



## Trade and Environment: Eco-labelling

*This is one of a series of position papers on trade and environment. BirdLife International is focusing on key environmental issues that are significant to the 5<sup>th</sup> Ministerial Session of the WTO in Cancún, Mexico, September 2003. We believe that mutually reinforcing and supportive multilateral systems for international trade and environmental protection are essential to sustainable development and well-being. Without positive outcomes for both the environment and developing countries, the so-called 'Doha Development Round' of the WTO will fail to meet both its own sustainable development mandate and the needs of present and future generations.*

### **Summary position:**

**BirdLife International believes that the Doha Round must deliver a multilateral trade system that reflects the concerns of civil society and works for the common good - people and the environment. It must support poverty eradication and have sustainable development at its heart.**

To ensure this, BirdLife International believes that:

- Eco-labelling schemes are important environmental policy instruments designed to help change market behaviour and should be endorsed as significant tools for achieving sustainable development, particularly sustainable production and consumption.
- The compatibility of eco-labelling schemes with WTO rules is unclear. Whilst we acknowledge the significance of labelling and eco-labelling to the WTO, we DO NOT believe that the WTO has the core competencies to negotiate this alone. It would be more appropriate for discussion to take place within the United Nations system, for example, where broader participation and sound environmental competencies could be engaged.
- Trade decisions, including those affecting labelling, should be guided by full and effective use of the internationally agreed Rio Principles, including the polluter pays, precaution, common but differentiated responsibility, and the ecosystem approach; noting that the precautionary and ecosystem approaches are enshrined within the legally-binding Convention on Biological Diversity (CBD).
- To ensure 'the protection of human, animal or plant life or health, [and] of the environment'<sup>1</sup> trade rules should particularly allow for the use of the precautionary principle in labelling schemes.
- Labelling schemes differ in purpose, scope and design and labelling *per se* should not be regarded as impacting negatively on WTO trade rules, notably as an unfair barrier to trade. The use of eco-labelling schemes as valuable contributions to sustainable development should be respected by the WTO.
- Measures must be taken to ensure labelling schemes do not act as unfair barriers to trade for developing and least developed countries. To this end, both mandatory and voluntary schemes should be efficient, targeted, equitable, non-discriminatory, transparent and affordable, and developed countries must ensure that technical and financial assistance is provided to developing countries to enable this.

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<sup>1</sup> Doha Ministerial Declaration - paragraph 6; GATT Article XX General Exceptions.

1.0 **The Doha Declaration (2001)** in paragraph 32 instructs the ‘Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:…  
… (iii) labelling requirements for environmental purposes’.

It further states: ‘Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations…’

Thus, Para 32 instructs the CTE to focus on issues including eco-labelling, with a view to making recommendations where appropriate, with respect to future action, including the desirability of negotiations.

2.0 **BirdLife International believes** that eco-labelling schemes are important tools in supporting sustainable development; they enable consumers to make informed choices and are important for awareness raising and education. We believe that consumers have the right to know about the products they purchase, including how those products are grown or manufactured, and that trade rules should not place obstacles in the way of labelling schemes that promote this.

We believe that WTO rules should support and not hinder national or regional efforts to enable informed environmental choice, such as through the UN Economic Commission for Europe (UNECE) Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (1998). Article 5.8 of Aarhus states that ‘Each party shall develop mechanisms with a view to ensuring that sufficient product information is made available to the public in a manner which enables the consumer to make informed environmental choices.’

2.1 **We believe that trade rules should support consumer concerns** over issues such as health, nutrition, food safety, new technologies, animal welfare, production practices, workers’ rights and the environment, but at the same time should ensure labelling does not unfairly restrict developing countries’ access to developed country markets.

2.2 **Environmentally and socially responsible consumption is essential for sustainable development.** The Johannesburg Plan of Implementation (JPOI) recognises this in Paragraph 15 where governments call for action at all levels to ‘develop and adopt… … consumer information tools to provide information relating to sustainable production and consumption…’.<sup>2</sup> Eco-labelling schemes are one such important tool.

2.3 **Labelling schemes differ in purpose, scope and design and can be classified according to a range of characteristics.**<sup>3</sup> **Eco-labelling<sup>4</sup> is one important facet of labelling.** Different categories may have different degrees and forms of impact on international trade, including no negative impact at all. Thus labelling *per se* should not be regarded as impacting negatively on WTO trade rules, notably as an unfair barrier to trade for developing countries. Eco-labelling has been shown to have positive benefits for both people and

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<sup>2</sup> WSSD Plan of Implementation, available at [http://www.un.org/esa/sustdev/documents/WSSD\\_POI\\_PD/English/POIToc.htm](http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POIToc.htm)

<sup>3</sup> Label classification includes criteria such as: (i) whether a program relies on first-party or third-party verification. Within this, third-party programmes can be classed according to verification body (governmental or non-governmental), and legal status (mandatory or voluntary); (ii) whether a label is positive, negative, or neutral (where positive indicate that a product possesses certain preferable attributes, neutral summarises environmental information about the products, and negative labelling warns consumers about harmful or hazardous ingredients); and (iii) the review mechanisms for criteria, geographic scope and whether the scheme uses criteria based on non-product related process and production methods.

