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Foreword, Acknowledgements & Introduction

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Foreword

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.

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 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 standards in the agri-food sector, for instance, not only aim at assuring food safety and continuously high food quality, they also transfer 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.

Developing countries are considerably affected by these trends. A holistic approach is needed to effectively deal with standards, 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.

The Trade and Environment Review 2006 examines some specific examples and sectors to show what governments and other key stakeholders in developed and developing countries could do to limit the trade-restricting effects of environmental requirements and to maximize their contribution to sustainable development in developing countries, for example by helping to enhance resource efficiency, lower emission intensity and improve occupational safety. The *Review* also elaborates on how countries could seize the export opportunities arising from more stringent environmental requirements and growing markets for environmentally preferable products.

The *Review* highlights the fact that the role of WTO rules and disciplines for limiting the trade-restrictiveness of environmental requirements is often overestimated. WTO Agreements can also do little to overcome the supply-related capacity constraints of exporting developing countries or contribute to turning environmental requirements into a catalyst for sustainable development. This *Review* addresses these crucial issues, including what UNCTAD can do, in particular in the context of the new Consultative Task Force on Environmental Requirements and Market Access for Developing Countries, and the UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture.

The *Review* argues that exporting developing countries will have to become much more strategic and proactive in coping with environmental requirements. No amount of external leadership, action or assistance can substitute for domestic awareness, commitment and cooperation. In addition, however, developing countries need to vigorously defend their interests, both in the WTO with regard to mandatory requirements, and along supply chains with regard to voluntary stand-

ards, with a view to limiting negative impacts at the design stage and discrimination during implementation of new environmental requirements. Furthermore, these countries should learn to exploit new market opportunities created by new requirements.

It is my hope that this issue of the *Trade and Environment Review* will fulfil an important function of awareness-raising and international consensus building on key issues that have a bearing on the interaction between trade expansion and liberalization, environmental protection and development policies in order to achieve a triple win in these three areas. Indeed these are important aspects of UNCTAD's mission. I also hope that it will encourage closer development cooperation reflecting the shared responsibility of both developed and developing countries.

Supachai Panitchpakdi
Secretary-General of UNCTAD

Contents

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Abbreviations

The following is a list of the most frequently used abbreviations in this Review.

AeA	American Electronics Association
ASEAN	Association of South-East Asian Nations
CAFTA-DR	Central America Free Trade Agreement with the United States, plus the Dominican Republic
CBD	Convention on Biological Diversity
CBI	Centre for the Promotion of Imports from developing countries (the Netherlands)
CBTF	Capacity-Building Task Force on Trade, Environment and Development (UNEP-UNCTAD)
CCO	Coordinadora de Certificadoras Orgánicas (Coordination of Organic Certifiers), Dominican Republic
CDM	Clean Development Mechanism
CIMS	The Sustainable Markets Intelligence Centre
CIRAD	Centre de Coopération Internationale en Recherche Agronomique pour le Développement
CSR	corporate social responsibility
CTE	Committee on Trade and Environment (of the WTO)
CTESS	Committee on Trade and Environment, Special Session (of the WTO)
CTF	Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (UNCTAD)
EC	European Commission
EE	electrical and electronic
EEE	electrical and electronic equipment
EEI	Electrical and Electronics Institute, Thailand
EGS	environmental goods and services
EISFOM	European Information System for Organic Markets
EPOPA	Export Promotion of Organic Products from Africa (Programme of the Swedish International Development Cooperation Agency)
EPP	environmentally preferable product
EPR	extended producer responsibility
ERHR	environmental and related health requirements
EST	environmentally sound technology
EU	European Union
EuP	energy-using product (also EuP Directive of the EU)
EUREP	Euro-Retailer Produce Working Group
EurepGAP	Euro-Retailer Produce Working Group on Good Agricultural Practices
E-waste	waste from electronic equipment (which may also include electrical equipment)
FAO	Food and Agriculture Organization of the United Nations
FDI	foreign direct investment
FIELD	Foundation for International Environmental Law and Development (United Kingdom)
FIESP	Federation of Industries of the State of São Paulo, Brazil
GATT	General Agreement of Tariffs and Trade
GM	genetically modified
GMO	genetically modified organism
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (German Agency for Technical Cooperation)
HACCP	Hazard Analysis Critical Control Point
HARL	Home Appliances Recycling Law
HEA	household electrical appliance
HIVOS	Humanist Institute for Cooperation with Developing Countries (the Netherlands)
IAF	International Accreditation Forum

