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

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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.

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**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
  - 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.

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European Union Legislation on Environment, Health and Safety

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.

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**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

<table>
<thead>
<tr>
<th>Article</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article I</td>
<td>Most Favored Nation Clause</td>
</tr>
<tr>
<td>Article III</td>
<td>National Treatment Clause</td>
</tr>
<tr>
<td>Article X</td>
<td>Publication &amp; Administration of Trade Regulations</td>
</tr>
<tr>
<td>Article XI</td>
<td>Elimination of Quantitative Restrictions Clause</td>
</tr>
<tr>
<td>Article XX</td>
<td>General Exceptions</td>
</tr>
</tbody>
</table>

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

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**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)

<table>
<thead>
<tr>
<th>Objectives and Rationales</th>
<th>Notifications received in 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Information, Labelling</td>
<td>55</td>
</tr>
<tr>
<td>Prevention of Deceptive Practices and consumer protection</td>
<td>55</td>
</tr>
<tr>
<td>Protection of Human Health or Safety</td>
<td>55</td>
</tr>
<tr>
<td>Protection of Animal or Plant Life or Health</td>
<td>55</td>
</tr>
<tr>
<td>Protection of the Environment</td>
<td>55</td>
</tr>
<tr>
<td>Quality Requirements</td>
<td>55</td>
</tr>
<tr>
<td>Harmonization</td>
<td>55</td>
</tr>
<tr>
<td>Adaptation to New Domestic Law and Technology</td>
<td>55</td>
</tr>
<tr>
<td>Lowering or Removal of Trade Barriers</td>
<td>13</td>
</tr>
<tr>
<td>Trade Facilitation</td>
<td>6</td>
</tr>
<tr>
<td>Cost Saving and Increasing Productivity</td>
<td>6</td>
</tr>
<tr>
<td>Others</td>
<td>43</td>
</tr>
<tr>
<td>Not specified</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>725</td>
</tr>
</tbody>
</table>

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 cannot ban (impose a quota of “zero”) on the export or import of harmful substances

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 cannot 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.

<table>
<thead>
<tr>
<th>Product Standards</th>
<th>Process &amp; Production Methods</th>
<th>Conformity Assessment</th>
<th>Dispute Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory Measures</td>
<td>Environment, Health &amp; Safety Laws</td>
<td>Compliance with Domestic Environmental Laws</td>
<td>Laborary Accreditation, testing and certification</td>
</tr>
<tr>
<td>Voluntary Measures</td>
<td>Industry Standards &amp; Specifications</td>
<td>Eco-labeling, Niche Markets</td>
<td>Eco-labeling, Importer testing</td>
</tr>
</tbody>
</table>

**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.
Arab CSOs Consultation on the Follow Up on the Arab Initiative for Sustainable Development

Algiers, 17-18 December 2006

Figure 1. Impact on output of 100 per cent increase in energy/electricity costs on selected sectors

Source: D Luton, "Rapid assessment summary notes", which was a PowerPoint presentation given the METAF High Level Meeting on Economic Tools for Environmental Sustainability (Buenos Aires 2006).

Figure 2. Impact on exports of 100 per cent increase in energy/electricity costs on selected sectors

Source: D Luton, "Rapid assessment summary notes", which was a PowerPoint presentation given the METAF High Level Meeting on Economic Tools for Environmental Sustainability (Buenos Aires 2006).
PART IV:
Agriculture and the Agro-Food Sector

Agro-Food Industry Life Cycle

Crop production  →  Processing  →  Packaging  →  Distribution  →  Consumption

- Soil loss
- Water contamination
- Harm to non-target species

Livestock/fish production

- Feed
- Water
- Pesticides
- Fertilizers
- Seeds
- Antibiotics
- Hormones

Water ionization
Sanitizers
Energy

Paper/Plastics/Glass/Metals

Transport
Fuel
Storage/air conditioning

Energy

Solid waste

Greenhouse
Gas emissions
Other transport
Emissions
Ozone layer depleting
Arab CSOs Consultation on the Follow Up on the Arab Initiative for Sustainable Development

