

CONCLUDING REMARKS – CBTF SYMPOSIUM

- On behalf of the CBTF team, we thank you for all your contributions and for this very useful exchange of views and experience. In concluding, let us briefly summarise important points and issues that were raised today, and draw some recommendations for future CBTF work.
- As mentioned when opening this symposium, one of our expectations was to achieve a better understanding of the concerns and constraints of developing countries in relation to environmental requirements and market access. As we have heard, developing countries are confronted with increasingly numerous, stringent and complex environmental requirements (both mandatory government regulations and voluntary standards) in key export markets. These requirements pose a serious challenge to market access and market penetration in the light of existing developing country capacity constraints. Against this background, many developing countries fear that new environmental requirements, despite their good intentions, may jeopardize competitiveness of their export products and lead to further marginalisation of poor countries and producers, in particular small and medium enterprises.
- The presentations on organic agriculture and electrical and electronic equipment given today point to several major constraints and challenges, which can be summarised as follows:

1. Lack of information and knowledge

Many producers, exporters and companies in developing countries find their export market restricted not because of an unwillingness to comply with environmental requirements, but because of an inability to identify relevant requirements, implement the necessary technical, institutional and procedural changes, or demonstrate compliance in a credible way.

Environmental requirements, in particular private standards, are frequently changing. Therefore, the requirements must be closely monitored and analysed in order to respond effectively and timely.

For instance, the lack of awareness among farmers, exporters, government officials and policy makers about the likely benefits of promoting exports of organic products (environmental returns through sustainable farming, empowerment of rural communities, economic development and foreign exchange earnings, etc.), is a major barrier to the growth of this sector. Moreover, a lack of awareness among consumers leads to underdeveloped national and regional organic agricultural markets.

2. Lack of technical and management capacity

Companies in developing countries face a number of capacity constraints related to the complexity, stringency and technical characteristics of certain environmental requirements. For example, the required management expertise may not be available locally or may simply be too expensive, especially for small producers. The EU Directive on Eco-design for Energy-using Products, for instance, is very complex and multi-faceted. To cope with it requires a level of sophistication and flexibility that is often only available in large companies or well-organized groups of SMEs.

3. Lack of strong institutions and policy coordination

Many developing countries lack the institutional structure and bodies to address environmental requirements through the establishment of such mechanisms as early-warning systems, enquiry points, standard bureaus, and specialised consultants.

In addition, a lack of dialogue between public and private-sector actors, as well as a lack of interagency and inter-ministerial coordination, represent major constraints to overcoming technical and institutional challenges in addressing environmental requirements. In addition, a lack of dialogue between developed and developing countries is also seen as a major challenge. In particular, developing countries have repeatedly voiced concern that (i) there is an inadequate understanding in the North of Southern capacities on standard setting and implementation, and (ii) environmental standards are often inappropriate to the ecology/conditions of the producing area.

4. Lack of physical and quality-assurance infrastructure

Many developing countries suffer from poor physical and quality-assurance infrastructure (i.e. adequate road networks, ports and telecommunication systems, but also testing and metrology labs, and accreditation agencies) - all essential for enabling companies to effectively participate in international trade. Against this background, stringent and complex standards tend to reinforce already existing weaknesses in developing countries, putting those countries and producers at a competitive disadvantage that are most in need of pro-poor gains from trade.

5. Prevalence of SMEs

SMEs represent the majority of enterprises in many export sectors in developing countries, accounting for the lion's share of enterprises in the electronic industry in Thailand, for instance. SMEs in developing countries are considerably smaller than SMEs in developed countries, often even forming part of the informal economic sector. Moreover, SMEs in developing countries are generally not members of industry associations and not linked to information exchange networks. Apart from a thin human resource and skill base, they are also financially weak and find it difficult to obtain outside funding. Therefore, in those cases where a company's comparative advantage lies in maintaining low capital costs and high labour inputs (as is often the case for SMEs), even relatively small additional investments in equipment for meeting environmental requirements can overstretch available short-term credit limits and result in substantial increases to marginal costs. Given this, environmental requirements associated with exports represent a critical challenge for SMEs.

- Given such capacity constraints and challenges, developing countries have consistently called for an up-scaling of capacity building efforts to help ensure these requirements do not serve as a market access barrier. Identifying important capacity-building needs was one of the objectives of this symposium. This is all the more important to us as we are currently developing a third phase of CBTF activities focused on environmental requirements and market access, and how to promote concrete ways of seizing market access opportunities offered by environmental requirements. We think several areas of technical assistance and capacity-building surfaced in the discussions today, notably:

First, the need for enhanced access to information, and increased awareness of stakeholders on environmental requirements in key export markets including through the establishment of consultative networks and public-private sector dialogue at national and regional levels.

Second, the importance of building the capacity of policy-makers and negotiators from trade, environment and other relevant ministries, such as industry, agriculture and energy, on key policy and technical issues pertaining to environmental requirements and market access. This is key to promote increased policy coherence at national level taking a balanced approach to trade, environment and development concerns, as well as ensure that developing country needs are adequately voiced at the international level, notably in the WTO where environmental requirements and market access figure prominently in the negotiation talks.

Third, the need to reinforce institutions in charge of environmental requirements, as well as address key deficiencies of physical and quality-assurance infrastructure. In this context, experience shows that having a “champion” institution at the national level (such as the Electrical and Electronics Institute in Thailand), is one important step in the right direction to address institutional problems, ensure the consistency of the adjustment approach and make it as proactive as possible.

We think it is important indeed that capacity-building efforts focus on providing support measures for pro-active adjustment strategies to environmental requirements in developing countries. This also requires that practitioners and policy-makers adopt a more systematic and focused approach towards environmental requirements and consider their potential beneficial or catalytic effect in inducing a shift towards more sustainable production and consumption methods.

Discussions today show that such pro-active adjustment strategies are emerging in the consumer electronics and organic agriculture sectors. One of the key motivations for focusing the third phase of CBTF activities on these sectors is the potential for achieving tangible, on-the-ground impacts that provide sustainable triple-win outcomes for the environment, trade, and development.

You will have an opportunity to review and comment on all these points as we will do a short summary of the symposium’s conclusions and recommendations. This summary will be circulated to all participants in draft form next week and will be finalised on the basis of your feedback.

Finally, before thanking all of you for your time and contributions, may we emphasise that this symposium is the beginning of a consultative process as we embark on a new CBTF phase. Hopefully, CBTF III activities will kick start in early 2008. Our objective is to continue to seek input and advice from experts and institutions present today, and which are active in organic agriculture and consumer electronics, as we finalize the clusters of activities for CBTF III and later launch the project. We will also regularly consult trade negotiations and policy-makers from both developed and developing countries in order to ensure that CBTF III addresses problems and issues as they arise in important negotiating forums.

Many thanks to all of you for your presence, contribution and willingness to engage with us in this dialogue on environmental requirements and market access opportunities for developing countries.