ICS	internal control system
IFAD	International Fund for Agricultural Development
IFOAM	International Federation of Organic Agricultural Movements
IICA	Inter-American Institute for Cooperation on Agriculture (Instituto Interamericano de Cooperación para la Agricultura)
IISD	International Institute for Sustainable Development
IPM	integrated pest management
IPR	intellectual property right
ISEAL	International Social and Environmental Accreditation and Labelling Alliance
ISO	International Organization for Standardization
IT	information technology
ITC	International Trade Centre of UNCTAD/WTO
ITF	International Task Force on Harmonization and Equivalence in Organic Agriculture (UNCTAD-FAO-IFOAM)
JAS	Japan Agricultural Standard
LDC	least developed country
MAG	Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock)
MEA	multilateral environmental agreement
MRL	maximum residue level
MTEC	National Metal and Materials Technology Centre (Thailand)
NGO	non-governmental organization
OA	organic agriculture
ODS	ozone-depleting substance
OECD	Organisation for Economic Co-operation and Development
PBB	polybrominated biphenyls
PBDE	polybrominated diphenyl ethers
PC	personal computer
PCB	polychlorinated biphenyl
PCT	polytriphenyls
PRSP	poverty reduction strategy paper
R&D	research and development
REACH	Registration, Evaluation and Authorisation of Chemicals (also REACH Directive of the EU)
RoHS	Restriction of certain Hazardous Substances in electrical and electronic equipment (also RoHS Directive of the EU)
SEPA	State Environmental Protection Administration of China
SIDS	small island developing State
SMEs	small and medium-sized enterprises
SPS	sanitary and phytosanitary (also WTO SPS Agreement)
TBT	technical barrier to trade (also WTO TBT Agreement)
TC/CB	technical cooperation and capacity building
TED	trade, environment and development
TER	Trade and Environment Review
TK	traditional knowledge
TNC	transnational corporation
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
USDA	United States Department of Agriculture
WEEE	waste from electrical and electronic equipment (also WEEE Directive of the European Union)
WTO	World Trade Organization

Introduction

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Context

As multilateral, regional and bilateral trade negotiations on trade liberalization result in further tariff reductions, discussions on market access are increasingly focusing on the growing use of non-tariff measures, including environmental requirements. Some analysts and policy-makers believe environmental and related health requirements (ERHRs) are long overdue to counter unsustainable trends in production and consumption; others warn that such requirements run the risk of being turned into a new form of versatile non-tariff barrier (NTB) that could hamper developing-country exports. One key question therefore is how to foster environmental, not trade, protection. Another important question is: How can developing countries benefit from consumer preferences for environmentally preferable products?

Against this background, this *Trade and Environment Review* analyses the relationship between environmental requirements and market access for developing countries. The first two chapters attempt to conceptualize the key issues at stake, provide practical information and identify possible actions, at the national and multilateral levels, that could assist developing countries in strengthening their capacities to respond to emerging ERHRs and take advantage of new opportunities. The *Review* also attempts to respond to the need for more sector-specific analysis. Chapter 2, for instance, analyses adjustment strategies in developing countries to new environmental requirements for electrical and electronic equipment in international markets. This is a very dynamic export sector in which some Asian developing countries are major global suppliers. The adjustment strategies also need to address problems related to the growing domestically generated waste from electrical and electronic equipment. Chapter 3 discusses market opportunities for environmentally preferable products that may result from new ERHRs, with special emphasis on organic agricultural exports from developing countries.

