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TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and
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Expert Meeting on Trade and Investment
Impacts of Environmental Management Standards,
Particularly the ISO 14000 series, on
Developing Countries
Geneva, 29 October 1997
Agenda item 3

**POSSIBLE TRADE AND INVESTMENT IMPACTS OF ENVIRONMENTAL MANAGEMENT
STANDARDS, PARTICULARLY THE ISO 14000 SERIES, ON DEVELOPING
COUNTRIES, AND OPPORTUNITIES AND NEEDS IN THIS CONTEXT**

Recommendations adopted by the Expert Meeting

The Expert Meeting on "Possible trade and investment impacts of environmental management standards, particularly the ISO 14000 series, on developing countries and opportunities and need in this context", which met in Geneva from 29 to 31 October 1997, focused its work on an examination of international standards for environmental management systems (EMS), particularly the ISO 14001 standard and its trade and investment impacts on developing countries. At its closing meeting, on 31 October 1997, the Expert Meeting adopted the following recommendations on item 3 of its agenda:

1. Participants considered that EMS standards could be a useful tool to enhance the environmental performance of an organization, as well as to reduce costs through a more efficient use of resources. The experts noted, however, that the ISO 14001 standard had been adopted only recently (September 1996) and that more analysis and experience was needed to understand its implications fully. There is also a need to share experiences with developing countries, particularly those where there is still a general lack of awareness and understanding of the ISO 14000 standards.

2. Experts recommended that there should be complementarity between voluntary standards on EMS and regulatory measures. There was a consensus that the ISO 14001 standard should not become mandatory.

3. The experts recognized the important contribution that international standards in general can make to facilitate international trade and the development process of developing countries. They also recognized the importance of enhancing the representation and effective participation of developing countries in ISO's work in general, including in the build-up to the revision of ISO's EMS standards in 1999. This required financial and technical assistance, as well as better coordination at the national level between standardization bodies, the government and other stakeholders. It may also be appropriate for ISO to review its internal processes to facilitate a wider representation and the effective participation of developing countries.

4. Experts recognized that voluntary standards, including the ISO 14001 standard, can have implications for trade, particularly for developing country exports. While compliance with the ISO 14001 standard may enable certain companies to strengthen market positions, the standard could act as a barrier to trade for companies that find it difficult or costly to comply with the standard. In this regard, experts recommended that appropriate attention should be paid to national implementation issues as well as to international cooperation to facilitate EMS implementation in developing countries.

5. Pressures on developing country suppliers to demonstrate ISO 14001 certification could result in barriers to trade and/or detract from the environmental objectives of setting up an EMS. Companies in developed countries should establish a supportive cooperation with their suppliers in developing countries in the area of EMS implementation. Transnational corporations (TNCs) could play an important role in this regard.

6. Experts stressed that certification and accreditation should be fair and rigorous to safeguard the credibility of the ISO 14001 certificate. Developing countries should be assisted in developing the necessary infrastructure to allow conformity assessment, certification and accreditation. In doing so, they should follow the relevant international standards and guides. The Expert Meeting stressed the important role of international recognition. The need for internationally recognized certification and accreditation system was also stressed and the work of the Quality System Assessment and Recognition (QSAR) and the International Accreditation Forum (IAF) was highlighted in this respect. Developing countries should be assisted in identifying the possibilities of increasing their share in the domestic and external markets for certification bodies and consultants, including through South-South cooperation.

7. The Experts recognized that SMEs in both developed and developing countries may face significant constraints in setting up and maintaining an EMS. They stressed the need for positive incentives, including technical assistance. Experts also stressed the importance of cooperation between large firms and SMEs. Similarly, cooperation between SMEs, particularly those in the same sector and geographical area, could help to reduce the costs of EMS implementation.

8. Governments in developing countries face several policy choices in the context of EMS standards, such as whether to adopt a pilot project approach and whether to share part of the cost of EMS implementation with the private sector. Experts recognized that Governments could play an important role in providing an enabling environment for the implementation of EMS, particularly in developing countries, for example by promoting the creation of necessary infrastructure and legislation, as well as appropriate incentives.

9. Experts identified a number of needs of developing countries with regard to national implementation of the ISO 14001 standard. They recommended that actions aimed at facilitating EMS implementation in developing countries should focus on: (a) awareness-building among the concerned stakeholders; (b) identification of sources and dissemination of information; (c) creation of infrastructure, training auditors and consultants; (d) access to and transfer of environmentally sound technology; (e) assistance in developing and implementing related legislation; (f) support for participation in relevant forums and for sharing experiences with the implementation of EMS. The Experts also urged the need for special financial and technical assistance for LDCs in implementation of the ISO 14001 standard at their national levels.

10. Experts recommended that empirical analyses be carried out, including in UNCTAD, of the trade implications of ISO 14000 standards as well as on national implementation issues that may have a bearing on international trade.