Algiers, 17-18 December 2006

Agro-Food Industry Life Cycle

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

<table>
<thead>
<tr>
<th>Regulatory Measures</th>
<th>Product Standards</th>
<th>Process &amp; Production Methods</th>
<th>Conformity Assessment</th>
<th>Dispute Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiry date</td>
<td>Sterilization</td>
<td>High cost of product testing</td>
<td>Communication links between firms &amp; trade ministries poor</td>
<td></td>
</tr>
<tr>
<td>Additives</td>
<td>Sanitation</td>
<td>Limited number of accredited labs in region</td>
<td>Politicization of inter-government dispute settlement</td>
<td></td>
</tr>
<tr>
<td>Labeling</td>
<td>GMO certification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>HACCP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pesticides residues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Voluntary Measures

- Eco-labeling
- Packaging (recycled content)
- ISO
- HACCP
- Sanitation
- 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

- Additives
- Labeling
- Packaging
- Pesticides residues
- Sterilization
- Sanitation
- Sanitation
- HACCP
- GMO certification
- Conformity Assessment
- Production
- Methods
Algeria, 17-18 December 2006

Arab CSOs Consultation on the Follow Up on the Arab Initiative for Sustainable Development

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**Reasons for USFDA Detentions from Egypt, Jordan, Lebanon & Syria**

(Jan-June 2001)

- **Labeling**: 58%
- **Microbiological Contamination**: 10%
- **Low Acid Cans**: 9%
- **Filth**: 4%
- **Food Additives**: 3%
- **Pesticide Residues**: 1%
- **Other**: 15%

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**Notification: EU Rapid Alert System**

<table>
<thead>
<tr>
<th>Country of Origin</th>
<th>Date</th>
<th>Notified by</th>
<th>Product</th>
<th>Reason for notification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>26/01/2005</td>
<td>Italy</td>
<td>Coriander seeds</td>
<td>Too high count of Enterobacteriaceae in coriander seeds</td>
</tr>
<tr>
<td>Egypt</td>
<td>26/01/2005</td>
<td>Greece</td>
<td>Groundnut kernels</td>
<td>Aflatoxins in groundnut kernels</td>
</tr>
<tr>
<td>Egypt</td>
<td>28/01/2005</td>
<td>Italy</td>
<td>Groundnuts in shell</td>
<td>Aflatoxins in groundnuts in shell</td>
</tr>
<tr>
<td>Egypt</td>
<td>14/01/2005</td>
<td>Italy</td>
<td>Peanuts</td>
<td>Aflatoxins in peanuts</td>
</tr>
<tr>
<td>Lebanon</td>
<td>11/03/2005</td>
<td>Finland</td>
<td>Sesame paste</td>
<td>Salmonella Montevideo in sesame paste</td>
</tr>
<tr>
<td>Lebanon</td>
<td>24/01/2005</td>
<td>UK</td>
<td>Sojok spices</td>
<td>Unauthorised colour Sudan 4 in sojok spices</td>
</tr>
<tr>
<td>Lebanon</td>
<td>12/01/2005</td>
<td>Sweden</td>
<td>Sweet Curry</td>
<td>Colour Sudan 1 in sweet curry</td>
</tr>
<tr>
<td>Syria</td>
<td>11/03/2005</td>
<td>Cyprus</td>
<td>Peanuts</td>
<td>Aflatoxins in peanuts</td>
</tr>
<tr>
<td>Tunisia</td>
<td>26/01/2005</td>
<td>Italy</td>
<td>Spices &amp; sweet peppers</td>
<td>Bacillus cereus in spices &amp; sweet peppers</td>
</tr>
</tbody>
</table>

Source: [http://europa.eu.int/comm/food/food/rapidalert/reports/](http://europa.eu.int/comm/food/food/rapidalert/reports/)
**HAACCP Principles**

The **Hazard Analysis and Critical Control Point** 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

