US Marine Mammal Protection Act (MMPA) constitute an unfair trade barrier. The MMPA has banned the sale of tuna in the US from countries like Mexico whose fishermen killed more dolphins the US standards allowed. This tuna-dolphin ruling shows the growing clash between free trade and environmental preservation.

Free trade advocates want to harmonise environmental regulations to international standards just as they want to remove trade sanctions from environmental laws and treaties, such as the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol). Apart from the Montreal Protocol, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Convention on International Trade on Endangered Species of Wild Fauna and Flora (CITES) have incorporated trade sanctions to protect the environment. This creates a wolf-in-sheep's clothing fear among free trade advocates that trade is restricted in the name of the environment. On the other hand, environmentalists viewed the GATT tuna-dolphin ruling as a "smoking gun", proving the environmental insensitivity of free trade in general and GATT in particular.

The nexus between free trade and protection of the environment is complicated, involving an interplay between international and national law, national sovereignty, market economies and sustainable development. Inevitably, the nexus is widened to include sustainable development, environment and poverty (Jalal, 1993). Indeed, environmental protection as an international public good has become the best and most topical example for externalities and market failure. Whether the fear of free trade advocates of environmental regulation and the environmentalists' fear of free trade are logical and compatible, may be queried.

Indeed, if both free trade and environmental protection are the best practices and policies, can they be diametrically opposite and conflicting? (Bhagwati, 1993). Put another way, need there be a clash between the free traders and the environmentalists when they seem to have the same goal of human betterment? It is not comforting just to differentiate trade advocates as being outcome oriented and environmentalists as process oriented. Emotional terms like higher income as the holy grail and economic development as a false deity with monetary prosperity at the expense of ecological degradation, do not help either.

The problem is not helped or abated with increasing globalisation and technology which have magnified and complicated the transboundary and multinational scale and dimensions of the tussle. By 1992, events like the Earth Summit and the United Nations Conference on the Environment and Development (UNCED) have driven home the point that economic growth and expanding trade must be pursued "sustainably" that is, in a manner that does not degrade the environment. Environmental issues have become a prime international public good because of the externality effects.

3 The role of PECC in environment issues

The PECC founded in 1980 at the suggestion of the former prime ministers of Japan and Australia has the goal to identify and coordinate the components of Pacific cooperation and to establish pathways to enhance regional cooperation. As a non-government organisation (NGO), it enjoys tripartite participation. This underpins the practical, pragmatic problem response and solving approaches of business, industry and government with intellectual input and research from academics in a consultative, consensus-seeking and policy oriented manner.

While its task forces, fora and working groups have evolved with considerable preparation and justification to ensure relevance and focus on contemporary areas of concern across the Pacific, a conspicuous absence seems to be a group on the environment. Actually, an effort as made in 1991 to form a specialised group on the environment while acknowledging that many other PECC work groups do have some sectoral or special interests on environmental issues. But given the modus operandi of the PECC where a "champion" to lead a new study group in terms of focus, direction and funding is a vital ingredient, the attempt was not too successful at that time. The arguments then include the duplication of efforts by other work PECC groups especially those in trade and investment, agriculture and fisheries and minerals and energy. However, it must be stressed that it was the active interest and work of such existing groups that precluded a separate group on the environment rather than the dismissal of it as an unimportant area that explains why there is no individual study group on the environment in the PECC.

As the PECC Trade Policy Forum is the main vehicle for the study of trade and investment issues wherein environment are likely to be found, we shall examine the its efforts in drafting an Asia Pacific investment code in 1993.

Asia Pacific investment code

In 1992, the Australian PECC committee had initiated a study on harmonising international law to benefit trade, business and investment in the Pacific Basin. However, this effort looked more into the rationale and anticipated benefits of regional cooperation and harmonisation in international trade laws, sources of assistance and expertise available and the potential of regional networks and periodic reporting. Among the international trade laws and international instruments which the Asia Pacific region could adopt were several United Nations conventions (like Vienna Sales Convention, UN Commission on International Trade Law,) those on intellectual property (Berne Convention, Universal Copyright Convention, Rome Convention, Geneva Phonograms Convention) as well as conventions on commercial dispute resolution, laws of treaties and recognition of qualifications. But the environmental concern is not specifically articulated or identified.