Although the theme of environmental requirements and market access for developing countries is not part of the current WTO negotiations as provided in paragraph 32(i) of the Doha Ministerial Declaration, it is an important part of the Doha work programme and is included in the NTB-related negotiations on Non-Agricultural Market Access (NAMA).[1] It is also an area in which UNCTAD has been particularly active through all three pillars of its work – consensus building through intergovernmental deliberations, policy analysis and technical cooperation/capacity building (TC/CB). One of the outcomes of the UNCTAD XI process has been the launching of a Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF) as a project-based activity. The conceptual background to and possible ways in which the CTF could assist developing countries in reducing potentially negative impacts of new ERHRs on market access and in harnessing development and trade opportunities that might arise from such requirements are discussed extensively in this *Review*.

With regard to the second question, UNCTAD has also been exploring the trade and sustainable development opportunities arising from emerging markets for environmentally preferable products. Important UNCTAD initiatives in this area include the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF) created by UNCTAD, the International Federation of Organic Agricultural Movements (IFOAM) and the Food and Agriculture Organization of the United Nations (FAO), as well as ongoing and planned activities under the UNEP-

UNCTAD Capacity Building Task Force on Trade, Environment and Development (CBTF). The latter aims at assisting several East African countries in promoting production and trading opportunities for organic agriculture and in exploring the development of a subregional standard for organic agriculture that could be recognized as technically equivalent to mandatory requirements on organic agriculture in key export markets, thereby facilitating organic exports. Substantive analytical studies have also been carried out in Central America, Cuba and the Dominican Republic. Lessons learned from an analysis of the experiences of the region may be useful for other small developing countries, for example in defining government policies that support the sector and for strengthening institutions.

The *Trade and Environment Review* aims to assist developing countries in addressing trade and environment linkages and in influencing the international agenda as part of their efforts to secure development gains from international trade. The *Review* also aims to contribute to developing countries' awareness and knowledge of issues at the interface between trade, environment and development, as well as to promote policy dialogue between developed and developing countries by critically examining key trade and environment issues from a development perspective. The first issue of the *Trade and Environment Review* focused on two topics that are part of negotiations currently underway at the WTO Committee on Trade and Environment: (i) the relationship between specific trade obligations set out in multilateral environmental agreements and WTO rules; and (ii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

This second issue of the *Trade and Environment Review* follows the same approach as the first: it contains papers on trade and environment issues of key concern to developing countries, each followed by commentaries by appropriate experts. The large number of commentaries included in the present publication, generously contributed by a variety of experts from developing and developed countries, intergovernmental organizations and civil society, illustrate the important role that the *Review* plays in promoting a constructive dialogue between a multitude of stakeholders in developed and developing countries.

The final chapter of the *Trade and Environment Review* highlights the main technical cooperation and capacity-building (TC/CB) activities carried out in 2004 and 2005, and their results. As the reader will note, there are strong synergies between the TC/CB programme and the other two pillars of UNCTAD's work on trade, environment and development. In particular, chapters one to three in this *Review* build on the results of analyses and policy dialogues carried out by experts in beneficiary developing countries as part of UNCTAD's capacity-building activities, in particular a project funded by the United Kingdom's Department for International Development (DFID).

About the chapters

The first chapter, entitled *Environmental Requirements and Market Access: Promoting Environmental – not Trade – Protection*, by Hoffmann and Rotherham, emphasizes that trade interests can be significantly affected by the establishment of ERHRs. These requirements are mushrooming in developed countries, increasing in both stringency and complexity. When these affect key export sectors of developing countries, the limited capacity of many of their exporters to fulfil those requirements means that the ERHRs are often viewed by developing-country governments with suspicion and resentment, notwithstanding legitimate regulatory objectives in many cases. Whether

specific ERHRs are an important catalyst for greater environmental sustainability or a disguised trade barrier for developing countries, however, requires sector-specific analysis.

