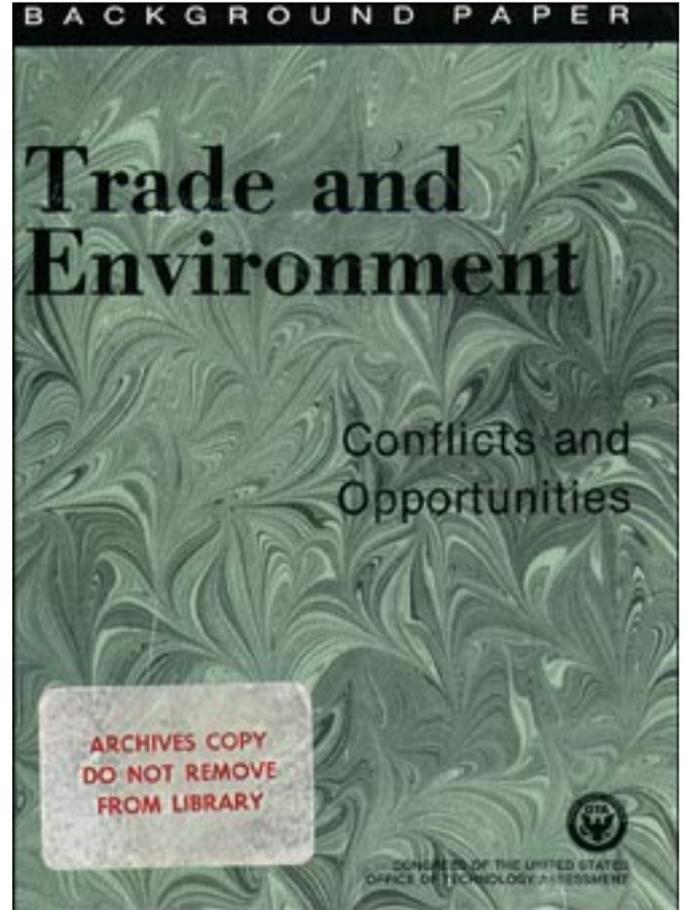


*Trade and Environment: Conflicts and  
Opportunities*

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# Foreword

The interactions between trade and environment have recently—and suddenly—emerged as an important concern in Congress and in the world community. Given our increasingly interdependent world, this should not be a surprise. Both environmental protection and trade are crucial to the welfare of nations; and yet policies in both areas have developed, for the most part, in isolation from each other.

This background paper describes what appears to be an enlarging potential for conflict between *the two*, as reflected in disputes about the trade impacts of environmental laws and about the environmental impacts arising from efforts to liberalize trade and investment. These controversies have prompted discussions about ways to more closely coordinate policies, both nationally and internationally. The issues are complex; hence progress could be slow. However, the payoff will be important, not only in terms of avoiding future conflicts, but in making the objective of environmental protection and the objective of economic progress more compatible. There is growing international awareness, reflected in the upcoming United Nations Conference on Environment and Development this June in Rio de Janeiro, that environmental protection will be essential for achieving economic progress in a sustainable manner. And, when countries have effective environmental policies in place, some of the resources generated from trade and investment can be turned to environmental protection.

The background paper explores some trade and environment questions, especially from the context of the General Agreement on Tariffs and Trade, which provides a framework of rules governing most of the world's trade. It is the first publication in an assessment on American industry and the environment, requested by the House Committee on Foreign Affairs, the House Committee on Energy and Commerce, and the Senate Committee on Finance. Another link between trade and the environment, the growing global market for environmental technologies, products, and services, will be among the topics discussed in the final report of this assessment.



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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this background paper. OTA assumes full responsibility for the background paper and the accuracy of its contents.

# **Trade and Environment: Conflicts and Opportunities**

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