The spirit of the draft Asia Pacific investment code was not to impose uniformity but to encourage more consistency in a regional approach that is transparent and voluntary. The responsibilities noted included transparency, most-favoured-nation (MFN) treatment, establishment and national treatment, monetary transfers, nationalisation and compensation, performance requirements, taxation and investment incentives and dispute resolution. Again, the impact on the environment and provisions for its protection were absent.

In this regard, the PECC seems to be rather behind other international organisations in terms of the new trade agenda. The United Nations (UN), the OECD, the European Community (EC), The General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), the Canada-US Free Trade Agreement (FTA), and APEC appear to have taken more serious and focused actions on the environment, particularly on air quality. We shall discuss their efforts only with the intention to see what and how the PECC can supplement and complement these ongoing efforts without duplication and repetition.1

UN

The trade and environment debate emerged as early as in the 1970s as evidenced by the United Nations Conference on Human Environment held in Stockholm in 1972. With the creation of the UN Environment Programme (UNEP) in the Conference, the UN was formally involved in environmental matters. As an international air pollution monitoring network, the UNEP serves as centre for information, communication and coordination between governments. However, no specific recommendations could be given by the organisation because countries are reluctant to give the UNEP a strong mandate that may affect their national policies (Seigneur, 1987).

Two other UN organisations involve in air pollution controls are the World Health Organisation (WHO) and the UN Economic Commission for Europe (ECE). Though the WHO has issued recommendations on air quality criteria, it does not have the authority to enforce these standards. While the existence of the ECE signifies a recognition of air pollutant problems, there are no mechanism for the implementation of controls.

OECD

As a pioneer organisation recognising the needs for air pollution control, the Organisation for Economic Cooperation and Development (OECD) has initiated an economic approach for mitigating international air pollution. The approach assigned non-polluters the property rights to clear air. To internalise negative externalities, polluters compensate non-polluters for the right to pollute the environment. The OECD has reviewed various methods to implement the "polluter-pays-principle" but no specific schemes have so far been implemented because of the lack of authorisation for enforcement. Notwithstanding the inability to implement control policy, the OECD has made significant contribution to the environmental protection for its development of comprehensive program based on economic theory.

The OECD Trade Committee has initiated a new work programme in 1991 encompassing trade related aspects of environmental policy, competition policy, investment policy and technology/innovation policy (Feketekuty, 1992). The most urgent task identified was the use of trade measures for environmental objectives and the growing resistance of environmental groups to new trade liberalisation agreements in the belief that these erode or hamper national and global environmental objectives. The following trade and environment principles and concepts were considered which the PECC could also review in the context of its draft regional investment code:

- National treatment;
- Nondiscrimination;
- Transparency;
- Proportionality;
- Legitimacy;
- Polluter pays/user pays principle;
- Sustainable development;
- Precautionary principle;

- Life cycle concept; and
- Preservation of global environmental resources.

EC

A more successful example in international air pollution control is the EC. The EC has implemented certain pollutant limits or air quality for its member countries. Since strong political and economic association among member countries, and that control policies once approved are binding, the EC is given the mandate to effectively enforce air pollution controls.

