

Trade and Environmental Policy Strategies

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Abstract : In the recent years several non-tariff provisions have been regarded as means holding back transboundary environmental damages. Affected countries have then increasingly come up with trade policies to compensate for or to In recent years, several non-tariff trade provisions have been regarded as means of holding back transboundary environmental damages. Affected countries have then increasingly come up with trade policies to compensate for or to enforce the adoption of environmental policies elsewhere. These non-tariff trade constraints are claimed to threaten the freedom of trading across nations, as well as the harmonization sought towards the distribution of income and policy measures. Therefore the 'greening' of world trade issues essentially ranges over whether there ought or ought not to be a trade-off between trade and environmental policies. The impacts of free trade and environmental policies on major economic variables (such as trade flows, balances of trade, resource allocation, output, consumption and welfare) are thus studied here, and so is the EKC hypothesis, when such variables are played against the resulting emission levels. The policy response is seen as a political game, played here by two representative parties named North and South. Whether their policy choices, simulated by four scenarios, are right or wrong depends on their policy goals, split into economic and environmental ones.

Keywords : environmental, policies, strategies, constraint

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