Although only a few international standards on ERHRs exist, many ERHRs in key export markets are becoming "transnationalized" through supply chains, thus imposing requirements that were created with little or no regard to developing-country environmental situations, development priorities and trade concerns.

Meeting ERHRs in export markets has both a market-access and a sustainable development dimension. Undoubtedly, the implementation of many ERHRs can enhance material and energy efficiency, overcome serious national or transboundary environmental problems and improve public health in exporting developing countries. But meeting such ERHRs often leads to competition for scarce resources and capacities in these countries, in particular the least developed and small island developing countries. ERHRs may also pose a serious development challenge to small and medium-sized enterprises. To achieve win-win-win outcomes (for trade, development and the environment), through meeting ERHRs in export markets, a more holistic (development-oriented) and proactive (anticipatory) approach needs to be pursued, based on "shared responsibility" between developed and developing countries.

Least developed countries (LDCs) are particularly hard hit by new ERHRs. Such requirements prevent them from taking full advantage of preferential market access offered by many developed-country markets. Notably, their resource-based industries, such as timber, but also agriculture and textiles and clothing, face a wide spectrum of mandatory and voluntary ERHRs. Because of LDCs' lack of institutional, technical and managerial capacity, adjustment costs to meet new ERHRs in export markets are higher for them than for other developing countries. Yet their overall share of exports subject to ERHRs in export markets is lower than that of other developing countries, and much lower than that of the rapidly industrializing countries.

ERHRs are a growing and important area of regulatory and standard-setting activity, whether in the form of government regulations, private sector supply chains or non-governmental standard and certification schemes. The chapter tries to demonstrate that those that develop new ERHRs can reduce many (though not all) potentially adverse effects by ensuring a transparent and inclusive consultative process with the concerned parties, based on a comprehensive ex-ante impact assessment. Moreover, better coordination among the actors – governments, international organizations, NGOs and developing-country exporters – could help identify potential hurdles and good practices. In response to environmental degradation, ERHRs can contribute to environmentally sustainable development. However, policy-makers and other stakeholders need to ensure that they are not misused as instruments of trade protectionism.

The first chapter of this *Review* by Hoffmann and Rotherham argues for developing countries to adopt a more proactive and strategic approach to effectively and efficiently deal with existing ERHRs and cope with new ones. By anticipating change, developing countries should be able to harness the sustainable development benefits for the national economy in terms of enhanced resource efficiency, lower pollution intensity, greater occupational safety and better public health, and thereby raise productivity and welfare gains. Many developing countries have the political will to comply with ERHRs in key export markets, but often suffer from serious technical and human resource problems and fundamental institutional weaknesses.

The authors suggest that too many hopes are currently pinned on WTO rules and disciplines for limiting the trade restrictiveness of ERHRs. Apart from the fact that the disciplines of the WTO Agreement on Technical Barriers to Trade (TBT), concerning justification, legitimacy and the role of science related to ERHRs, are not very strong, many developing countries lack the institutional capacity to effectively defend their WTO rights. Moreover, the majority of the current ERHRs are voluntary in nature and are imposed by the private sector and NGOs. They are sometimes guided by WTO disciplines, but there is nothing the WTO can directly do to address specific problems arising from the preparation, setting and implementation of such ERHRs.

