

Building Bridges: Ethical Standards, Sustainable Development and Trade Geneva, June 12-13, 2003

NOTES OF THE MEETING

The meeting was convened by WWF International, the Rockefeller Brothers Fund, the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH and Pi Environmental Consulting. It was financed by GTZ and the Rockefeller Brothers Fund.

WHY THE MEETING

The next WTO ministerial conference that will take place in Cancun in September 2003, as well as other developments¹ may represent considerable threats and/or opportunities for the existence and the future of Ethical Certification and Labeling (ECL)². For this reason, several stakeholders (Annex III. Participants list) were invited to this meeting in order to address these concerns.

PROCESS

The Chair opened the meeting presenting the objective of the meeting: the identification of activities to minimize the threats and/or maximize the related opportunities in order to improve and enhance ECL. This objective responds to two key issues with which the discussion was initiated:

- The work initiated by ISO on corporate social responsibility (CSR)
- WTO renewed mandate to solve the issue of the relationship between environmental labeling and trade rules

The participants presented a general overview of the issue and activities carried out by different groups. The topics were organized as follow:

- Participants' experience with participation in different standard processes: ISO, CODEX and other SPS recognized standard setting bodies (OIE, IPPC), ISEAL, CLIMATE/ISO.
- Initiatives working on the issue of ethical standard setting by "traditional" institutions: INNI, IISD, UNCTAD³.
- Views of the groups: WWF, Consumers International (CI), Third World Network (TWN), FERN, BUSINESS in general, WTO.

Key issues raised by the presenters and participants' comments form the result of the brainstorming session, which is rendered under Annex I.

2. BRAINSTORMING - SYNTHESIS

A discussion and an enriched brainstorming followed the first overview of the issues⁴. All the comments and inputs of the discussion could be grouped into the following main ideas:

- Threats- Tension between competitiveness and regulation

¹ (i) Strengthened willingness of the WTO to regulate ecolabeling, (ii) the work initiated by ISO regarding Corporate Social Responsibility, (iii) the general growing acceptance that overarching rules should govern all types of what is called ethical labeling and certification, (iv) indications that the rules should be based on an international standardization process to be acceptable by WTO.

² ECL: Ethical Certification and Labeling is the term used to categorize all certification and labeling aiming at demonstrating good social and/or environmental behavior from certified companies. The term « ethic » is not meant to describe certification value based on unclear judgments, but clearly refers to schemes based on rigorous standards with a clear quality assessment.

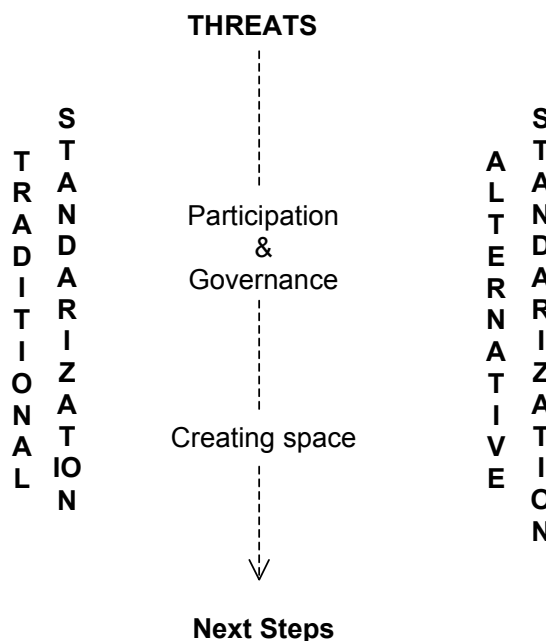
³ The Consumer's Choice Council (CCC) was invited but did not attend.

⁴ The ideas expressed in the brainstorming session are included in Annex I.

