

Contents

| | <i>Page</i> |
|--|-------------|
| Chapter 1: Overview and Summary | 3 |
| SUMMARY AND FINDINGS | 5 |
| Road Map to the Rest of This Paper | 11 |
| Chapter 2: Issues and Institutional Players | 15 |
| THE CONTEXT | 15 |
| Issues at GATT | 15 |
| The North American Free Trade Agreement | 17 |
| Competitiveness Concerns | 17 |
| Other Issues | 18 |
| INSTITUTIONAL PLAYERS | 19 |
| General Agreement on Tariffs and Trade | 22 |
| Environmental Issues and the Dunkel Draft | 24 |
| The Organisation for Economic Co-operation and Development | 25 |
| United Nations | 27 |
| U.S. Government Efforts To Address Trade and Environment Issues | 27 |
| Chapter 2 Annex: Some GATT Provisions and Principles Pertinent to | |
| Environmental Matters | 31 |
| Environmental Regulations as Nontariff Barriers; National Treatment and | |
| Most-Favored-Nation Rules | 31 |
| Subsidies | 32 |
| “General Exceptions” (Article XX) | 32 |
| Dispute Resolution Under GATT | 33 |
| Chapter 3: Role of Trade Measures in Environmental Policy | 37 |
| ASSESSING THE EFFECTS OF TRADE ON THE ENVIRONMENT | 38 |
| USE OF TRADE MEASURES | 42 |
| Trade Measures and GATT | 46 |
| ENVIRONMENT/TRADE AND DEVELOPING COUNTRIES: | |
| THE NORTH-SOUTH DEBATE | 52 |
| Chapter 4: Effects of Environmental Regulations on Trade and Competitiveness | 59 |
| ENVIRONMENTAL REGULATIONS AS TRADE BARRIERS | 59 |
| EFFECTS OF LAX FOREIGN REGULATIONS ON MANUFACTURING | |
| TRADE AND COMPETITIVENESS | 64 |
| GOVERNMENT ENVIRONMENTAL ASSISTANCE TO | |
| MANUFACTURING FIRMS | 68 |
| Chapter 5: Trade and Environment Decisionmaking | 73 |
| GUIDELINES AND TRADE/ENVIRONMENT INTERACTIONS | 73 |
| ADDRESSING TRADE/ENVIRONMENT ISSUES IN GATT | 76 |
| Dispute Resolution Procedures | 77 |
| U.S. INSTITUTIONS | 77 |

| | <i>Page</i> |
|---|-------------|
| Appendix A: Some Trade Disputes Pertinent to Trade/Environment Interactions | 81 |
| Appendix B: Selected Bills on Trade/Environment Issues: 102d Congress | 91 |
| Appendix C: Selected Congressional Hearings Relating to Trade and Environment | 93 |
| Appendix D: Trade in Environmental Goods, Services, and Technologies | 94 |
| Appendix E: Assessing Trade and Competitiveness Impacts of Environmental Regulations on U.S. Manufacturing | 97 |
| Index | 107 |

Boxes

| <i>Box</i> | <i>Page</i> |
|--|-------------|
| 2-A. The European Community and Trade/Environment Issues | 20 |
| 2-B. United Nations Conference on Environment and Development: Selected Agenda 21 Issues | 28 |
| 3-A. The Global-Local Continuum | 47 |
| 3-B. Financing Sustainable Development and Environmental Measures in Developing Countries | 53 |
| 5-A. Trade/Environment and Sustainable Development: The UNCED Perspective | 74 |

Tables

| <i>Table</i> | <i>Page</i> |
|---|-------------|
| 2-1. Multilateral Environmental Agreements by Subject, 1933-90 | 16 |
| 2-2. Selected International Organizations Concerned With Trade, Development, and Environmental Matters | 22 |
| 2-3. Key Federal Agencies With Responsibilities Pertinent to Trade/Environment Policy | 29 |
| E-1. Estimated Per Capita Expenditures on Environmental Goods and Services | 102 |

Acronyms

| | |
|----------|---|
| CFC | — chlorofluorocarbon |
| CITES | — Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| EC | — European Community |
| ECJ | — European Court of Justice |
| EGS | — environmental goods and services |
| EPA | — Environmental Protection Agency |
| Eximbank | — Export-Import Bank of the United States |
| GAO | — General Accounting Office |
| GATT | — General Agreement on Tariffs and Trade |
| GEF | — Global Environmental Facility |
| GHG | — greenhouse gas |
| GNP | — gross national product |
| ITO | — International Trade Organization |
| MTO | — Multilateral Trade Organization |
| NACEPT | — National Advisory Council for Environmental Policy and Technology |
| NAFTA | — North American Free Trade Agreement |
| NGO | — nongovernmental organization |
| NIC | — newly industrialized country |
| ODA | — official development assistance |
| OECD | — Organisation of Economic Co-operation and Development |
| OPIC | — Overseas Private Investment Corporation |
| PCB | — polychlorinated biphenyl |
| UN | — United Nations |
| UNCED | — United Nations Conference on Environment and Development |
| UNCTAD | — United Nations Conference on Trade and Development |
| UNDP | — United Nations Development Program |
| UNEP | — United Nations Environment Program |
| UNIDO | — United Nations Industrial Development Office |
| US AID | — United States Agency for International Development |
| US TDP | — United States Trade and Development Program |
| USTR | — United States Trade Representative |