GATT

The multilateral trade negotiations in the GATT had in the past been conducted with virtually no consideration of the environment impact. The main negotiators were large corporations and trade association and the governmental representatives had no mandate to address environmental issues. Environmental bodies were not consulted. However, the conclusion of the GATT Uruguay Round gave impetus to the Trade Negotiations Committee to draw up a comprehensive work programme on trade, environment and sustainable development. Other GATT efforts on protecting the environment include:

- Group on Environmental Measures and International Trade;
- 1992 Earth Summit;
- Agreement on Technical Barriers to Trade (which inter alia looks into product standards and packaging and labelling requirements);
- Agreement on Sanitary and Phytosanitary Measures (to protect animal and plant health);
- Agreement on Agriculture (reduced incentives for intensive farming);
- Agreement on Trade-Related Intellectual Property Rights (TRIPs) (exclude inventions from patentability if they are of serious prejudice to the environment;
- General Agreement on Trade in Services (GATS) (relationship between services trade and the environment including the issue of sustainable development); and
- GATT's publication of a report on "Industrial Pollution Control and International Trade" under its working group on Environmental Measures and International Trade (Han, 1994).

Several points may be noted in the GATT approach to environmental issues which the PECC may benefit from:

1 GATT principle of open nondiscrimination;
2 Conviction that there need not be any conflict between environmental objectives and trade policy objectives;
3 Multilateral trade rules do not present an unjustified obstacle to environmental policy making; and
4 Multilateral environmental agreements (MEAs) not impeded by GATT rules.

On the use of trade measures to help protect extraterritorial environmental resources and trade measure that apply separately to non-parties of MEAs, two approaches are debated within the GATT. One suggested approach is to consider in the GATT the treatment of trade provisions contained in MEAs ex post and on a case-by-case basis. The ASEAN countries have noted that this builds on the view that Article XX already provides considerable scope for using trade measures for environmental purposes. Where doubts exist about the probable compatibility of trade measures in MEAs with the provisions in the GATT, recourse to the waiver provision in Article XXV is possible.

This approach has several appeals. One is that the scale of the remedy fits the problem. Having recourse to a waiver would encourage a cautious, case-by-case response to any problem. But

skeptics think waivers are time consuming, cumbersome and can still be challenged.

Another approach is to define conditions for the use of trade measures in the context of MEA to tackle transboundary and global environmental problems. This approach creates an "environmental window" in the GATT and has the advantage of being ex ante in nature. While its provides a robust and definitive basis to avoid future conflicts between trade and environmental policy making in the context of MEAs, there may be cases where special provisions have their merits. Finding a single formula to implement this approach is not simple.

Nonetheless, environmentalists have felt let down by the Uruguay Round because rules against undesirable trade protection are barely touched upon (Esty, 1994). But rather than worsen the standing conflict between free traders and environmentalists, a middle ground seems more sensible. When eco-sanctions and other border measures fail, environmentalists can still be better off relying on the GATT framework to evoke diplomacy, financial assistance and technology trasfer to vonvert other non-green participants.

NAFTA

The NAFTA has appeared by all accounts, the "greenest" trade agreement ever negotiated and its exemplary features may be adopted and adapted by others. First, the NAFTA preamble established a context of sensitivity to the environment. Second, it upholds that all existing international environmental agreements like the Montreal Protocol, Basel Convention or CITES have precedence in any conflict emerging under NAFTA. Instead of the GATT practice that an environmentally based right to violate GATT trade obligations must be demonstrated as "necessary", NAFTA urge environmental obligations first. But NAFTA limits the party's obligation to search for less trade intrusive policies to those alternatives that are "equally effective" and "reasonably available". Nonetheless, even NAFTA has unresolved issues like transparency, when a party can take actions unilaterally or with extraterritorial impact.

Canada-US FTA

It has always been accused that the agenda of promoting free trade will lower environmental quality in the trading countries and therefore there is a need to harmonise technical and production standards (Shrybman, 1990). The Canada-US Free Trade Agreement has been cited as an example in which these standards are incorporated in negotiations. It should also be noted that advisory committees have been established to assist with negotiations. Perhaps, the PECC could establish advisory committees to harmonise technical and production standards.

