



## **The World Today**

### **The Emerging Issue of Trade and the Environment for the Caribbean Region**

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In the dynamic area of international trade, developing countries are faced with new challenges brought on by this era of globalization. One such issue is global environmental concerns. It has become clear that environmental concerns do not extend only to climate change and global warming. The environment is also a critical issue in the international trading system. This presents an interesting situation as it appears that developing countries are unable to exercise sovereignty over their physical environment and the issue of the environment remains on the periphery of development concerns for developing countries.

The advent of the World Trade Organization (WTO) ensured that the issue of the environment became a permanent issue in the international trade body. The Committee on Trade and the Environment (CTE) was created to discuss the sensitive balancing act between free trade and environmental concerns. The environment remains a controversial issue in the WTO as sides have been drawn between members of the organization.

Developing countries remain convinced that the environment should not be a topic of discussion in the WTO: they insist that they have full sovereign rights over the use of the environment. This of course is towards the advancement of the development project: the exploitation of natural resources for economic gains.

However, the developed countries in North America (US, Canada) and Europe believe that environmental concerns should be a priority issue. They have extended the issue into international trade debate and have supported it as a permanent fixture in trade discussions. Under the guise of sustainable development, the environment has become a critical issue not only in the WTO but in the United Nations (UN) system as well. This has meant that despite their reservations, developing countries have been forced to discuss the issue of trade and the environment.

The debate can not be avoided. Developed countries have sought to employ measures that would adversely affect developing country exports in their markets. Developed countries have employed the use of environmental standards or eco-labels which seek to differentiate goods and services through environmentally sensitive characteristics. Developing countries lag behind developed countries in this regard. Even though some developing countries have sought to implement national eco-labelling schemes, the majority of the developing countries have not implemented similar programs.

In addition, the increase in the number of eco-labels in the international trading system has been astounding. Although, eco-labels are usually defined as voluntary, mandatory eco-labels do exist. Therefore, the mandatory label is required for entry into the particular export market. This may also be the case for some voluntary labels. These requirements put developing countries at a disadvantage. Developing countries do not possess the necessary institutions for testing, research and development. Furthermore, the costs associated with these standards are borne by the exporter. Exporters in developing countries consist mainly of small and medium sized enterprises (SMEs). These costs have proven to be expensive and virtually out of the reach of developing country exporters.

Little research has been done in this area. Eco-labels do not receive priority attention in the developing world. This is also the case for the Caribbean region. This is mainly due to the fact that "...traditionally, development plans and public investment programs in the region have little if any environmental content, with the possible exception of the land

use and physical planning component...environmental issues have been a stranger to both the theory and practice of economics in the Caribbean”.

Over the last fifteen years, this view has changed slightly. The Caribbean has adopted the model of sustainable development and the characterization of Small Island Developing States (SIDS). After the 1994 SIDS conference in Barbados, the region has embarked on initiatives to incorporate environmental issues in development planning. However, it appears that there has been no great urgency to seek environmental management systems certification in the manufacturing sector. More attention will have to be paid to the areas of standards (eco-labels), testing and conformity assessment.

The regional tourism industry has sought to address the issues of environmental standards. Just recently, the President of the Caribbean Hotel Association pointed out that the tourism industry was adjusting to the “new environment conscious consumer”. In the case of Barbados, tour operators have sought to attain environmental management certification from recognized tourism eco-labelling institutions. In 2002, Barbados had the highest percentage of Green Globe certified hotels in the region with eight (8) certified hotels and 21 affiliated hotels whereas Jamaica had seven (7) certified hotels, one (1) benchmarked and 17 affiliated hotels.

Tradable goods and services must not have an adverse effect on the environment. Developed countries have sought to employ import measures to ensure that goods and services do not negatively impact their environment. However, developing countries do not adhere to the same levels of environmental protection and generally do not participate in standards formulation. This area of environmental standards should assume critical importance for the Caribbean region. The tradable goods and services that are exported by Caribbean countries have been affected by eco-labels.

The traditional view that environmental concerns generally exist outside of development planning should be discarded. The current international trend is that the use of

environmental standards will intensify and Caribbean exports will be increasingly affected. It is imperative that the Caribbean region addresses this issue immediately. The usual “knee-jerk” approach employed by Caribbean governments is unsuitable here. This issue must be addressed now before it is too late.