<table>
<thead>
<tr>
<th>Type</th>
<th>Tests at Laboratory Level</th>
<th>Unit Price $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chemical Tests of Olives at storage</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Pesticides Residues</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Heavy Metals: Lead, Copper, Iron</td>
<td>90</td>
</tr>
<tr>
<td>3</td>
<td>Microbiology test for Water</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Total Count + Coliforms</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Swabs for Microbiology from Containers of: Crushing</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Total per Batch</td>
<td>$ 765</td>
</tr>
<tr>
<td></td>
<td>Centrifugation</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Microbiological Test of mixture</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Yeast &amp; Molds</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Chemical tests of Vegetation Water</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>Acidity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Impurities (Centrifugation)</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Peroxide Value</td>
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</tr>
<tr>
<td></td>
<td>Iodine Value</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Fatty Acid Composition</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Pesticide Residues</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Moisture and Volatile Matter</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Refractive Index</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Saponification Number</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Specific Gravity</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Heavy Metals: Lead, Copper, Iron</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>End Products</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Count + Coliforms</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Yeast &amp; Molds</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Centrifugation</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Swabs for Microbiology from Containers of: Crushing</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Total per Batch</td>
<td>$ 765</td>
</tr>
<tr>
<td></td>
<td>Microbiology test for Water</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Total Count + Coliforms</td>
<td>2</td>
</tr>
</tbody>
</table>

Notes:

- Highlighted tests are performed periodically, at least once per month.
- Maximum cost is $765 and minimum cost is $705.
- 1,2,3,4,5 & 6 are shown in the previous flowchart on Olive Oil Processing.
- The prices mentioned in the table are at cost, based on cost of testing in Lebanon (2004) and are in US$.

**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-Labelling: 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
Algiers, 17-18 December 2006

**Fish and Food Safety**

  - 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**

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

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**

- 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.

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

EU ban
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

<table>
<thead>
<tr>
<th>Desizing</th>
<th>Scouring</th>
<th>Bleaching</th>
<th>Mercerizing</th>
<th>Dyeing</th>
</tr>
</thead>
<tbody>
<tr>
<td>•High BOD</td>
<td>•High BOD</td>
<td>•High BOD</td>
<td>•Low BOD</td>
<td>•High BOD</td>
</tr>
<tr>
<td>•Neutral pH</td>
<td>•High alkalinity</td>
<td>•Alkaline</td>
<td>•Alkaline</td>
<td>•High BOD</td>
</tr>
<tr>
<td>•High total solids</td>
<td>•High total solids</td>
<td>•High solids</td>
<td>•Low solids</td>
<td>•High BOD</td>
</tr>
<tr>
<td>•High temperature</td>
<td></td>
<td></td>
<td></td>
<td>•High solids</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>•Neutral to alkaline</td>
</tr>
</tbody>
</table>
**Textile/ Garment Industry in Arab Region: Most Troublesome Environmental Requirements**

