



**UNCTAD-Inmetro
Pre-UNCTAD XI event**

**Environmental Requirements and
Market Access for Developing Countries**

**Rio de Janeiro, Brazil
7 and 8 June 2004**

DRAFT

Background

As countries seek to enhance environmental protection and promote sustainable development, environmental requirements are expected to become more frequent and stringent, including in sectors of export interest to developing countries. With growing evidence of harmful environmental effects of certain substances, changes in consumer preferences and concern over global environmental problems, this trend is likely to continue.

Apart from environment-related government regulations, there are also an increasing number of industry standards, requirements applied through the supply chain and standards set by non-governmental organizations (NGOs).

Unnecessary adverse effects on exports from developing countries should be avoided. For one, there are only few international standards on environmental requirements: the lion's share of environmental requirements is set by individual governments and private entities. Moreover, these requirements are particularly numerous or stringent in sectors in which developing countries are internationally competitive, such as agriculture, textiles, clothing, leather and footwear, or electrical and electronic goods.

An UNCTAD Expert Meeting (EM) on Environmental Requirements and International Trade (Geneva, 2 to 4 October 2002) emphasized the need to involve developing countries in the process of developing new standards for products of key export interest to them, identify policies to address information management, capacity and institutional constraints in developing countries and promote pro-active adjustment policies.

Similar issues have been discussed at the OECD Global Forum on the Development Dimension of Trade and Environment Workshop on Environmental Requirements (New Delhi, 27 and 28 November 2002).

The UNCTAD Commission on Trade in Goods and Services, at its 7th session in February 2003, recommended that the secretariat should

"explore the possibility of creating a consultative group on environmental requirements and international trade, which should closely coordinate and collaborate with relevant work and initiatives in other bodies and involve the private sector, as a project-based activity."

A technical cooperation project, funded by the Government of the Netherlands, is enabling the UNCTAD secretariat, in cooperation with other institutions, to carry out a range of activities to explore the creation of a Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries. These activities also benefit from the results of other UNCTAD capacity building activities, in particular studies carried out on *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*, funded by the UK Department for International Development (DFID). In the context of this project, a series of country-cases studies is being implemented for six Asian countries focusing on leather and footwear, electrical and electronic goods, and horticultural products. In addition, studies on selected agricultural products, including organic produce, will be carried out in Central American and Spanish-speaking Caribbean countries.

It is envisaged that the CTF will be an open-ended multi-stakeholder forum of government, private sector and NGO representatives from developed and developing countries that will aim at:

- Improving collection and dissemination of information on environmental requirements,¹ notably on voluntary standards, and analyzing key underlying trends.
- Reviewing experiences in involving developing countries in pre-standard-setting consultations concerning regulations and standards that may have significant implications for them.
- Exploring pro-active adjustment policies and measures in developing countries, with special focus on improving information management, including early-warning mechanisms, and identifying measures and strategies to address the specific needs of small and medium-sized enterprises (SMEs).
- Acting as a "think tank" to give guidance on further analytical and practical work on the issues under consideration from a more holistic point of view and promote coordination of activities by different institutions.

The CTF will not aim at second-guessing the validity of environmental regulations. It will pay considerable attention to voluntary environmental requirements set by the private sector and buyers and involve the private sector in its deliberations. Exploratory activities will be coordinated with the secretariats of UNIDO, International Trade Centre (UNCTAD/WTO), the OECD, the WTO, the World Bank and others. The CTF will therefore not duplicate other initiatives. Rather, the CTF will closely coordinate its activities with other initiatives and pool resources from different organizations. The CTF would be set up as project-based activity.

Purpose

¹ The CTF will not only be restricted to environmental requirements, because in practice it is often difficult to distinguish between environmental and health requirements. The excessive use of agro-chemicals, for instance, is a health concern for consumers, but also an environmental concern for producers. Such cases will also be covered by CTF activities.

The workshop brings together experts from national governments, institutions active in standards issues, the private sector intergovernmental organizations to examine the concept and explore the development of the CTF, based on a series of studies and inputs from workshop participants. The expected outcome is indicated below.

Organization

UNCTAD and the National Institute of Metrology, Standardization and Industrial Quality (Inmetro), Ministry of Industry, Commerce and Tourism are jointly organizing the workshop.

Inmetro acts as the national inquiry point for the WTO TBT Agreement in Brazil and has developed an early warning system, *Alerta Exportador*, on new draft technical regulations and conformity assessment procedures issued by WTO Member Countries. Inmetro has been active in the area of technical regulations and conformity assessment procedures and has gained international reputation in this area.

<http://www.inmetro.gov.br/barreirastecnicas/pontofocal/index.asp>

UNCTAD, through its technical cooperation/capacity building programme will fund the participation of selected experts from developing countries. INMETRO will secure high-level participation from the Brazilian Government and business community. The meeting will be open to experts nominated by interested Member States.

