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Item 7 of the provisional agenda

**DRAFT REPORT OF THE AD HOC WORKING GROUP ON TRADE,
ENVIRONMENT AND DEVELOPMENT ON ITS FIRST SESSION**

Rapporteur: Mr. B. Alipur (Islamic Republic of Iran)

AGENDA ITEMS 1, 2, 3 and 4

Speakers: Officer-in-charge of UNCTAD
Secretariat
GATT
ISO
UNEP
OECD
Bangladesh
FAO
Indonesia
China

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated **by Friday, 9 December 1994 at the latest** to:

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INTRODUCTION

1. The first session of the ad hoc Working Group on Trade, Environment and Development, established in accordance with a decision of the Board taken at the resumed second part of its fortieth session in May 1994, was held at the Palais des Nations, Geneva, from 28 November to 2 December 1994. In the course of the session, the ad hoc Working Group held ... plenary meetings.¹

Opening statement

2. The **Officer-in-charge of UNCTAD** welcomed participants to the first session of the Ad Hoc Working Group which was one of the three new intergovernmental bodies established by the Trade and Development Board in May 1994. He observed that the topicality of trade and environment issues was clearly demonstrated by the wide-ranging representation at the session.

3. The relationship between trade and environment had been the object of considerable international attention recently. In the week prior to the current meeting an UNCTAD/UNEP informal "High-level Meeting on Trade, Environment and Sustainable Development" had taken place. The secretariats of UNCTAD and UNEP were jointly preparing a report of that meeting for the third session of the Commission on Sustainable Development in April 1995. The report would soon be available. The informal High-level Meeting had made extensive reference to UNCTAD's conceptual, analytical and empirical work, which included country case-studies on trade and environment linkages, being carried out by UNCTAD with the support of the UNDP and UNEP and the work on the impact on competitiveness of environmental policies, standards and regulations, as well as the two substantive issues on the Ad Hoc Working Group's first agenda, namely eco-labelling and "environment-friendly" products. Moreover, the importance and timeliness of the Working Group had been stressed. It was encouraging to note that the conclusions and recommendations in the secretariat's report prepared for the current meeting were broadly in line with the solutions suggested at the high-level meeting mentioned.

4. Recalling the broad parameters of UNCTAD's mandate and role in the field of trade and environment, he stressed the development focus of UNCTAD's work. In the terms of reference of the Ad Hoc Working Group, this focus had been clearly identified as: "policy analysis and debate, conceptual work, the

¹ For the terms of reference of the Ad Hoc Working Group on Trade, Environment and Development, see Trade and Development Board decision 415 (XL): Mid-term review (annex) (TD/B/40(2)/26).

building of consensus among member States on the interaction between environmental and trade policies, the dissemination of information to policy-makers and encouragement and provision of assistance in capacity-building." Furthermore, the decision to establish the Ad Hoc Working Group had emphasized the need to pay "particular attention to the problems and special circumstances of the developing countries."

5. UNCTAD was implementing a comprehensive programme of work initiated by UNCTAD VIII and as part of the follow-up to the conclusions and recommendations of the United Nations Conference on Environment and Development. In March 1993, the Trade and Development Board had adopted a report on specific plans for the implementation of Agenda 21 and had also decided to consider certain broad policy aspects of trade and environment issues at the first part of the fortieth and forty-first sessions. Hence, in its deliberations, the Ad Hoc Working Group could profitably concentrate on an in-depth consideration of the key issues, drawing on valuable national experience. In this way the Working Group could make a substantial contribution to preparations for UNCTAD IX which were already under way.

6. Useful inputs to the work of the Group could come from the technical cooperation programme in the area of trade and environment. In this connection, a workshop on eco-labelling had been held in Geneva in June 1994 attended by practitioners and experts from both developed and developing countries. Its discussions had centred on the results of conceptual and analytical work, in particular research studies in developing countries and countries in transition. Further workshops will be organized within this programme, allowing exchanges of views and dissemination of information on the different items in the terms of reference of the Ad Hoc Working Group. The Trade and Development Board had concluded that informal intersessional activities could be useful to the deliberations of the Working Group and the secretariat was seeking suggestions in this regard from the Group.

