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INTERNATIONAL BUSINESS; Trade Group Strikes Blow at U.S. Environmental Law

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In a decision that could undercut the use of trade sanctions to promote global environmental goals, the World Trade Organization ruled today that the United States was wrong to prohibit shrimp imports from countries that fail to protect sea turtles from deadly entrapment in the trawls of shrimping boats.

The decision by a three-member panel in Geneva was the latest sign that when free trade conflicts with environmental protection, the international trade body is unlikely to swerve from its central mission of promoting trade.

The Clinton Administration responded defiantly, but officials did not detail how they would pursue a policy required by United States law.

"We believe the W.T.O. panel reached the wrong conclusion," said Charlene Barshefsky, the United States trade representative. She said it "does not affect our efforts to protect endangered sea turtles."

The large reptiles, at risk of extinction, are especially threatened by the shrimping boat nets that entangle and drown them.

The United States requires shrimpers in its waters to equip nets with metal grills that exclude turtles and other large animals, and in 1989 Congress passed a law prohibiting shrimp imports from countries not requiring these devices in their fleets.

Shiv Mukherjee, the minister for press at the Indian Embassy in Washington, called his nation's petition to the W.T.O., which was joined by Thailand, Pakistan and Malaysia, "a matter of principle" in opposing trade barriers.

"Our shrimp exports are one of our significant items on our export list," he said, adding that shrimping is a labor-intensive industry that employs hundreds of thousands of people. "That was a demand of the United States that would have had a significant impact if allowed to stand."

The panel found that even under the provisions of the W.T.O. agreement that allow environmental exceptions, the United States would not be permitted to force other nations to adopt policies to protect an endangered species like the turtle.

"There isn't a strong basis for arguing a pro-environment position within the W.T.O.," said Robert F. Lawrence, an international trade lawyer with Milbank, Tweed, Hadley & McCloy. "The environment is going to take a back seat whenever there is a direct and open conflict with open and free trade."

The trade body has ruled before against the United States on issues involving protection for dolphins and requirements for cleaner-burning gasoline, but conservation groups reacted especially strongly to this case, citing its broad implications as well as the plight of the turtles.

In affirming an earlier, preliminary decision that the American embargo violated trade rules, the trade organization said that while environmental considerations were important, the primary aim of international agreements on trade remained the promotion of economic development through unfettered trade.

Clinton Administration officials, who had expected the ruling, said they would likely appeal. But they said several other options were also under consideration -- including simply disregarding the report, which could lead to fines or countervailing trade barriers against the offenders of the turtle protection law.

The trade organization has no power to overturn a United States law. If the Administration does not win on appeal, it may try to change the shrimp import rules to accommodate today's ruling, although officials said they were unsure how they would accomplish that.

Conservation groups called on the Administration to defy the W.T.O. decision and seek international talks aimed at reshaping how the trade group addresses environmental issues.

"It is unthinkable that we should not be allowed to mitigate the impacts of our own shrimp markets on endangered sea turtles," said Deborah Crouse, senior conservation scientist at the Center for Marine Conservation, a Washington-based advocacy group.

"This entire life form is threatened with extinction," she said.

The United States imports most of the shrimp that Americans consume, some caught in the wild but most raised in coastal farms.

After prohibiting imports of shrimp caught by boats that might kill turtles, the United States negotiated agreements with several countries, especially in the Caribbean region, to protect turtles from shrimping boats. The United States provided foreign aid to help pay for the expense of installing turtle excluders. More than three dozen countries have been certified by the United States as safe shrimpers, either for having adopted the devices or as fishing only in waters where turtles are not usually found.

Daniel Seligman, director of the responsible trade campaign at the Sierra Club, said the trade organization's decision was much broader and made it difficult to envision how trade sanctions could be used to promote environmental causes.

"This is the clearest slap at environmental protection to come out of the W.T.O. to date," he said.