

# LEGALFOXES LAW TIMES

## AN ANALYZATION OF UNILATERAL TRADE PROVISIONS IN ORDER TO REDUCE ENVIRONMENTAL SUFFERINGS

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[International Commodity-Related Environmental Agreements \(ICREA\) is aimed towards dealing with the specific commodities that are very much able to cause complications in the environment, within a supposed span of time.](#) Hence, dealing with the prices of specific commodities is an objective that comes secondary to the agreement. They believe the primary notion is providing proper protection to the environment in every possible approach. The decision made by individual countries to impose Unilateral measures in order to internalize environmental externalities might lead the respective countries towards extreme competitiveness followed by an enormous loss in the market. The agreement also aims towards internalizing the costs that comes along with the production of various gadgets for proper technological functions, a better step towards sustainable development and other factors involved in the process of saving the environment. The process of negotiation plays an important role in internalizing the costs of the aforementioned factors. Moreover, the extra costs or the additional costs that immerge out of the internalization process, would have to be invested by the consumers who will be taking the services rendered by these commodities.

### **The effectiveness of the International Agreement on cost internalization-**

The radius of this particular agreement does not extend to all the commodities in general. Hence, in other words it can be said that ICREA is commodity specific in nature. It deals with certain commodities at a certain time, depending on the cause of the environmental problems. There have been several countries that have decided to apply the agreement in order to sustain the environment, but all countries could not succeed in the same. However, if we consider the instance of Malaysia, where an attempt has been made in order to control the havoc pollution caused by the production of palm oil, where the movement or the attempt was absolutely successful. Despite of incurring extra charges in the form of pollution abatement, the industry did not suffer much loss, and it continued gaining profit in the same way as it was gaining earlier. [A very practical method has been used for the purpose of saving the environment form the pollution cause by the palm oil industries.](#) It has been observed that water resources were getting the most affected by the effluents of the palm industry. Therefore, keeping the necessities in mind, Malaysia introduced the river-basin management concept. This approach involved the installation of in-plant measures for the purpose of prohibiting the effluents from rushing away into the water. These in-plant measures contributed towards getting the water as less polluted as possible. The main objective of the entire approach is to raise the quality of the water resources.

Malaysia was also aware of the fact that palm oil industry is not the only source that affected the water quality, there were other sources of pollution as well, that could not have been controlled by the state. Hence, by adapting the river-basin management concept, the sole purpose of the State was to reduce the water pollution to whatever extent possible, if not totally. In order to introduce a new water damage-control plan it is very important for a State to comply with its national water quality criteria or standards, in order to proceed further with the management of water pollution. In this particular scenario, the national water quality standards have been met by the river-basin management concept. Despite of complying with all the possible conditions, sometimes, the profit impact was a bit low, as compared to the production of huge outputs.

### **Prioritizing the reduction of environmental externalities-**

The application of Unilateral measures varies from one country to the other, because most part of the decision is based on the priority of the underlying factors that has been set by that particular country. For instance, in some countries the social and economic conditions are appalling, as a result of which the government of that particular country does not get much time to invest into the decision making process pertinent to pollution control. Hence, in these cases their priority is not to control the pollution, because they have some other severe and worse problems to deal with. Moreover, the pollution control measures, does not come out successfully at certain times. The various technologies or gadgets that are involved in the entire process of pollution management, costs heavily. Along with these cost barriers there are various other factors, such as the low profit rates, despite of adequate outputs being produced and most importantly a sudden hike in the international competitive standards. In some countries the revenue plays a huge factor in the entire pollution management process, either in a good way or in an adverse manner. The in-plant measures that are introduced to the industry, sometimes requires additional assistance, or rather skilful assistance. As a result of the fact, people with proper and efficient skills need to be hired. These people being properly skilled, ask for a good amount of salary, which in turn is an indirect pressure to the government, that every state cannot tackle successfully.

### **Negative impact of the Government Intervention-**

In most of the countries, the government is always deeply involved in the decision making process pertinent to the economic sector. Such involvement of the government sometimes turns out to be less fruitful to the particular sectors. [Sometimes, the decisions made by the government regarding subsidizing certain factors, does not comply with the cost related factors or criteria of that particular sector.](#) The subsidies made to the agricultural sector has not turned out to be very friendly to the environment, instead it is going against the betterment of the environment. As a consequence of the fact, farmers are utilising more and more fertilizers and excess fertilizers are making the soil incapable and weak, as a result of which the seed holding capacity of the soil is decreasing immensely. During monsoon, these soils are getting washed away by the rain water and is getting mixed with the natural water resources. The fertilizers present in the soil are creating excessive problem in the water bodies and the aquatic lives are being affected because of the extremely polluted water. Thus, for the betterment of the soil texture, there needs to an

adequate use of fertilizers accompanied by proper calculation and screening of the soil texture and elements present in the soil. The Government of many countries have been intending to internalize the pollution damage charges since a long period of time. However, the proper execution of process of internalization can be done, if the products are of accurate prices. If necessary, prices need to be allocated to the natural resources, so that people stop use them as limitless substances. During the process of transaction, social cost shall be included in the material costs, so that the damage caused by the production of that particular product can be known to the consumers. For the proper functioning of the pollution control programme, inclusion of social cost plays a significant portion.

**Conclusion-**

When the state introduces a new policy, it requires an alteration or rather a modification in the entire system, in order to mould the system according to the conditions provided. The International Commodity related Environmental Agreement involves the functions of the government, the producers as well as the consumers. If these three entities go hand in hand, then the imbalance in the production procedure and the poor management of pollution can be reduced to a great extent. International agreements are not trade barriers, rather it initiates the formulation for better strategies and provides the Government a reason to pave the path to fight the challenges coming their way. It is the responsible of the citizens residing in the State to help the Government in order to achieve the environmental standards. This entire process of internalizing the environmental externalities is gradual and it needs some time to achieve its objective. Hence, countries that are introducing this agreement, need to be firm with their determination and endurance, because this process is not a matter of short term success. However, Patience backed by perseverance in the initial stages, might lead the country to the point of immense success.