It is expected that the workshop will bring together some 60-70 experts, of whom approximately half would be international experts and the other half Brazilian experts. Key issues will be addressed in breakout groups. With the exception of the morning session of the first day, the workshop will be predominantly technical and practical in nature.

The morning session of 7 June will provide an opportunity to give visibility to the project and disseminate information on ongoing and planned work of UNCTAD and other intergovernmental organizations related to environmental and health-related standards and market access for developing countries. This session should have broad Brazilian participation.

Participation

International

*Potential international partners in developing the CTF
(UNCTAD is currently contacting the potential partners mentioned in this list)*

- The Government of the Netherlands
- The European Commission
- The International Organization for Standardization (ISO)/DEVCO
- The Bureau of Indian Standards (BIS)
- The United Nations Industrial Development Organization (UNIDO)
- The United Nations Environment Programme (UNEP)
- The World Trade Organization (WTO)

- The World Bank
- The OECD secretariat
- The Sustainable Trade and Innovation Center (STIC)
- The Centre for the Promotion of Imports (CBI), the Netherlands
- The Chinese Chamber of Commerce (in close co-operation with the Chinese Research Centre for TBT and SPS and the Ministry of Commerce)
- The Association for Technical Cooperation in Germany (GtZ)
- The Department for International Development (DFID), United Kingdom
- The International Institute for Sustainable Development (IISD)
- The International Development Research Centre (IDRC), Canada
- The International Social and Environmental Accreditation and Labeling (ISEAL) Alliance
- The WWF

Other international participants

- UNCTAD Member States
- Key researchers in UNCTAD technical cooperation projects
- Private companies

Brazilian participants

- Inmetro
- Ministry of Foreign Affairs
- Ministry of the Environment
- To be completed by Inmetro

Agenda

Session 1 (Day 1, morning)

- Introduction, environmental requirements and market access for developing countries, problems and ongoing initiatives
 - The international debate (UNCTAD)
 - The Brazilian experience (Inmetro)
- Sector-specific experiences: illustration of key issues
 - Food products
 - Timber and furniture
 - Leather and footwear
 - Electronics

Session 2 (Day 1, afternoon)

- National experiences in standard-setting processes
- Consultations with third countries with a potential export interest
- Results of a feasibility study on the contours of an international clearinghouse mechanism for environmental and health requirements

Session 3 (Day 2, morning)

Break-out groups²

- Development and implementation of standards: involving developing countries in pre-standard setting consultations
- Pro-active adjustment policies in developing countries
- Concept, coverage and nature of an international clearinghouse mechanism for environmental and health requirements, in particular on voluntary standards, and its synergies with comparable existing public and private databases.

Session 4 (Day 2, afternoon)

- Concept of a consultative task force on environmental requirements and market access for developing countries
- Conclusions
- Report to UNCTAD XI

Documentation

- Issues note prepared by the UNCTAD secretariat
- Feasibility study on the nature, coverage and contours of an international clearinghouse for environmental requirements (consultancy report)
- Study on Transparency and Active Involvement of Developing Countries in Pre-standard Setting Consultations for Environmental Requirements in Developed Countries (consultancy report)
- Working papers for each of the three breakout groups
- Synthesis paper describing preliminary findings of a sector-specific study on timber and furniture: the experience of Brazil

² Core members of each breakout group will be identified in February/March 2004. The UNCTAD secretariat will facilitate discussions among members through the e-mail and other means of communication.

- Synthesis paper on preliminary findings of sector-focused country-case studies and the associated dialogue of the project on *Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues*, funded by the UK Department for International Development (DFID):
 - Horticulture (Bangladesh, Cambodia, China, Philippines and Viet Nam)
 - Leather and footwear (Bangladesh, Cambodia, China, Philippines, Thailand and Viet Nam)
 - Electrical and electronic products (China, Philippines and Thailand)
- Papers submitted by participants (international organizations, Governments, other stakeholders)

Outcome

The outcome of this event will constitute an important input into the debates at UNCTAD XI (São Paulo, 13 to 18 June 2004), in particular:

- Round table *Promoting Trade for Sustainable Development* (17 June, 15h00-18h00 Room A), on-site parallel event. The Dutch Minister for Development Cooperation
- Interactive thematic session on *Assuring development gains from the international trading system and trade negotiations* (16 June, Plenary Hall).

The event is expected to:

- Make substantial progress in the development of the concept and preparation of draft terms of reference of a Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries.
- Create a “think tank” to give guidance on further analytical and practical work on the issues to be addressed by the CTF and promote coordination of activities by different institutions.
- Contribute towards the development of best practices for communications and consultations with developing countries (governments and exporters) in the process of developing and implementing new environmental standards.
- Explore the feasibility of improving and expanding Inmetro’s existing early warning system (*Alerta Exportador*) to also cover certain private sector standards and promote cooperative arrangements in particular concerning the collection and dissemination of information
- Contribute towards the development of an international clearinghouse mechanism for information on private sector environmental and health standards.

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