

UNDERSTANDING FREE TRADE AND ITS IMPACT ON THE ENVIRONMENT

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ABSTRACT

Most of the environmentalists argue that free trade is never fair in environmental perspective because the technological change brought about by free trade creates more problems than they actually solve. The increase in environmental awareness and the high number of unilateral environmental treaties, however, have led to recognition of the actual and potential conflicts between trade and environment. Over recent decades, the compatibility of environmental protection and trade liberalization has been a subject of debate. Trade and environment linkages are more complex than is actually thought of because almost all economic activities are based on environment.

Keywords: Free Trade, Environment.

INTRODUCTION

The World Trade Organization (WTO) provides for the platform for free trade, i.e. to liberalize the trading activities and reduce the trade barriers. But at the same time one can see that the trade and environment shares dynamic relationship. On the other hand it has been argued that considering environmental protection may limit its role of providing free trade across the globe. Thus, the main reason for establishing the WTO, which is providing free trade, may be affected by environmental concerns. This can be witnessed especially when environmental protection is given priority over free trade.

In the preamble to the Marrakesh agreement that established the WTO, sustainable development and the protection and preservation of the environment are recognized as fundamental goals of the WTO. So in other words sustainable development and environmental protection can be considered fundamental goals of the WTO.[1]

WTO AND THE ENVIRONMENT

Article XX of the GATT deals with certain general exceptions in which it makes certain concessions to trade-related environmental measures, albeit without using the word "environment." Article XX provides that trade measures that would otherwise be unlawful under the GATT are permitted if they are:

- a) Necessary to protect human, animal or plant life or health; (Art XX (b))
- b) Relating to the conservation of exhaustible natural resources if such measures are made effective in conjunction with restrictions on domestic production or consumption (Art XX (g))

Only if a dispute settlement body finds that a trade measure falls within Article XX (b) or XX (g) will it then assess the measure under the Article XX.

On its face, Article XX seems to provide comfort to environmentalists and recognition of the effects that trade may have on the environment. However, it raises several problems, largely because its broad terms can be subject to widely differing interpretations. In practice, when global environmental concerns come before the GATT, they are invariably subordinated to the economic and trade interests heard disputes relating to conflicting environmental and free trade concerns, they have narrowly construed Article XX and free trade has won out. The subordination of environmental concerns under GATT regime is very easily reflected in the decisions of disputes adjudicated by its Panels and Appellate bodies.[2]

With the expanding pace of organized trade arrangement and the gatherings, incorporation of environmental issues from the motivation demonstrates that exchange network is hostile towards environmental condition. Today there are various international environmental regimes which take into consideration openness, yet at the same time we are yet to perceive any solid improvement in exchange condition viewpoint. Openness here is interpreted as meaning straightforwardness and open cooperation in arrangement making so as to guarantee that environmental concerns be raised at any exchange.[3]

CONCLUSION

At it can be concluded that, adequate environmentally sustainable development can be reached by some proposed suggestions. These suggestions are to establish an international environmental court and to make amendments to Article XX. Unfortunately, these suggestions have not been

accepted to date. Thus, in order to improve environmentally sustainable development in the WTO, political leaders should support the proposed suggestions, and the WTO AB should put more weight on environmental expertise and scientific advice.

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