

ACHIEVING OBJECTIVES OF MULTILATERAL ENVIRONMENTAL  
AGREEMENTS: a package of trade measures and positive  
measures

Elucidated by results of developing country case studies

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## Preface

The debate on trade and environment has raised several questions that relate to the use of trade measures pursuant to Multilateral Environmental Agreements (MEAs). What began as a relatively normative discussion on the merits and demerits of using trade measures pursuant to MEAs, has, over the years, become objective discussions on the necessity and effectiveness of trade measures in MEAs. While general issues of necessity and effectiveness of trade measures in MEAs have recently been examined by the OECD in depth, no such attempt has been made in developing countries. It was to fill this gap that UNCTAD and UNEP embarked on empirical studies to examine the role of trade and other supportive measures in implementing MEAs in developing countries.

In MEAs such as CITES, the Basel and Rotterdam Conventions, as well as the Biosafety Protocol, a smaller or larger number of developing countries have requested the international community to deploy certain trade measures. This concerns cases where unfettered international trade, in particular North-South trade, could pose health and environmental risks to those developing countries that lack information, as well as technical, institutional and managerial capacities to cope with such risks. Prominent examples are hazardous waste and chemicals, endangered species and genetically modified organisms. The case studies in this book show, however, that the trade measures requested by groups of developing countries have often remained behind expectations, have been difficult to implement, or have not even taken effect.

Trade measures in MEAs should not, however, be seen in isolation from other related policies. Often they are part of a broader package of reinforcing policy instruments in several documents and studies also referred to as "supportive/enabling/positive" measures. Such packages of measures may contain, on the one hand, instruments for enhancing compliance control and enforcement. On the other hand, such packages may contain measures, such as technical, financial, managerial and human development assistance, for building sufficient national capacity to meet MEA obligations. In this way, developing countries should be able to adopt measures most appropriate for their political, economic and cultural conditions in implementing MEA provisions.

These reinforcing policy instruments recognize the fact that many developing countries are not unwilling to meet environmental standards or targets set by MEAs, but lack the human, technical and institutional capacity as well as the financial resources to meet MEA goals. Moreover, reinforcing policy instruments would also play an important role in shaping the domestic environmental adjustment in developing countries in a way which would assure equitability and sustainable economic development at the national level.

The studies in this book focus on the role of packages of supportive/enabling/positive measures in joining and effectively implementing three MEAs by developing countries: The Montreal Protocol; CITES; and the Basel Convention.

Four Asian countries were chosen as subjects of study. These studies, which were concluded in the period 1996 to 1999, were the first attempts to analyze the necessity and effectiveness of trade and positive measures in implementing MEAs in developing countries. This book brings together the summaries of these studies. They show that trade is rarely the root cause of the environmental problem being addressed by the MEAs studied in this book. In developing countries, trade measures alone are rarely sufficient to implement the objectives of MEAs. It is the supplementary package of positive measures, which comes with the MEA, that is crucial in implementing MEAs in an effective, efficient and socially equitable way.

The case studies outlined here also highlight the importance of country specificities in dealing with MEAs. While trade measures may be important in inducing trade dependent economies to sign MEAs, those which are not integrated into the global economy may have

little incentive to do so. Likewise, if the trade weight of an important polluter is very small, trade measures can have little influence on combating pollution.

Another important issue, which was addressed by the case studies, is the importance of positive measures in inducing countries to sign an MEA. This has been barely studied in the literature of MEAs, but what this compendium of studies does show is that positive measures are no less important than trade measures in inducing countries to join MEAs. What is even more important is that trade measures have a limited role to play in the implementation of the MEAs at the national level. It is positive measures which are of crucial significance in this context.

In dealing with positive measures, special emphasis has been paid to the transfer of technology. Surprisingly, countries such as India and the Republic of Korea, which are more technologically advanced, have had more problems in accessing environmentally sound technologies than countries such as Thailand. In sectors where technology has been easier to access, the commitments on MEAs have been met ahead of the targets. In others it has lagged behind. Government policies to support private sector research and development also facilitate the ability of firms to respond to MEA goals. Improvements in environmental infrastructure play an important role in reducing the costs of compliance, particularly for small firms. It is hoped that these studies will help to create greater understanding in developed countries of the implications of MEAs for developing countries as well as of ways and means to avoid unnecessary adverse effects on their growth and social objectives, including poverty alleviation. This is also of key importance for bilateral and multilateral aid agencies.

The studies have been undertaken under a project funded by the Government of the Netherlands. Thanks are also due to the research teams and authors in developing countries for their untiring efforts to carry out these studies as well as to the many Government officials, UNCTAD and UNEP staff who have given their support. The studies were sent to the Convention secretariat through the good offices of UNEP for comments. While an attempt has been made to reflect their comments, the views expressed in the study are those of the research teams in developing countries which conducted the studies.

Rubens Ricupero  
Secretary-General of UNCTAD

## **EXECUTIVE SUMMARY**

The relevance of trade and positive/enabling measures in achieving the objectives of selected multilateral environmental agreements (MEAs) is reviewed in light of their contribution to strengthening environmental policy, while at the same time minimizing economic distortions. The present collection of case studies reviews these measures as they are applied through the different MEA's. The case studies refer to two MEAs - the Montreal Protocol on Substances That Deplete the Ozone Layer and the Convention on International Trade in Endangered Species (CITES). Analysis is also presented of the Basel Convention on Transborder Movement of Hazardous Wastes and Their Disposal.

These studies have been undertaken by researchers in developing countries under a project which UNCTAD is implementing in cooperation with UNEP, as part of a larger project executed by UNEP.<sup>i</sup> The studies show that when trade and positive measures are adopted as an integrated package they complement one another. Where one presupposes compliance, positive measures enhance national capacity in fulfilling MEA provisions. In practice, given differences between developing countries in the stage of development, technological profiles, market composition, and trade intensities, the relative emphasis on positive measures may result in non-uniform effects of trade measures.

The text on the MEA's consists of five sections. After an overview of the trade and positive measures and the case studies, section 1 looks at the application of the Montreal Protocol in Thailand, India and the Republic of Korea. It analyses the reasons that made these countries ratify the Protocol and how the package of measures has helped with and/or denied them the chance to build their competitiveness and develop sustainably. Section 2 and 3 illustrate the importance of trade and non-trade measures under the CITES and Basel Convention. The cases here are those of Thailand, Indonesia, Philippines and India. Section 4 gives the concluding remarks.

The text remarks that trade measures are usually adopted and enforced by countries, but positive measures have to be negotiated continuously. The example of the terms and conditions that accompany transfers of technology is often quoted in the case studies to show that fair and favorable conditions and financial assistance are not always forthcoming, especially from the developed world and international financial mechanisms respectively. It is therefore concluded that positive measures do help to address the environmental problem, even as certain trade measures remain ambivalent.

This collection of case studies ends with a confirmation of the belief that trade and positive measures are pivotal for filling deficiencies in national policy in implementing the MEA's. But for the full utilization of the potential of the MEA's and their measures there should be a commitment to achieving their objectives

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