

Draft Opening Remarks  
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INTERNATIONAL SYMPOSIUM

ENVIRONMENTAL REQUIREMENTS AND MARKET ACCESS:  
TURNING CHALLENGES INTO OPPORTUNITIES

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Your Excellencies, Ladies and Gentlemen,

UNCTAD is proud to welcome you to this symposium under the joint UNCTAD-UNEP Capacity Building Task Force on Trade, Environment and Development (CBTF). The subject does not only figure prominently in the Doha Ministerial Declaration, but is of acute and strategic importance for developing countries to safeguard and enhance market access, and thereby contribute to the achievement of the MDGs and related sustainable development goals. The theme is also on the radar screen of my organization for the upcoming XII UN Conference on Trade and Development, which will be held in Ghana at the end of April 2008.

Without intervention, markets often fail to take full account of the environmental and health impacts of economic activity. Environmental and related health requirements in governmental regulations and private standards are generally designed to address legitimate concerns about these impacts.

Recent studies of UNCTAD, but also the WTO, the World Bank and OECD show that technical and related health requirements for trade account for anything between two-thirds and three-quarters of all NTBs, affecting virtually every internationally traded good. Such technical, environmental and health requirements are particularly pronounced in dynamic export sectors of developing countries, such as textiles and clothing, food, electrical and electronic equipment, automotive parts, and chemicals. Such requirements might at first sight appear to be simple technical or procedural norms. On closer scrutiny, however, they have very important implications for trade, in particular for market access and development, influencing employment, infrastructure, environment and social conditions.

A number of private standards, including environmental requirements, are also used as effective instruments in the race for international competitiveness, as well as to influence the behaviour of independent companies participating in supply chains. New private-sector standards in the agri-food sector, for instance, not only aim at assuring food safety and continuously high food quality, they also transfer part of the associated risk and cost onto suppliers, and are used as effective supply-chain governance tools. The new requirements also lead to a concentration of dedicated suppliers along the supply chain, which creates major problems for small and medium-sized companies, which run a real risk of marginalization.

Developing countries are considerably affected by these trends. A holistic approach is therefore needed to effectively deal with standards and technical requirements in key export markets, and in particular with environmental and health-related requirements – an approach that goes well beyond trade rules and trade policies. The lack of institutional, technical, infrastructural and managerial capacity in developing countries presents a dual problem: on the one hand, it leads them to adopt a mere reactive, fire-fighting approach to address new environmental requirements; on the other hand, the adjustment process is very onerous and costly, often harming export competitiveness and, in some urgent cases, obliging governments in exporting developing countries to siphon away resources from other areas.

In the last 3-4 years, UNCTAD under its Consultative Task Force on Environmental Requirements and Market Access has both done considerable analysis and capacity-building assistance on standard-related market access problems at sectoral and country level, including on electronics, footwear, fruit and vegetables and chemicals. UNCTAD has also implemented multi-faceted work to facilitate market access for organically grown products from developing countries under the UNCTAD-FAO-IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture and through the UNCTAD-UNEP CBTF, which gave key guidance and assistance to the creation of the East African Organic Product Standard finally adopted in May this year. UNCTAD research and analysis has also been extensively used in recent discussions in the WTO SPS Committee on private standards and market access.

In our view, this meeting is a highly opportune occasion to take a closer look at some specific lessons on environmental requirements and market access that come from two specific sectors, analyzed in recent UNCTAD and UNEP work, namely electronics and organic agricultural products. This discussion, we hope, will be useful to guide the demand-driven work of the third phase of the CBTF, which is currently under preparation. As last year's UNCTAD Trade and Environment Review put it, developing pro-active approaches and strategies on environmental requirements and market access is of paramount importance for developing countries. Against this background, under its joint CBTF, UNCTAD and UNEP are planning to place at the centre of its future activities win-win-win approaches and related front-of-pipe tools and mechanism to turn environmental, health and food-safety requirements in export markets from a challenge into an opportunity for developing countries.

Your Excellencies, ladies and gentlemen, I look forward to a thought-provoking discussion that will be useful for the further conceptualization of the activities under the third phase of CBTF.