- What can standards do? What can they not do? What should they do?
- Governance and stakeholder participation
- Strength/weakness of existing organizations. Power play? Reform/circumvent some organizations?
- Governance of individual organizations. Representativeness/government
- Relationship between different standardization organizations and between those and other institutions (e.g. WTO)

3. TRADITIONAL SYSTEM Vs. ALTERNATIVE

From the group of ideas developed during the first day of the meeting, it was possible to identify the themes of work for the second day of the meeting, which were organized according to the following framework.



THREATS

1. How immediate is the threat of WTO?

The Cancun agenda (September 2003) will focus on agriculture issues and nothing will move before this topic is solved, which is unlikely to happen at Cancun. For this main reason, and others such as the lack of a common position on ecolabeling, it is not likely that any negative decision against ECL will be taken at Cancun.

However, there are proposals to shift the issue from the Committee on Trade and Environment (CTE) (as currently mandated) to the Technical Barriers to Trade (TBT) Committee. This could be a threat in itself due to the lack of transparency of the latter. Besides, surprises are always possible. For these reasons, it is important to have a strategy to keep the debate open (short term) and to proactively find solutions in the middle and long terms. Elements of this strategy include:

- Keep the debate open on what should be the appropriate fora between TBT, CTE or others.
- Communicate with European Union representatives and the Committee on Trade and Environment chair
- Identify and monitor what is happening in TBT
- Involve developing countries experts in the debate within TBT-CTE

The fact that the issue will remain on the WTO agenda creates a middle to long term threat as well. It is therefore important to be proactive in the use of the time “gained” by the realization that the threat may not be immediate.

It was noted that standards are very important for WTO but they should be elaborated outside WTO. The broader the basis for a standard, the better its acceptance by WTO.

2. Many developing countries perceive ecolabeling as a trade barrier.

Several actions could help when addressing this issue. First there is a need to:

1. Acknowledge that some ecolabeling schemes are detrimental for exports from developing countries
2. Acknowledge that most mandatory environmental labeling schemes notified are developed by countries in the South, hence it is incorrect to state that South is ‘against’ environmental labeling per se.

The necessary actions include to:

- Better include Southern actors.
- Clarify (map) national interests/incentives on schemes for different groups of interest.
- Enhance fair trade elements in the schemes in order to maximize benefits to local people promoting: (i) Local certification, (ii) local capacity, and (iii) linkages to markets
- Promote the South-South capacity, including as consumers.
- Promote the discussions on ecolabeling issues in developing countries.
- Develop ownership in ecolabeling by Southern actors, promoting engagement in standardization setting and standardizing bodies.

There is an overall deficit of information in relation to the effectiveness of ECL, particularly for developing countries. In this situation, it is also difficult to promote ECL as an opportunity and not a barrier. A scoping study by developing country representatives could fill some of these gaps.

3. Developing ethical standards by ISO

- The discussion identified that the ISO standardization process is often used to downgrade existing initiatives e.g. in forestry in the past (FSC), and CSR (Social Accountability International (SAI) and the Global Reporting Initiative (GRI)) and climate currently. This is also true for other institutions. For example, Standards Australia International Limited (SAI – as well) recently published their series of CSR standards - the AS 8000 Series.

This may be one of the main reasons why we need to develop some guidelines/institutions to bring some consistency to this field (see below).

- The ISO decision making mechanism is not adequate for ethical standardization because of lack of stakeholder representation.

- There is a need for an inside and an outside strategy (respectively reform / circumvent) about ISO and other institutions. Some groups have an inside strategy (e.g. IISD - CI) but there is overall an absence of an outside strategy by NGOs.

One solution could be to develop criteria to assess whether standardization processes, both traditional and alternative are legitimate for the development of ethical standards

PARTICIPATION & GOVERNANCE

Possibly, the single and most important common element of ECL in general is that participation should happen at all decision making levels. One desirable characteristic of an adequate decision making process for ECL that was identified is a two-tier process. The global/international level and the national/regional one. A decision mechanism should not allow an interest group to dominate the process, nor be dominated by others.

