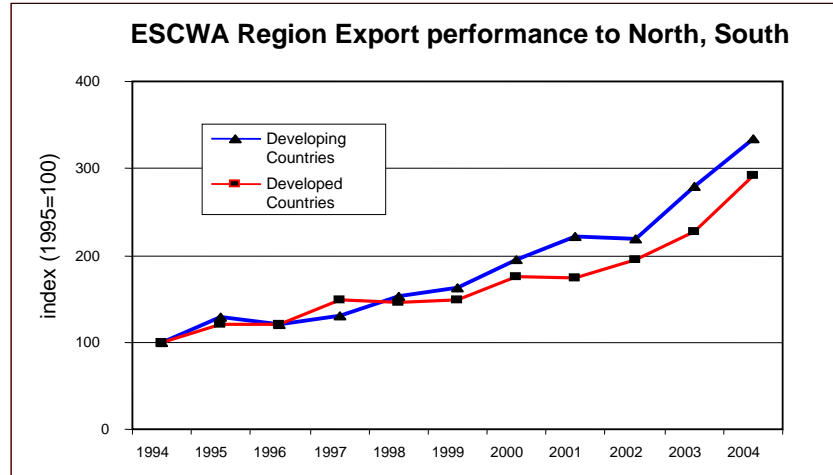

South-South Trade: Opportunities for Sustainable Development

Joey Ghaleb, First Economic Officer
Sustainable Development & Productivity Division,
ESCWA

South-South Trade Relations

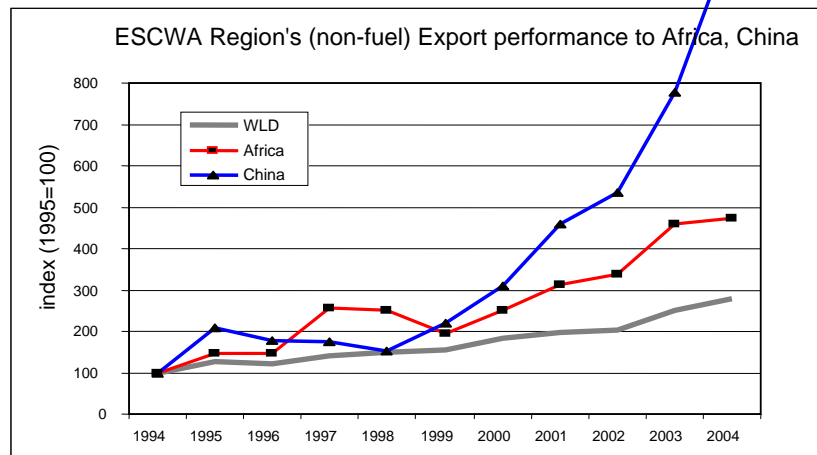
- South-south trade increased by 10% between 1990-2000 (vs. 6% for the global average)
 - 58% of ESCWA exports destined to developing countries.
 - A significant increase in trade agreements (GAFTA, Agadir, GCC, bilaterals) which aims to liberalize trade, remove NTB, and increase intra-regional investments.
-

