
Key Trade and Environmental Issues affecting Sustainable Development in the Arab Region

Carol Chouchani Cherfane
Acting Team Leader / First Economic Affairs Officer
Technology and Enterprise Development Team
Economic and Social Commission for Western Asia
 United Nations

Outline of Presentation

- | | |
|------------------|--|
| Part I | Background |
| Part II | General Principles |
| Part III | Conceptual Framework for examining
Standards and Technical Regulations |
| Part IV | Agriculture & the Agro-Food Sector |
| Part V | Fisheries Sector |
| Part VI | Textile/Garment Sector |
| Part VII | Implications of EU Environmental Requirements
in the Electronics Sector |
| Part VIII | Trade & Environment Decision-Making |

PART I: Background

Brief History of International Trade

- Up until mid-1900s, most countries maintained protectionist trade policies and viewed imports as threats to domestic industries
 - **Tariffs** used to protect domestic industry & to generate government revenue
 - **Import substitution** to create domestic industries and achieve self-reliance common in many developing countries with planned economies (e.g., Yemen, Egypt, Syria, Latin America).
 - **Employment generation through maintenance of state-run enterprises** and large public bureaucracies more politically important than efficiency, productivity and innovation.
 - **Food security** concerns due to fear of dependency on food imports, thus strong measures to protect agricultural sector.

Brief History of International Trade

- In the mid-1900s, the development paradigm began to switch from inward-looking development to export-led economic growth
 - **Trade liberalization** – basically the reduction of tariffs and the elimination of quotas – was viewed as the means to make trade more free and fair.
 - **Competitiveness** became increasingly important in the international and domestic market
 - **Efficiency** gains were sought to increase productivity
 - **Consumer preferences** became a driver for production, and not just consumer needs.
- **General Agreement on Tariffs & Trade (GATT) = 1947**
- **World Trade Organization = 1995** (Secretariat Established)
 - Global Trade in 2000 was 22 times larger than 1950 levels.

Link to Environment & Sustainable Development

- **Concepts of Sustainable Development emerged during the 1980s partially in response to economic growth and trade liberalization advocates**
 - Bruntland Commission = 1986
 - Rio Convention on Environment & Development = 1992
 - World Summit for Sustainable Development (WSSD) = 2002
- People started Questioning Trade Liberalization concepts*
 - **Why engage in Trade Liberalization?**
 - For Economic GROWTH?
 - For Economic DEVELOPMENT?
 - For SUSTAINABLE DEVELOPMENT?
 - How do we make the positive outweigh the negative?
 - This question is the basis of the inter-linkage between trade and the environment.

Key Issue:

Sustainable Production & Consumption

Freer trade impacts sustainability positively and negatively because:

- **Production and exports** may increase or decrease domestically and thus impact pollution, water & energy use, employment, urbanization, etc.
- **Imports and consumption** are most likely to increase, which impacts packaging waste flows, consumer protection, greater competition for local industries

Key Issue:

Sustainable Production & Consumption

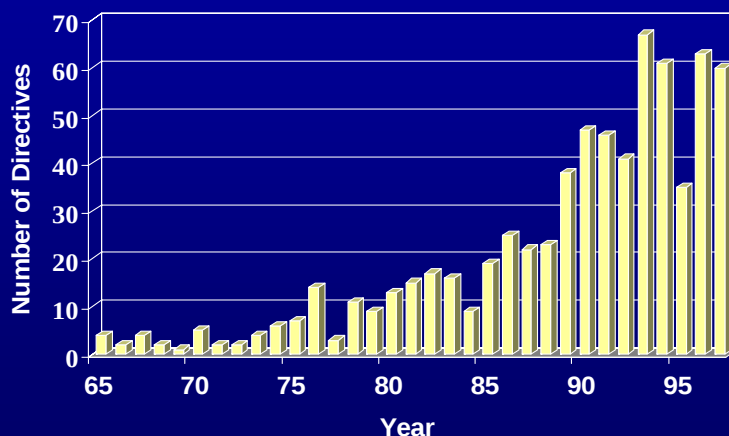
Increases need for:

- **Cleaner Production**
- **Technology Transfer**
- **Stronger environmental management and enforcement**
- **More environmental goods and services**
- **Better assessments of the impact of free trade agreements on sustainability, not only on the environment (which is what trade reviews do)**

Key Issue:
Market Access & Competitiveness

- Trade liberalization initially focused on the removal of quotas and tariff barriers, e.g., customs duties and import taxes.
- As trade liberalization advanced, it became evident that non-tariff barriers were emerging as alternative means for limiting access to foreign markets
- **Non-tariff barriers include national regulations aimed at protecting the environment, human health and safety.**

**European Union Legislation on
Environment, Health and Safety**



From: David Cadogan, Director, European Chemical Industry Council (CEFIC),
"Phthalates and the European Regulatory Framework," November 1999
<http://www.ecpi.org/technical-papers/ECPIseminar-nov99/cadogan.ppt>

Key Issue:

Market Access & Competitiveness

- Nothing wrong with adopting stronger environmental regulations to protecting the environment & public health, safety and welfare.
- But developing country exporters generally have a harder time complying with more stringent environmental, health and safety regulations being adopted in International & other Arab Markets.

Implications for:

- **Ensuring Protection, not Green Protectionism**
- **Setting Standards for goods & services**
- **Conformity Assessment**
- **Environmental Strengthening & Enforcement**
- **Product Labeling & Consumer Protection**
- **Higher Costs of Production possible** – particularly for SMEs, which increases importance of technology transfer

PART II:
General Principles

Public International Economic Relations

- The General Agreement on Tariffs & Trade (GATT)
 - Post World War I, entered into force in 1948
 - Purpose: To negotiate **tariff concessions** between signatories and provide a mechanism for dispute resolution. No formal institution.
- World Trade Organization (WTO)
 - Operational January 1995; Secretariat in Geneva
 - Accession process for Lebanon, Algeria, Libya, Yemen, Iraq
 - Purpose: To facilitate trade between nations (via trade rounds); only international organization for negotiations on global trade rules.
 - **Marakesh Agreement**, which established the WTO, includes in its preamble the need for trade to help support **sustainable development**, and established a programme of work on trade and environment.

