The Conflict and Coordination Mechanism Between Environmental Protection and Free Trade

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Abstract. With the accelerated development of globalization, the conflict between free trade and environmental protection is becoming increasingly prominent. Therefore, it is urgent to explore mechanisms that balance free trade and environmental protection. The main research object of this article is the manifestation and root causes of conflicts between environmental protection and free trade, as well as the coordination mechanism between the two. Through case analysis and literature review, the research results on the conflict and coordination between environmental protection and free trade in China have been summarized, and some new ideas have been proposed. The conflict between environmental protection and free trade actually stems from various factors such as the conflict between environmental standards and economic interests, the institutional conflict between the international trade system and environmental protection regulations, and the lag and lack of coordination mechanisms in trade policies. In order to achieve coordinated development of environmental protection and free trade, it is necessary to improve the coordination mechanism under the international trade system, including promoting the unity of WTO principles and environmental protection, improving legal provisions to reduce misunderstandings and conflicts, strengthening international cooperation to support developing countries in enhancing their environmental protection and governance capabilities, and establishing a more just and reasonable new international economic order. Countries should work together to ensure that environmental protection and free trade achieve positive interaction and coordinated development in a fair, inclusive, and green global economic system.

Keywords: Environmental Protection, Free Trade, Coordination Mechanism.

1 Introduction

With the deepening of globalization, the conflict between free trade and environmental protection has become increasingly prominent. Free trade has facilitated the cross-border flow of goods, capital, technology, and services, promoting the prosperity of the global economy. However, free trade has also brought about environmental problems such as excessive resource consumption and worsening environmental pollution, which have formed sharp contradictions with the goal of environmental protection. At the same time, there is a lack of unified environmental protection standards and spe-

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cific coordination mechanisms internationally, leading to increasingly serious conflicts between them. One case is a typical example of this.

In 1998, Canada issued a ban on the export of unprocessed salmon under the 1970 Canadian Fisheries Act to protect its domestic aquaculture industry. This measure immediately triggered a strong reaction from the United States, leading to a fierce trade dispute between the two sides. The US aquaculture industry has filed a lawsuit, requesting the US government to appeal to GATT. On the other hand, Canada insists that the ban is part of the fisheries resource management system and complies with the exception provisions of Article 20 (g) of GATT. However, after a long period of review and debate, the expert group ultimately determined that Canada's measures violated Article 11 (1) of GATT, and Article 20 (g) could not justify its actions.

This case not only reveals the tense relationship between environmental protection and trade conflicts, but also highlights the urgent need to balance economic development and environmental protection in the context of globalization.This article aims to explore how the conflict between environmental protection and free trade arises, and how we can coordinate their relationship.

2 The Conflict Between Environmental Protection and Free Trade

2.1 Forms Of Conflict

Trade Barriers and Green Protectionism. One of the most prominent forms of conflict is trade barriers and green protectionism. Some countries use environmental protection as a pretext to implement measures that exceed international standards, thereby hindering the entry of foreign goods. These measures may include imposing high "green tariffs", establishing stringent environmental standards, and certification procedures [1].

For instance, the European Union has imposed strict restrictions on the carbon emissions of imported products. Goods that do not meet its carbon emission standards are barred from entering the market. This not only increases the cost for exporting countries but also constitutes a trade barrier that discriminates against foreign products. Such measures, while aimed at protecting the environment, can also be seen as a form of protectionism that favors domestic industries.

Environmental Pollution Transfer Risks in International Investment. The principle of national treatment requires investment enterprises to apply the same environmental standards as the host country while complying with its environmental regulations [2]. However, when the environmental standards of the host country are lower than those of the investing company's home country, this may provide convenience for the investing company to transfer pollution to the host country. This seemingly compliant behavior actually poses a serious threat to the environmental quality of the host country. Obviously, the lower environmental standards of the host country have reduced the production costs of investment enterprises but have exacerbated local

environmental pollution problems and had adverse effects on the domestic market, further highlighting the disadvantaged position of developing countries in international trade. This regulation was originally intended to ensure fairness in trade, but it has had a serious impact on the environment.

