

*A Case Study for the HIID 1995 Asia Environmental Economics Policy Seminar*

## **Trade and the Environment: A Case Study**

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### **I. Introduction**

The Ministry of Trade in your country has set up a task force to evaluate the impacts of different environmental regulations on your external trade. Although under the chairmanship of the Trade Ministry, the Ministry of Environment is represented, as are the Ministries of Science and Technology, the Planning Commission, the Ministry of Industry, the Ministry of Agriculture and the Ministry of External Relations. Also represented are members of "green" NGOs, and industrial and agricultural associations.

The reasons for setting up this task force are two. First, your country is participating in the Environmental Negotiations under the new World Trade Organization. The negotiators there need advice on what position to take, and on what, if any, further research to carry out before taking a negotiating stance. Second, your government is looking to make legislative changes at home, to protect the environment and promote environmental awareness.

As members of this task force, the government requests you to provide information on the following questions:

- (a) Are the stricter environmental regulations in your trading partners of a particular country leading to higher costs for the exporters, as well as a reduced volume of trade? If so, what are the economic implications of such changes in regulations?
- (b) Is there any tendency for the more polluting and dirtier industries to relocate in less well-off countries, thereby avoiding the higher costs of operating under stricter environmental regulations? If so, what measures should be taken to address this situation?
- (d) Are programs instituted on a voluntary basis in developed countries (such as the eco-labelling program) having a detrimental impact on the exports of the countries being studied, or are they offering new market opportunities to those countries?

- (e) There are several international treaties that have been acceded to in recent years that have significant trade implications. In the countries concerned, what impacts have they had on the trade flows? These treaties include the Convention on Trade in Endangered Species (CITES), the Convention on the Transboundary Movement of Hazardous Wastes (the Basel Convention), the Protocol on the Phase Out of Ozone Depleting Substances (the Montreal Protocol), and many others.

For each issue raised above, the case study provides you with some background information as well as some empirical data from studies that have been undertaken and that have some relevance to the question being asked. The case study then raises some further questions that the group is asked to seek some consensus on. These include areas where further research or analysis is required, as well as areas where domestic policies may have to be implemented, to make the trade and environmental objectives compatible. Within the task force each person should take the responsibility for his/her Ministry or pressure groups' interest in seeking to address the questions raised above. However, a consensus position on each question should be sought wherever possible.

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## II. Environmental Regulations and International Trade

As countries become more concerned about environmental degradation they are taking a number of measures to reduce or at least keep under control the damage caused to the environment by the production and consumption activities of society. The instruments used to achieve these objectives include: (a) internalization of environmental costs and (b) increased awareness and information programs that assist individuals in making ecologically sound decisions. In both cases, there is the concern that the measures undertaken will have a detrimental impact on trade, especially on the exports of developing countries. Should that prove to be the case, the prospects for economic growth in these countries could be seriously damaged, thereby making sustainable development in the North dependent on economic stagnation (or at least reduced growth) in the South. Related to this is a suspicion, especially among countries of the South, that some of the measures being proposed under the guise of sustainable development are in fact designed to restrict access to the markets of the North for the developing countries and economies in transition.

At the same time, developing economies themselves need to take similar measures to make their development paths more sustainable. There is a tension within these countries between those who wish to enact stricter environmental regulations and those who argue that economic growth is a priority. In so far as there is a conflict between these objectives, one way in which it may arise is through a reduced competitiveness of these countries in world markets. Hence, it is important to review the evidence on the effects of environmental regulations on competitiveness, employment and growth in the countries being studied.

### III. Are Stricter Environmental Regulations in Developed Countries Leading to Higher Costs and Lower Volumes for Exporters?