Selected WTO Agreements

(with environmental implications)

WTO Agreements that affect national T&E Policy:

- Agreement on Technical Barriers to Trade (TBT)
- Agreement on the Application of Sanitary & Phytosanitary Measures (SPS)
- Trade-Related aspects of Intellectual Property Rights (TRIPs)
- General Agreement on Trade in Services (GATS)
- Agreement on Pre-Shipment Inspection
- Agreement on Import Licensing Procedures
- Agreement on Subsidies and Countervailing Measures

WTO Agreements for specific sectors:

- Agreement on Agriculture
- Agreement on Textiles and Clothing

GATT / WTO General Principles

Article I	Most Favored Nation Clause
Article III	National Treatment Clause
Article X	Publication & Administration of Trade Regulations
Article XI	Elimination of Quantitative Restrictions Clause
Article XX	General Exceptions

Product standards v/s Production methods
Transparency / Notification
Dispute Settlement

Most Favored Nation Clause

Countries must not discriminate
between like imported products
from different sources (countries).

National Treatment Clause

Countries must not discriminate
between imported and like products
that are produced domestically.

= Non-Discrimination Principle

- **Most Favoured Nation (MFN)** clause ensures that imports from all sources are subject to the same treatment.
 - **National Treatment (NT)** clause ensures non-discrimination between domestic and imported goods.
-

**Implications for environmental enforcement,
customs, conformity assessment,
consumer protection and standard-setting**
particularly for developing countries with weaker institutions

Article X: Publication & Administration of Trade Regulations

Applies to:

- Transparency of rule-setting process
- Notification of rules when adopted

= Transparency & Notification Principles

**Details in TBT and SPS Agreements & the
Code of Good Practice for the Preparation,
Adoption and Application of Standards
(Annex to the TBT Agreement)**

Notifications to the WTO (2000)

Objectives and Rationales	Notifications received in 2000
Consumer Information, Labelling	59
Prevention of Deceptive Practices and consumer protection	55
Protection of Human Health or Safety	254
Protection of Animal or Plant Life or Health	10
Protection of the Environment	58
Quality Requirements	61
Harmonization	74
Adaptation to New Domestic Law and Technology	80
Lowering or Removal of Trade Barriers	13
Trade Facilitation	6
Cost Saving and Increasing Productivity	6
Others	43
Not specified	6
Total	725

Source: WTO

Article XI
Elimination of Quantitative Restrictions

- Prohibits countries from banning the import of any product because only duties, taxes or charges “shall be instituted or maintained on the importation or exportation of any product.”
- Effectively means that WTO Member State can not ban (impose a quota of “zero”) on the export or import of harmful substances
 - *But what about toxic materials? hazardous waste? illicit drugs? sensitive military equipment? etc.*

General Exceptions to GATT – Article XX

Allows States NOT to apply WTO rules for measures:

- a) Necessary to protect public morals;
- b) Necessary to protect human, animal or plant life or health;**
- c) Relating to the importation or exportation of gold/silver;
- d) Necessary to secure compliance...[for] customs enforcement, monopolies, protection of patents, trademarks, copyrights and the prevention of deceptive practices;
- e) Relating to the products of prison labor;
- f) Imposed for the protection of national treasures or artistic, historic or archaeological value;
- g) Related to the conservation of exhaustible natural resources** if such measures are made effective in conjunction with restrictions on domestic production or consumption;
- h) Etc.

Implications for Trade-Related Multilateral Environmental Agreements

Some Multilateral Environmental Agreements (MEAs) conflict with the GATT/WTO principle seeking elimination of quantitative restrictions (quotas):

- Basel Convention on Hazardous Waste Trafficking
- Convention on International Trade of Endangered Species (CITES)
- Preventing Trade of Domestically Prohibited Goods

Implications for Trade-Related Multilateral Environmental Agreements

➤ **Conflicts could arise related to basic principles that differ between international environmental law and international trade law, but has not needed to be tested.**

➤ **MEAs:**

- **Restricts trade with certain countries**
- **Bans on trade in certain products**
- **Precautionary Approach**
- **Pollution Prevention, Licensing & Liability Regimes**

➤ **WTO:**

- **Most Favored Nations Clause**
- **Seek to remove quotas**
- **Science-based justification with risk assessments**
- **Removal of Barriers to Trade**

* **REMEMBER:** International trade agreements do NOT have supremacy over international environmental agreements.

Genetically Modified Organisms (GMOs): A question of Science

- **Debate exists on whether GMOs are safe for human health and the environment**
- **There exist no scientific proof that foods derived from GMO seeds are not safe for human health.**
- **Some proof exists that GMOs may invade natural environments and reduce biodiversity: focus of Cartegena Protocol to Convention on Biodiversity**
- **No approved scientific method(s) to test for GMOs or determine if product is from GMO-derived inputs (e.g., GMO product, or meat from cow that eats GMO corn)**
- **EC has a more 'risk-averse' (precautionary) society than the USA, which has a more aggressive biotechnology agricultural sector – led to difference in positions & Dispute regarding use of GMOs**

Dispute Settlement and GMOs

- EC, Egypt, Saudi Arabia and others initially imposed a **ban** on the import of products containing GMOs based on the **precautionary principle** & concern that GMOs may adversely impact human health & the environment
 - Temporary EC ban allowed, but reasonable time expired for collecting scientific evidence needed to justify the ban
 - EC forced to **withdraw** ban – EC imported GMO maize for the first time in July 2004
 - **Algeria** maintains ban / WTO Accession stalled
 - **Saudi Arabia** only requires labeling since 2001
 - **Egypt** settled case with Thailand on use of GMO-derived oil for canned tuna exports to Egypt
- Debate in WTO Committee on Trade & Environment / MEAs now focused on issue of **Labeling** of GMO-derived foods + consumer right to chose + labeling for shipping

PART III: Conceptual Framework for examining Standards and Technical Regulations

WTO Agreements on Technical Barriers to Trade (TBT) & Sanitary & Phytosanitary (SPS)

- Recognize the right of Member States to set product requirements, as long as technical regulations:
 - Do not create unnecessary obstacles to trade;
 - Are not more restrictive than necessary; and
 - Are **legitimate** (e.g., based on science, available technology, etc.)
- Applies to industrial and agricultural goods
- Exception for government procurement

Four Types of Standards in International Trade

1. **Product Requirements**
 - For example, maximum contents requirements of carcinogenic or radioactive elements in foods or textiles; packaging requirements
2. **Production & Process Methods (PPMs)**
 - For example, water effluent standards, stack emissions on air pollution; use of organic inputs – often are domestic standards
3. **Conformity Assessment**
 - To prove conformity with product or PPM requirements.
 - Requires access to accredited laboratories (oftentimes based abroad), advanced understanding of certification and testing procedures
 - Increases the cost of compliance
4. **Dispute Resolution**
 - Public International Law = Inter-governmental dispute resolution – could go to WTO (highly politicized)
 - Private contract law = between firms; suppliers often disadvantaged.

