

Environmentally Preferable Goods and Services

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STRUCTURE OF PRESENTATION

- **Context**
- **Environmental goods and services (EGS)**
- **"Environmentally preferable products" (EPPs)**
 - **Categories of EPPs**
 - **Opportunities and constraints**
 - **Capacity building**

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CONTEXT

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INTERNATIONAL CONFERENCES



Doha Ministerial Declaration:
Negotiations on "the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services" [paragraph 31(iii)]



Johannesburg Plan of Implementation
Creation and expansion of domestic and international markets for environmentally friendly goods and services [paragraph 93]

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CONCEPT OF ENVIRONMENTAL GOODS

- **Equipment, material or technology used to address a particular environmental problem**
 - **WTO ("end-use" criteria)**
- **A product that is "environmentally preferable" to other, similar products because of its relatively benign impact on the environment**
 - **WSSD, WTO**

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CRITERIA FOR EPPs

- **Use of natural resources and energy**
- **Amount and hazardousness of waste generated by the product along its life cycle**
- **Impact on human and animal health**
- **Preservation of the environment**

UNCTAD/COM/70 (1995)

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ENVIRONMENTAL GOODS AND SERVICES (EGS)

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SIZE OF THE ENVIRONMENTAL INDUSTRY

- Around US\$ 550 billion in 2000
- Comparable to pharmaceutical or information-technology industry
- Developed countries dominate market (90%)
- Certain saturation in developed country markets
- Markets for EGS: highest growth prospects in developing countries and countries in transition
- Market drivers in developing countries
 - Population growth, urbanization, economic activity
 - Environmental standards and regulations
 - Information and consumer pressure

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LIBERALIZATION: POTENTIAL GAINS

- Easier access to environmentally sound technology and know-how.
- Economic, environmental and developmental benefits resulting from improved resource management and environmental conditions.
- New export opportunities in certain EGS sectors.
- Enhanced capacity to comply with environmental requirements

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OECD AND APEC LISTS



Organization for Economic
Co-operation
and Development
Asia-Pacific
Economic Cooperation

- Pollution management**
 - Air pollution control equipment
 - Waste-water Management equipment
 - Solid/Hazardous waste equipment
 - Recycling systems
 - Measuring equipment
- Cleaner technologies and products**
- Resource management**
 - Renewable energy plant

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APEC LIST (US\$ thousands)

Country	Exports	Imports	Balance
Bahamas	5,969	33,328	-27,359
Barbados	3,921	29,830	-25,910
Belize	236	8,003	-7,769
Dominica	117	2,517	-2,401
Grenada	1,498	9,208	-7,710
Jamaica	2,074	55,255	-53,181
St. Kitts-Nevis	54	3,855	-3,801
St. Lucia	898	7,208	-6,310
St. Vincent & Gren.	105	2,598	-2,493
Trinidad & Tobago	11,470	149,533	-138,063

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OECD LIST (US\$ thousands)

Country	Exports	Imports	Balance
Bahamas	7,918	63,975	-56,057
Barbados	8,551	39,696	-31,145
Belize	227	17,359	-17,133
Dominica	172	4,732	-4,560
Grenada	1,685	10,021	-8,336
Jamaica	55,431	102,159	-46,727
St. Kitts-Nevis	180	5,694	-5,514
St. Lucia	159	11,482	-11,323
St. Vincent & Gren.	361	4,238	-3,877
Trinidad & Tobago	640,498	148,520	421,402

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DIFFERENT APPROACHES

- **Special treatment for environmental goods ("zero-for-zero" agreement)?**
- **For which products?**
- **Paragraph 16 of the DMD**
 - ✓ **Export interest to developing countries**
 - ✓ **Less than full reciprocity**
 - ✓ **Capacity building**
- **First negotiate modalities for all goods negotiated in the NGMA**

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EPPs in the context of par. 31(iii)

- **India has proposed to include NWFPs, products based on traditional knowledge (TK) and products made from natural fibres such as jute and coir**
- **Renewable energy products**
- **Organic agricultural products [?]**
- **Kenya and Colombia**

