

CSEND & UNCTAD Working Session at the WTO Public Forum 2015

“BioTrade for Inclusive Growth: What works and what challenges persist”

2 October 2015, 13h00-14h30
Room D, WTO, Geneva

Introduction

Biodiversity is essential for the health of the planet's ecosystems and for the livelihood of rural communities in developing countries where 70 per cent of the world's poor live (CBD Secretariat). These communities are highly dependent on sourcing natural resources to satisfy their basic needs and to generate income and are increasingly threatened by the loss of biodiversity.

The roundtable organized by the Centre for Socio-Eco-Nomic Development (CSEND) and the United Nations Conference on Trade and Development (UNCTAD), brought together representatives from international and intergovernmental organizations, a development bank, academia and civil society to discuss the opportunities and challenges for scaling up BioTrade while respecting the sustainable development policy objectives.

Summary of Panellist Presentation

Prof. Raymond Saner, Director of CSEND discussed the policy coherence between WTO agreements and Multilateral Environmental Agreements (MEAs). Most MEAs contain references to trade and WTO has articles pertaining to the environment. Potential bridges exist between these two agreements and cross-sectoral synergies can be envisaged between trade and development. But these bridges can also cause problems if policy coherence is not ensured nor supported or reinforced in both agreements.

Current cooperation between the Convention on Biological Diversity (CBD) and the WTO includes information exchange, cooperation in technical assistance activities and CBD's Observer Status in WTO Committees. But how do these two “tectonic plates” come together? How to mitigate the collision-cooperation polarity between the different MEAs and CBD and the WTO agreements?

Prof. Saner highlighted the importance that BioTrade holds in the Sustainable Development Goals (SDGs), particularly SDG Goal 14 & SDG Goal 15. Governments can use regulatory and incentive measures to protect biodiversity provided that they are based on internationally recognized standards. Nevertheless, no official list exists nor a common platform of internationally recognized standards. Other trade specific questions need to be discussed such as “reverse TRIMS” (buyer's locking local sellers into long term exclusivity contracts). Or prioritising the existing treaties - What should take precedence, trade or biodiversity? What is the relation between biodiversity-based trade and the ongoing Environmental Goods Agreement negotiation? How will the environmental services negotiation at WTO impact CBD? These emerging and urgent questions need to be addressed by the trade and development community at the door step of launching the SDGs for the next fifteen years.

UNCTAD, which launched and has been implementing the BioTrade conceptual framework since 1996, set the pace of the discussions by differentiating between biodiversity-based goods and services and BioTrade. **BioTrade** *refers to the activities related to the production, transformation and commercializations of goods and services derived from native biodiversity (species and ecosystems)*

*under social, economic and environmental sustainability criteria*¹. Over 21 countries are implementing the BioTrade framework that generated over 30 thousand jobs for grassroots communities and over USD 5.2 billion in turnover of beneficiary companies in 2012.²

Regarding the opportunities, the discussion underscored the positive market trends for biodiversity-based goods and services, including BioTrade. Mariona Cusi, a consultant with UNCTAD's Division on International Trade of Goods and Services, and Commodities (DITC), highlighted the growing demand and market opportunities for healthy, fair and environmentally-friendly products, especially in the cosmetic, food and health industries.

Lorena Jaramillo, an economist with DITC, said that along with new market opportunities come new requirements, and small farmers, small traders and SMEs in developing countries struggle to comply. The markets increasingly demand that products conform to specific norms, meet international health and sanitary standards and comply with private organic, sustainability and Fairtrade labels.

Other opportunities for upscaling BioTrade, she stated, is the adoption of the SDG which may also promote the development of a policy environment that foster the development of green and sustainable initiatives – where BioTrade fits perfectly. This also generates challenges that we need to be overcome, such as how to help countries put in place a policy environment that provides incentives to sustainable and BioTrade related companies and sectors. One additional topic to consider is the national implementation of the Nagoya protocol which requires further clarification on its definition, its scope and legal and regulatory instruments required at the national level.

A related challenge concerns the difficulties small producers face in moving up the supply chain. Scaling up BioTrade means helping small farmers, small traders and SMEs move from collecting and exporting herbs, for example, to producing and trading essential oils. Adding value to the products they export would increase their part of the benefits generated by the trade of biodiversity-related goods, which is precisely one of BioTrade's objectives, asserted Claude Heimo, Senior Advisor for CSEND.

Speaking specifically about the export of medicinal and aromatic plants (MAPs), Mr. Heimo explained that many collectors and growers are trapped in a complex supply chain dominated by middle men and intermediaries, where they lack information and market access. As a result, they accrue little direct benefit from the international MAP market.

"In this context, the UNCTAD BioTrade concept is laying the foundation for the development of more efficient and more responsive supply chain that would offset the above problems and facilitate the marketing of BioTrade products in national and international markets", he said.

The challenges faced by small and medium enterprises (SMEs) who want to move up the supply chain can be addressed through capacity-building, said Ann Kathrin Zotz, Associate Expert with the International Trade Centre (ITC). But for capacity-building to be effective, she explained, it must address every level of the supply chain from production over value addition to sales.

She said that for SMEs to sustainably source biodiversity-based products, they need to be empowered with environmental knowledge allowing them to find a balance between sustainable use and

¹ For further information on BioTrade, please visit: www.biotrade.org

² Based on BioTrade Impact Assessment System of UNCTAD.

conservation. Furthermore, in order to add value to their exports, SMEs need help improving their product quality, marketing, branding and sales skills, which includes support in complying with international standards and obtaining necessary certificates and labels.

Frank Van Rompaey, Representative of the United Nations Industrial Development Organization in Geneva, agreed that SMEs must be equipped with the right skills and information, but he insisted on the importance of taking a more systemic approach to facilitating access to foreign markets –this by strengthening a country’s national quality infrastructure. Quality Infrastructure is generally understood to be the totality of the legal and institutional framework required to establish and implement standardization, metrology, accreditation and conformity assessment services (inspection, testing and product- and system certification) necessary to provide acceptable evidence that products meet defined requirements, be it demanded by authorities or the market place. Lack of affordable, internationally recognized conformity assessment services, constitutes in particular a main bottleneck for accessing foreign markets.

Mr. Van Rompaey underscored the need for taking a demand-driven approach when strengthening national quality infrastructure, i.e. focus on the specific requirements of the intended markets, and this for the different segments of the value chain. He illustrated this by referring to a UNIDO project in Colombia, which aims at strengthening the capacity of the cosmetics sector to comply with international quality, private and sustainability standards.

The importance of good governance and creating an enabling policy environment was re-iterated by René Gómez-García, Head of the Environmental Business Unit of the Development Bank of Latin America (CAF). He explained that by supporting the elaboration of public policies and BioTrade regulations in the Andean region, CAF had helped to open the door for the export of 11 novel foods to the EU and other markets.

Concluding Remarks

The roundtable at the WTO Public Forum discussed the opportunities and challenges for scaling up BioTrade. The discussion highlighted that the demand for biodiversity-based goods and services has grown steadily, but that mandatory and voluntary standards as well as non-tariff barriers in export markets prevent many small producers from taking advantage of these opportunities. BioTrade offers an avenue for implementation of SDG goals which emphasize concurrent realization of the three dimensions: social justice, economic growth and environmental conservation. Behind the border constraints in terms of efficiency, predictability and quality of products, trade enabling measures and mitigation of negative environmental and social impact need to be further examined by the trade community. What remains to be done is to make the CBD agreement on biodiversity and the WTO trade agreements become more coherent to reduce the risk of policy contradictions and uncertainties in regard to the applicability of the two policy governance régimes.