Process and Production Methods (PPMs)

- Countries are generally NOT allowed to pass regulations that differentiate between products based on their process or production methods.
- Accordingly, even if two items are produced differently (one in a polluting manner and the other in a non-polluting matter), they ARE still considered LIKE products.
- Sample PPMs (which usually can *not* be tested for by testing the end-product itself, since it involves certification of the way it is produced):
 - Organic agricultural and agro-food products
 - Use of genetically modified organism (GMO) seeds
 - Highly energy intensive v/s energy efficient production
 - Child labor, prison labor

WTO Preference for International Standards

- The WTO strongly encourages States to adopt national standards that are in conformity with standards formulated by international standard-setting bodies.
 - Codex Alimentarius (UN Food and Agriculture Organization)
 - International Office of Epizootics
 - International Plant Protection Convention(as outlined in the WTO Agreement on Sanitary and Phytosanitary Standards (SPS), adopted in 1995)
- However, WTO does not require harmonization with international standards, since the adoption of technical regulations is the sovereign right of countries.
- Kindly recall: WTO Agreements do NOT contain specific standards, but provide the rules that govern how standards and regulations that may impact trade may be developed and enforced.

Conceptual Framework for Analysis

Thus, when considering the impact of environmental measures on output or trade, and possible policy implications and responses, one might think in terms of the following box

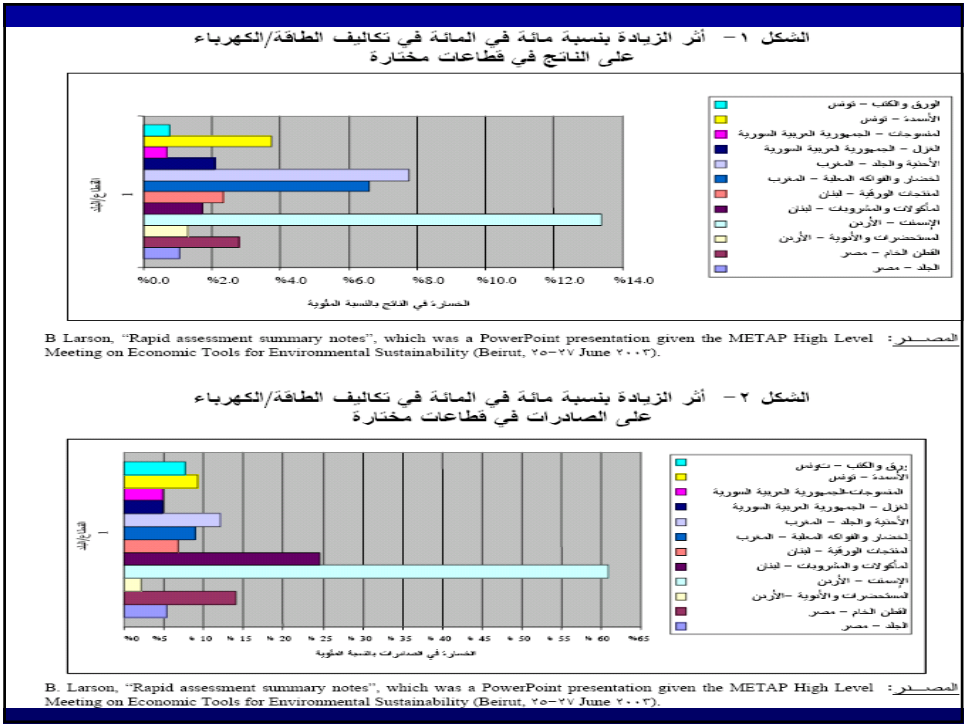
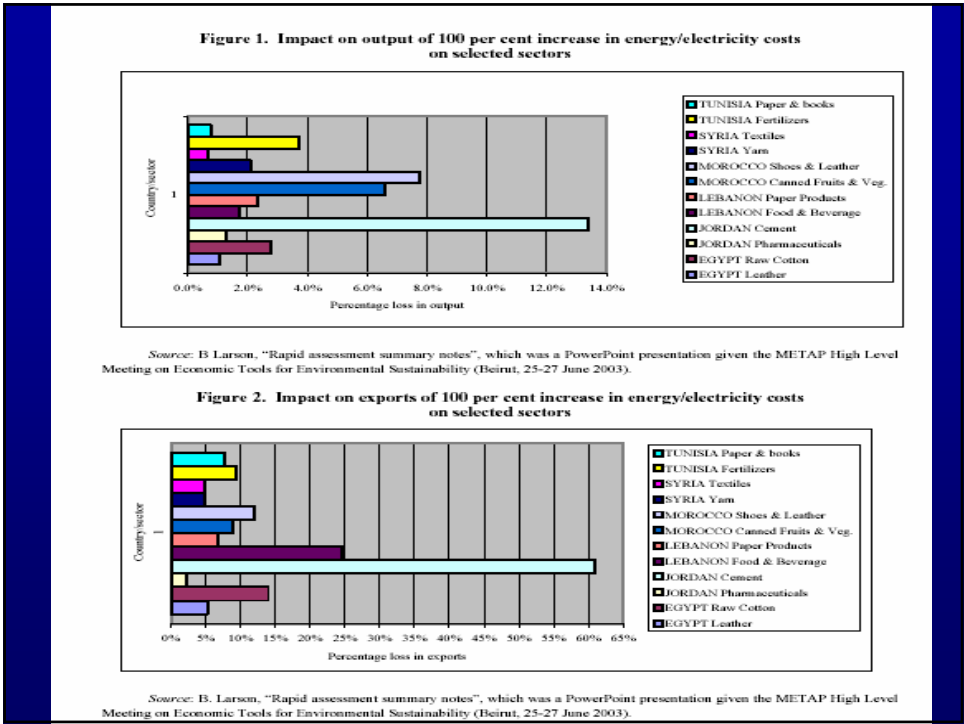
	Product Standards	Process & Production Methods	Conformity Assessment	Dispute Resolution
Regulatory Measures	•Environment, Health & Safety Laws	•Compliance with Domestic Environmental Laws	• Laboratory Accreditation, testing and certification	• WTO •Regional or bilateral negotiations
Voluntary Measures	•Industry Standards & Specifications	•Eco-labeling •Niche Markets	• Eco-labeling •Importer testing	• Private Contract Law