7. As some of the work undertaken in the Standing Committee on Commodities was also quite relevant to the subject under discussion, he drew attention to the UNCTAD secretariat's report TD/B/CN.1/25 and to the agreed conclusions set out in TD/B/CN.1/L.8. Many delegates to the previous week's high-level meeting had commended the secretariats of UNCTAD and UNEP on their fruitful and practical cooperation. In this way the two institutions were exploiting their comparative advantage to the full, in accordance with the mandates and expertise of each and avoiding duplication. The UNCTAD secretariat had likewise been working closely with the GATT/WTO, OECD, ISO and other international organizations. UNCTAD would continue to cooperate with the Commission on

Sustainable Development, particularly in view of its role as task manager for sustainable development and trade matters in the Inter-Agency Committee on Sustainable Development of the Administrative Committee on Coordination.

Chapter I

INTERNATIONAL COOPERATION ON ECO-LABELLING AND ECO-CERTIFICATION PROGRAMMES

- (a) Comparative analysis of current and planned programmes, with a view to discussing concepts such as mutual recognition and equivalencies;
- (b) Examination of possible ways to take into account the interests of developing countries in the elaboration of eco-labelling criteria

(Agenda item 3)

MARKET OPPORTUNITIES FOR "ENVIRONMENTALLY FRIENDLY" PRODUCTS

Ways and means to define and certify environmentally friendly products

(Agenda item 4)

8. For its discussion of these items, the ad hoc Working Group had before it the following documentation:

"Eco-labelling and market opportunities for environmentally friendly products", Report by the UNCTAD secretariat (TD/B/WG.6/2);

and

"Identification of means by which the competitiveness of natural products with environmental advantages could be improved: Reducing the environmental stress of consumption without affecting consumer satisfaction", Report by the UNCTAD secretariat (TD/B/CN.1/25).

9. In opening the discussion on these two items, the **Officer-in-charge of the International Trade Division** said that the two were closely related. Eco-certification was one way that the environmental aspects of products could be brought to the attention of consumers. While such an approach was a useful "soft policy option" for environmental protection, eco-labelling programmes had,

however, raised concern among developing-country producers. The Working Group might wish to examine possible ways to reconcile eco-labelling with the environmental objectives of interest to both importers and exporters, particularly for exports from developing countries. The secretariat's report offered a number of suggestions, including greater transparency, establishment of international guidelines, acceptance by developed countries of different, but "equivalent", criteria reflecting environmental conditions in developing countries, and mutual recognition. As regards transparency, it was worth considering to what extent the experience acquired in dealing with standards and regulations in the GATT context, for example through the Agreement on Technical Barriers to Trade, could help in avoiding unnecessary adverse effects on trade. There were complex aspects with regard to eco-labelling, such as the life-cycle approach, which pointed to the need for a broad concept of transparency and involvement of the developing countries in the eco-labelling process covering products of special export interest to them. The Working Group might wish to make concrete proposals on this point. The possibility of developing international guidelines or broad principles for voluntary eco-labelling might also be explored. Work on this was proceeding within ISO. "Equivalencies" and "mutual recognition" were complex issues on which UNCTAD was undertaking joint work with UNEP. The concept of equivalent criteria could serve a two-fold purpose. First, the importing country might accept the environmental undertakings of the exporting country as being "equivalent" to compliance with its own criteria. Secondly, the concept of equivalency could be considered a condition for mutual recognition. Discussions on mutual recognition would naturally refer to eco-labelling implemented by countries at different levels of economic development. The Working Group could focus on the steps necessary for building up mutual confidence. He said that work on internationally agreed guidelines for eco-labelling, as already mentioned, could also help in reaching a goal of mutual recognition. It should be borne in mind that the discussions in the Working Group also contributed to the deliberations within ISO, GATT/WTO and OECD.