#### *Background Information*

The regulations governing trade place certain restrictions on the ways in which one country can impose its standards, environmental or otherwise, on its trading partners. In principle each country can set its own environmental standards but, unless there are transboundary pollution issues, it can not impose them on its trading partners. Although this is clear enough in principle, many issues arise in practice. In order to ensure that goods classified under a particular commodity classification are in fact the same commodity, product standards have been set up, both at the international as well as at the national level. The GATT makes a clear distinction between standards that define products and those that refer to processes. A country may define its own product standards but it must apply them without discrimination and should wherever possible seek consultation before introducing changes<sup>1</sup>. However, it cannot apply process standards on its trading partners (Article III). An example of a product standard would be specifications about a particular kind of steel. A process standard would state how that steel was produced.

The distinction between product and process standards is not easy to maintain. By specifying certain products in a very narrow way, a country can more or less determine how certain goods are produced. Moreover, in some cases it is impossible for an importing country to ensure that product standards have been met without inspecting the production facilities. Food processing is a case in point and the European Union, for example, inspects meat and drug production facilities in countries such as India and Zimbabwe (see below) before approving exports to its region. This gives rise to a direct involvement in the process of production.

In the existing literature it is generally acknowledged that developing countries have had to adjust their production processes in response to changing environmental requirements in developed countries. Measures such as changing pesticide residue levels permitted in foodstuffs, changing emissions standards for machines, and changing packaging requirements for all commodities have placed a burden on the exporters who are subject to these requirements. **What is less clear, however, is whether these measures have had any significant impact on trade.**

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<sup>1</sup> Under the prospective Uruguay Round Agreement, greater emphasis is being placed on internationally determined product standards.

## *Empirical Evidence*

The task force has been provided with the following empirical studies that have been undertaken in various countries and that provide some evidence on the questions raised above.

A China case study investigated these issues and took the view that foreign laws and regulations have led to some loss of exports. However, it did not cite specific cases. At the same time it did give several examples of the adoption of environmentally sound technologies (EST) (partly in response to foreign requirements of product quality) that have resulted in reduced wastes and increased profits for the enterprises operating them. These include a cement plant in Quju, a valve plant in Tanjing and many others. The study definitely took the view that the adoption of EST is inevitable for companies involved in the export sector and that those that lag behind will be uncompetitive in the international economy.

In a Colombian case study, a survey of exporting firms was conducted. It showed that most industries had not perceived or experienced major effects of international environmental standards. 63 percent said they had not perceived pressures from international regulations and 16 percent said they had. Part of this is due to Colombia's trade pattern. The European market is not the most important one for Colombia; Germany, for example, which has the most stringent standards, accounts for 2.4 and 7.6 percent of non-traditional and traditional exports respectively<sup>2</sup>.

The most significant problem exporting firms face with regard to environmental regulations in developed countries is the lack of sufficient up-to-date information. Colombian exporters of tropical fruit to Europe faced this problem with regard to the German Packaging Ordinance. Confusion also exists about the Green Dot Program and changes in packaging requirement legislation.

One case where foreign, environmentally driven, regulations had a significant impact on Colombia was the US tuna fish embargo. That market accounted for 32 percent of Colombia's exports of tuna and the ban resulted in a loss of between \$20mn. and \$32mn. It is also argued that the "dolphin safe" method reduces the volume of captured tuna.

An Indian case study looked at exports from two important sectors (leather and shellfish) and concluded that the increasingly stringent export standards have certainly raised the costs of production, especially for the leather sector, where costs using the more environmentally friendly methods are nearly three times as high. However, nothing was said about whether the producers can recover the higher cost with higher prices, thus leaving profitability unchanged.

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<sup>2</sup> Traditional exports, representing 44 percent of total exports are oil, coffee, coal and ferronickel. Non-traditional exports are fruits, flowers, fish, textiles, leather, chemicals and plastic, and resin.

Particular concern was expressed in the Indian study about the German Packaging Ordinance, which requires the use of packaging materials not readily available in India. Other industries that have been affected by foreign regulations are motor vehicles and pharmaceuticals. A factor that affects exports in a big way is obtaining information about changes in regulations and the fact that they vary from country to country.

