

CONSULTATIVE TASK FORCE ON ENVIRONMENTAL REQUIREMENTS AND MARKET ACCESS FOR DEVELOPING COUNTRIES (CTF)



UNCTAD

Geneva, 5 and 6 November

THE CASE OF ELECTRICAL AND ELECTRONIC EQUIPMENT (EEE)

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ISSUES

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THE EEE SECTOR: ENVIRONMENT AND MARKET ACCESS

- Globalised industry with the production of components and their assemblage outsourced to developing countries
- New environmental legislation in the European Union and Japan, with emphasis on the prevention and recycling of waste from EEE through the application of the principle of **producer responsibility**
- Producers need to:
 - Comply with legal obligations (companies in the EU)
 - Make adjustments (eliminating hazardous substances and using easily recyclable/recoverable materials) and provide information on specific components and materials to customers downstream in the supply chain

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LEGISLATION



- European Union
 - Waste Electrical and Electronic Equipment (WEEE) Directive
 - Restrictions on the Hazardous Substances (RoHS) Directive
 - Energy-using Products (EuP Directive)
- Japan
 - Home Appliances Recycling Law (HARL)
 - Law for the Promotion and Effective Utilisation of Resources (LPEUR)
- United States, Canada
 - Number of laws at the local, State level.

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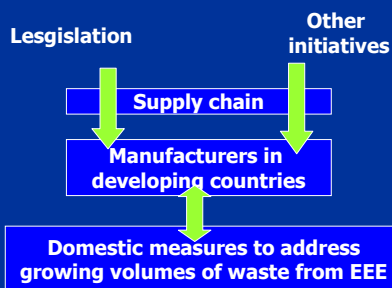
INDUSTRY INITIATIVES

- Company-specific efforts to meet corporate environmental goals and develop more environment-friendly products
- Initiatives by national industries with a view to strengthening competitive positions (such as a voluntary agreement of the Japanese electronics industry to develop lead-free products ahead of new legislation)
- Codes. For example, a new Corporate Social Responsibility code for the electronics sector launched by IBM, HP and Dell in conjunction with a number of contract manufacturers on 21 October 2004

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ADJUSTMENTS IN DEVELOPING COUNTRIES



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DEVELOPING COUNTRIES

- Four developing countries in East and South East Asia, i.e. China, Malaysia, the Philippines and Thailand, now supply 50 per cent of the value of total developed countries' imports of EEE (excluding intra-EU trade)
- Large companies and Governments in these countries are aware of the new environmental requirements in external markets, but the implications and adjustments needed are often not well understood.
- Requirements transmitted through the supply chain
- Small and medium-sized enterprises (SMEs) may not be ready to respond to RoHS requirements

DEVELOPING COUNTRIES

- Governments in concerned developing countries are implementing legislation and other measures to simultaneously
 - Promote compliance with external requirements
 - Address domestic problems
- To achieve this, Governments and businesses not only need accurate and timely information, but also assistance in the interpretation of such information to make it relevant for designing and implementing adjustment strategies

IMPORTS OF EEE, 2002 (US\$ billion)

Market/origin	World	Developing countries	East and SE Asia
Electrical and electronic equipment			
United States	101.8	83.8	60.5 (59%)
European Union	72.0	43.3	36.3 (50%)
Japan	23.9	19.0	17.4 (73%)
IT and telecom equipment			
United States	57.0	47.1	36.5 (64%)
European Union	42.9	25.8	22.7 (53%)
Japan	15.2	11.6	10.5 (69%)



RESPONSES

DFID-FUNDED UNCTAD PROJECT

Studies and policy dialogues in 3 Asian countries:



- The potential market access implications of specific new environmental regulations on developing countries with a key export interest
- National experiences in pro-active adjustment policies in particular the implementation of national standards and other policies aimed at strengthening the capacities of companies to meet external requirements as well as to address WEEE problems at home
- Related capacity building needs

COUNTRY CASE STUDIES

China	Research team of the School of Environment and Natural Resources of Renmin University of China, led by Professor Yang Changju
The Philippines	Dr. Phares Parayno, Chair of the Environmental Studies Program of the Miriam College of Quezon City
Thailand	Research team of the Thai Electrical and Electronics Institute, led by Mr. Charuek Hengrasmee and Dr. Chirapat Popuang Nudjarin Ramungul, National Metal and Materials Technology Center (MTEC): Status of RoHS adjustment in Thailand

CHINA



- China has been developing legislation that is similar in objectives, modalities and time frame to Japan's HARL concerning recycling regulations and the EU RoHS Directive as far as the elimination of hazardous substances is concerned ("Chinese RoHS")
- Import regulations
- ISO 14001
- Early warning system

Electronics: 70 % of total export earnings

PHILIPPINES

- Subsidiaries of TNCs
 - Around 30 per cent are Japanese
 - European companies only around 7 per cent
- Filipino-owned SMEs
- Two kinds of firms in semiconductor manufacturing: (a) contract manufacturer and (b) in-house manufacturer.
- Components are imported
- Subsidiaries of TNCs assisted by parent companies (products and processes)
- Need to improve waste management infrastructure with a view to continue attracting FDI in the EEE sector and reducing costs to small-scale contractors

THAILAND



- the National Committee on International Economics Policies established an ad-hoc Subcommittee to assess and follow the impacts of the new WEEE and RoHS Directives and identify possible adjustment policies
- The status of RoHS adjustment in Thailand reported by the National Metal and Materials Technology Center (MTEC)
- National legislation
- Import regulations

EUROPEAN COMMUNITIES

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- The potential market access implications of specific new environmental regulations on developing countries with a key export interest
- National experiences in pro-active adjustment policies in particular the implementation of national standards and other policies aimed at strengthening the capacities of companies to meet external requirements as well as to address waste from EEE problems at home
- Capacity building needs

CFT-project activity

- Improving consultations with developing countries with a key export interest
- Enhancing information management and dissemination
- Promoting pro-active adjustment policies, including the development of legislation and other policies, in developing countries
- Strengthening coordination in the area of capacity building

BUILDING ON



- Results DFID studies
- Past and future stakeholder consultations in developing countries
- Analysis for article in Trade and Environment Review and commentaries
- Cooperation with STIC/ Asia Eco-design Electronics (AEDE) Asia Pro Eco Programme

OBJECTIVES

- Improving consultations with developing countries with a key export interest
- Enhancing information management and dissemination
- Promoting pro-active adjustment policies, including the development of legislation and other policies, in developing countries
- Strengthening coordination in the area of capacity building

ACTIVITIES

- Policy papers
- Malaysia
- Workshops (with STIC)
- Enhancing information management and dissemination (STIC efforts on industry initiatives, supply chain management)
- Promoting pro-active adjustment policies, including the development of legislation and other policies, in developing countries (STIC efforts on product design, training, etcetera)
- Strengthening coordination in capacity building
- Until September 2005