10. Turning to market opportunities for "environment-friendly" products, in accordance with the terms of reference, work in this area should initially concentrate on how to define and certify such products. As the secretariat report pointed out, not only were there difficulties in defining environment-friendly products, but consumers were concerned over the credibility of environmental claims made by manufacturers. Nevertheless, trading opportunities for developing countries existed with such products. In order to market environment-friendly products successfully, developing countries could work at the firm level, as well as at the national and international levels. Third-party eco-certification could help in substantiating claims made for products. Another

task of the Working Group was to identify areas where technical cooperation should be strengthened. The emerging schemes in developing countries could benefit from the work of the various agencies concerned including ISO, in the search for effective eco-labelling systems. In closing, he noted that the role of this new Working Group was particularly challenging, as trade and environment policies interact in "dynamic and untested waters".

11. The representative of the General Agreement on Tariffs and Trade (GATT) stated that GATT's work on eco-labelling had been primarily developed in the context of its Working Group on Environmental Measures and International Trade. This work had been carried forward into the transitional Sub-Committee on Trade and Environment, pending establishment of the WTO Committee on Trade and Environment. Discussions in the former group had concentrated on trying to identify the trade effects of eco-labelling schemes and to analyse the extent to which they might differ from other technical regulations and standards. The work had been assisted extensively by information supplied by contracting parties on their own national labelling schemes, as well as by the research and analysis conducted in UNCTAD and OECD. Although the usefulness of eco-labelling schemes for promoting environmental objectives was appreciated, it was considered that even voluntary eco-labelling schemes could have a major influence on conditions of market competition. Effective access for foreign suppliers to domestic labelling schemes was critical. This meant the opportunity to participate and raise their trade concerns in the process through which product criteria and threshold levels were decided. It was also observed that both the choice of products to be labelled and the criteria that a product must meet so as to obtain an eco-label tended to reflect local environmental conditions. This could pose difficulties for foreign producers or result in positive environmental qualities of imported products being overlooked. The importance of basing the criteria on sound scientific evidence had been stressed.

12. She noted that many GATT contracting parties had pointed to problems of proliferation of a variety of different unilateral schemes, making it difficult for suppliers from developing countries to adapt their products to each scheme. Multilateral efforts towards harmonization of eco-labelling programmes and criteria, programmes based on the concepts of equivalence or mutual acceptance would be welcome. Eco-labelling criteria based on processes and production methods might prove particularly difficult and even environmentally inappropriate for overseas suppliers to meet. GATT contracting parties agreed that there were legitimate reasons for diversity in environmental regulations across countries. If eco-labelling schemes were mandatory, this could raise questions about the GATT-legality of such schemes with Article III of the GATT. Other types of schemes proposed, such as not denying market access to unlabelled products but,

nevertheless, assessing a tax on them, could also raise questions of GATT-legality under the same article.

13. The newly created WTO Committee on Trade and Environment had identified the following issues for further analysis: the practical distinction between voluntary and mandatory measures and their implications for trade; the scope for standardization or harmonization and mutual recognition; complications that could arise for trade through the setting of requirements in terms of process and product methods rather than product characteristics; and special difficulties and costs confronting small-size foreign suppliers, in particular from developing countries. In addition, the WTO Committee would look at the relevant GATT rules and instruments to determine whether any revision or adaptation was required. The Agreement on Technical Barriers to Trade had been established to provide transparency and notification disciplines on technical regulations, standards and conformity assessment procedures. Following significant revision of the Agreement, the definitions for technical regulations and standards now included process and production methods relating to the final characteristics of the product, whereas previously the definitions had covered only the final characteristics of products. Whether voluntary eco-labelling schemes were covered under the Technical Barriers to Trade Agreement was still being debated and there had only been one scheme that was notified under the provisions of this Agreement. Whether voluntary schemes were covered by the Agreement would eventually have to be determined either by the Committee on Trade and Environment, or in the Technical Barriers to Trade Committee itself. The Agreement encouraged the use of international standards where appropriate for local needs, accepting equivalent standards and mutual recognition. It laid down rules and principles of compliance by GATT contracting parties. These included the most-favoured-nation and national treatment obligations, the obligation not to create unnecessary obstacles to trade and the obligation to create a high degree of transparency. Several of the provisions of the revised Agreement responded to some of the trade-related concerns which had been noted concerning eco-labelling schemes, in particular lack of information and insufficient participation of developing countries in the process of setting criteria. Voluntary standards were covered by the Code of Good Practice for the Preparation, Adoption and Application of Standards (Annex III of the Technical Barriers to Trade Agreement). The Agreement further supported other approaches to harmonization such as through the acceptance of equivalent standards among countries, based on reciprocity and the mutual recognition of conformity assessment. It furthermore encouraged Members to provide technical assistance to other Members.