It concluded that the higher costs resulting from these regulation will impact most seriously on small producers, who will need assistance to install the equipment required to meet the production requirements. However, there is only anecdotal evidence that overall exports are suffering as a result of these requirements. On the other hand there are indications that industry is flexible and able to adjust to the requirements without too much difficulty. Another Indian study looked at the technologies required to meet changing environmental standards in the importing countries. They found that exporters had managed to acquire the necessary technology, often with assistance from the importers. Joint ventures were one way in which the more sophisticated products obtained the relevant technology.

A Philippine study concluded that foreign regulations have not *per se* posed a serious constraint to Philippine exports. This was based on a limited number of interviews with company managers, who believed that stricter foreign regulations will have the greatest impact on the prices of raw materials and research and development costs. Investment in pollution control devices for domestic reasons will be required in all sectors in the future, but especially in the livestock production and manufacturing sectors, such as printing, non-ferrous metals, food processing and pottery. The additional costs of meeting these and the requirements of foreign importers are not deemed to be large, and should be affordable for most producers (see below).

The sector where future regulation could seriously impact on exports is "sustainable forestry management". This is likely to impact on the country's furniture exports, as sources of local sustainable timber plantations are very limited.

In a Turkish case study a survey of major exporters was conducted. It was found that environmental requirements in the markets to which they exported were virtually never a problem. The exporters accepted the standards as inevitable and often worked closely with their trading partners, who would sometimes specify the processes to be adopted. The necessary technology was mostly available in Turkey and the volume of exports was unaffected by the imposition of stricter regulations in the European Union, including the new packaging directives. One issue raised in the survey was that of different environmental standards. As with India, exporters found some loss of economies of scale in meeting the requirements of different markets.

Finally a Zimbabwe study cited a number of examples where foreign standards were hampering its export requirements. One was ostrich production. It felt that the restrictions on exports of the live birds or the meat to the EU and Australia (including costly blood tests and quarantine regulations) were unnecessarily strict, having been designed in part to make Zimbabwe

exports less competitive. A second was phytosanitary standards for the export of beef to the EU, where European importers have to inspect all produce before it leaves the country of origin. This imposes higher costs on Zimbabwean exporters and may dissuade some producers of beef to look for export markets. A third was the German packaging ordinance, where there is some concern about the cost and availability of recyclable materials, as well as difficulties in submitting packaging for evaluation and certification. To assist exporters, producers' associations are running courses on packaging technology. A fourth was the restrictions on the textile industry where certain drying and sizing processes are not being allowed. As a result it is necessary to change and improve the processing technology, which is costly. A fifth was footwear, where leather tanned using PCB is banned in international markets. This has necessitated a shift to different chemicals and processing techniques.

For all these examples, however, (with the exception of ostrich production) it is not clear whether the international requirements have had a significant impact on levels of exports.

### *Questions to be Addressed*

As a task force you are invited to address the following questions:

- (i) What is the evidence from the study on the impacts of developed country regulations on a developing country?
- (ii) What further information would you seek to arrive at specific recommendations to your government on the question?
- (iii) What policy reforms/ international negotiating positions would you recommend for your country from this evidence?

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## **IV. Is the Migration of "Dirty" Industries to Less Strictly Regulated Countries a Problem?**

### *Background*

The decision of where to locate a production facility involves a number of factors, including the cost of labor, access to markets, social and political conditions in the country concerned, the infrastructure facilities in the country concerned and the regulatory framework. The last includes environmental regulations but they are only part of the set of regulations. A lot of evidence exists to the effect that investors look not only at current regulations but also at the stability of the regulatory framework (how frequently governments change the rules).

