

ECO-LABELLING AND CERTIFICATION

As public concern for the environment grows in both developed and developing countries, environmental issues are taking more of a centre stage in economic and trade policies. A manifestation of this is the desire to inform consumers more fully about the products they purchase, not only with regard to the characteristics of commodities that affect their well-being directly, but also with regard to the impact of production processes on the environment in general. The practice of supplying information on the environmental characteristics of a good is called eco-labelling and certification. It is an expanding activity and one that generates many questions, especially in the area of trade and sustainable development.

Eco-labelling: Actual Effects of Selected Programmes Organisation for Economic Co-operation and Development

This paper is the final report of an examination of the actual market, trade and environmental effects of eco-labelling programmes operating in OECD countries by the OECD Joint Session of Trade and Environment Experts. Conclusions include the need for an international notification system centralising information on all eco-labelling programmes, for mutual recognition and equivalency to help minimise potential trade effects, and for a balance between the number of eco-labelled products and the stringency of the criteria. It also indicates that data relating to the environmental benefit of eco-labelling is lacking and that effectiveness is therefore measured instead on the basis of changes in consumer demand and producer behaviour.

1997. 81 pp. Paris: OECD.

Eco-labelling: Policy Considerations Aaditya Mattoo and Harsha Singh

This paper argues that eco-labelling could, in certain cases, lead to an adverse effect on the environment. In every society there are some consumers who are concerned about environmental problems and others who are not. Even though labelling does not remedy the negative externality imposed by unconcerned consumers on those who are concerned, it may stimulate concern for the environment and increase the demand for environment-friendly products. This, however, can lead to perverse results, for it can lead to increased sales of products made by both environment-friendly and environment-unfriendly methods. An empirical test is suggested to establish when labelling can be usefully introduced.

1994. *KYKLOS*, Vol. 47, pp. 53-65.

Trade Effects of Eco-labelling: Proceedings of a Seminar held in Bangkok 17 – 18 February 1997

The objectives of the seminar organised within the framework of a project funded by the Government of France, were to exchange experiences and share information among countries of the Asia-Pacific region that have operational eco-labelling schemes or are in the process of establishing them. Another objective was to consider the implications of these schemes for market access and export competitiveness of products from the region and recommend measures to mitigate possible adverse trade effects. It was concluded that transparency principles, selection of sound eco-criteria and wide information dissemination were important elements of sound eco-labelling programmes which subsequently could reduce possible negative trade effects.

1997. 164 pp. New York: United Nations, Economic and Social Commission for Asia and the Pacific.

Eco-labelling: Consumer Right or Restrictive Business Practice? Kristin Dawkins

Substantial evidence that eco-labelling can be successful in meeting environmental objectives is provided by this well-argued and clearly-presented paper. It shows that, on balance, green products sell well and concludes that eco-labelling schemes must intensify consumer education, minimise standards for environmentally sound and socially just performance, amplify credit geared to environmental and social paybacks, procure strategies to achieve essential economies of scale, and balance access to and influence within policymaking structures. Four case studies are presented, i.e. the timber case, the cost of electricity case, the organic foods case, and the artificial breastmilk substitutes case.

1996. 81 pp. *Global Environment and Trade Study*: paper #95-3.

ISO Eco-labelling Standards, the WTO and MEAs: A Legal Briefing Examining Elements of DIS 14020

Charles Arden-Clarke

This briefing paper focuses on the practical implications that would follow from tying the International Organisation for Standardisation (ISO) to the WTO. It examines whether ISO is legally obliged to follow the provisions and interpretations of the WTO, or if the WTO can be treated the same as other international legal regimes. Focusing on DIS 14020--a draft international standard establishing principles for the development and use of environmental labels and declarations, the author recommends that the draft be changed to include an acknowledgement of the role that multilateral environmental agreements (MEAs), customary international law and emerging norms of international environmental law should play when ISO sets environmental standards.

May 1997. 10 pp. Gland, Switzerland: WWF International.

Eco-labelling and Market Opportunities for Environmentally Friendly Products

United Nations Conference on Trade and Development

This report of the UNCTAD secretariat on eco-labelling was presented at the Ad hoc Working Group on Trade, Environment and Development's first session held in Geneva, Switzerland in November 1994. It defines eco-labelling and environment-friendly products, looks at trade and competitiveness effects, takes account of developing countries' interests, and makes recommendations for the implementation of eco-labelling schemes. Among suggested possibilities for taking into account the interests of developing countries in the elaboration of eco-labelling criteria are the development of multilaterally agreed guidelines and of equivalent criteria for the mutual recognition of eco-labels.

1994. 40 pp. TD/B/WG.6/2. Geneva: UNCTAD.

Eco-labelling and International Trade

Simonetta Zarrilli, Veena Jha, and René Vossenaar (eds.)

This book brings together the papers presented at the workshop organised by UNCTAD in June 1994 on possible effects of eco-labelling on export competitiveness and on market access of firms in developing countries. It considers possibilities for strengthening international cooperation discusses ways to move towards greater compatibility between the environmental objectives of eco-labelling and the trade and sustainable development interests of developing countries. The papers contain the results of conceptual and analytical work, as well as a great amount of factual information on existing or planned eco-labelling programmes. The added value of this book arises from its wealth of empirical detail and viewpoints presented, from the expertise of the authors, and from its development perspective.

1997. 376 pp. New York: St. Martin's Press.

Applying Trade Rules to Voluntary Standards for Environmental Protection

Brennan Van Dyke

This paper examines the relationship between the rules of the Technical Barriers to Trade (TBT) Agreement of the WTO and environmental standard setting activities, using examples from the practices of the International Federation of Organic Agricultural Movements (IFOAM). The analysis notes conflicts that might arise between trade rules and environmental standards and explains the implications of such conflicts for efforts to promote strong environmental standards. It concludes with recommendations for environmental organisations on how to minimise problems with the WTO, and influence development of WTO policies to ensure their consistency with environmental standard setting.

1997. 6 pp. Washington, DC: Center for International Environmental Law.

Environmental labelling programmes: International Trade Law Implications

Arthur Appleton

This very thorough study is intended to fill the knowledge gap that exists concerning the legal limits applicable to eco-labelling schemes. In addition to examining the economic rationale behind environmental labelling and the policy issues associated with labelling schemes, it explores the extent to which eco-labelling can: first, be operated in conformity with the requirements of general international law, specifically the principles of sovereignty and jurisdiction; second, conform to the principles agreed upon at the United Nations Conference on Environment and Development; and third, be implemented in accord with obligations arising pursuant to the WTO Agreement.

1998. 280 pp. London: Kluwer Law International.

Trading Up: Consumer and Environmental Regulation in a Global Economy

David Vogel

This pioneering work integrates environmental, consumer, and trade policy, and explicitly challenges the conventional wisdom that trade liberalisation and agreements to promote free trade invariably undermine national health, safety, and environmental standards. The author demonstrates that liberal trade policies often produce precisely the opposite effect: that of strengthening regulatory standards. The most comprehensive account of trade and regulation on a global scale, this book analyses the regulatory dimensions of all major international and regional trade agreements and treaties, including GATT, NAFTA, and the treaties that created the European Community and Union.

1995. 336 pp. Cambridge: Harvard University Press.

Also see these web sites: <http://www.interchg.ubc.ca/ecolabel/gen.html>; <http://www.oecd.org>;
<http://europa.eu.int/en/comm/dg11/ecolabel/index.htm>; <http://www.iso14000.com>