14. Finally, she stressed that WTO competence for policy coordination in the area of trade and environment was limited to trade and that the obligations of the GATT and Technical Barriers to Trade Agreements applied primarily to the trade effects of technical regulations and standards that were not based on international standards.

15. The representatives of the International Organization for Standardization (ISO) stated that the ISO Technical Committee on Environmental Management, TC 207, set up in 1993 to develop common international standards over a wide range of topics related to environmental management, had established six sub-committees and a working group with responsibility for specific aspects of environmental management. This included: environmental auditing, environmental labelling, life-cycle assessment, and terms and definitions. Owing to the importance of the issues involved, high expectations had been placed on the work of the Committee. However, developing countries' participation in this work had been very limited.

16. On the issue of technical cooperation, ISO could provide support to developing countries through the organization of seminars and the dissemination of technical publications. In addition some funds could be made available to support developing countries' participation in ISO's work.

17. The representative of the United Nations Environment Programme (UNEP) stated that its work on eco-labelling was aimed at ensuring that the environmental goals of eco-labelling were achieved without having an unfair impact on trade. This could be done by catalyzing and coordinating the development of guidelines on environmental criteria for eco-labelling. For many developing countries, the proliferation of eco-labelling schemes, as well as the tendency of such schemes to focus on domestic products and domestic standards posed serious problems. A possible solution would be to base, whenever possible, eco-criteria on international environmental standards. This approach was consistent with the principles of the Technical Barriers to Trade Agreement which called for the use of international standards. The question of whether eco-labelling schemes were covered by this Agreement had not yet been answered clearly. Mutual recognition of eco-labelling schemes would require that the eco-criteria be regarded as equivalent; therefore the selection and definition of eco-criteria were central to determining whether national schemes were equivalent and, hence, worthy of mutual recognition. Most eco-labelling schemes utilized a limited life-cycle analysis and production-and-processing-methods-related criteria (PPMs). An important point to note when discussing PPMs was that it was becoming increasingly difficult to distinguish between standards based on PPMs and final product characteristics, particularly in view of technical

advances in chemical residue detection. Two issues had to be addressed to ensure that eco-labelling schemes achieved their environmental purpose without imposing an unfair burden on international trade. First, all affected parties had to have the opportunity to participate in the process of selecting and defining the eco-criteria. Secondly, the criteria had to be based on sound scientific data and reflect varying environmental, economic and social concerns in different countries. UNEP was considering convening an expert group to look at the methods and basis of selecting and defining the environmental criteria for eco-labelling. Finally, she stated that, given UNEP's environmental expertise, and UNCTAD's trade expertise, the collaboration between the two organizations would continue to provide useful results.

18. The representative of the Organization for Economic Cooperation and Development (OECD) stated that its Joint Session of Trade and Environment Experts had been meeting regularly since 1991. Life-cycle management and trade was one of the items on this Group's ten-point work programme; under it they would review the trade implications of the use of life-cycle analysis and management, including the potential trade impacts of eco-labelling. Based on the outcome of meetings of the joint sessions of Trade and Environment Experts, and the OECD workshops on trade and environment, the main trade concerns had been identified and different approaches to dealing with the potential adverse effects of eco-labelling on trade would be further explored. The relatively recent trend for eco-labelling programmes to be based on more extensive life-cycle criteria, specifically production-related criteria, was at the source of trade concerns with respect to eco-labelling schemes. Problems could arise when eco-labels were based on production-related criteria and applied to some highly-traded products such as paper and textiles; the question of recycled paper and its different implications often depended on the country to which it was applied.

