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Working Paper

On export rivalry and the greening of agriculture: The role of eco-labels

ZEF Discussion Papers on Development Policy, No. 68

Provided in Cooperation with:

Zentrum für Entwicklungsforschung / Center for Development Research (ZEF), University of Bonn

Suggested Citation: Basu, Arnab K.; Chau, Nancy H.; Grote, Ulrike (2003) : On export rivalry and the greening of agriculture: The role of eco-labels, ZEF Discussion Papers on Development Policy, No. 68, University of Bonn, Center for Development Research (ZEF), Bonn, <https://doi.org/10.22004/ag.econ.18764>

This Version is available at:

<https://hdl.handle.net/10419/84782>

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Number
68 **On Export Rivalry and the
Greening of Agriculture –
The Role of Eco-labels**

ZEF – Discussion Papers on Development Policy
Bonn, April 2003

The **CENTER FOR DEVELOPMENT RESEARCH (ZEF)** was established in 1995 as an international, interdisciplinary research institute at the University of Bonn. Research and teaching at ZEF aims to contribute to resolving political, economic and ecological development problems. ZEF closely cooperates with national and international partners in research and development organizations. For information, see: <http://www.zef.de>.

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Arnab K. Basu, Nancy H. Chau, Ulrike Grote: On Export Rivalry and the Greening of Agriculture – The Role of Eco-labels, ZEF – Discussion Papers On Development Policy No. 68, Center for Development Research, Bonn, April 2003, pp. 38.

ISSN: 1436-9931

Published by:

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Abstract

Why do some countries establish their own national eco-labeling programs and some do not? In this paper, we provide both theoretical arguments and empirical evidence suggesting that the answer to this question can shed new light on three questions that have taken center-stage in the trade and environment debate: (i) does trade exacerbate the exploitation of the environment; (ii) are countries competing in export markets engaged in a race to the bottom in environmental performance; and (iii) do market-based environmental instruments benefit the rich and hurt the poor?

Our analysis shows that a country's decision to adopt eco-labeling programs is systematically related to a country's: (i) stage of development, (ii) existing environmental performance in the absence of eco-labeling initiatives, and (iii) scale of production. To be appended to this set of essentially non-trade related factors is a set of additional factors that apply in the presence of export rivalry. These include (i) a country's comparative cost advantage and net export orientation, and (ii) the extent of peer or strategic interactions between export competitors.

Kurzfassung

Warum führen einige Staaten eigene nationale Öko-Kennzeichungs-Programme ein, und andere nicht? Diese Arbeit bietet sowohl theoretische Argumente als auch empirische Beweise an, die nahe legen, dass durch die Beantwortung der voranstehenden Fragestellung folgende drei zentralen Fragen aus der Diskussion über Handel und Umwelt neu beleuchtet werden können: (i) Trägt Handel zur Ausbeutung der Umwelt bei? (ii) Sind Staaten, die auf dem Exportmarkt konkurrieren, an einer Harmonisierung von Umweltstandards nach unten (race to the bottom) beteiligt? (iii) Profitieren die Reichen von marktorientierten Umweltinstrumenten, während sie den Armen schaden?

Unsere Analyse zeigt, dass die Entscheidung eines Staates, Öko-Kennzeichungs-Programme einzuführen, systematisch zusammenhängt mit: (i) Entwicklungsstand, (ii) bestehenden Umweltschutzmaßnahmen abgesehen von Öko-Labeling-Initiativen, und (iii) Produktionsumfang des Staates. Zu dieser Gruppe von im wesentlichen nicht-handelsbezogenen Faktoren kommt eine Gruppe zusätzlicher Faktoren hinzu, die im Falle von Exportrivalität Anwendung finden. Hierzu gehören (i) komparative Kostenvorteile und Nettoexportorientierung eines Staates, sowie (ii) Umfang gleichrangiger oder strategischer Wechselwirkungen zwischen Exportkonkurrenten.

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Acknowledgements

We thank seminar participants at the Midwest International Economic Meetings at Northwestern University and at ZEF for their comments. We specially thank Andy Thorpe (University of Portsmouth, UK) for helpful comments as a reviewer for this Discussion Paper. The usual disclaimer applies.