

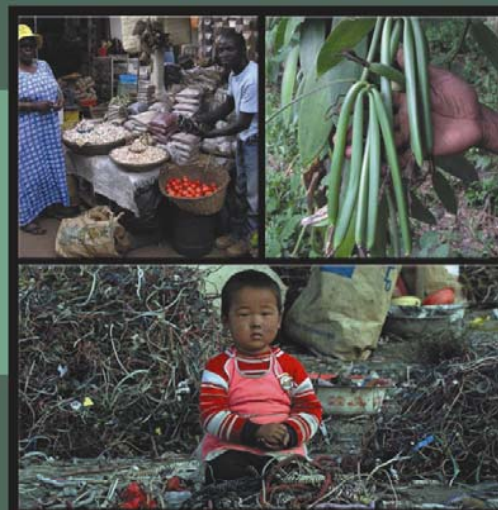
TER 2006

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

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TRADE AND ENVIRONMENT REVIEW 2006



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



UNITED NATIONS

Trends for Environmental Requirements

- Shift from tariffs to non-tariff barriers as key area of concern for developing countries.
- Environmental requirements (ERs): increasing in number, stringency, complexity, and multi-dimensionality.
- These requirements present obstacles to successful trade by developing countries.
- But the right approach can minimise these obstacles and turn some into opportunities.

TER 2006: Contents

- Chapter 1: how to protect environmental (not trade) interests
- Chapter 2: sectoral experience from electrical and electronic exports from China, Philippines and Thailand
- Chapter 3: 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

Examples of ERs – Electronic Exports

"To make one desktop PC, about 22 kilograms of chemicals, 240 kilograms of fossil fuels and 1,500 litres of water are used, along with a significant amount of energy" - Trade and Environment Review 2006, p123

Electronic Exports impacted by:

WEEE, RoHS and EuP Directive in EU
Similar legislation in Norway and Switzerland
HARL and similar regulation in Japan

Importance of Electronics' Exports: DdCs Imports from SEA – 55% of all IT
Share of Electronics Exports:
35% to 70% for China, Malaysia, Philippines, Thailand

Differences between Developed and Developing Countries' Economies

- Adjustment processes to new ERs: gradual, structured regulatory framework that minimizes costs and uncertainty vs. patchwork of measures
- Differences in level and structure of industrialization: material- and pollution intensive industries, plus relocation from North to South
- SMEs dominate DgCs' economies, and their average size is much smaller than SMEs in DdCs (e.g. in Thailand, almost 70% of enterprises in the electronic industry are SMEs)

Factors to be Born in Mind

- ERs can act not only as a barrier, but also as a catalyst and opportunity:
 - In terms of resource savings, employment opportunities, enhanced occupational safety, environmental benefits
 - This function is often underestimated
- Voluntary, private-sector ERs
 - Much more numerous than regulatory ERs
 - many are *de facto* mandatory through market power
- Significant deficiencies in SMTQ system (standards, metrology, testing, quality assurance), skills and physical infra-structure.