Conflicts Between Systems. Under the WTO system, conflicts between trade and environmental issues often occur. There is a contradiction between the basic principles of free trade such as nondiscrimination, tariff reduction, and transparency of the WTO and environmental protection regulations. For example, the principle of tariff reduction may conflict with the environmental taxes and fees stipulated in each country's internal environmental protection laws, leading to trade disputes. In addition, multilateral environmental agreements may also conflict with free trade, such as prohibiting contracting parties from engaging in trade with other countries, which seriously violates the principles of WTO trade liberalization.

2.2 The Root Cause of Conflict

Conflict Between Environmental Standards and Economic Interests. The conflict arises fundamentally from the inherent contradiction between the stringent environmental standards and protection measures imposed by developed countries, often rooted in their advanced technological capabilities and environmental awareness, and the economic interests of developing countries, which frequently prioritize economic growth and poverty alleviation over immediate environmental concerns. The inexorable trend of economic globalization necessitates that the intricate balance between trade liberalization and environmental protection be meticulously considered at the international level.

However, the reality of uneven development within the international economy has resulted in marked disparities in the levels of trade sophistication and environmental regulatory frameworks among countries. Developed nations, with their robust economies and established environmental policies, tend to advocate higher environmental standards in international trade. Conversely, developing countries, often grappling with the dual challenges of economic underdevelopment and environmental degradation, may find it impracticable to adhere to the same stringent environmental benchmarks without compromising their economic growth and social welfare.

Demanding uniform environmental standards for all nations engaged in international trade, given these disparities, is not only impractical but also ignores the unique circumstances and development needs of each country. This mismatch has led to conflicts and tensions.

Institutional Conflict Between Environmental Protection and Free Trade. There is an institutional conflict between environmental protection and free trade [3]. Due to the fact that the formulation of free trade policies and environmental protection policies is almost carried out within two different independent scopes, there will inev-

itably be institutional differences, resulting in different objectives and conflicts in norms.

From the perspective of international trade, the purpose of the WTO is to promote global trade liberalization, reduce tariffs and non-tariff trade barriers, including green trade barriers formed by various environmental protection measures. The goal of international trade development is to maximize trade freedom, with the main task being the unimpeded flow of trade factors between countries. Under the conditions of trade liberalization, unrestricted free trade may lead to inappropriate and excessive development and utilization of natural resources, exacerbating environmental pollution and destruction. The cross-border circulation of certain products may also cause the spread and transfer of environmental pollution.

From the perspective of environmental protection, in order to achieve sustainable development goals, it is necessary to restrict or prohibit certain international trade to a certain extent. The common feature of multilateral environmental agreements related to trade is to restrict factors that are detrimental to environmental protection in international trade. Various environmental standards and measures require environmental technology standards for various aspects of product raw material development, production, processing, packaging, market access, etc., which to some extent limits the free development of international trade and forms green trade barriers. This inevitably conflicts with the values and concepts of trade liberalization.

The requirements of trade liberalization and the goals of environmental protection are contradictory and conflicting to some extent, with differences in the objects and purposes of protection between the two. Due to the unrestrained development of trade liberalization and inappropriate intervention of environmental protection policies and regulations in trade behavior, the contradiction between the two objectively arises [4].

Lagging Trade Policies. The formulation of international trade policies often lags behind the rapid development and improvement of people's environmental awareness, leading to neglect in incorporating environmental protection into the framework of free trade agreements. This lag is often due to the inability of decision-making to adapt to emerging issues and social changes, so environmental factors are often overlooked when pursuing economic benefits in the field of free trade.

The core goal of free trade policy is to promote the unimpeded cross-border flow of goods and services, thereby maximizing economic efficiency and promoting global economic prosperity. This focus on economic efficiency and market liberalization often leads to environmental protection being seen as an additional financial burden or regulatory constraint, rather than a holistic consideration in policymaking. This distorted view stems from a short-term economic perspective, which prioritizes immediate gains over long-term sustainable gains. Due to this policy orientation, many environmental issues have arisen in the process of free trade. For example, excessive exploitation of natural resources; The disorderly discharge of industrial waste into ecosystems leads to pollution and contamination; And widespread ecological destruction, disrupting the balance of natural habitats and biodiversity.