ESCWA (non-fuel) Export Destination



Source: United Nations COMTRADE Database, UNCTAD, 2006

SMEs to Look Beyond the EU

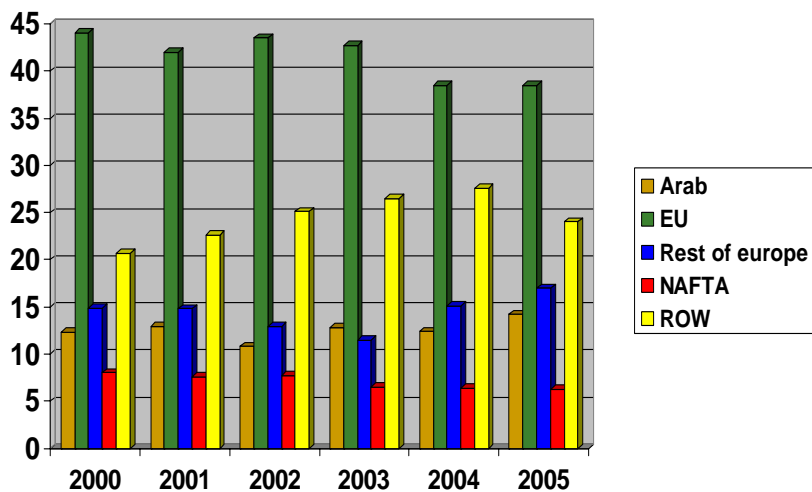


Source: United Nations COMTRADE Database, UNCTAD, 2006

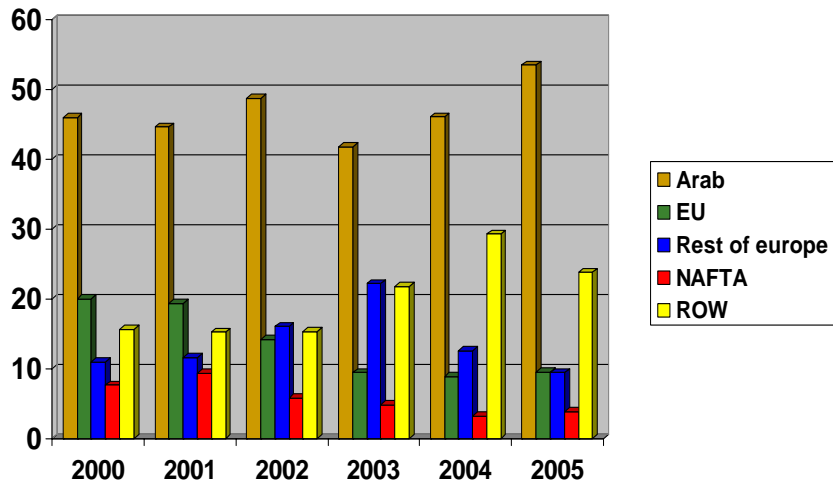
Trade Patterns for Lebanon

- Lebanon's principal export destination has always been the Arab market (>40% vs EU's share <10%)
- Between 2000 & 2005; Imports jumped from \$6.2 to 9.3bn & Exports from \$0.7 to 1.88bn
- Ratio of exports to Arab / Global is ~ 20% (3rd highest after Jordan and Yemen for 2004)
- Lebanon is member of GAFTA, signed FTA with GCC, plans to join Agadir,...

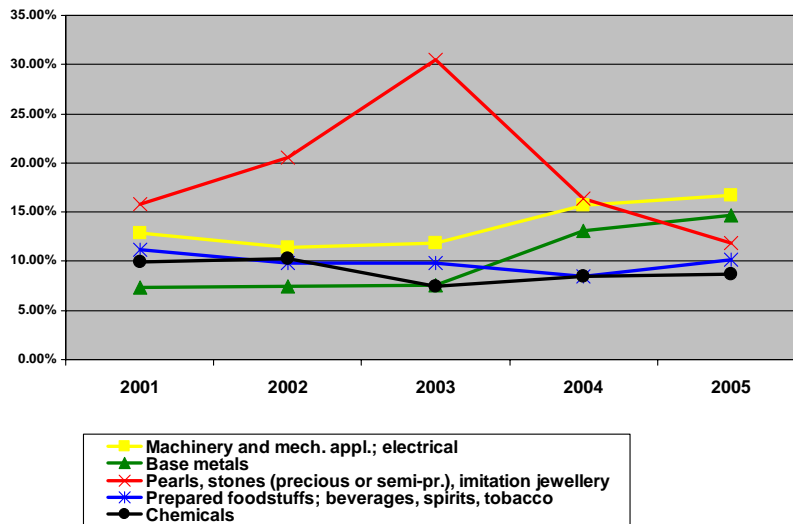
Sources of Lebanese Imports (%)



Lebanese Export Structure (%)



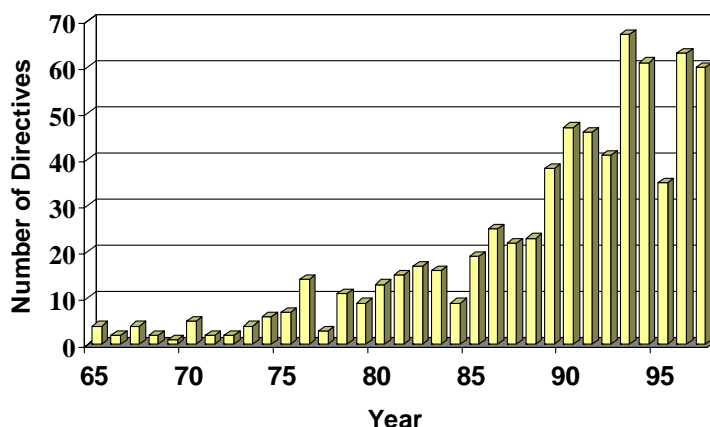
Export Composition: By HS 2



Non-Tariff Barriers & Sustainable Development

- Non-tariff barriers (NTB) include national regulations aimed at protecting the environment, human health and safety (Key components of SD)
- Concept of Sustainable Development emerged during the 1980s. “Trade not an end in and of itself, but means to advance SD”. Standards & technical regulations were seen as instruments that can be used to protect public health, safety and welfare, as well as increase efficiency and establish a level playing field
- Trade liberalization benefits (especially for SMEs) were lessened (*at the least in the short-term*) due to: limited access to information, limited capacities to adjust & adapt to NTBs, as well as inadequate resources

EU Legislation on Environment, Health & Safety



From: David Cadogan, Director, European Chemical Industry Council (CEFIC),
“Phthalates and the European Regulatory Framework,” November 1999,

NTB & Implications for Arab Countries

- Nothing wrong with regulatory strengthening for the purpose of protecting public welfare. Will we observe a similar chart for Arab countries by 2020!?
- Yes exporters from developing country have a harder time complying with more stringent environmental, health & safety regulations than producers in developed countries.

(Challenges related to technical capacity; technology transfer; access to capital; need for info on standards & markets, consumer preferences)

NTB & Implications for Arab Countries (2)

- BUT Exporters in ESCWA countries often find environmental requirements & customs procedures more troublesome in Arab countries than in EU & US markets. (source: 2001 ESCWA study covering 4 sectors)
One documented reason is the lack of access to full, accurate & timely information regarding reason for detention or return of shipment
- **Non-conformity** with environmental regulations in export destination markets **means reduced market access**

Towards Deeper South-South Integration

- Do not just focus on the EU, consider Arab markets as well as China, East Asia, Africa
- SMEs first to benefit from increased south-south trade
- Build on (and refine) existing frameworks (e.g., GAFTA) to address service liberalization, rules of origin, dispute settlement, NTBs (*all key factors for SD in region*)
- Cooperate and integrate regionally: approximate legislations, harmonize & raise standards & norms, work on accreditation & mutual recognition agreements, etc.
- Arab Integration and harmonization raises efficiency, protects the arab consumer, improves his/her quality of life, and increases export competitiveness