APEC

Within APEC, its Environmental Ministerial Meeting in March 1994 in Vancouver was the first. The APEC environmental vision statement and framework of principles for integrating economics and the environment adopted also highlighted an exchange of national experience. Four primary areas for cooperation were in environmental education/information, environmental technology, environmental policy tools and sustainable cities. It is appropriate that as a governmental body, APEC should be in the frontline to examine the government's role on environmental impact and issues which have strong externality effects which only governments can solve or lead in the solution.

PECC

While the literature is full and still being filled by issues on trade, investment and the environment, we would like to highlight a few which may be of more direct relevance and bearing to the PECC

economies.2 The following is deemed a general list which the PECC may consider:

1 Industrial flight hypothesis where "dirty" industries tend to migrate to developing countries which are either in no position to be fussy or are exploited in their ignorance.

2 Pollution haven hypothesis where developing countries undervalue the environment in order to attract new meaning they are in full cognizance of their responsibility.

3 Transnational investment and globalisation have lead to transnational pollution. But there are other recognised costs of international trade and investment as well. So should transnational pollution be treated differently?

4 Harmonisation versus convergence of international agreements is raised as full harmonisation is impractical and policy convergence as in lessening the gap not uniformity may be a compromise. How much of convergence is desirable is also bargainable. The most important presumption of policy convergence is that gravitational relationships exist among environmental policies of various countries. Thus environmental harmonisation is not as difficult and contingent on history, social and cultural factors like labour harmonisation.

5 With the existence and experience of GATT, OECD, EC, European Free Trade Area (EFTA), Agreement (NAFTA), UN and other international and national standards and practices, need the PECC reinvent the wheel or simply play a more active supporter role?

6 Greater attention may be directed to ancillary issues like how environmental issues which have grown exponentially with technological advances would affect international environmental law.

7 The transfer of environment-friendly technologies from developed to developing countries has been formulated in international environment treaties. For example, the 1989 Basel Convention on Hazardous Waste, the 1990 amendments to the Montreal Protocol on the protection of the ozone layer, and the 1990 Nordic Environment Finance Corporation of the five Nordic countries. The relevant task forces in PECC are instrumental in the formulation of these treaties (Field, 1994). However, efforts to preserve the environment in many developing countries are hampered by weak institutional and legislative framework and lack of financial resources and high cost of information. Collective research undertaken or funded by the PECC could reduce the risk of innovation and the financial burden of the PECC developing countries.

8 The PECC could encourage debt-for-nature swaps, where private or international environment groups in the developed countries repay parts of debts owed to lenders in developed countries in return for environment preservations by the debtors. Since the amounts that could be retired are relatively insignificant as compared to total outstanding debts, the programme would be more effective if it is targeted with instances where the environment is most immediately threatened.

9 Some international financial organisations have been criticised of being insensitive to the environmental impact when granting fund for large development projects such as power stations and dams and transmigration programmes. Recently, these lending institutions have taken a more serious view on this issue. The World Bank, for instance, has created the Environment Department to assess the impact on the environment in making financial decisions. Similarly, the PECC should consider ecological costs in the research on trade, investment, tourism, and energy.

10 The alleviation of long-range transboundary air pollution (LRTAP) which has become a difficult international environmental problem because countries affected have different environment standards, different economic system, and different views of the problems. Thus, LRTAP or any

transboundary environmental control calls for international approaches to these controls.

Given the strength of the PECC in its tripartite composition and research orientation its immediate role in the trade-environmental debate could be to function as the feedback and intermediaries with sufficient groundwork, research and network as its backup. More specifically, it could consider:

1 While the PECC may not have the mandate or the mechanism to enforce environmental controls, it could be evolved as an organisation that can play a key role in the research in environment quality. It can do this by centralising and synthesising information and providing recommendations for action to at least serve as a centre for information, communication and coordination among investors and governmental agencies.

2 The PECC could identify trade and investment measures which could reduce ecological cost and internalise environment costs (Arden-Clark, 1992). In the renegotiations on existing trade or investment agreements, environment considerations could be incorporated. If terms of trade of developing countries can be improved in the trade negotiations, it would provide additional financial resources to finance environment improvement costs. Private investors, together with national governments and international organisations could provide developing countries with environment-friendly production technology with the appropriate incentives.