To address this imbalance, a paradigm shift in international trade policy-making is needed, with environmental sustainability as a core principle. This transformation

requires joint efforts from the government, businesses, and civil society to develop policies that coordinate economic growth and environmental management, ensuring fair and sustainable sharing of the benefits of free trade.

Lack Of Coordination Mechanism. The complexity and breadth of the issue of environmental protection determines that it is not something that a single country or region can handle alone but requires all countries around the world to work together and make joint efforts. However, in the current era of rampant free trade and continuous advancement of economic globalization, countries often focus more on maintaining and expanding their own economic interests while enjoying the dividends of economic growth and market expansion brought by trade liberalization.

Although the importance of environmental protection has been widely recognized, international cooperation among countries in the field of environmental protection appears to be very weak in practical operation [5]. This self-centered view of economic interests often leads to a lack of sufficient willingness and action for countries to cooperate when facing global environmental issues such as cross-border pollution, making it difficult to solve these problems.

3 Coordination Mechanism Between Environmental Protection and Free Trade

In order to coordinate environmental protection and free trade, coordination mechanisms should be explored to balance the relationship between them.

3.1 Coordinate International Trade and Environmental Protection Under WTO Rules

Firstly, promote the unity of WTO principles and environmental protection. The rapid development of the economy cannot be separated from the establishment of a sound trade system, and the establishment of sustainable development must attach importance to environmental protection [6]. The measures that use the banner of environmental protection but actually restrict free and fair trade have seriously hindered the normal process of global trade. In the long run, they are not beneficial to environmental protection, but rather harmful. In view of this, the WTO should fully pay attention to the impact of environmental factors on the trade activities of developing countries and ensure that relevant measures do not conflict with the basic principles of the WTO. In the field of international trade, a fair-trade system that conforms to the spirit of the WTO should be established.

Secondly, starting from the basic principles, goals, and relevant provisions of WTO, we will enhance the impact of environmental protection efforts on a global scale, further resolve the contradiction between environmental protection and trade, and optimize environmental quality. Against the backdrop of promoting global trade development and rapid economic growth, we aim to establish a sustainable develop-

ment model. For example, based on the degree of environmental impact of trade products, they can be divided into environmental resource-based products and non-environmental resource-based products. Then, based on the varying degrees of environmental impact of these products, establish some special policy regulations. If there are restrictions on the trading of resource-based products that have a significant impact on the environment, and corresponding preferential policies are given to the exporting country based on this, appropriate compensation should also be made to the importing country. Adopting different treatment measures to address the gap between developing and developed countries, in order to achieve substantive fairness [7].

Thirdly, as the core of the legal system of the WTO dispute settlement procedure, improving the WTO dispute settlement mechanism is the key to effectively addressing environmental and trade issues. Because free trade is the first factor that expert groups need to consider when dealing with specific issues, it is inevitable to overlook the need for environmental protection when faced with conflicts between environmental protection and international trade. Therefore, the reform of the dispute settlement mechanism under the WTO rules must increase the number of experts in environmental protection to fairly resolve conflicts between environmental protection and international trade.

3.2 Improve Legal Provisions

It is imperative to refine and clarify the legal provisions of the World Trade Organization (WTO) and the General Agreement on Tariffs and Trade (GATT) concerning trade and environmental disputes [3]. Currently, there exist unclear and non-specific legal provisions within these frameworks that can lead to ambiguities and misinterpretations, thereby potentially escalating trade tensions and environmental conflicts. In order to address this issue, it is crucial to undertake a thorough review and revision of these provisions. One key area of focus should be Article 20 of GATT, which contains terms such as "unreasonable differential treatment" and "necessary measures." These keywords are often open to interpretation, leading to inconsistencies in their application across different cases. To ensure predictability and fairness, it is necessary to standardize and accurately interpret these terms [8]. This can be achieved by developing clear guidelines or interpretive notes that provide specific criteria for determining when differential treatment is unreasonable and what constitutes necessary measures in a given context.