To evaluate whether firms locate in countries to take advantage of lax environmental regulations it is necessary to look carefully at the quantitative

importance of the different factors that determine location decisions. Studies of multinational corporations have shown that these decisions are most influenced by such factors as labor costs, access to markets and the existence of a developed industrial base. Factors such as environmental regulations and corporate tax rates emerge as less important. At the same time, however, study of majority-owned affiliates of OECD-based companies in developing countries shows that those involved in pollution intensive industries did increase their investment slightly faster than did all manufacturing. This statistical evidence offers only weak support of the pollution-migration hypothesis as it does not point to any significant change in investment patterns. What is observed could be explained by other factors such as the changing structural pattern of demand in the developing countries themselves.

More recent studies have supported these findings. A comprehensive survey of studies published up to 1990 concluded that there was little evidence of industrial relocation because of different environmental regulations. An analysis of the *maquiladora* program (which permitted US firms to locate on the Mexican side of the US-Mexico border on advantageous terms) found that pollution abatement costs were not a significant determinant of the trade generated by the program.

Even when pollution intensive industries do locate in developing countries, they do not adopt a minimalist approach in terms of meeting environmental regulations. Often corporate policy dictates the use of the same technology and pollution controls in all foreign countries where plants are located as in the home country (subject to, of course, meeting the local standards where the latter are more strict). This is partly in response to the public image of which they are very conscious, and partly in recognition of the fact that regulations are almost certain to become more strict in the developing countries, and preemptive action may well be cost effective.

### *Empirical Evidence*

Some further case studies have been undertaken on trade and the environment but in general they say little or nothing about this issue. Only the ones from China and Colombia addressed the question.

The China study stated that some overseas enterprises did locate in China due to stricter regulation regarding the environment in developed countries, particularly in the leather goods, paper, smelted products, chemicals and pharmaceutical industries. However, there was no specific evidence provided to support this assertion.

The Colombia study supported the conclusions of the main studies in this area. First, Colombia has relatively strict local pollution and environmental standards. Second, it is not particularly well situated for multinational companies to select it for location; Central America or South East Asia would be preferable locations from which to take advantage of lax standards. Of the 20 multinational companies surveyed none appeared to have established themselves in Colombia for environmental reasons and most of them were already meeting OECD standards more frequently than local firms.

### *Questions to be Addressed*

As a task force you are invited to address the following questions:

- (i) What conclusions do you draw on the location of multinational industries and environmental standards in your country?
  - (ii) Is there any aspect of the location decision that has not been covered by the background and empirical evidence provided to you?
  - (iii) What advice would you offer to your government on formulating its policy on this question?
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### *V. What Impacts are Non-Official Pressures for More Ecologically Friendly Goods Having on the Exports of Developing Countries?*

#### *Background*

Many of the recent actions taken in developed countries do not have an official status, or may only have government support but are not backed by laws. Examples of such measures are the demand by individual importers for specific processes in the exporting factories, even to the extent of demanding changes in social conditions. There are no government-to-government rules about such demands but they are nevertheless real and it's hard to see how they could be effectively legislated against. If an importer only wants to trade with an exporting company that meets its standards of acceptability in production, and the exporter is willing to meet those terms, there is little that governments or trade bodies can do to prevent it. Nevertheless it is important to find out how significant such pressures are on producers in developing and transition economies, and what their impact on costs and exports has been.

A related set of pressures arises from the various programs to label goods as environmentally friendly — the so-called eco-labelling programs. There are a number of different labelling schemes that come under this general title. They include labels which range from single criteria labels (recyclability, degradeableness etc.), to others based on a life cycle assessment of the products' environmental impact. A number of developed countries, as well as some developing countries, have such schemes. In all cases so far they are voluntary schemes, with the extent of government involvement varying from active participation to some administrative support and encouragement. As sources of information to consumers about the products, and as encouragement to be more ecologically aware they are a positive development. However, there is the danger that they could become barriers to trade. International negotiating experts have informed you that labels will be regarded as causing non-tariff barriers to trade if:

- (a) The criteria on which they are awarded are not based on objective or scientific considerations, or fail to take into account adequately the production processes in other countries.
- (b) Procedures for verification are unnecessarily strict, making it almost impossible for an outsider to obtain the label.
- (c) The system is adopted for a product that is almost entirely imported and the right to grant a label rests with the importing country.