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SOME ISSUES

- **Where to discuss agricultural products**
- **NTBs may be important**
 - **Organic agricultural products: issues related to standards and certification**
 - **TK-based products: registration requirements, health requirements, "novel food" legislation.**
 - **Renewable energy products: tied aid**
- **Criteria based on non-product-related processes and production methods (PPMs)**

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EPPs

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TRENDS

- **Consumer preference**
- **Government standards and regulations**
- **Private-sector standards**
 - **Industry**
 - **Distribution channels, retailers**
 - **Non-governmental organizations (NGOs)**
- **Increasingly important in the market place**
 - **Food products**
 - **Timber**
 - **Textiles**

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IMPLICATIONS

- **Market access/market entry**
 - **Competitiveness**
 - **Business relations**
 - spot markets versus contract farming
- **Potential benefits for Caribbean countries**
 - **Export diversification (niche markets, value-added products)**
- **Potential risk**
 - **Trade barriers?**
 - **Crowding out of small suppliers**

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EPPs from the CARIBBEAN

- Organic agricultural products
 - Certified timber products
 - Non-Wood Forest Products (NWFPs)
 - Fair Trade Products
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- Certification in the tourism sector



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ADVANTAGES

- Environmental benefits
- Social benefits
- Opportunity for export diversification
- Value-added products

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ORGANIC AGRICULTURE

- Market for organic food products is still small
- Products from developing countries need to compete in markets with stringent quality requirements, increasing pressure for subsidies and other support measures, uncertain price premiums and preferences for locally-produced food.
- Production and export constraints
- Lack of comprehensive and reliable data on organic production, consumption and trade.

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NON WOOD FOREST PRODUCTS (NWFPs)

NWFPs of the Caribbean:

- Medicinal and aromatic plants, edible products (mainly fruits, mushrooms and bee products) and construction materials, utensils and handicrafts.

FAO, Global Forest Resources Assessment, Main Report
2000. Chapter 10, Non-wood forest products. Forestry
Paper 140, ISSN 0258 6150

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FAIRTRADE



- Fairtrade guarantees a better deal to producers
- A stable price which covers production costs, along with a premium that their organization will be able to reinvest either in the business or social and environmental schemes among the wider community



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FAIRTRADE

- The world market of Fairtrade products is valued at US\$ 400 million
- Growing at a rate of almost 30 per cent per year and is expected to continue growing as labelled commodities become more widely available
- Coffee, banana and cocoa account for 81 per cent of Fairtrade sales

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CARIBBEAN BANANAS

Commonwealth Banana Exporters Association

- **Climate and topography: Caribbean banana producers cannot compete on cost with Latin American competitors**
- **Most Caribbean bananas conform broadly to the criteria for Fair Trade**
 - Produced in a socially and environmentally friendly manner
 - Small family farms, with low usage of agro-chemical inputs

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TECHNICAL COOPERATION AND CAPACITY BUILDING

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POSSIBLE ACTIVITIES

- **Studies**
 - Production-level yields, costs, profitability
 - Products with promising market prospects
 - Certification costs
 - Production, marketing and institutional constraints, and options for overcoming these
- **Policy dialogues**
 - Awareness raising
 - Multi-stakeholder consultations

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STANDARDS AND CERTIFICATION

- **Multiplicity of standards and certification**
- **UNCTAD/IFOAM/FAO International Task Force on Harmonisation and Equivalence in Organic Agriculture**



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MARKET STUDIES (with ITC)

- **The dissemination of the results of market research to interested developing countries**
- **The promotion of studies and training in interested developing countries**
- **The possibilities of using e-commerce to promote exports of organic products from developing countries**
- **The facilitation and promotion of partnerships:**
 - With donors and fair-trade organizations
 - Between developing country exporters and institutional buyers in importing countries

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WEBSITES

Capacity-building Task Force on Trade, Environment and Development (CBTF)
www.unep-unctad.org/cbtf/

UNCTAD
www.unctad.org
Trade, Environment and Development
www.unctad.org/trade_env/index.htm

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