A number of informal proposals have been made to tighten WTO disciplines under the TBT Agreement on mandatory ERHRs. These include the use of an approach similar to Article 5.1 of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) (i.e. a necessity test, linked to risk assessment), or the establishment of expert panels that review the scientific justification of a particular ERHR as soon as it is notified to the WTO, or the development of a mediation procedure, or an ombudsman process to examine potential conflicts as an additional step before dispute settlement action is launched. There is also merit in considering under the TBT Agreement a recent decision adopted by the SPS Committee on enhancing transparency in special and differential (S&D) treatment (WTO document G/SPS/33). The decision envisages the identification of S&D treatment in comments of developing countries on notifications, and the notifying member being asked to examine whether and how the identified problems could best be addressed while taking into account the special needs of the interested exporting developing-country member.

UNCTAD's new Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries is a step in the direction of a more holistic, development-oriented approach that embraces all stakeholders, as stated in chapter 1 of this *Review*. Furthermore, by providing a forum for the involvement of advocates of voluntary ERHRs – the private sector and NGOs – the CTF constitutes a formal exchange mechanism between these stakeholders and governments. The CTF is also a forum for the exchange of national experiences among developing countries on their adjustments to new ERHRs.

Against this background and through its proactive, business-oriented and practical initiatives, the CTF can also provide useful inputs into WTO debates. The WTO Committee on Trade and Environment (CTE) has already discussed a proposal to structure its discussion on paragraph 32 (i) of the Doha Ministerial Declaration along the lines of UNCTAD's sector- and country-focused approach to the analysis of ERHRs and related TC/CB activities. There has been support for moving the CTE discussion forward by sharing national experiences based on sectoral analyses that focus on: (i) the effects of ERHRs on market access by developing countries; (ii) "process issues" in the area of transparency, notification and consultation procedures to facilitate information flow on new ERHRs to exporters in developing countries, and thus enhance their awareness; (iii) designing new ERHRs in a manner consistent with WTO rules and in the least trade restrictive manner; and (iv) technical assistance to developing countries in complying with new ERHRs.[2]

The second chapter, *Environmental requirements and market access for developing countries: the case of electrical and electronic equipment (EEE)*, by Vossenaar, Santucci and Ramungul illustrates the growing significance of environmental requirements in trade, and how, in a global industry, legal requirements and private sector initiatives almost anywhere in the world translate

into new requirements for developing countries through the supply chain. The authors point out that in response to these requirements and challenges, developed countries adopt varying policy approaches that could benefit from a coordinated approach, such as recycling and the control of hazardous substances.

The principal reasons why the EEE sector has been selected for analysis are because (a) it is a very important and dynamic sector for developing countries' exports; (b) environmental requirements in key export markets play an increasingly important role in market access and competitiveness of exporting developing countries; and (c) the key EEE exporting developing countries are being compelled to address environmental problems at home, in particular those resulting from the growing mountains of domestically-generated EEE waste.

There are additional reasons why the EEE sector makes an interesting case for an analysis of environmental requirements and market access for developing countries. First, environmental legislation and other initiatives already exist for this sector (even though several issues still need to be addressed), but adjustment processes have only recently started to be implemented. Second, approaches and policy instruments chosen in national legislation to address concerns in this sector could form the basis of future regional or multilateral legislation that may have more general trade and systemic implications, such as the European Union's Directive on Eco-design Requirements for Energy-Using Products (EuP Directive). Third, environmental requirements in this sector are found in both government regulations and industry standards, which calls for an analysis of a whole range of environmental requirements, in particular those transmitted through the supply chain, which have implications for developing countries. Finally, it is also interesting from a more general point of view to review some procedural aspects in the development of new environmental requirements, in particular because a fair amount of information is available on consultations and regulatory impact assessments for this sector. It therefore enables lessons to be drawn on a range of issues, which will be addressed within the framework of the CTF. In fact, the EEE sector is one of two sectors selected for in-depth analysis under the umbrella of the CTF.

The EEE sector is largely a global industry, with the production of components and assembly operation being increasingly outsourced to developing countries. Four developing countries in East and South-East Asia – China, Malaysia, the Philippines and Thailand – now supply almost 40 per cent of the value the total EEE imports of developed countries (excluding intra-EU trade).

