

GATT not green enough

by Hugh Maynard

The most outstanding accomplishment of the GATT since its founding nearly 50 years ago has been the reduction of trade tariffs, down, on average, from 40% to 10%. And, confirmed by its metamorphosis into the World Trade Organization (WTO), this emphasis on the economics of society are the GATT's strongest and weakest points.

GATT's strength is, however, too one-sided towards trade. If Canada wants only 50,000 commercial farmers, GATT will be just the ticket. While most people appreciate being able to earn a decent living, trade is not the exclusive factor in society. There are other important components in a country's continued development, such as regional development, environmental stewardship, and social infrastructure programs. These need allowance to play a complementary role to GATT.

An example of the effect that the single-minded pursuit of trade can result in is the export of frogs legs from Bangladesh over the last 15 years. With the European supply having been decimated from over-harvesting and polluted habitat, buyers turned in 1977 to the estimated one billion frogs in this impoverished Asian country. Enticed by the benefits of trade, Bangladeshis went about harvesting this new found cash-crop bonanza.

By 1988, the number of frogs had dropped to 400 million, raising serious questions about the effects of this unregulated trade. The frogs ate insects, reduced the spread of tropical diseases, and fertilized the rice paddies with their droppings. With the dramatic decline in the number of frogs, Bangladesh was forced to increase its imports of petro-chemical fertilizers and pesticides by 25%.

The net result of this 'trade only' policy was the annual spending of \$30 million to import petro-chemical products, in order to earn \$10 million from the export of frogs legs.

Similar concerns can be expressed over the potential loss of control over setting standards. The GATT takes a dim view of countries using phytosanitary and environmental rules to impede trade, legitimately or not. For example, if Canada decides not to approve the use of rBST for safety reasons, while imported U.S. dairy products have a competitive advantage because of the synthetic growth hormone's use in American dairy herds, will Canada be able to stop those products at the border? Will Canada be able to keep out fruits & vegetables produced in developing countries using DDT, a crop protection product banned in Canada?

Despite the fact that the GATT bureaucracy has established a working group on the relationship between the environment and trade, an attempt to make the GATT "green", there cannot be much hope for improvements when the rules are written in favour of trade alone.

In law, one is judged innocent until proven guilty, except by the tax department, which determines that you are guilty unless you can prove otherwise. GATT judges environmental rules not by their ability to improve the conditions of trade, but simply by their effect to deter commercial transactions. GATT has a long way to go before it can be judged green.

Copyright © 1994 *REAP Canada*