

Chapter 2

Trade and the Environment: Promoting Environmentally Friendly Trade



Mixed metal scrap imported by China from Japan. November 2002, Zhejiang Province, China.

Photo: Kojima Michikazu



A market for foodstuffs and traditional Chinese medicines in Guangzhou, China.

Photo: TRAFFIC Japan

1. Introduction

Efforts toward creating bilateral or multilateral free trade agreements (FTAs) are broadening in Asia. The Association of Southeast Asian Nations (ASEAN) has been lowering tariffs and enacting other measures to facilitate even more economic integration. In January 2002 Japan and Singapore signed the Japan Singapore Economic Agreement for a New Age Partnership. Negotiations and joint research are underway to bring about FTAs for ASEAN with China, South Korea, and Japan, and between Japan and South Korea. A World Trade Organization (WTO) ministers' meeting in November 2001 decided to start new multilateral negotiations.

Meanwhile, environmental and labor organizations are critical of progress in trade liberalization talks owing to their concerns that free trade will aggravate environmental problems and hamper implementation of preventive environmental policies by governments. Trade controls are needed because many of the items traded internationally have significant environmental impacts.

A number of multilateral environmental agreements allow trade in certain items, such as rare species and hazardous wastes, among signatories only if certain conditions are met. Many Asian countries are signatories to such agreements, under which they have instituted environmental trade measures (Table 1). In addition to those agreements in the table, measures are likewise to be taken under other environmental agreements which entered into force in 2004. Two of these are the Rotterdam Convention on PIC and the Stockholm Convention on Persistent Organic Pollutants.

Two currents affect trade and the environment: one attempts to facilitate free trade, while the other attempts to limit trade owing to environmental concerns. Many countries are members of the WTO and other international organizations that pursue free trade, but they have also ratified multilateral environmental agreements that restrict trade. As there is no international accord on the relationship between WTO rules and environmental agreements, delegates have started discussing it in multilateral talks.

This chapter reviews the state of Asian trade in rare plant and animal species, marine resources, forest resources, and wastes, and on that basis discusses how Asian countries must cooperate on trade and the environment, and what approaches they should take. Multilateral environmental agreements and corresponding measures have been adopted for rare plants and animals and for wastes, but although marine and forest resources are partially restricted by the Convention on International Trade in Endangered Species of Flora and Fauna (CITES) and other agreements, trade measures are inadequate. Section 2 is an overview of trade and its environmental impacts in each of these sectors, and Section 3 addresses the issues that Asian countries must together address in the pursuit of environmentally friendly trade.