Furthermore, it is essential to delineate the scope of application of the WTO, GATT, and other related agreements. The boundaries between these agreements can sometimes be blurred, leading to confusion and conflicts in their application. By clearly defining the scope of each agreement, we can avoid situations where overlapping or conflicting provisions give rise to disputes. This will help ensure that the dispute resolution mechanisms of the WTO and GATT are applied consistently and effectively, thereby promoting trade and environmental cooperation rather than conflict.

3.3 Strengthen International Cooperation On Environmental Protection And Free Trade Issues

Due to factors such as historical development and resource allocation, there are significant differences in economic level and environmental protection capabilities between developed and developing countries. This unbalanced state seriously hinders the resolution of global free trade and environmental protection issues. In order to fundamentally break this deadlock, it is necessary to further strengthen international cooperation between developed and developing countries [9]. This not only helps promote the balance and sustainable development of the global economy, but also provides necessary assistance and support to developing countries to enhance their economic strength and strengthen their environmental protection and governance capabilities. This has profound significance for building a more equitable, inclusive, and green global economic system.

Therefore, developed countries should take on more responsibilities and provide comprehensive and sufficient support to help developing countries overcome the dual challenges of economy and environmental protection. For example, developed countries can increase their financial assistance to provide necessary financial support to developing countries, helping them improve infrastructure and enhance industrial competitiveness; In terms of technology transfer, developed countries should actively share advanced environmental protection technologies and management experiences, lower the threshold for developing countries to acquire environmental protection technologies, and accelerate the improvement of their environmental protection capabilities; In addition, in terms of advanced equipment supply, developed countries should also provide preferential conditions to ensure that developing countries can obtain efficient and environmentally friendly production equipment, in order to promote the green transformation of their industrial structure.

3.4 Establish A New International Economic Order

Currently, the old international economic order that exists globally, with its deep-rooted inequality and irrationality, has caused many adverse effects on environmental protection and the healthy development of free trade. This old order often tends to safeguard the interests of a few developed countries, while ignoring the reasonable demands of developing countries in terms of economic development and environmental protection, resulting in uneven distribution of global resources, increasingly severe environmental pollution problems, and hindering the fairness and efficiency of free trade.

In view of this, further deepening reforms, changing the old and unequal international economic order, and establishing a more just, reasonable, and inclusive new international economic order has become an urgent task and the fundamental basis for promoting the development of global environmental protection [10]. The establishment of a new order will strive to ensure that all countries, especially developing countries, can develop their economies in a fair environment, share global resources and market opportunities, and provide a solid material foundation for their environmental protection work. For developing countries, only by achieving sufficient economic growth and enhancing comprehensive national strength can more funds and

resources be invested in environmental protection and energy management, effectively addressing the environmental challenges they face. At the same time, with the growth of economic strength, developing countries will also have stronger capabilities to participate in international environmental cooperation, learn from advanced environmental protection technologies and experiences, continuously improve their own environmental protection level, and contribute to the improvement of global environmental quality. Therefore, countries should join hands and work together to promote the establishment of a more fair and open international economic order through strengthened dialogue and cooperation. During this process, special attention and support should be given to the development needs of developing countries, enhancing their ability to participate in environmental protection and free trade, and promoting balanced and sustainable development of the global economy. Only in this way can we achieve a positive interaction and coordinated development between environmental protection and free trade.

4 Conclusion

The coordination mechanism between environmental protection and trade conflicts is indeed a complex and crucial issue that demands attention. In the era of global economic integration, where countries are increasingly interconnected, it is imperative for nations to collaborate and collectively address the pressing challenges posed by environmental issues. Strengthening international cooperation and exchanges in this realm is not only beneficial for fostering mutual understanding and trust but also essential for devising effective solutions. Establishing universally recognized environmental standards and norms can serve as a cornerstone for harmonizing the often-conflicting interests of environmental protection and trade. By working together, countries can strive to achieve a balanced and sustainable development path that honors both environmental stewardship and economic prosperity. Such concerted efforts are vital for ensuring a more equitable global economic system.

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