

Environmental Requirements and Market Access for Developing Countries

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Overview

1. ERHRs: definition, trends and key problems
2. ERHRs & WTO
3. Example of EurepGAP
4. Elements of a strategic response

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Factual Basis

Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues

Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF)

UNCTAD Trade, Environment and Development website:
www.unctad.org/trade_env

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Definition of ERHRs

- Difficult to clearly define and capture
 - Mandatory or voluntary; Governments, companies or NGOs
 - Physical characteristics, production processes, or both
 - Numerous policy objectives
 - ERs as shorthand for ERHRs

E.g. Pesticide residues

- Health and food safety - consumers
- Occupational safety - workers
- Environmental concerns

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Main Trends in ERHRs

- Numerous, stringent, complex, and multi-dimensional.
- 'Voluntary' → *de facto* mandatory.
- 5,000 products: 90% subject to ERHRs.
- High impact in sectors where DgCs are very competitive
- Shift to risk-avoidance and precaution.
- Lack of international standards and technical equivalence.

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Concerns of Developing Countries

- Discriminatory application (NTBs)
- Anti-competitive practices
- Lack of capacities
- Threat to comparative advantage of DgCs.
- Marginalisation of weaker economic players
- Inadequate support from standard-setters and donors.

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Impact of ERs

Trade/Development impact depends on:

Target and stringency of requirement

Impact assessment and dialogue

Implementation and support

National adjustment process in DgCs

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Costs of Compliance

- E.g. tomato growing (10ha.) in Morocco
 - US \$50,000
 - Direct compliance costs: roughly 12% of farm production costs
 - Institutional costs, distributional effects, risks
- Evaluation of costs/benefits needed

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Benefits of Compliance

Resource efficiency

Market access

Health and safety

Benefits

Environmental benefits

Competitiveness strategy

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ERHRs and the WTO

Four sets of problems:

1. Institutional capacity needed to take advantage of WTO disciplines.
2. Notification and transparency requirements need to be further improved.
 - Access to and format of information
 - Differentiate between complex and simple ERs
3. Justification and the role of scientific evidence under TBT / SPS
4. Voluntary standards are outside WTO disciplines.

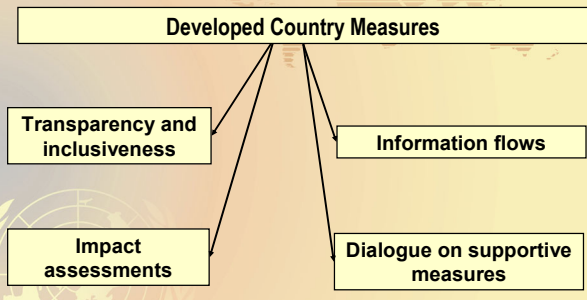
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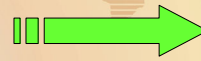
Measures by Importing DdCs

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A shift in approach

Fire-fighting, reactive approach



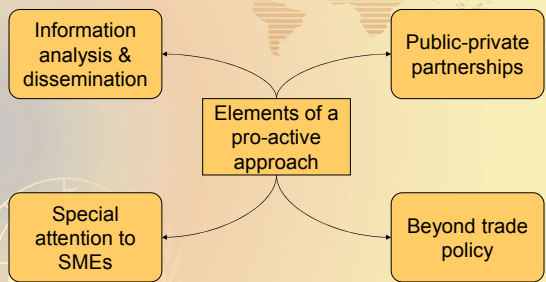
Pro-active, strategic approach

INVOLVES:

- Weighing long-term costs and benefits.
- Active participation in consultations and revision.
- Particular consideration of SMEs.
- 2-step strategy possible.

DgCs: Adjustment strategies

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UNCTAD Consultative Task Force

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- Holistic, development-oriented approach.
- Includes voluntary requirements.
- Wider range of stakeholders than WTO debates.
- Regular exchange of information among TA agencies and initiatives

CTF Activities

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- Working group on internet portal.
- Horticulture and EEE sectors.
- Exchange of national adjustment experiences.
- Country and sector-focused analysis.

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UNCTAD's Trade and Environment Review 2006: Environmental Requirements and Market Access

www.unctad.org/trade_env