3 The PECC could play an important role in the bilateral or multilateral trade and investment negotiations and in searching for options to reduce unsustainable rate of depletion of natural resources in developing countries.

4 Existing mechanism with the UN and the GATT could define issues, conduct studies on the impacts on the environment, provide a means for international agreement and establish a dispute resolution body (Wilhelm, 1992). The PECC could be in a position to assist to provide some of the research and background work for this mechanism.

For the immediate future, it is heartening that the national committees of Australia and Indonesia have begun a proposal on trade and the environment under the Trade Policy Forum. The PECC Minerals and Energy Forum (MEF) would also be tapped as the MEF is conducting work on steel and the environment and on emission control. This project is expected to proceed in two stages, first with an overview paper of the issues with illustrations and examples relevant to the PECC region and the second leading to more detailed cases studies and more extensive analysis of some of the key issues. Among the target groups which this PECC proposal is aimed at are the APEC, the World Trade Organisation (WTO) and the business sector and others. Product standards are presently being considered by the APEC and the WTO under its Committee on Trade and the Environment is also not expected to finalise its report until 1996. This means work to be undertaken by the PECC can make some contribution to complement both the APEC and WTO initiatives. That there are plans to link this PECC proposal with other international agencies working on similar issues appears in line with the thinking behind this paper, that the PECC should play a complementary and supplementary role rather than tray anything too ambitious or duplicative.

4 Conclusions and policy implications

From the above, it seems like the PECC as presently reviewed has no specific role in environmental protection. But before we draw such a pessimistic conclusion, we would like to pose the question in other ways. One is the viability and potential of the PECC as an Asian Pacific institution, that is, we establish its own region-building role before we search its interests in putting the environment securely in its agenda. Another way is ask whether given the ongoing and excellent but very difficult work that other international and regional groups are undertaking on the environment, should the

PECC be simply added to the list?

Although the PECC is much older and larger than the APEC, the latter seems to have greater government support and hence business interests as well. Businessmen know that they need to influence and feedback to the governments. This is especially so in the context of the Asia Pacific region where many economies are emerging from command, planned economies to market economies, notably China and Russia and others like Indonesia, Malaysia, Chile, Peru, Columbia and Mexico which have adopted liberalisation, deregulation and privatisation policies favouring private sector initiative. While the PECC has the academic and intellectual rigour of its many task forces to provide the research and indepth studies, this comparative advantage is no longer its monopoly. The APEC is also reinforcing its research and analytical base with the advantage of data, statistics and information from the government and other public and private databases at its disposal.

While the PECC has tried to become the research arm of the APEC, there seems some hesitation and competing factors. One possible explanation may be that being a NGO, the PECC researchers are still not truly drawn into the kind of short term, policy oriented research that appeal to APEC ministers and politicians. The traditional "ivory tower" image of academicians is not much diluted by government representatives in the tripartite structure of the PECC, whether to the academia's credit or the government officials' frustrations. The other reason may be plain competition that both the PECC and APEC are investigating the same areas and providing more or less similar mission statements to their overlapping members.

Again, these may point to a rather negative view about possible redundancy of the PECC which has grown and carrying four distinctive groups of economies as enumerated in the introductory section. On the other hand, depending on resource and funding abilities, this greater diversity may be its strength or weakness. In the final analysis, competition is usually the best policy and the Asia Pacific region is surely large enough to have more than one regional institution. The many facets of ASEAN, Latin American, East Asian and other developing economies including Russia combined with the more developed OECD countries is a rich economic, political ad social tapestry. What the PECC needs is to find the product differentiation, the niches and specialities in which it has comparative advantage. Interorganisational cooperation is itself not a bad step toward regional and international cooperation.

