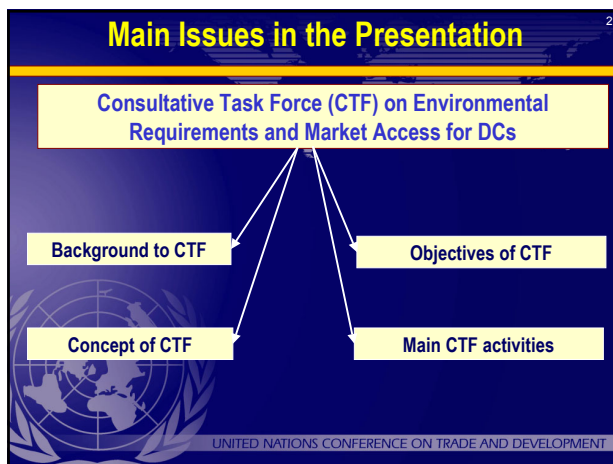


Concept, Objectives and Main Activities of a Consultative Task Force on Environmental Requirements and Market Access for Developing Countries

UNCTAD/Inmetro Workshop
 Rio de Janeiro, 7-8 June 2004
 Presented by: Ulrich HOFFMANN, UNCTAD secretariat

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Background to CTF [1]

Extensive TC/CB activities on the subject

UNCTAD/IDRC project on Product Standards and Trade (1999 – 2002)

Final meeting: Geneva, 16 and 17 May 2002

Country and synthesis papers on Africa, Central America and South Asia, accessible at:
www.unctad.org/trade_env/test1/meetings/standards.htm

Project covered 8 countries in South Asia, Central America and East and Southern Africa

Products: fishery products, peanuts, rice, spices, tea, organic food, fruit and vegetables

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Background to CTF [2]

TC/CB

UNCTAD/UNDP country projects in Vietnam and India

Implemented between 1998/99 and 2001

Results were published in monographs at:
www.unctad.org/trade_env/test1/publications.htm

Projects had the following product coverage:
 fishery products, rice, spices, tea, organic food

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Background to CTF [3]

TC/CB

UNCTAD/FIELD Project on Strengthening Research and Policy-Making Capacity on Trade and Environment in Developing Countries (funded by UK-DFID)

Implemented from 1999-2001

Country coverage: Bangladesh, Brazil, Costa Rica, Cuba, India, Philippines, South Africa, Tanzania, Tunisia and Uganda

Project contained a cluster on market access issues, which covered: agriculture and fishery products, textiles and clothing, and environmentally friendly products

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Background to CTF [4]

TC/CB

UNCTAD/FIELD Project on Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues (funded by UK-DFID)

Implemented since March 2003

All case studies and workshops accessible at:
www.unctad.org/trade_env/test1/projects/field.htm

Leather and footwear	Bangladesh, China, Cambodia, Thailand, Philippines, Vietnam
Horticultural products	Bangladesh, China, Cambodia, Thailand, Philippines, Vietnam, CA
Electronics	China, Philippines, Thailand
Organic food	Costa Rica, Cuba, Dom Rep, Guatemala, Honduras, Nicaragua, Panama

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Background to CTF [5]

TC/CB

UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture

Active since February 2003

Special website at:

www.unctad.org/trade_env/test1/projects/ifoam2.htm

Reviews existing organic agriculture standards, regulations and conformity assessment systems, including:

- Their impact on international trade in organic agriculture products
- Models and mechanisms of equivalency and mutual recognition
- Extent of international harmonisation

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Background to CTF [6]

Intergovernmental Work

- Expert Meeting on Ways to Enhance the Production and Export Capacities of Developing Countries of Agriculture and Food Products, Including Niche Products, such as Environmentally Preferable Products (Geneva, 16-18 July 2001)
http://www.unctad.org/en/docs/c1em15d3_en.pdf
- Expert Meeting on Environmental Requirements and International Trade (Geneva, 2-4 October 2002) – **proposed CTF**
http://www.unctad.org/en/docs/c1em19d3_en.pdf
- Expert Meeting on Market Entry Conditions Affecting Competitiveness and Exports of Goods and Services of Developing Countries; Large Distribution Networks, Taking into Account the Special Needs of LDCs (Geneva, 3–5 November 2003)
www.unctad.org/en/docs/c1em23d3_en.pdf

Main Findings - Problem Diagnosis

- There is not enough consistent and credible information on the types of problems that exist and on how to address them.
- The concept and main clusters of issues at the interface of environmental requirements and market access/entry are unclear.
- Too many expectations of WTO discussions.
- Holistic approach that looks at policy and capacity-constraints issues from a developmental perspective is missing.
- There is very little co-ordination of activities among IGOs, although a strategic partnership would be required.

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Main Findings – Environmental Requirements as Competitiveness Tools

Three inter-related issues

- With increasing liberalization of tariffs, environmental requirements have the potential of being turned into versatile NTB.
- A tool of companies in the competitive battle with rivals; gain or temporarily maintain a competitive edge over rivals.
- In various cases, ERs have already become an integral part of product quality.