### *Empirical Evidence*

The task force has been provided with a range of interesting empirical studies on this question.

One issue, from a policy point of view, is the extent to which products that have an eco-label can fetch premium prices over products that do not have such a label. On this question, there is, however, little evidence available. Some economists even deny that consumers are willing to pay any additional amount for a product that has general environmental benefits compared to its competitors. There are, however, a few studies that do provide some information and that suggest that there is a small premium for eco-labelled products. In the Singapore Green Label scheme the authorities have estimated a premium of about 5 percent for the products that carry the label. In the US a study of organic food has found that consumers are willing to pay as much as 5–7 percent more for such products. Finally for organically grown flowers in the Netherlands which carry a special label there is a price of 30 percent premium over non-labelled products but only a one percent share of the market. In general eco-labelled products rarely take more than 15 percent of the market share.

For timber products there is more information on eco-labelling premia. Various studies in the US market have established this. One study has shown that 34 percent of US consumers were willing to pay 6–10 percent more for “sustainable wood”. Another found a 1–5 percent premium from 75 percent of consumers in the same market. A third, also in the US, found a 1–5 percent premium among 57 percent of the population and a 6–10 percent premium among the top 36 percent. Finally a UK study found a 13 percent premium for tropical timber products from sustainably managed forests.

Even within the countries in which they are awarded, the labels have not always had an identifiable impact in terms of sales of products under the relevant categories. In the Blue Angel scheme in Germany, for some commodities such as low pollutant coatings, the share of labelled products is significant. However, that may have been the case even without the label.

There is also very little evidence on the question of how much the acquisition of an eco-label raises production costs. Clearly the greater the cost relative to the market premium, the less attractive it will be to acquire such a label.

Empirical studies in developing countries have shown most industrialized-country existing schemes have not much impact on the trade of these countries. This is primarily because the products covered in the existing labelling schemes are mainly ones that are traded between OECD countries. However, there is some concern about new schemes. Two country studies have looked at the impacts of proposed European eco-labelling schemes on their products — Brazil and Colombia.

In the Brazilian survey it was very clear that the proposed EU and other European labels in the areas of textiles, pulp and paper, and footwear would be difficult for some Brazilian firms to acquire. The principal difficulties identified are:

- (a) Small companies will find it difficult to make the necessary investments to acquire the labels whereas the larger companies have already started to make the necessary modifications to their production processes. One reason smaller firms cannot meet the conditions is that suppliers of chemicals will not easily provide them with the products that meet the labelling requirement. The bigger manufacturers are in a position to negotiate the supplies of such chemicals. These larger companies are facing additional costs but, so far, have not lost market sales.
- (b) It is difficult to meet the eco-labelling criteria when the inputs used were themselves imported. This is the case with raw cotton and leather that is imported into Brazil. The costs of obtaining supplies and verifying that they met the conditions were judged to be high.
- (c) Some of the requirements of the eco-labels put countries such as Brazil at a disadvantage vis-a-vis the countries of the EU and are of little relevance in environmental terms. For example, consider the requirements for sulphur dioxide and nitrogen oxide emissions. Technologies meeting these requirements have been developed in the EU because such pollutants are important there. In developing countries, where they are less important, they have not been developed and the label would make it necessary to import them. Adapting existing production systems to meet these conditions will be costly and reduce the competitive advantage that Brazil has in these areas.
- (d) Some of the conditions for the eco-label unfairly penalize Brazil because they place a penalty on materials that Brazil uses, or give preference to materials that are not readily available in the country. An example is the use of virgin pulp in the paper industry. Such pulp receives 0.9 to 1.2 penalty points (to get an eco-label a producer must have less than a certain number of penalty points) even though the pulp comes from sustainable forests. Conversely, favoring recycled paper by giving credit for waste reduction benefits developed countries

where more recycled material is available, and where collection and recycling are subsidized.

