

The gendered labor market impacts of trade liberalization: evidence from Brazil

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Under the European chemicals' legislation, REACH, substances that are identified to be of "very high concern" will *de facto* be removed from the market unless the European Commission grants authorisations permitting specific uses. Companies who apply for an authorisation must demonstrate that the risks of a continued use can be adequately controlled. Since for the subgroup of toxic *and* persistent chemicals an adequate control of risks is considered impossible, authorisation can only be granted if applicants show by means of a socio-economic analysis that benefits of use outweigh damage costs society. The current setup of the REACH authorisation process and guidelines for performing a socio-economic analysis ignores that persistent chemicals are stock pollutants. Their pollution patterns, therefore, differ fundamentally from non-persistent chemicals. The paper includes stock pollution effects in a socio-economic modelling approach for balancing benefits and damage costs of chemicals. We identify the decision-rules for granting or refusing an authorisation and compare them with the current authorisation process in REACH. We show that ignoring stock pollution effects in a SEA may lead to erroneous and biased decisions on the use of persistent chemicals because long-term impacts are ignored. Furthermore, whether or not persistent chemicals should be authorised, and for what period, crucially depends on the shape of the damage function. Using a case of DDT soil contamination in Nowshera/Pakistan as an illustrative example, we discuss practical steps and challenges for applying the model, and implications for the authorisation of persistent chemicals.



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