This could respond to:

- WTO needs (broad based standards).
- Developing countries needs.

The development of criteria to assess whether a standardization process is a legitimate ethical standardization process would allow:

- To abandon the distinction between traditional and alternative standardization process.
- To enhance the credibility of ECL.
- Possibly to offer WTO a reference framework in its debate on the relation between ecolabeling and trade.

One necessary condition is that these criteria are developed following the participation principle mentioned above.

The necessity of a “space”, or a forum in which all parties feel empowered to participate and share information, where these criteria could be developed was noted. This caused an extensive discussion which results will be presented in the chapter below.

CREATING A SPACE

What for?

- “Space” for alternative standardization:
 - Objective? The definition of the objective might need a process in itself.
 - Could be ISEAL+ (i.e. with additional participation) or a new structure?
 - Elements: “safe”, independent, around standards.
 - Need for tangible benefits.
- “Space” for multi-stakeholder processes and governance within traditional organizations.
- “Space” for dialogue between initiatives (traditional and alternative)/harmonization/mutual recognition.

Objectives for (alternative) structure

The discussion of the possible objectives and activities of the new structure came with the following ideas:

- Start networking with view to setting up credible alternative to ISO.

- Governance for ECL/ecolabels/Standards.
- Pre-empt preparing (imposing) rules by WTO/ISO.
- Discussion and definition of common grounds.
- Clearing house and ability to meet.
- Create a benchmark for all.
- Survival and recognition through pulling together.
- Protection from industry capture and traditional process interference and takeover.
- Dialogue to address identified threats.
- Friendly forum (in the sense of progressive elements in different organizations that are pro ECL) with all stakeholders to build a mechanism outside WTO to solve threats and maximize opportunities.

Reservations about ISEAL+

- ISEAL: Association of practitioners to enhance their credibility, which is a specific and needed task.
- ISEAL+: risk to dilute this task (lose focus).

Reservations about new structure

- Landscape of ECL not clear enough.
- Start with smaller issues (like CSR).

HOW TO GET THERE?

Ideas concerning the next steps included:

- Organize a meeting to discuss setting up a forum including:
 - A small physical structure.
 - Maybe with sector/issue specific subgroups or start with one issue.
 - Look at generic elements for all sectors.
- Utilize events/threats as an incentive for participation.
- Start on a practical level.
- Convene people who share perception of threats.
- Convene people around standardization + governance.

Roles and needs

To synthesize the elements for the alternative structure and the ideas for next steps, it was generally agreed that its role and activities for the shorter and longer term should be:

Shorter term

- Convener
- Information clearing house
- Intellectual case builder
- Threat assessment + response
- Support network

Longer Term

- Broad coalition
- Home for best practices “standards for standards setters”

6. CONCLUSIONS OF THE MEETING

While the elements above (Creating a Space and Next Steps), are those needed to address the threats, (e.g. create an alliance to counter efforts by ISO to capture all standard setting and to ensure the WTO will not ban ECL practices,) the meeting concluded that the immediate follow up should be:

	Who?
1 Put together the report of the meeting	Pi
2 Present a project proposal which should include:	Pi + Advisory committee
• Scoping report on the impact of ECL in developing Countries, written by southern practitioners	
• A business plan which elements should include:	
• The results of the scoping report	
• Tactical recommendations to address the threats, keeping the debate in the big picture	
• Defining the next steps for “creating a space”	-
• Identification of potential partners and constituencies	
• their possible needs to facilitate their participation in the continuation of the initiative	-
• Creation of a website	
Advisory committee: Heather McGray, Barbara Lang, Dru Meadows, Jason Morrison, Saskia Osinga, Gordon Shepherd	

Notes:

- While the results of the scoping report made by Southern practitioners to identify main issues and possible mechanisms to solve them should be one input into the business plan, the scoping study and the development of the business plan should be carried out in parallel to maximize interaction and time saving.
- The advisory committee is only for developing the term of reference for the project, with the business plan as an outcome. It is not envisaged as an advisory committee for the duration of the project itself.
- It would be good to include people from developing countries in the advisory committee to ensure that the definition of the project benefits from this perspective as well.