Measuring the Cost of Compliance with Standards & Regulations

METAP MedPolicies Initiative: The Larson Model

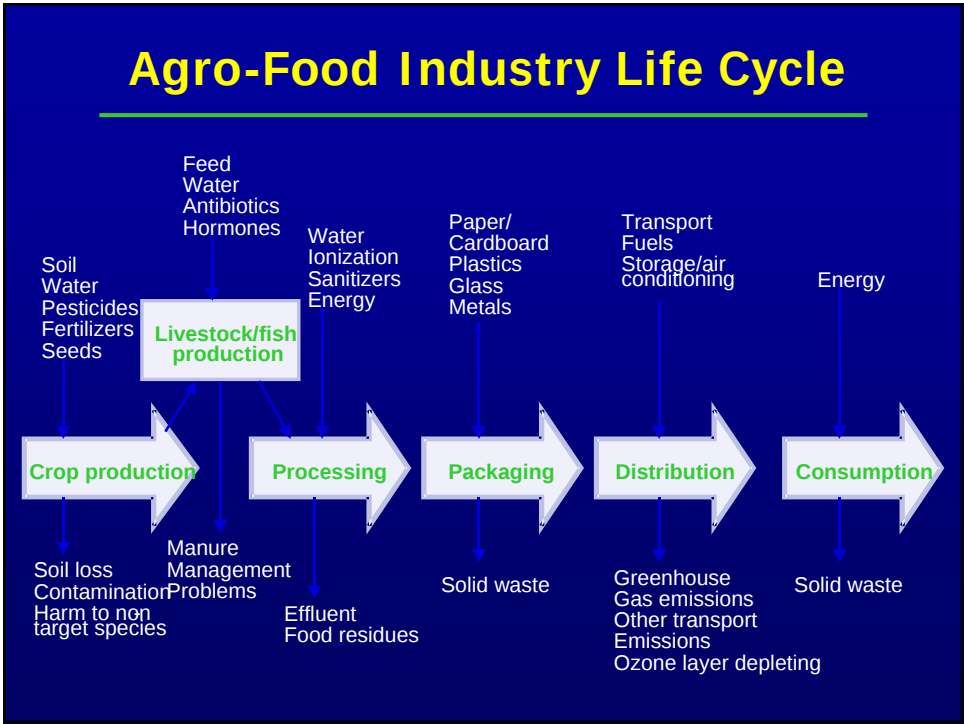
- Simple (5 variables; Excel-based)
- Empirically tractable partial-equilibrium model
- Economic forecasting policy tool
- Estimates the percentage change in output, exports and imports from compliance with a standard or technical regulation (focus on environmental requirements)
- Environmental measure examined may be voluntary or regulatory and required in a destination market or by domestic environmental regulation, or the impact of a generic increase in the cost of production could be estimated.

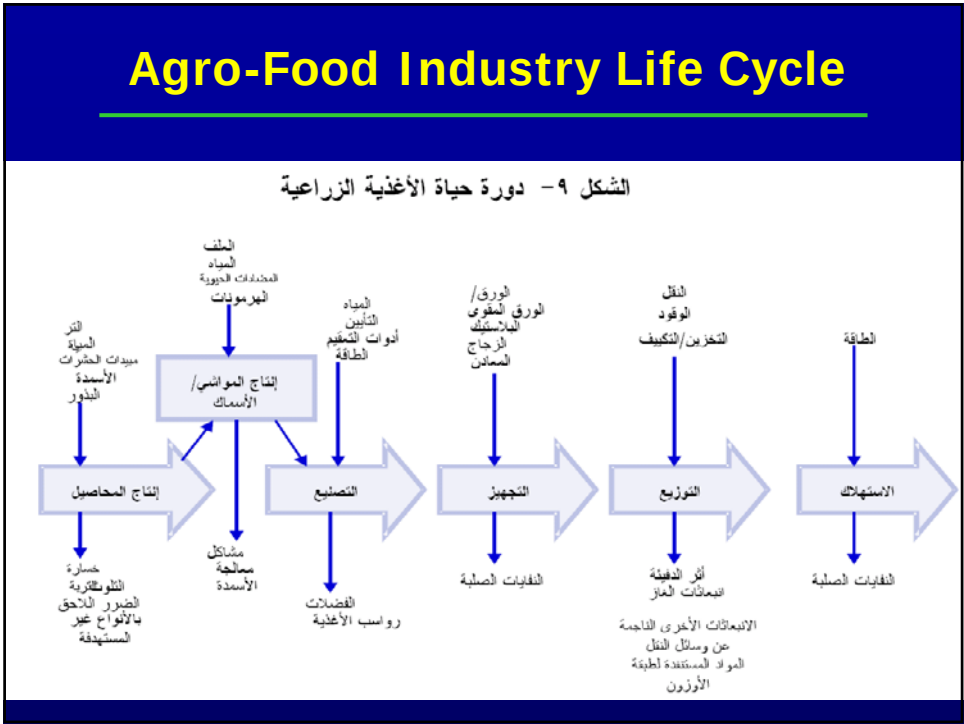




PART IV:

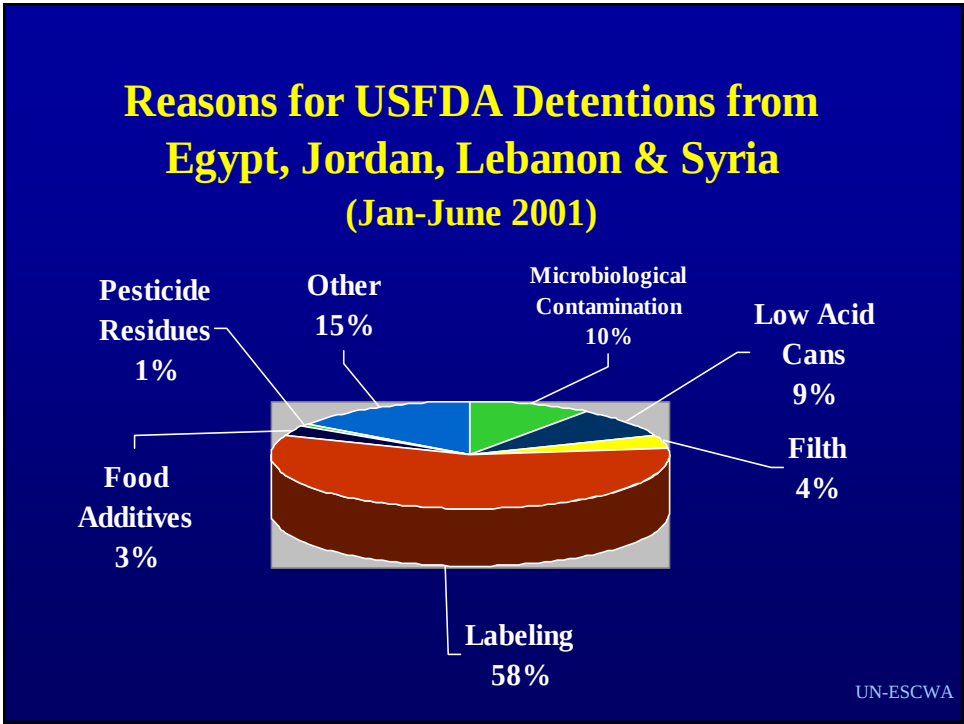
Agriculture and the
Agro-Food Sector





Environmental Measures most affecting the
Agro-Food Industry in ESCWA Countries

	Product Standards	Process & Production Methods	Conformity Assessment	Dispute Resolution
Regulatory Measures	- Expiry date - Additives - Labeling - Packaging - Pesticides residues	- Sterilization - Sanitation - GMO certification - HACCP	- High cost of product testing - Limited number of accredited labs in region	- Communication links between firms & trade ministries poor - Polliticization of inter-government dispute settlement
Voluntary Measures	- Eco-labeling - Packaging (recycled content)	- ISO - HACCP - Sanitation - Eco-labeling	- Inspection by importer - Cost of testing - Cost of maintaining conformity with eco-label	- Ag. exporter usually bares cost of delayed shipments & storage - Time/cost needed to enforce contracts



Notification: EU Rapid Alert System

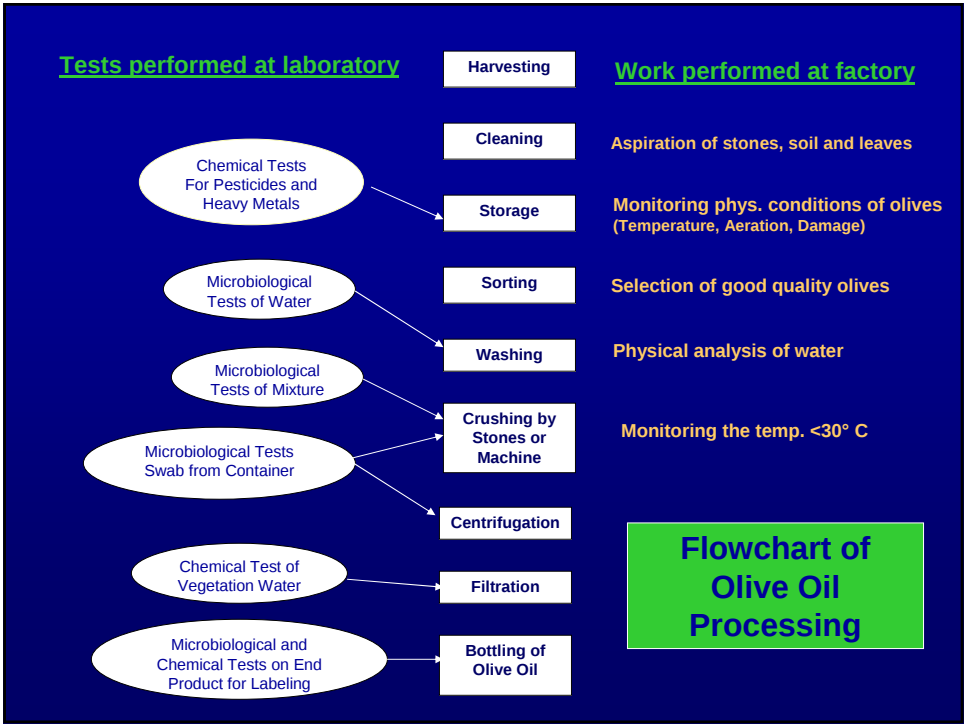
Country of Origin	Date	Notified by	Product	Reason for notification
Egypt	26/01/2005	Italy	Coriander seeds	Too high count of Enterobacteriaceae in coriander seeds
Egypt	02/03/2005	Greece	Groundnut kernels	Aflatoxins in groundnut kernels
Egypt	26/01/2005	Italy	Groundnuts in shell	Aflatoxins in groundnuts in shell
Egypt	14/01/2005	Italy	Peanuts	Aflatoxins in peanuts
Lebanon	11/03/2005	Finland	Sesame paste	Salmonella Montevideo in sesame paste
Lebanon	24/01/2005	UK	Sojok spices	Unauthorised colour Sudan 4 in sojok spices
Lebanon	12/01/2005	Sweden	Sweet Curry	Colour Sudan 1 in sweet curry
Syria	11/03/2005	Cyprus	Peanuts	Aflatoxins in peanuts
Tunisia	26/01/2005	Italy	Spices & sweet peppers	Bacillus cereus in spices & sweet peppers

Source: <http://europa.eu.int/comm/food/food/rapidalert/reports/>

HAACP Principles

The **Hazard Analysis and Critical Control Point** system system consists of seven major principles:

1. Conduct a hazard analysis
2. Determine the Critical Control Points
3. Establish critical limits
4. Establish a system to monitor control of the CCP by scheduled testing and observations
5. Establish the corrective action to be taken when monitoring indicates that a particular CCP is not under control
6. Establish procedures for verification the HACCP system is working effectively
7. Establish documentation concerning all procedures and records appropriate to these principles and their application



