Environmental quality should be a priority

What is the issue?

- Environmental issues have been increasingly disturbed because of global business practices, social issues and problems in handling waste.
- Environmental concerns are weakening developing countries and they cannot be ignored any more.

What is the connection between growth and environmental degradation?

- **China** logged large area of forests in the last decades of the past century.
- The Chinese government concluded that deforestation was behind these events, and it has banned logging.
- **The USA** has banned the import of shrimp harvested without the turtle excluder device, because of its concern for endangered sea turtles.
- In 1994, the WTO intervened to address the above concern which is known as the Shrimp and Turtle case. The ruling was adopted in 1998.

How developing countries like India are affected?

- They are affected due to the relocation of polluting industries from developed areas.
- Many products that are banned in developed nations are marketed in the underdeveloped world.
- Incidences of droughts and floods have caused large financial losses.
- Over 2,000 Himalayan glaciers have melted in the past few decades, causing floods and climatic changes.

What imposes heavy social costs?

- It is caused by dumping of nuclear and hazardous waste in developing countries and the shifting of polluting industries to developing countries.
- It has serious health effects to the residents.
- Exploitation of natural resources of developing countries to satisfy global demand causes ecological problems.
- African nations have long been at the centre of such incidents.

How are the MNCs exploiting underdeveloped countries?

- MNCs use polluting technologies to exploit these countries. These MNCs must be severely punished.
- Environmental CSR aims to reduce damaging effects of these MNCs' business processes.
- At times, developed nations raise environmental issues as a trade barrier rather than for genuine reasons.

What is the intensified debate?

- The debate has intensified in recent years on the **connection between trade and environment**, and the **role the WTO** can play is important in promoting environmental-friendly trade.
- There are many circumstances where trade and the pursuit of trade liberalisation have had harmful environmental effects.
- Also, trade can negatively impact environment when property rights in environmental resources are ill-defined or prices do not reflect scarcity.

What are the economic factors leading to degradation?

- The **FTA expansions** result in the abuse of scarce environmental resources and degradation, which worsens through trade.
- Some of the pollution can be **purely local** and others can have **global repercussions.**
- If some countries have **low environmental standards**, big businesses are likely to shift production of environment-intensive products to these pollution havens.
- Trade-induced competitive pressure forces countries to lower their environmental and health standards.

What is the positive point in international trade?

- Some nations have extremely high quantities of raw materials, which they are unable to use domestically.
- With freer trade, nations can take advantage of their material surplus to benefit their economy by selling this surplus to other nations.
- Organisations like Unilever, IKEA, IBM and Adobe have the most comprehensive CSR programmes.

Source: Financial Express



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