19. With reference to TD/B/WG.6/2, she reiterated the problems related to the steps involved in the development of an eco-label and the role of a life-cycle approach in its elaboration. It was not easy to compare, in a comprehensive manner, the different environmental effects during a product's life-cycle. It was difficult to establish a consensus regarding the overall environmental impacts of products (c.f. TD/B/WG.7/2, para. 23) and there was the problem of trying to prioritize among impacts on the environment of a product at different points in its life-cycle.

20. With reference to the trade implications of eco-labelling, in general, eco-labelling programmes had two potential types of trade effects, depending largely on their design and implementation. The first related to technical barriers to trade, and the second to impacts on costs and competitiveness. In this context,

the importance of transparency, consultation, access, harmonization, financial and technical assistance and capacity building had to be stressed.

21. As for possible approaches to deal with process and production methods criteria, or PPMs, greater international coordination would be needed in the development of criteria for highly traded goods. One option suggested was to exempt foreign producers from the requirement to comply with PPM-based criteria. However, to exempt imports from requirements regarding environmentally-sound production or design would set domestic producers at a competitive disadvantage and could undermine the environmental life-cycle initiative and its benefits. Another approach that would avoid implicit trade discrimination and take account of environmental conditions and preferences of the producing country would be for importing countries to recognize as equivalent in their ecological effects, albeit not identical, the PPM standards or practices of the exporting country. However, to assess whether the PPM standards or practices of the producing country were equally friendly to its domestic environment implied establishing a procedure of verification. Another suggestion was mutual recognition of the eco-labels of trading partners. A framework could be established whereby importing countries would accept the PPM-based criteria or perhaps all criteria of the eco-labels of exporting countries. The harmonization of testing and certification techniques and procedures would facilitate mutual recognition, which could be based on broad international guidelines developed within the ISO context. Some type of international monitoring or certification procedure might still be needed to ensure that labels were credible and broadly equivalent; otherwise, widespread mutual recognition could undermine the status of national programmes.

22. The last proposal mentioned concerned international eco-labels for some key products with the potential to cause trade frictions and products of special export interest, particularly to developing countries, such as paper, textiles and footwear. Producing and consuming countries could participate in determining the criteria for an eco-label that reflected the environmental conditions and requirements of several countries; the eco-label could provide broad guidelines on environmentally-acceptable production methods (e.g. for paper it could include criteria based on sustainable forest management). An accredited international eco-label could help promote "green" trade for particular commodities, especially resource-based products from developing countries, and ease trade frictions resulting from concern about global resources.

23. The representative of Bangladesh commented on the background documents prepared for this meeting. He said that eco-labelling programmes could discriminate against foreign producers and act as a non-tariff barrier to trade.

The coexistence of different eco-labelling schemes might compound problems, particularly for the developing countries, as the costs of adjustment for firms wishing to comply with eco-labelling criteria would be significant.

24. The secretariat's report (TD/B/CN.1/25) claimed that natural products were in a better position to cope with environmental requirements, while TD/B/WG.6/MISC.2 had touched on the problems faced by developing countries in meeting eco-labelling requirements and showed the positive nature of eco-labelling.

25. The purpose of technical cooperation was to increase awareness and understanding of the complex linkages between trade, environment and development. In his view, the programme followed the "soft" option of dissemination of information rather than questioning the rationale of eco-labelling. Eco-labelling schemes had evolved unilaterally and developing countries were struggling to cope with them. There was a risk that if too many schemes emerged in the same sectors, each with its own definitions and criteria, their usefulness and credibility would be undermined. It would cause confusion, possibly discrimination and lead to a decrease in exports for many developing countries. Aid agencies could play a role in assisting developing countries to promote their environment-friendly exports and take advantage of the opportunities arising from global markets.