FINAL NOTE

It would be beneficial to have governments, particularly trade negotiators know about this nascent initiative. This in itself could help defuse the threat coming from Trade negotiation. The next WTO Ministerial in Cancun could be a good place to share this message

All documents will be circulated to all the participants for comments and input.

Annex I. Summary of organizations overview

1. Standards processes: ISO, CODEX, ISEAL, CLIMATE/ISO

ISO

International Organization for Standardization

- The process is too long
- Stakeholder involvement
- Can it adapt and how?
- Undue business influence
- Moving in to areas of policy relevance

CODEX

- The time to reach consensus is too long
- The process is very expensive
- Focus on issues and not in institutions
- Relevance not always clear
- Stakeholder involvement/resources demanding (resources demanding)
- Indirect influence (examining)

ISEAL

International Social and Environmental Accreditation and Labeling Alliance

- Multi-stakeholder involvement
- Collaboration (much stronger)
- Need for local variation
- Compliance with WTO rules
- There are many organizations working on the same problems and overlapping ideas. Try to work together.

CLIMATE/ISO

- Why is standard making not high on radar screen of NGOs
- Surprise in how influential NGO can be
- Ad hoc nature of the process (individual dependent)
- No interaction of different standards process
- NGO as a group are more efficient
- Importance of government involvement

2. Initiatives working on the issue: INNI, IISD, UNCTAD.

INNI (International NGO network on ISO)

- Reform ISO?
- Circumvent ISO?
- Combination of both?

IISD (International Institute for Sustainable Development)

- Elements in ISO think that rules should change
- Standards should be considered in a commercial policy (relation between buyers and producers)
- PPM
- Increasing regulations
- TC 207 does not have the capacity to do
- Focus in governments
- Focus on processes for developing countries
- How general directors are implemented

UNCTAD (United Nations Conference on Trade Development)

Standards are the major tool in the battlefield of competitiveness

3. Views of the groups: WWF, Consumers International, TWN

WWF

- Where discussion should take place?
- Implications on developing countries
- Maintain/Improve credibility of alternative systems

CI (Consumers International)

- Current situation is a mess
 - There are too many claims

- There is not enough transparency

TWN (Third World Network)

- Is ECL the best way to move towards a Sustainable Development
- Disguised protectionism?
- Who bears the burden of adjustment?
- Not only lack of resources but also of technical capacity

FERN

- Too much attention to the standards
- NGOs need to campaign more
- What do we want from ISO
- Alliance North/South between NGOs to have an acceptable outcome of Cancun meeting more than that only labeling
- Regional trade agreement may be more important than WTO

Business in general

- Identify positive agenda, work with new openness of industry
- Explore ASTM International as a possible forum (more balanced and accessible than ISO)
- Consider appropriate structure for certification bodies
 - Segregation between Accreditation-Standardization-Certification.

WTO (World Trade Organization)

- Systemic importance of Standards for WTO
- Standards are very important but should be elaborated outside WTO
- Do not leave it to the dispute settlement mechanism
- Need for broad based standards (participation)

Additional Ideas

- Why is there a lack of interest in developing countries and NGOs about standard setting?
- What are sustainable development impacts of standard setting?
- In Rio, NGOs had less access but more influence than in Johannesburg (Rio + 10 years) where NGOs seem to have more access but less influence
- Is it the right time to have negotiation on environmental labeling?
- Stakeholder involvement
- If ISO were developing a code of good practice for standardization, NGO would scream, but if ISEAL does it, it is ok. ⁵
- Do we care about WTO rules or do we let the market decide?

⁵ ISO has developed a code: ISO/IEC guide 59

Annex III. Participants List

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