Tests to be Performed for Olive Oil Processing Notes: - Highlighted tests are performed periodically, at least once per month. - Maximum cost is \$765 and minimum cost is \$ 705. 1,2,3,4,5 & 6 are shown in the previous flowchart on Olive Oil Processing. - The prices mentioned in the table are at cost, based on cost of testing in <u>Lebanon</u> (2004) and are in US\$	Type	Tests at Laboratory Level	Unit Price \$
	1	Chemical Tests of Olives at storage	60
		Pesticides Residues	
		Heavy Metals: Lead, Copper, Iron	90
	2	Microbiology test for Water	30
		Total Count + Coliforms	
	3	Swabs for Microbiology from Containers of: Crushing	30
		Centrifugation	30
	4	Microbiological Test of mixture	30
		Total Count + Coliforms	
		Yeast & Molds	30
	5	Chemical tests of Vegetation Water	25
		Acidity	
		Polyphenols (HPLC)	30
	6	End Products	
		Impurities (Centrifugation)	30
		Acidity	25
		Peroxide Value	30
		Iodine Value	30
		Fatty Acid Composition	60
		Pesticide Residues	60
		Moisture and Volatile Matter	15
		Refractive Index	20
		Saponification Number	30
		Specific Gravity	20
		Heavy Metals: Lead, Copper, Iron	90
		Total per Batch	\$ 765

Tests to be Performed	
● For Milk: 8 tests	● 435 USD
● Labneh/Laban: 13	● 545 USD
● Brine cheese: 16	● 695 USD
● Fresh juice: 13	● 990 USD
● Juice concentrate: 13	● 1060 USD
● Olive oil: 6	● 765 USD

Eco-Labeling: Organic Production

- Organic products constitute a niche market that is growing in OECD countries.
- Organic production is based on voluntary environmental standards formulated by Governments & NGOs
- **Definition of “Organic” & its various levels differs between US, EC and other public and private led labeling schemes**
 - Clarity needed, otherwise misleads consumers
 - Raises debate regarding Labeling requirements and standards
- **Production of Organic Products is difficult in the absence of the locally available organic inputs, accreditation infrastructure & certifying institutions to support industry or organic clusters.**
 - Accredited organization needed to certify organic inputs as well as outputs; is difficulty faced in Syria with organic olive oil. Tunisia and Egypt have established needed infrastructure.

PART V: Fisheries Sector in the Arab Region

Fish and Food Safety

- **EC Directive 2003/858L** Commission directive laying down the animal health conditions and certification requirements for imports of live fish, their eggs and gametes intended for farming, and live fish of aquaculture origin and products thereof intended for human consumption
 - Establishes Animal Health and Certification Requirements on Fish Imports intended for Human Consumption
- **On-line notification system** indicating number and types of establishments certified for import to the EU
- **Limited number of certified vessels from Arab countries**
- **Oman and Yemen** have received considerable technical assistance to help their fishing fleets come into compliance with EC requirements
- **Note:** In March 2005, NO vessels from Kuwait or Saudi Arabia were certified for export to EC, now some in process.

EC-Certified Arab Exporters of Fish Products

Country	Number of Establishments	Establishments Type	Date decision into effect	Date of Expiry
Egypt	4	PP	24/11/2004	Mid-2005
Mauritania	100 53	ZV PP	24/02/2005	None noted
Morocco	333 333	ZV PP	29/09/2004	None noted
Oman	24	PP	31/03/2004	None noted
Tunisia	31 75 2	ZV PP PPa	24/01/2005	None noted
United Arab Emirates	9 1	PP Ppa	24/02/2005	None noted
Yemen	22	PP	17/03/2004	None noted

ONLY ARAB COUNTRIES CERTIFIED KEY: **ZV** = Freezer vessel ; **PP** = Processing Plant; **PPa** = Plant processing only or partially materials derived from aquaculture (farmed products).

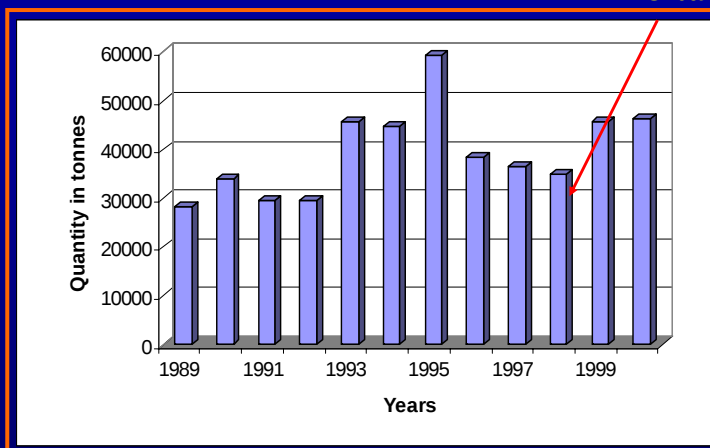
WTO Commitments and the Omani Fisheries Industry

- Oman joined the WTO in 2000
- **WTO Negotiations on Fisheries focus on subsidies**, including possible permission of subsidies for artisanal fisheries sector (more traditional fisheries)
 - Negotiations under Subsidies Agreement, not Committee on Trade and Environment
- Oman's commitments with respect to market access, domestic support and export subsidies are not particularly challenging as the applied tariffs for most products are historically low and the levels of domestic support and export subsidies are small
- The challenging task for Oman and the local fish industry is to meet the WTO requirements on sanitary and phytosanitary measures (SPS)
- Concern regarding Sustainability of Expanding the Fisheries Sector, and the depletion of fish stocks.

*From case study prepared for ESCWA by
Hamed Al-Oufi, Sultan Qaboos University, Oman*

Fish Exports Oman

EU ban



With HACCP Compliance, Exports to 60 countries by 2000, compared to 34 countries in 1996

Total Omani fish exports in metric tonnes (1989 - 2000)

SPS requirements have been addressed, with 50 % of all processing plants in Oman now HACCP certified

In 2000, 46,409 tons of fish exported, valued at US\$ 97 million.