26. He expressed regret that discussions often dealt mainly with trade and environment aspects and did not directly cover the development dimension. There should be a discussion on the problems of producing environment-friendly products and measures found for overcoming such difficulties. There should be a thorough cost-benefit analysis of making adjustments to eco-labelling schemes in the case of selected products of export interest to developing countries. Only one document (TD/B/CN.1/25) had devoted sufficient attention to the cause of least developed countries.

27. The representative of the Food and Agriculture Organization of the United Nations (FAO) told about work on commodity trade and environment issues in FAO, specifically referring to "environment-friendly" commodities. Within FAO, issues associated with trade and environment were dealt with in the Committee on Commodity Problems. This Committee, with its 11 Intergovernmental Commodity Groups, had paid increasing attention to environmental issues in recent years. At its fifty-ninth session in 1993, the Committee had reviewed issues related to trade, environment and sustainable agricultural development. It was recognized that unilateral action by individual countries to reduce environmental stress might entail loss of market shares unless other countries also pursued

similar policies; hence it would be advantageous for all countries to introduce appropriate environmental policies. The FAO Committee had recognized that there was a lack of solid data in this area and it encouraged its intergovernmental groups to undertake commodity-by-commodity work on economic assessment of environmental impact and related trade policy issues.

28. In FAO, the considerable attention paid so far to environmental issues associated with commodity trade had been in the area of raw materials, particularly fibres, which faced strong competition from synthetic materials. Analysis had indicated the environmental superiority of natural fibres over synthetics, although there were some avenues for improvement in the production of natural fibres. The commodity groups in FAO responsible for these fibres were seeking ways in which to exploit their environmental advantage in the market. To this end, an International Consultation on Jute and the Environment had been held in The Hague in 1993. At that meeting the opportunities for marketing environment-friendly jute and kenaf products were reviewed. The same meeting recommended that promotion activities be undertaken in consuming countries, that promotion of natural fibre products should be directed to wider forums than in the past, and that links should be established between manufacturers and consumers. In this context, it was reiterated that natural fibre products could not be promoted solely on the basis of their environment-friendliness, and that quality, safety and price were all part of the package of attributes important to consumers.

29. The FAO Intergovernmental Group on Jute acts as a focal point for information on packaging legislation. In this context, it had been pointed out that some legislation directed at reducing the volume of waste had created trade distortions in environment-friendly packaging materials. The 1993 meeting on Jute and the Environment had been followed by an Expert Group Meeting on Diversified Applications of Bio-Resources such as Jute, Kenaf, Coir, Sisal and Allied Fibres, in Bangalore, India in October 1994.

30. In addition to its work on natural fibres, FAO was also promoting trade in environment-friendly commodities other than fibres. Work had been undertaken in the Hides and Skins Sub-Group, the Intergovernmental Group on Meat and the Intergovernmental Group on Wine and Vine Products. Moreover, studies on grains, rice and oilseeds were under way.

31. Finally, he stressed the importance of close collaboration among international organizations working on trade and the environment, in order to maximize the overall benefits and avoid duplication of efforts.

32. The representative of Indonesia observed that international cooperation on eco-labelling and eco-certification programmes was still a relatively new subject and that, in view of the potential for adverse impacts following the introduction of such programmes, mostly launched by developed country counterparts, an adjustment period was needed. He said that eco-labelling, in practice, could act as a non-tariff barrier to trade if it discriminated against foreign producers, especially those of developing countries. There were difficulties in obtaining information on different programmes of eco-labelling, not to mention the cost of adjustment and various requirements of the different markets of the developed countries. Efforts would have to be made towards the establishment of international guidelines on eco-labelling. So as to avert any adverse trade effects of eco-labelling, first the transparency of the new eco-labelling programmes should be improved. This included timely and accurate information on the newly launched programmes. Secondly, the environmental criteria should be based on the principle of shared but differentiated responsibilities, as enshrined in the Rio Declaration. The acceptance of different but "equivalent criteria" should take into account the environmental conditions in developing countries. Finally eco-labelling programmes should be accompanied by increased market shares for exports from developing countries.

