

UNCTAD XI: DITC Background note # 15

UNCTAD HIGHLIGHTS KEY ROLE OF TRADE IN PROMOTING SUSTAINABLE DEVELOPMENT

Roundtable on Promoting Trade for Sustainable Development

Sao Paulo, Brazil, 17 June 2004, 1500-1800

Reducing poverty and promoting sustainable development through international trade will be the focus of special Roundtable discussions on 17 June 2004 at UNCTAD XI.

Dr. Klaus Toepfer, Executive Director of the United Nations Environment Programme (UNEP), will be the keynote speaker. A High-Level Ministerial Panel (Mauritius, Angola, Kingdom of Cambodia and Brazil) will highlight issues of national importance and related capacity building needs.

The key challenge for policy makers is to find ways of maximizing the positive impacts of trade on the core issues of development relating to the environment and poverty. Trade and environment raise complex issues that cut across almost all economic activities. Interests can differ so widely that trade and environment policies may sometimes clash.

International trade is a catalyst for improved environmental performance across countries as product standards often converge to the higher standards of major import markets. But economic, social and environmental benefits may not appear without international cooperation and proactive adjustment policies in developing countries. There is a need for specific measures to avoid adverse trade and competitiveness effects, particularly for the least developed countries (LDCs) and small island developing states (SIDS).

Key issues addressed at the Roundtable will include:

- Opportunities for export diversification, poverty alleviation and rural community development offered by environmentally preferable products (EPPs), such as organic agriculture;
- Opportunities for competitiveness gains and other benefits from improved resource efficiency, occupational safety, health and environmental conditions that can be derived from pro-active adjustment policies to environmental requirements in the international marketplace;
- The role of environmental goods and services in sustainable development;
- The abilities of developing country companies, particularly small and medium-sized enterprises, to respond to environmental requirements;
- Opportunities to harness traditional knowledge for trade and development.

To help developing countries to take advantage of opportunities, UNCTAD and its partners have developed a number of capacity building vehicles, including

- The UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development
- The Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF)
- The IFOAM/FAO/UNCTAD International Task Force on Harmonization and Equivalence in Organic Agriculture
- The Biotrade Initiative

The Roundtable will also hear outcomes regarding the CTF's future work, discussed at the UNCTAD/INMETRO Workshop on Environmental Requirements and Market Access for Developing Countries (Rio de Janeiro, 7-8 June 2004). (Please see Rio Trade Week Background Note for the Press #5.)

Why trade and sustainable development are important

Sustainable use of environmental assets can be an important path to poverty alleviation and rural development. Therefore, it is essential to identify potential synergies and strengthen developing country capacity to benefit from them. Trade's major role in sustainable development and poverty reduction was emphasized by the 2001 World Trade Organization Doha Ministerial Declaration and the 2002 Johannesburg Plan of Implementation adopted by the World Summit on Sustainable Development.

The Roundtable is expected to provide insights on how to follow up on Johannesburg's call to create and expand markets for environmentally friendly products and services from developing countries. It will help to identify goods and services of sustainable development interest to developing countries.

The focus will be on the capacity building of developing countries, including ways to take advantage of new and dynamic trade sectors to diversify exports into value-added products. Examples of environmentally preferable products are organic, non-wood forest and certified wood products; traditional knowledge-based and renewable energy products and ecotourism. For some LDCs, niche markets may reduce the lack of competitiveness arising from small scale or loss of trade preferences, e.g. for bananas and sugar.

Obstacles to realizing positive impacts include the lack of international harmonization, mutual recognition and equivalence of regulations. Voluntary private-sector standards for EPPs can also be hurdles. A main reason is the need for multiple certification of the same export product for different markets, which leads to significant extra costs.

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