PART VI:

Standards & Technical Regulations

Impacting the

Textile & Garment Sector

Textiles

Textile finishing stages of production



Characteristics of wastewater effluent from the textile finishing stage

Desizing	Scouring	Bleaching	Mercerizing	Dyeing
•High BOD •Neutral pH •High total solids	•High BOD •High alkalinity •High total solids •High temperature	•High BOD •Alkaline •High solids	•Low BOD •Alkaline •Low solids	•High BOD •High solids •Neutral to alkaline

TABLE 6. ENVIRONMENTAL EFFECTS AND HEALTH RISKS OF RESTRICTED SUBSTANCES
IN APPAREL PRODUCTS

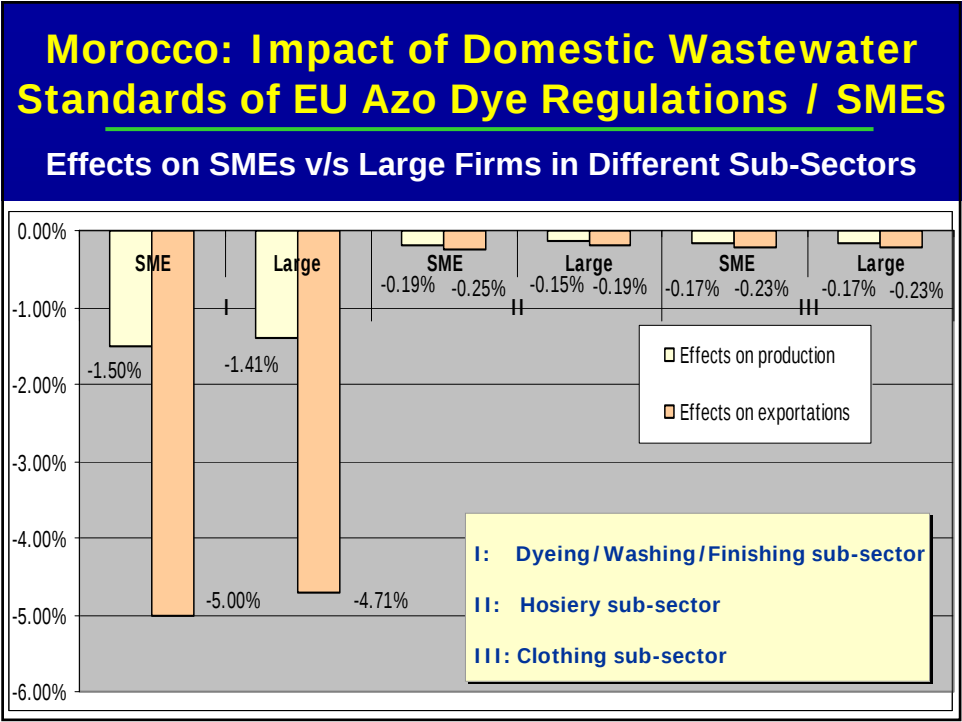
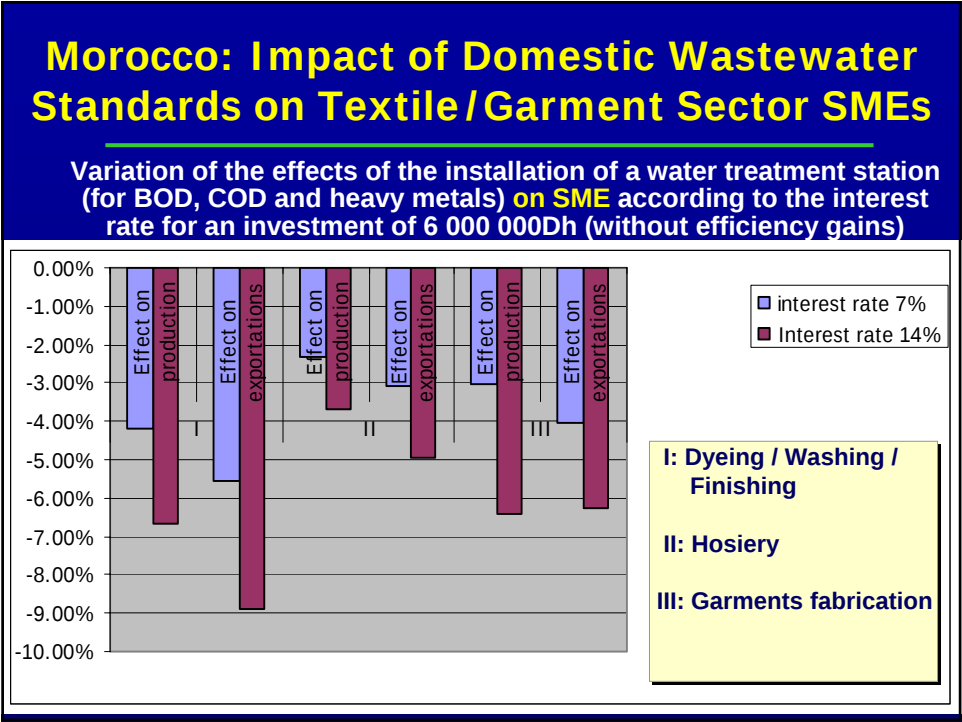
Description	Environmental effects	Health risks	Key to abbreviations used in environmental effects
Azo-dyes	W	C	A Air pollution
Sensitizing disperse dyes	W, S	A	B Bioaccumulates
Flame retardants	A, W	I	P Environmentally persistent
Formaldehyde	A	C, A	S Soil pollution
Pentachlorophenol (PCP)	P, W	T	T Results in toxic waste
Organotin compounds (combines tin with organics)	A, W	E	W Water pollution
Polyvinyl chloride (PVC)	P, T	T	
Phthalates	A	O	
Nickel	W, S	C, A	
Metals, including antimony, arsenic, barium and selenium	W, S	V	
Mercury	A, W, S	N, C	
Cadmium	A, W, S	C	
Lead	W, S	N, C, I, V	
Chromium VI	W, S	C, A, S	
Asbestos	A, W, S	C, O	
Dioxins and furans	A, W, S, B, P	C, B	
Pesticides	A, W, S	C, S	

Key to abbreviations used in health risks
A Allergic reaction
B Bioaccumulates
C Suspected carcinogenic amines
E Endocrine disrupters
I Immune system
N Damaging to nervous system and brain
O Suspected harmful to body organs
S Corrosive to skin
T Toxic
V Various negative effects on human health

Source: Business for Social Responsibility (BSR), "Restricted substances in apparel products: implementation resources" (January 2002), which is available at: www.bsr.org/CRResources/Environment/BSRImplementationResources.pdf

Textile /Garment Industry in Arab Region: Most Troublesome Environmental Requirements

	Product Standards	Process & Production Methods	Conformity Assessment	Dispute Resolution
Regulatory Measures	- Azo dyes - Flame retardants - Heavy metals - Labeling - Packaging	- Compliance with domestic environmental laws: wastewater effluent treatment - Rules of origin	- High cost of product testing prior to export - Limited number of accredited labs in region	- Communication links between firms & trade ministries poor - Polliticization of inter-government dispute settlement
Voluntary Measures	Eco-labeling	- Eco-labeling - ISO - Labor standards	- Cost of maintaining eco-label - On-site inspections by importer	Time/cost needed to enforce contracts



Eco-Labeling Schemes: VOLUNTARY Measures

- Public and Private eco-label schemes exist for textiles/garments. Nearly 20 in Europe alone.