33. Regarding market opportunities for "environment-friendly" products, he pointed out that it should be borne in mind that no product was, in fact, absolutely friendly to the environment. Thus environment-friendly products were only relatively so. There was, moreover, still a need to explore possible credible mechanisms for certifying a product's friendliness towards the environment. The exchange of national experiences could make a valuable contribution to the work of UNCTAD in this particular field. Indonesia was in the preliminary process of introducing and disseminating the concept of environment-friendly products to the domestic business community. In this context, standard production and processing methods were an important tool for promoting such products. To this end, the Indonesian Standardization Council, in cooperation with the Ministry of Environment, had made concerted efforts to accelerate the implementation of standards, including environmental standards, by domestic industries. The existing international cooperation mechanisms certainly could play a vital role in efforts to integrate trade and environment policies into the framework of national policies for sustainable development. At the national level, the exchange of information, consultation and other technical cooperation should be enhanced with the support of UNCTAD and other United Nations agencies, so as to assist developing countries in their efforts to reduce adverse effects of environmental measures related to trade, in general, and to establish national policies in this particular field.

34. Finally, he suggested that the Ad Hoc Working Group undertake preparation of a study of possible international guidelines and coordination mechanisms on eco-labelling programmes, as a way to assess the different schemes.

35. The representative of China said that the UNCTAD report had offered a basic understanding of eco-labelling and of its impact on exports from developing countries as well as suggesting practical solutions. Eco-labelling was a complex issue. There were legitimate reasons for environmental conditions and priorities to differ across countries. If this situation were not recognized, environmental measures, whether or not voluntary, could serve protectionist purposes. Therefore, the environmental and developmental conditions of the producing country should be taken into account in the definition of product categories and the determination of criteria for eco-labelling. Improved transparency was needed, including the participation of producing countries in the work towards this end. International organizations, such as ISO, UNCTAD and GATT/WTO should collect and disseminate information in order to promote international cooperation and help to establish international guidelines. The developed countries should share their experience and provide technical assistance to developing countries to help them to set up their own eco-labelling schemes. He went on to describe China's own experience in this field and mentioned that in May 1994, eco-labelling criteria had been established for six product categories.

Chapter ...

ORGANIZATIONAL MATTERS

A. Opening of the session

36. The first session of the Ad Hoc Working Group was opened on 28 November 1994 by the Officer-in-charge of UNCTAD.

B. Election of officers

37. At its 1st plenary meeting on 28 November 1994, the Ad Hoc Working Group elected its officers as follows:

<u>Chairman:</u>	Mr. A. Hynninen	(Finland)
<u>Vice-Chairmen:</u>	Mr. S. Djajadiningrat	(Indonesia)
	Mrs. R. Mrabet	(Tunisia)
	Mr. G. Thielen Graterol	(Venezuela)
	Mr. B. Diekmann	(Germany)
	Mr. Y. Afanassiev	(Russian Federation)
<u>Rapporteur:</u>	Mr. B. Alipur	(Islamic Republic of Iran)

C. Adoption of the agenda and organization of work

38. At its 1st plenary meeting on 28 November 1994, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.6/1) as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. International cooperation on eco-labelling and eco-certification programmes
 - (a) Comparative analysis of current and planned programmes, with a view to discussing concepts such as mutual recognition and equivalencies;

- (b) Examination of possible ways to take into account the interests of developing countries in the elaboration of eco-labelling criteria²
4. Market opportunities for "environmentally friendly" products
 - Ways and means to define and certify environmentally friendly products
 5. Provisional agenda for the second session of the Ad Hoc Working Group
 6. Other business
 7. Adoption of the report of the Ad Hoc Working Group to the Trade and Development Board.

D. Provisional agenda for the second session of the ad hoc Working Group

(Agenda item 5)

[To be completed]

E. Other business

(Agenda item 6)

[To be completed]

F. Adoption of the report of the ad hoc Working Group to the Board

(Agenda item 7)

[To be completed]

² The outcome of the discussion on this item at the first session will be taken up by the Working Group at a subsequent session when it comes to deal with paragraph 1 of its terms of reference on the effects of environmental policies, standards and regulations on market access and competitiveness.