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Main Findings

Two key substantive achievements

Conceptualization of ERs and market access for DCs



Identification of the key problems at the interface of ERs and market access for DCs

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Conceptualization of Market Access



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At WTO Level

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Policy Issues

WTO

Capacity Issues

- Are current disciplines on proportionality of a TBT measure sufficient?
- Effective use of existing WTO mechanisms to limit undesirable impact:
 - Notification discussions
 - Monitoring implementation
 - Using S&D provisions
 - Using DSB
- Review of good regulatory practice and transparency procedures (info on and participation in pre-regulation-setting consultations)

- Using WTO as a source of information and breathe full life into TBT/SPS inquiry points
- Active participation in pre-regulation-setting consultations

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At International Level, Outside the WTO

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Policy Issues

Outside WTO

Capacity Issues

- Lack of international standards, harmonization / equivalence of national standards and mutual recognition of inspection and conformity assessment results
- Avoiding that voluntary standards become significant TBTs and market entry hurdles
- Obtaining permission to participate in pre-standard-setting consultations
- Subsidies for meeting ERs (WTO issue??)

- Info gathering and dissemination
- Reviews of trends in environmental/health requirements in international markets
- Active participation in pre-standards setting consultations

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At National Level in Developing Countries

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Policy Issues

National level

Capacity Issues

- Maximizing benefits / minimizing costs of adjustment and managing the associated adjustment process
- Pay special attention to adjustment needs of SMEs
- Develop national or export standards that are close to requirements in export markets
- Use of (mandatory) national eco-labelling schemes
- Effective domestic coordination and co-operation, including with local governments, and with non-governmental parties

- Enhance response and supply capacity
- Make effort or assist on info gathering
- Improve technical infra-structure (e.g. testing and monitoring equipment)
- Provide opportunities for training and exchange of experience (between companies)
- Use of (voluntary) national eco-labelling schemes and EMS

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Conclusions on Conceptualization

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- Only the policy issues at WTO level and some policy issues outside the WTO framework appear to fall under current international discussions on market access issues.
- A more holistic approach to market-access issues requires an integrated analysis of policy and capacity-building issues at all three levels, thus including supply-capacity constraints.
- The complexity of intermingling policy and capacity-building measures requires:
 - a strategic and pro-active response by exporting DCs, rather than a piecemeal and only reactive approach;
 - active collaboration by governments and business associations in developed countries;
 - a more coherent and co-ordinated approach by donors, IGOs and other initiatives.

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What are the key problems?

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- Are WTO disciplines on transparency and consultations sufficient?
- Supply-chain-driven nature of many environmental/ health requirements – WTO can do little about it
- Poor information management on ERs in DCs and inadequate technical and institutional capacity to actively participate in pre-standard setting consultations
- SMEs are getting side-lined
- Pro-active adjustment approach that maximizes gains and minimizes costs, while enhancing competitiveness is lacking in DCs
- Lack of international standards, technical equivalence and mutual recognition
- Piecemeal approach towards TC/CB – strategic partnership does not exist

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Key Problems → Concept of CTF

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- Are WTO disciplines on transparency and consultations sufficient?
- Supply-chain-driven nature of many environmental/ health requirements – WTO can do little about it
- Poor information management on ERs in DCs and inadequate technical and institutional capacity to actively participate in pre-standard setting consultations
- SMEs are getting side-lined
- Pro-active adjustment approach that maximizes gains and minimizes costs, while enhancing competitiveness is lacking in DCs
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Proposed Objectives of CTF Activities

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Could act as a “think tank” on issues related to ERs and market access for developing countries; promote constructive dialogue; and make recommendations on **policy and capacity-building issues**, particularly concerning the following:

- Improve the collection and dissemination of information on ERs, notably on voluntary standards, and analyzing key underlying trends.
- Reviewing experience with transparency, consultation and dialogue (good practice as regards preparation, adoption and implementation of ERs – both regulation and voluntary measures)
- Exchanging national experiences on proactive adjustment policies and measures in DCs, with a special focus on improving information management, including early-warning mechanisms; and
- addressing the specific needs of SMEs.

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Proposed Clusters of Activities for CTF

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- Making a contribution to improving collection and dissemination of info on environmental/health requirements (governmental regulation and industry/NGO standards)
 - launch UNCTAD activities
 - co-ordinate with public and private initiatives
- Reviewing experience of DCs on participation in pre-standard setting consultations; ex-ante impact analysis; and environmental dialogues
- Discussing pro-active adjustment policies/measures in DCs
 - improving information flow
 - maximizing benefits and minimizing costs of adjustment (competitiveness)
 - special needs of SMEs
- Acting as a “think tank” (identifying problems, discussing approaches, guiding analytical and TC/CB work) – strategic partnership with relevant IGOs and other initiatives

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Proposed Modalities of CTF Activities

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- CTF will be open-ended multi-stakeholder forum
- Will be a project-based activity (mostly relying on extra-budgetary funding support)
- CTF will not aim at second-guessing the legitimacy of new ERs, but analyze and discuss ways of overcoming DC problems of
 - transparency and inclusiveness in developing and adopting ERs in key export markets
 - transparency and capacity problems in implementing and adjusting to new ERs
- CTF will focus on ERs, but also on health-related requirements that have or are closely linked to environmental effects
- CTF work could be guided by small advisory committee, based on on-line consultations
- Each CTF session should adopt work programme, based on consensus

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Thank YOU

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We are looking forward to your comments, suggestions or criticism

The teams of the UNCTAD secretariat and Inmetro



Ministério do Desenvolvimento, Indústria e Comércio Exterior



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