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

TER 2006: Key Message

Fire-fighting,
reactive
approach

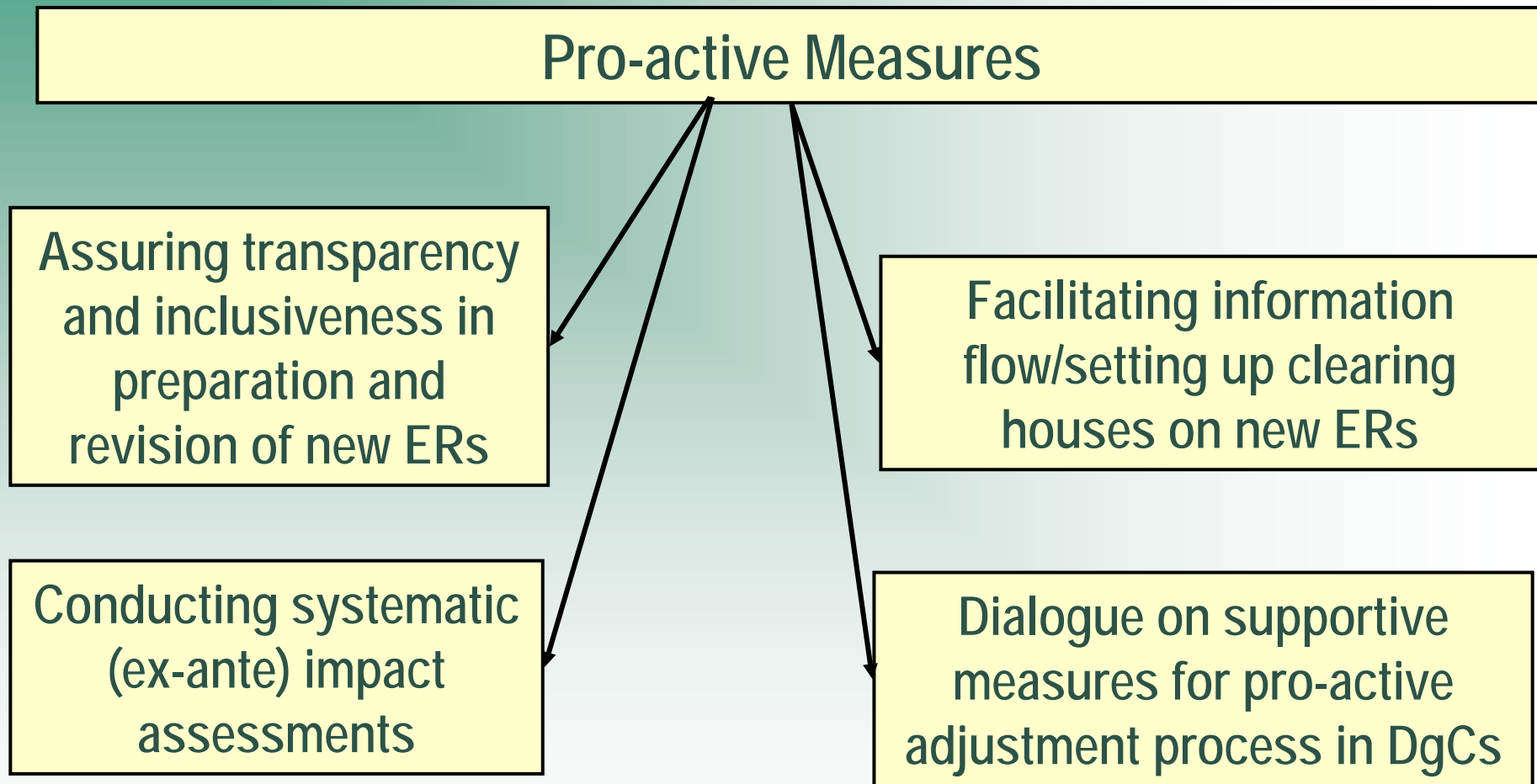


Pro-active,
strategic
approach

INVOLVES:

- In DgCs, looking beyond costs at opportunities and catalytic role of new ERs for national economy:
 - Resource savings, enhanced occupational safety, environmental benefits, new business and export opportunities
- Active participation of DgCs' exporters in pre-standard-setting consultations and revision process of ERs overseas.

Pro-active Measures in Importing DdCs



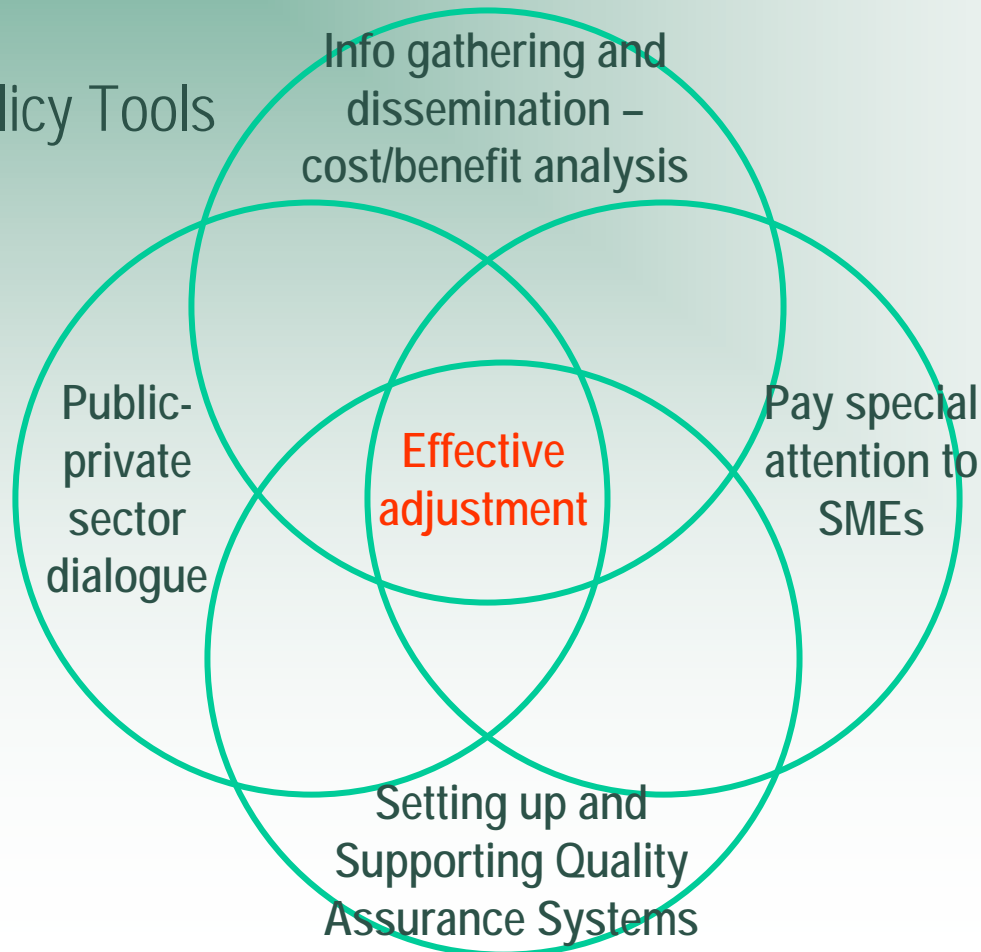
There has been considerable progress since adoption of WEEE/ RoHS Directives!

Key Elements of Pro-active Role of DgCs' Governments

Key Function of Government:

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

Clusters of Policy Tools



Added Value of UNCTAD's new Consultative Task Force

- 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)

Recent Initiative of the Consultative Task Force

- CTF has recently applied for membership of EuP Consultation Forum (to be created soon).
- This is a temporary solution because of time pressure and discriminatory participation criteria.
- UNCTAD will discuss with EC more appropriate forms of participation of DgCs exporters.

On-line Sources

Website for UNCTAD Trade and Environment Review 2006

www.unctad.org/trade_env/test1/publications

Website of UNCTAD's Consultative Task Force

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