On the second issue of whether the PECC needs a more definitive role in the protection of the environment, the obvious answer is in the affirmative. But it should neither plunge in to do exactly what existing institutions and bodies are doing nor pay lip service to environmental issues in its own task forces, fora and working groups. As a start, the Trade Policy Forum is a logical group to focus more attention on the environment in its regional investment code. Even trying to incorporate some of the principles that the NAFTA pact has would demonstrate that the environment is not neglected as it presently is.

On a more substantive research agenda or work programme for the PECC on the environment, we may suggest the following:

1 Trade Policy Forum incorporates some aspects of the environment in its regional investment code an initiate more PECC focused trade and environment studies.

2 Transportation, Tourism and Telecommunications (Triple T) Task Force revitalised some of its past studies on eco-tourism given new trends in tourism which is moving away from mass tourism and more into adventure and self discovery based activities with technology as in transportation, telecommunications and information technology buttressing these new waves.

3 Science and Technology Task Force can delve into more technical and scientific indicators and measures of environmental degradation and effects.

4 Human Resource Development Task Force can incorporate the impact of labour movement in tandem with foreign investment and in pursuit of employment on the environment.

5. Food Forum (former Agriculture and Fisheries Task Force) and Minerals and Energy Forum can also examine trends in demand for food, minerals and energy in consonance with their environmental impact.

6 Structural Issues Part of the PECC Economic Outlook Working Group has the final overeaching effect to initiate a wholly environmental theme, ranging from esoteric forecasting of environmental degradation or enhancement to how imputation of pollution and other environmental effects into national output and income as in the concept of the Measure of Economic Welfare (MEW) would affect growth and development and bring awareness to economies that environmental costs are not as innocuous as only affecting free trade or tourism.

But while no organisation is really short of ideas and directions, the overall structure and institutional ability to facilitate, coordinate and disseminate of outputs are crucial. At this point, the PECC is facing some leadership problems with fewer founding fathers remaining and the induction and interfacing of new committee members having to take its natural course. The environment for funding and initiating large scale projects involving as many members as in the PECC is becoming more formidable. Nonetheless, the spirit and principles of the PECC should enable it to cope with the changing environment.

On the environmental impact of regional cooperation, this is undoubtedly a potentially rich area for collaboration. Following the above suggestions on a possible research agenda, smaller bilateral or trilateral projects with the idea of having more intensive complementary partners in research rather than a PECC-wide "buffet" approach may also be suggested. This makes funding and coordination more manageable and the output could also be more focused and consistent. Such a proposal is not unlike the 6-X principle followed in the ASEAN where an ASEAN effort is so considered so long as some members are interested and the rest (X component) which are more hesitant can join later if they so wish. Total consensus is neither necessary nor practical but the spirit of letting others get on is preserved.

Finally, the PECC should seek interorganisational collaboration which goes beyond the APEC. National and other regional institutes and bodies which have the expertise on environmental studies may find the PECC framework and tripartism useful. As a latecomer in the area of the environment, the PECC would do better to lend its support in its networking and diversity than to start from first principles. This is where greater marketing effort in seeking alliances with other likeminded groups become valuable rather than playing to only the APEC audience. Environmental protection is indeed everybody's concern and right now a conciliatory and intermediary approach by an organisation like the PECC would be welcomed. Increasingly, regional arrangements find themselves a role to play in clarifying responsibilities, avoiding free rider behaviour, facilitating the transfer of pollution reducing technology and reviewing options for compensation (Crowley and Findlay, 1994). In this regard, the PECC network is as good as any other regional arrangement and it should be playing a more proactive role to better the environment.

Footnotes

1 See Zaelke, et al, eds, (1993) on various perspectives from the UN, OECD, NAFTA, the EC and other European institutions on the trade- environment conflict/enhancement.

2 See for instance, Low, 1992 and Anderson and Blackhurst, eds, 1992, Marsh, ed, 1992, Redclift, 1987, Olav, 1991 and others listed in the references.

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