Eco-Label is an EU Label (public) – for T-shirts, bed linens, washable quilts, potentially garments



Oko-Tex is a German-managed label (private) – assesses conformity with eco-management principles; product label relates to textiles, but differentiated based on access to skin; focus on infant and baby clothes



Good Environmental Choice is a Swedish label (private) focused on cloths, home textiles containing at least 95% textile fiber.



PART VII: Considering the Impact of Proposed Environmental Requirements on the Electronics Sector

New EU Directive on the Electronics Industry (1)

- Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 restricts the use of certain hazardous substances in electronic equipment and states that of 1 July 2006
 - Means that these items sold in the EU cannot contain **lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) or polybrominated diphenyl ethers (PBDE)**.
 - **ANNEX** to Directive EXEMPTS lead which is commonly used for soldering. Without Exception, would have been problematic for electronics manufacturing, particularly since alternatives for soldering, such as silver or antimony, would need to be used. However, these two metals are expensive and can leach into water sources and cause adverse environmental and health effects, which may be worse than that caused by lead.
 - Without ANNEX, would bring into question whether banning lead in electrical equipment is the most effective (or least trade-restricting) option

New EU Directive on the Electronics Industry (2)

- Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (WEEE), **regulates the recycling of waste electrical and electronic equipment (WEEE) within the EU**
 - Sets various targets, including a 13 August 2005 deadline for Member States to establish the financial mechanism that ensure that the collection, treatment, recovery and environmentally sound disposal of WEEE (other than those purchased by private households) be provided by producers.
 - **This is based on the polluter-pays principle and would require manufacturers of WEEE (including those abroad) to be responsible for its disposal.** Manufacturers will need to demonstrate compliance with these two regulations if they are to access the European market.
 - Note that mechanisms will also be put into place to ensure that private households also recycle electronic items.
 - **Implications for Developing Countries regarding potential Trade-Diversion of Non-Compliant Electronic Goods.**

PART VIII: Trade and Environment Decision-Making

Key Issue: Governance, Institution Building, Policy Analysis, and Negotiations Capacity

- More coordinated Governance mechanisms and Institutional strengthening is needed better respond to these dynamic, multi-sectoral challenges in an integrated manner.
- Establishment/Strengthening of **National Committee on Trade and Environment**, or **National Councils for Sustainable Development** mechanisms to improve inter-ministerial coordination and public-private dialogue on these topics.
- Policy space & policy coherence supported by informed policy analysis and capacity building.



Arab Regional Program on Trade & Environment Capacity Building

“CAMRE requests ESCWA and UNEP to coordinate and cooperate with CAMRE to develop a regional program for Arab capacity building on trade and environment issues, especially measures that limit Arab export competitiveness in international markets and that relate to trade negotiations and adjusting to the rules and regulations of the World Trade Organization related to the environment.” (Article 2, point 2)

**CAMRE Resolution
24 October 2002**

National Trade & Environment Committees in Arab Region

- **Tunis 2000:** Recommended Arab League Member States to establish inter-disciplinary Committee on Trade and Environment
- Committees have been established, but are still relatively new, lack continuity and effective coordination
- However, coordination improving in several Arab States

National T&E Committees in the Arab Region

Country	Public Participation?	Multi-Sectoral?
Egypt	Yes	Yes
Jordan	Yes	Yes
Kuwait	Yes	Yes
Morocco	Yes	Yes
Syrian Arab Republic	Yes	Yes
Saudi Arabia	Yes	Yes
Tunisia	Yes	Yes
Yemen	Yes	Yes

Yemen

National Environment and Trade Committee, led by Environmental Protection Authority – with an established Unit for Environment and Trade serving as the Secretariat. Committee Members include the:

- Ministry of Industry and Trade (including Communication and Coordination Office with the WTO)
- Ministry of Agriculture and Irrigation
- Ministry of Fisheries
- Yemen Export Supreme Council
- Yemen Standardization and Metrology Organization
- General Investment Authority
- Yemen Customs Authority
- Federation of Yemeni Chambers of Commerce & Industry
- Yemeni Association for Consumer Protection
- Association of Yemeni Industrialists

Priority Issues: Fisheries (SPS & sustainability), MEAs (Customs)

National Approach: Canada

➤ **Working Group on Trade and Environment**

- Recommends on Canada's domestic and international T&E position
- **Chair: Foreign Affairs and International Trade Committee**
- Partner: Environment Canada
- **Members:**
 - Agriculture and Agri-Food
 - Canadian International Development Agency
 - Industry Canada
 - Natural Resources
 - Fisheries and Oceans
 - Canadian Food Inspection Agency
 - Health Canada
- Meets regularly, plus one month prior to CTE meetings to coordinate approaches for discussion and negotiation positions
- Public participation EXTERNAL to the group, but consultation integral

Priorities for the Arab Region

- **Market Access & Non-Tariff Barriers**
- **Competitiveness & SMEs**
- **Dispute Resolution & MEAs**
- **Production and Consumption Linkages**
- **Technology Transfer**
- **Need for more Environmental Goods & Services**
- **South-South trade liberalization**
- **Harmonization/approximation of standards and conformity assessment**
- **Governance: Policy Space & Coherence**

Thank you.



**Economic and Social Commission for Western Asia
United Nations**

P.O. Box 11-8575

United Nations House – Beirut – Lebanon

Tel: 961.1.981.301

Fax: 961.1.981.510

Web: <http://www.escwa.org.lb>

E-mail: chouchanicherfane@un.org