Labels have been classified into four basic types, three defined by the International Standards Organisation (ISO):

**ISO Type I:** Labels compare products with others within the same category, awarding labels to those that are environmentally preferable through their whole lifecycle. The label is issued and endorsed by an independent third party, such as an environmental group, a private body set up to run the label, or a government department (e.g. EU Eco-label and the German Blue Angel).

**ISO Type II:** This is self-declared product claim made by manufacturers, importers or distributors (e.g. 100% organic). The ISO 14021 standard defines the basis of a claim, to ensure it is truthful and does not mislead.

**ISO Type III:** Labels list a menu of a product’s environmental impacts throughout its life cycle without judging or ranking products. Information categories are set by independent bodies or industrial sector.

**Product specific - single issue labels:** Some labels have been developed that cover specific groups of products, such as agriculture (organic labels), wood products (the Forest Stewardship Council - FSC) and fish (the Marine Stewardship Council - MSC).

<sup>4</sup> ‘Eco-labelling’ is generally recognised as a voluntary method of environmental performance certification, according to ISO Type I.

environment. For example, in Costa Rica, Fair Trade labelling schemes provided the coffee co-operative Coo cafe with the stability and extra income needed to convert to organic production.<sup>5</sup>

**2.4 We believe that the compatibility of eco-labelling schemes with WTO rules is unclear. Whilst we acknowledge the significance of labelling and eco-labelling to the WTO, we DO NOT believe that the WTO alone has the core competencies to negotiate this.** Consideration could be given to discussion within, for example, the United Nations system where broader participation and sound environmental competencies can be engaged. Any negotiations regarding multilateral guidelines on procedures for the development of eco-labels that would apply to national and/or international standards should be carried out in an open and participatory way with environmental expertise and appropriate assistance for developing countries.

**If further negotiations are recommended by the CTE, we believe:**

**3.0 Any decision making within the WTO on eco-labelling, whether within the CTE, Technical Barriers to Trade (TBT) or Sanitary and Phytosanitary Measures (SPS) Committees, should be transparent, participatory and have sustainable development at its heart.** It should be based on thorough research and investigation considering the plethora of different labelling schemes, including case studies. This should include opportunity for open dialogue with recognised non-governmental and governmental stakeholders from outside the WTO invited to share with WTO Committee members their experiences on labelling and certification programmes. Above all, decisions should be balanced, taking into account the economic, environmental and social benefits of labelling programmes for developing and developed countries.

**3.1 The scope of the TBT Agreement should be extended to permit the use of standards based on non-product related production and processing methods (PPMs) in support of sustainable development.** The TBT only explicitly permits standards and regulations that relate to the physical properties of goods themselves. The current interpretation of WTO rules prohibits discrimination based on the way products are produced (non product-related PPMs), even though the ability to favour more environmentally benign production methods could be a very important tool in reducing adverse impacts on biodiversity and the environment.

**3.2 Governments must be able to implement precautionary policies to protect health and the environment in cases where science is felt to be incomplete.** Trade rules need to conform to this principle, and we support assertions that eco-labelling schemes must be precautionary.<sup>6</sup>

Both the TBT and the SPS Agreements require standards to be based on 'sound science' and risk assessment. As interpreted by the WTO, this potentially conflicts with use of the precautionary principle, as enshrined in the CBD, the Rio Declaration (1992) and reaffirmed at the World Summit on Sustainable Development (2002). BirdLife International believes that the precautionary principle is an important part of risk assessment and informed decision-making, taking into account the complexities and uncertainties of the modern world and ensuring 'safety first'. As such, there should be no conflict between 'sound science' and using the precautionary principle.

**4.0 It is extremely important to ensure that labelling schemes do not unfairly restrict developing countries' market access.** To ensure health and safety and environmental protection in country of origin as well as country of export, we support and advocate the need to maximize environmental and developmental benefits through, *inter alia*, financial assistance, capacity-building and technical assistance to developing countries. To this end, labelling schemes must be equitable, non-discriminatory, transparent and affordable. For effectiveness, they must also be evidence-based, efficient, and targeted.

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<sup>5</sup> Nick Robins and Sarah Roberts. Unlocking Trade Opportunities. IIED. 1997

<sup>6</sup> Trade, Development and Protecting the Environment. DFID; The Non-Trade Impacts of Trade Policy, DGT.

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All position papers have been written and produced by the RSPB in consultation with BirdLife International's Secretariat (Cambridge).

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*BirdLife International is a global Partnership of conservation organisations, working in more than 100 countries worldwide. The BirdLife Partnership strives to conserve birds, habitats and global biodiversity, joining local communities around the world to achieve awareness of our natural resources and how to use them sustainably.*

*The Royal Society for the Protection of Birds is Europe's largest wildlife conservation organisation with over a million members and the UK partner of BirdLife International. Through research, advocacy and land management, we strive to link national and international policies for sustainability with local concerns in both the South and the North. We have extensive programmes of work in many policy areas including agriculture, trade, climate change, energy, transport, the marine environment, fisheries, education and capacity building.*

*The RSPB and BirdLife International are working to ensure that international trade and international trade rules provide a positive contribution towards achieving sustainable development and thus do not adversely affect the environment.*

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