Concern over environmental and health-related problems associated with growing volumes of post-consumer waste from EEE has triggered significant environmental policy initiatives. Comprehensive new legislation has been introduced in the EU, Switzerland and Japan, with greater emphasis on the prevention, reuse, recycling and recovery of waste EEE through the application of the principle of producer responsibility. Legislation is also being introduced at the sub-national level in the United States (e.g. in the state of California) and Canada. As a result, businesses increasingly have to include waste management considerations (such as the use of easily recyclable/recoverable materials and the control of hazardous substances) in the design and production of EEE, as well as providing information on specific components and materials to customers downstream in the supply chain. At the same time, manufacturers and governments in rapidly industrializing developing countries are aware that there is a growing mountain of domestic EEE waste that will need to be adequately addressed in the future.

Global supply chain management plays a key role in the adjustment to new environmental requirements. Small and medium-sized enterprises have to abide by requirements set by global supply chains or risk being phased out as input providers. For the concerned rapidly industrializing countries, it is more effective and cost-efficient to combine an adjustment to external requirements for exported EEE with an adjustment to internal requirements for sound national EEE waste collection and management. To achieve this, these countries not only need accurate and timely information, but also assistance in the interpretation of such information to enable appropriate design and implementation of effective and efficient adjustment strategies. The formation of effective public–private partnerships also plays an important role in implementing a proactive adjustment approach.

Key issues addressed in this chapter include awareness of these new environmental requirements in different segments of the EEE sector in rapidly industrializing countries, cooperation in information sharing and consultations among developed and developing countries, as well as adjustment approaches in concerned developing countries. The chapter highlights the experiences of China, the Philippines and Thailand, building on work carried out within the framework of the DFID-funded trade and environment project. It is hoped that lessons learned from the experiences of these three countries will also be useful to governments and companies in other developing countries involved in the supply chain, including second-tier suppliers.

The authors call for greater efforts by developed countries to identify possible market access implications for developing countries in the process of developing new environmental regulations. They also call for greater dialogue with these countries. On the one hand, this should allow developed countries to minimize the negative impact on exporting developing countries already at the design stages of the regulations. On the other hand, it should also assist companies and governments in developing countries in making timely adjustments to external environmental requirements as well as in implementing appropriate national legislation and other instruments to address domestic environmental concerns in a developmentally benign way. The chapter also makes recommendations in the area of capacity building. Finally, it illustrates the useful role that the CTF can play.

The third chapter has two parts. Part I, entitled *Organic agriculture: a trade and sustainable development opportunity for developing countries*, by Twarog analyses the export opportunities for organic products from developing countries. These opportunities have arisen as a result of continuous growth in demand for such products in major markets, and the price premiums for organic as compared to conventional products. The global centre of growth has now shifted away from Europe to North America, where the market is expected to expand at an annual rate of 20 per cent over the next five years. Retail and farm-gate price premiums of generally 10–25 per cent and even up to 100 per cent have been reported. Organic agriculture also has the potential to offer a range of local and national sustainable development opportunities. In addition to the positive economic effects of providing higher income, organic agriculture has a less detrimental effect on the environment and on the health of agricultural workers than conventional agriculture based on chemical inputs. Furthermore, a number of studies have indicated that the application of organic techniques to the agriculture practiced by smallholders in many developing countries, with its low external inputs, can lead to an increase in yields, and hence, enhanced food security.

To take advantage of these opportunities, however, potential and actual producers and exporters of organic agricultural products in developing countries must successfully address a number of

challenges. On the production side, organic agriculture is fairly knowledge-intensive and it is a challenge to get this knowledge to the farmers, particularly smallholders in remote areas. For products to be exported as organic, they must be certified by a third party as being organic and as meeting the production standards that are required by the government and retailers in the country of import and sale. Usually this requires the involvement of expensive foreign certifiers, and production has to meet standards that may not be entirely appropriate to the local environment. In addition, there are challenges related to access to accurate market information, particularly as few, if any, countries gather and publish official statistics on organic agriculture. Finally, some consumers and supermarkets prefer locally grown organic produce.

