

Trade and Environment Review 2006

Environmental Requirements and Market Access: Developing Pro-active Approaches and Strategies

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Thematic Focus of TER 2006

- Chapter on conceptual issues on how to protect environmental (not trade) interests at the interface of ERs and market access for DgCs
- Chapter on sectoral experience for electrical and electronic exports from China, Philippines and Thailand
- Chapter on organic agriculture as an export and sustainable development opportunity

On these 3 chapters: large number of commentaries from a wide spectrum of stakeholders

- Overview of TC/CB activities on TED in 2004-2005

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Not Losing Sight of the Following Issues

- Major difference in adjustment process to new ERs between DdCs and DgCs: gradually growing structured environmental regulatory framework that minimized costs and uncertainty versus patchwork
- Key differences in level and structure of industrialization between DdCs and DgCs: material- and pollution intensive industries, plus relocation
- SMEs dominate DgCs' economies: their average size is much smaller than SMEs in DdCs
- New ERs are often intended as internalization tool or incentive to move towards more environmentally sustainable production and consumption methods
- Appreciating new ERs not only as a barrier, but also as a catalyst and opportunity (often underestimated or not attributed to new standards)
- Voluntary, private-sector ERs are much more numerous than regulatory ERs: through their commercial importance they are de facto mandatory
- Significant deficiencies in SMTQ system (standards, metrology, testing, quality assurance), skills and physical infra-structure

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Key Problems of Current Adjustment Approach

- Reactive/fire-fighting approach prevails (delaying compliance until after a crisis has occurred). This is costly:**
 - High ad-hoc adjustment costs, resulting from mostly uncoordinated and rushed adjustment
 - Benefits or catalytic role of new standards cannot be fully used
 - Costs of re-establishing reputation and market access
- Piecemeal and fire-fighting approach on technical assistance**
- Insufficient participation of DgCs' producers/exporters in pre-regulation or pre-standard-setting consultations overseas**
- Costs of adjustment are often more apparent than benefits/catalytic effects. Many potential benefits of standard compliance are:**
 - long-term intangible or
 - accrue to stakeholders who do not incur the associated costs.

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Pro-active Measures in Importing DdCs

Pro-active Measures

- Assuring transparency and inclusiveness in preparation and revision of new ERs
- Facilitating information flow/setting up clearing houses on new ERs
- Conducting systematic (ex-ante) impact assessments
- Dialogue on supportive measures for pro-active adjustment process in DgCs

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Key Elements of Pro-active Role of Governments of DgCs

Key Function of Government:

- Taking into account broad commercial and developmental objectives.
- Optimizing long-term costs and catalytic benefits of compliance.
- Focus on wider distributional and societal impacts of the available responses.

Clusters of Policy Tools

- Info gathering and dissemination – cost/benefit analysis
- Public-private sector dialogue
- Pay special attention to SMEs
- Setting up and Supporting Quality Assurance Systems

Effective adjustment

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Added Value of CTF Activities

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- Country- and sector-focused exchange of national adjustment experiences among DgCs
- Includes in the analysis and discussion voluntary ERs of the private sector and NGOs and thus provides a formal exchange mechanism between these stakeholders and governments
- Facilitating access to information on new ERs
- Allows a regular exchange of information among agencies and initiatives that provide TC/CB in fields relevant to CTF discussions
- Provides input into WTO debate (CTE, TBT, SPS)

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On-line Sources

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Website of UNCTAD's Consultative Task Force

www.unctad.org/trade_env/test1/projects/taskforce.htm

Website for UNCTAD Trade and Environment Review 2006

www.unctad.org/trade_env/test1/publications

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