- (e) The setting up of the labelling guidelines was done without sufficient consultation with producing countries such as Brazil. "No attention was paid [in establishing the criteria for the eco-labels] to the fact that in non-EU countries positive environmental results might be achieved in ways different from those tagged as top priority in Europe, and that solutions appropriate to Europe may not be valid for other regions".

Similar comments emerge from a study for Colombia. This stresses the costs of complying with the EU standards, which it estimates to be very high. These costs are believed to be much higher for Colombian producers than for EU producers because of the way the criteria are framed. The authors also argue that some of the standards are not set on criteria that are transparent. For example the justification for the requirement that the maximum amount of lead permissible in water in textile production is only 0.004 mg/l is not clear except perhaps that EU production technology meets that criterion.

At the same time as these issues are raised, some developing countries have established their own schemes; in part to promote the exports of their products, and in part to promote environmentally friendly products at home. The success of the schemes to date has been very limited but there is a considerable potential. There is, for example, some evidence that developing countries may actually turn the system to their advantage by marketing their own "eco-friendly" products more aggressively. The development of "green food" labels in China, "green cotton" in India and the possible use of natural fibers such as jute in packaging are cases in point. To be successful, however, this will require cooperation with the importing countries, to define the appropriate labels and even to modify the importers' own labelling.

In India, for example, the government has launched an eco-label scheme for products that, when properly used and disposed of, reduce the damage to the environment. It is essentially a promotional device and is not very popular with industry at present. The study also reports interviews which show that Indian exporters are not interested in subscribing to international eco-label schemes. They are "not confident of the promotional aspects of [such] schemes for their products. For example in garments most exporters were of the opinion that fashion was of primary concern among the buyers and environmental considerations were of secondary importance even in Germany at present." At the same time it is acknowledged that in future the situation may change, and some exporters have complained that marketing certain products to Germany is becoming more difficult because of the "green dot" label relating to packaging of the products.

India has recognized the profitability of some environmental products and is promoting them in a number of ways. One of the most important is organically grown cotton (or "green cotton"). The federal government has identified 1000ha. of land in two states for producing organic cotton on a pilot scale. Of course this is only a start (India has 8mn. ha. under cotton) but a promising one. The benefits are not only to the producers, who can

receive a 20 percent price premium over cotton grown using chemicals, but also to the country where more than half the pesticide consumption is accounted for by cotton production. India is also beginning to grow some naturally colored cotton, thus avoiding the use of dyes. This fetches a very high premium in foreign markets. Hybrid seeds for this, however, are still being locally developed, as India was unsuccessful in obtaining them from the US where such cotton is now being grown.

A similar promotion is taking place for jute and its products, which lost much of their market due to competition from synthetic products but are now seen as eco-friendly. If terms can be agreed for their use in packaging to the European markets, they may have a big increase in demand. Other products where exporters recognize the benefits of environmentally friendly production are food products and leather.

### *Questions to be Addressed*

As a task force you are invited to address the following questions:

- (i) What impacts have eco-labelling schemes been shown to have on the exports of your country?
- (ii) In what respects are the data incomplete, and what additional information would you seek to establish the facts required for better policy making?
- (iii) What domestic policy reforms would you recommend to your government in the area of eco-labelling, and what position would you recommend your government to take in any international negotiations on the subject?

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## **VI. What Impact Have International Treaties Had on the Trade of Developing Countries?**

### *Background Information*

Whereas environmental standards can properly be set at the national level for impacts that are confined to national boundaries, the same does not apply when the domain of the impact is international, or even global. In the case of such issues as greenhouse gases, ozone depleting substances (ODS) or the conservation of threatened species, international agreements are essential. These mandate specific actions to address the environmental problems that arise, and specify how the responsibility for the actions is to be divided up between countries.