In most developing countries, the organic sector has developed without government support or policies. Developing-country governments can support their organic sector by assessing the ways in which current policies and practices are affecting the sector, and channelling some of the resources for agriculture into that sector. For example, agricultural extension workers could be given training in organic production techniques; credits could be given at preferential rates for organic farmers, particularly during the conversion period; part of the public research and development funds could be devoted to developing organic techniques and materials well-suited to the local climatic and ecological conditions. These ideas will be elaborated and tested in the field in the course of the project 'Promoting Production and Trading Opportunities for Organic Agricultural Products in East Africa', which was launched in 2005 under the umbrella of the UNEP-UNCTAD Capacity-Building Task Force (CBTF) on Trade, Environment and Development.

The international community also has a very important role to play. Over 80 per cent of certified organic agricultural products produced in developing countries are exported to markets in North America, Europe and Japan. Governments in these countries can give a boost to sustainable development by facilitating market access and entry for developing country organic products. A source of much confusion and extra costs for developing country organic producers and exporters is the existence of hundreds of government and private sector standards and labels, each with similar but slightly different requirements and little room for interchange between the different systems. UNCTAD has joined the FAO and IFOAM to address these issues through the International Task Force on Harmonization and Equivalence in Organic Agriculture. As mentioned earlier, one of the key objectives of the Task Force is to facilitate access to organic markets, in particular by developing countries and smallholders. Chapter 3 summarizes the recent results of the activities of the Task Force in furthering this objective.

Part II of the chapter on Organic Agriculture supplements part I. In part II, Vossenaar and Angel analyse relevant developments in organic agriculture in Central America, Cuba and the Dominican Republic, drawing from the results of studies and policy dialogues carried out under the DFID-funded project. This region provides prime examples of the opportunities for and challenges of organic agriculture in developing countries. Many countries in the region are currently in the process of implementing organic guarantee systems. They are also attempting to design and implement national development policies with for the further development of the organic agricultural sector – a sector that has so far depended largely on donor and NGO support to small farmers. The work of the recently created Central American Commission of Competent Authorities in Organic Agriculture, on regional harmonization and cooperation on conformity assessment and other issues, is another interesting development that is relevant for the discussions on harmonization and equivalence issues addressed in part II of the chapter. There are many interesting "stories" from the region, including: (a) the transformation of the Cuban agricultural sector in the 1990s

may be considered one of the most significant conversions to organic agriculture in the world; (b) among the small developing countries, the Dominican Republic is one of the largest exporters of organic agricultural products, supplying 60 per cent of organic bananas and half of the organic cocoa traded internationally; and (c) Costa Rica is the second developing country (after Argentina) to have been included in the EU "third-country" list of countries with equivalent standards to those of the EU.

A large number of experts from developing and developed countries, intergovernmental organizations and civil society have taken the trouble to provide commentaries – in their private capacity – on the issues raised in the respective chapters of this *Review*. Along with the chapters, their inputs, from so many different perspectives, contribute greatly to one of the key objectives of the *Trade and Environment Review*, namely to facilitate a constructive dialogue by critically analysing issues of interest to developing countries from a development perspective. Many thanks to all of them.

Notes

[1] More than 200 environmental and health measures have been notified by WTO members to the NAMA negotiations as constituting NTBs under paragraph 16 of the Doha Ministerial Declaration. For more information see: www.foe.co.uk/resource/media_briefing/ntbsanalysis.pdf and www.foe.co.uk/resource/evidence/non_tariff_barriers.pdf.

[2] For more detail see: Report of the CTE meeting held on 22 February 2005 (WTO document WT/CTE/M/39), Geneva, 2 May 2005, p. 2.