<table>
<thead>
<tr>
<th>Regulatory Measures</th>
<th>Product Standards</th>
<th>Process &amp; Production Methods</th>
<th>Conformity Assessment</th>
<th>Dispute Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azo dyes, Flame retardants, Heavy metals, Labeling, Packaging</td>
<td>Conformity with domestic environmental laws: wastewater effluent treatment</td>
<td>High cost of product testing prior to export</td>
<td>Communication links between firms &amp; trade ministries poor</td>
<td></td>
</tr>
<tr>
<td>Voluntary Measures</td>
<td>Eco-labeling, ISO, Labor standards</td>
<td>Cost of maintaining eco-label</td>
<td>Time/cost needed to enforce contracts</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Environmental effects</th>
<th>Health risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azo dyes</td>
<td>W</td>
<td>C</td>
</tr>
<tr>
<td>Sensitizing disperse dyes</td>
<td>W, S</td>
<td>A</td>
</tr>
<tr>
<td>Flame retardants</td>
<td>A, W</td>
<td>L</td>
</tr>
<tr>
<td>Formaldehyde</td>
<td>A</td>
<td>C, A</td>
</tr>
<tr>
<td>Perchloroethylene (PCE)</td>
<td>P, W</td>
<td>T</td>
</tr>
<tr>
<td>Organics compounds (combines for with organics)</td>
<td>A, W</td>
<td>E</td>
</tr>
<tr>
<td>Polyvinyl chloride (PVC)</td>
<td>P, T</td>
<td>I</td>
</tr>
<tr>
<td>Phthalates</td>
<td>A</td>
<td>O</td>
</tr>
<tr>
<td>Nickel</td>
<td>W, S</td>
<td>C, A</td>
</tr>
<tr>
<td>Metals, including antimony, arsenic, bismuth and selenium</td>
<td>W, S</td>
<td>V</td>
</tr>
<tr>
<td>Mercury</td>
<td>A, W, S</td>
<td>N, C</td>
</tr>
<tr>
<td>Cadmium</td>
<td>A, W, S</td>
<td>C</td>
</tr>
<tr>
<td>Lead</td>
<td>W, S</td>
<td>N, C, I, V</td>
</tr>
<tr>
<td>Chromium VI</td>
<td>W, S</td>
<td>C, A, S</td>
</tr>
<tr>
<td>Aflatoxins</td>
<td>A, W, S</td>
<td>C, D</td>
</tr>
<tr>
<td>Dioxins and furans</td>
<td>A, W, S, B, P</td>
<td>C, B</td>
</tr>
<tr>
<td>Pesticides</td>
<td>A, W, S</td>
<td>C, S</td>
</tr>
</tbody>
</table>

**Key to abbreviations used in environmental effects**

- A: Air pollution
- B: Bioaccumulates
- D: Decrease in biodiversity
- E: Endocrine disruption
- F: Environmentally persistent
- G: Genotoxicity
- H: Human risk
- K: Kidney damage
- L: Liver damage
- M: Mutagenicity
- N: Neurotoxicity
- P: Photochemical oxidant formation
- Q: Population density
- R: Reservoir for disease
- S: Soil pollution
- T: Teratogenicity
- U: Upper atmosphere formation
- V: Variations in human health
- W: Water pollution

**Key to abbreviations used in health risks**

- A: Allergic reaction
- B: Bioaccumulates
- C: Suspected carcinogenic classes
- D: Endocrine disruption
- E: Environmental disturbance
- F: Environmental pollution
- G: Genotoxicity
- H: Human risk
- I: Immune system
- J: Induction of enzymes
- K: Kidney damage
- L: Liver damage
- M: Mutagenicity
- N: Neurotoxicity
- O: Neurotoxicity
- P: Photochemical oxidant formation
- Q: Population density
- R: Reservoir for disease
- S: Soil pollution
- T: Teratogenicity
- U: Upper atmosphere formation
- V: Variations in human health
- W: Water pollution

Source: Business for Social Responsibility (BSR), "Restricted substances in apparel products: implementation resources" (January 2002), which is available at www.bsrgroup.org/Resources/Environment/BSR_EnvironmentResources.pdf.
Morocco: Impact of Domestic Wastewater Standards on Textile/ Garment Sector SMEs

Variation of the effects of the installation of a water treatment station (for BOD, COD and heavy metals) on SME according to the interest rate for an investment of 6 000 000Dh (without efficiency gains)

Morocco: Impact of Domestic Wastewater Standards of EU Azo Dye Regulations / SMEs

Effects on SMEs v/s Large Firms in Different Sub-Sectors
Eco-Labeling Schemes: VOLUNTARY Measures


  **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.

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PART VII:
Considering the Impact of Proposed Environmental Requirements on the Electronics Sector
### New EU Directive on the Electronics Industry (1)


- 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)


- 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

<table>
<thead>
<tr>
<th>Country</th>
<th>Public Participation</th>
<th>Multi-Sectoral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Jordan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Kuwait</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Morocco</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Syrian Arab Republic</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tunisia</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Yemen</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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.

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