Frequently, the required actions include some form of restriction on trade. For ODS the original agreement in 1985 included trade sanctions against non-members that violated the Protocol condition banning trade in ODS

between members and non-members. The latter was intended as an incentive to join the protocol and in fact proved to be an important factor in encouraging some countries to become parties. It is important to note, however, that the sanctions have never been imposed and, according to some commentators, it would be against the GATT to impose them. The same applies to any restrictions on trade in products not containing ODS but made using them.

Restrictions in trade are central to other international agreements, such as the Basel convention on trade in hazardous substances, and CITES, the convention on trade in endangered species. Although such treaties can override GATT rules in so far as the contracting parties waive their GATT rights voluntarily, the same does not apply to non-members to the treaties. Also, members who were to face sanctions for not complying could take issue with the use of these instruments. There is no experience with any such cases before the GATT, which could approve the use of sanctions in connection with global environmental treaties, as long as it was treated as a last resort measure, with all other options having been exhausted.

### *Empirical Evidence*

The studies under review indicate that some developing countries have suffered some loss of trade as a result of such treaties. Under the Montreal Protocol, as ODS are being phased out, developing countries that had a large export of products using such chemicals (such as refrigerators) are finding that the markets are being squeezed, as buyers want to shift to versions based on substitutes.

The China case study quotes a decline in the volume of exports of refrigerators from that country of 58 percent between 1988 and 1991. Similar declines were noted for other products using ODS. It is as a consequence of this decline that China has stepped up its phase out program and hopes to phase out ODS faster than would be required for developing countries under the Protocol<sup>3</sup>.

The Colombian study states that the impact of the Montreal Protocol on international competitiveness is not clear. While some firms will not be able to afford the new technology, there are funds available from the Parties to the Protocol to assist in the transition. If the climate change convention results in a carbon tax, or if fossil fuel consumption is restricted in international markets in other ways, Colombia will lose out, as a net exporter of oil and coal. An increase in the price of fossil fuels based on their carbon content would impact on exports of stone, glass and ceramics.

The Philippine study notes that most of the successful global agreements such as the Montreal Protocol, CITES etc., affect commodities that are not significant Philippine exports. One potential treaty which is concerned is that on trade in tropical timber. Such an agreement would impact

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<sup>3</sup> *The reduction in exports of refrigerators could also be due to the very rapidly growing domestic market. Nevertheless, it does appear that the loss of export opportunities had some impact.*

significantly on the country's exports of furniture as local sources of sustainable plantations are very few and unable to expand quickly due to the long gestation period for hardwood plantations. As far as regulating open-sea resources is concerned, the 1989 Wellington Convention for the Prohibition of Fishing with Long Driftnets and the UN Moratorium on Drift net Fishing is poorly monitored and enforced. In fact better enforcement would benefit the Philippines as driftnet fishing is not a major method in Philippine fishing.

The Zimbabwe study identifies trade benefits arising from the Bamako convention which restricts the import of wastes into Africa and controls the transboundary movement of wastes within Africa. Although clearly restrictive of trade this is seen as beneficial as far as Zimbabwe is concerned, because it safeguards against serious environmental hazards. On the other hand the study sees the convention on trade in endangered species (CITES) as damaging to the country's interests. This is primarily because of the ban on trade in ivory, which hurts Zimbabwe, where elephants are not endangered and where it could gain significantly from trade in ivory were it to be permitted. In fact the revenues from such trade could provide much needed resources for managing elephant habitats. Zimbabwe's position on this issue is of course well known and a major source of disagreement within CITES.

### *Questions to be Addressed*

The following questions should be addressed:

- (i) To what extent do international conventions — actual or propose — have implications for your countries exports and imports?
- (ii) In so far as they do have such implications, how would you decide whether it is in your country's interests to be a signatory of that convention?
- (iii) In any international negotiations on a particular treaty, what factors would determine the stance you would recommend your country's negotiators to take?