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EXECUTIVE SUMMARY

Standards play an important role in facilitating the harmonization of design and production processes for products and services, and international trade. They are important in assuring consumers and businesses of safety, performance and other desirable characteristics of a product including environmental performance. However in their design or application, they may also create obstacles to trade. As a result WTO members have agreed upon disciplines through the Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary Measures (SPS) Agreements to ensure a balance between the fulfilment of legitimate domestic objectives and avoiding unwarranted restrictions on trade. Environmental standards that are not related to the protection of human, animal or plant life or health are governed by the TBT Agreement. They have evolved in response to concerns about pollution and environmental performance and can apply to products (e.g. ingredients used), production methods (e.g. recycling), services (e.g. sustainable tourism) and even methodologies (e.g. for environmental impact assessments).

Many environmental standards and related labelling measures aim at ensuring environmental performance of products and production processes. They also help in differentiating products and influencing consumer behaviour in favour of environmentally-preferable products (including products made from greener processes). However, the manner of their design and application create a number of challenges for producers from developing countries. This can happen for a variety of reasons. *Firstly,* many environmental standards are set by the private sector and cannot be disciplined by existing TBT rules (that applies to government regulations and voluntary standards). There is also ambiguity about whether the reference of the TBT Agreement's Code of Good Practice to 'non-governmental' standard setting institutions also covers the private sector. Many WTO members believe that they do not. *Secondly,* many private standards relate to process and production methods that do not have a final impact on the characteristics of the product. Such non-product related process and production methods (PPMs) are also, according to many experts, not disciplined by the TBT agreement. *Thirdly,* while compliance with private-sector standards is considered voluntary as they are not legally required by governments as a condition for market-access, they can affect retail presence for exporters. This is because compliance with the standard may be required by the private-sector procurer that places the import order. Thus, even when *de-jure voluntary and non-discriminatory*, such a standard could be *de-facto mandatory as well as discriminatory* as their conditions may be easier for domestic producers to fulfil. Thus private standards can act as a non-tariff barrier as developing country exporters may find it difficult or expensive to fulfil those conditions. This may be due to a number of reasons such as limited financial and technical resources and capabilities, infrastructure and supply-side related concerns of the host economy, burdensome administrative requirements associated with the standard, limited capacity to process and analyse standards-related information, and costs of conformity assessment among others. *Fourthly,* there may be a multiplicity of private standards in various markets even within the same country, each with their own labelling and certification requirements. This leads to market fragmentation and increased compliance costs for exporters, particularly smaller firms. *Fifthly,* there are number of *process-related concerns* with regard to standard-setting. In the absence of strong international standards in the environmental realm, there is sufficient leeway for both governments and the private sector to design standards in a way that may not be scientifically justified and/or reflect developing or ACP countries' realities as well as take on board their concerns and priorities. Further because of capacity constraints, lack of transparency as well as non-consultative standard-setting processes, many developing including ACP countries may be unable to participate in these processes and shape their eventual outcome.

Despite these challenges, there are a number of positive opportunities that may arise from environmental standard setting. Many environmental standards can enable ACP producers to utilise their inherent advantages in terms of low-capital and low-fossil-fuel intensive production methods as well as environmentally-friendly agricultural practices and thereby differentiate their products in a competitive marketplace. Environmental standards of various types are increasingly becoming the norm, and the trend is for standards to begin as voluntary private initiatives but quickly take on a de-jure or de-facto mandatory character. Hence, an early monitoring of developments in public and private standards-related processes could enable ACP countries to proactively engage with standard-setters and processes that may ensure a more positive outcome as compared to a reactive approach. Once standards are set, there could be a number of ways to ensure that costs are minimised, flexibility is shown and financial and technical assistance provided. But influencing the standard-setting processes (including their transparency) well in advance could ensure a more effective, meaningful and 'development-friendly' outcome. Such avenues for proactive intervention arise in both the WTO, particularly in the context of the 'post-Bali' work programme following the successful conclusion of the 9th WTO Ministerial Conference in Bali in Dec 2013 as well as in other non-trade related forums such as standard-setting forums or through bilateral and regional negotiations and consultations.

This paper discusses two areas of environmental standard-setting where ACP countries could target their policy intervention to ensure positive sustainable development outcomes while minimising their potential adverse trade effects. **The first is product carbon footprinting** based on greenhouse gas emissions associated with the life-cycle of a product. This is a relatively recent development and still in its early-stages. It began with the setting of labelling requirements based on 'food miles' in UK supermarkets-a measure that has been criticised and has largely lost momentum ((with the exception of airplane stickers still being used in certain supermarkets).It is now sought to be replaced by more comprehensive life-cycle based standards and labelling initiatives. **The second area of standard-setting relates to standards for organic agricultural products (or organics).** This has been more well-established (with numerous government regulations worldwide including in the EU) and clear trade benefits and opportunities for ACP countries already exist. However, there is potential to expand these still further. Both PCF and organic standards are 'process-related' designed to address environment, health and related consumer concerns largely by influencing consumer behaviour and purchasing decisions. Product-carbon footprint standards (PCF) are linked to a global environmental problem, namely climate-change and seek to reduce greenhouse gas emissions by influencing consumer behaviour. Organic standards, on the other hand, seek to respond to more immediate health and environment-related concerns involved in the production of agricultural commodities. Both standards (even product carbon footprint standards that in principle apply multi-sectorally) have an impact on the agricultural and food-sector which is a major sector of export interest to most, if not all ACP countries.

A review of the standard-setting and related implementation processes in these two areas would be useful for ACP countries in order to draw lessons and identify critical issues, challenges and opportunities to craft suitable strategies for intervention in various forums including at the WTO. While doing so, the ACP group could also draw upon a number of useful principles that have been developed in the context of international environmental frameworks. The1972 Stockholm Declaration emphasised the need to consider "the applicability of standards which are valid for the most advanced countries but which may be inappropriate and of unwarranted social cost for the developing countries."[i] In the 1992 Rio Declaration, states agreed that "environmental standards, management objectives and priorities should reflect the environmental and developmental context to which they apply," that "the special situation of developing countries, particularly the least developed and those most environmentally vulnerable, shall be given special priority, and that standards used by some countries "may be inappropriate and of unwarranted economic and social cost to other countries, in particular developing countries."[ii] This is reflective of the principle of **Common but Differentiated Responsibilities** that emerged from the Rio Declaration and is also enshrined in the 2012 Rio +20 Outcome document, 'The

Future We Want.' It is recognised as an important principle guiding negotiations on climate change mitigation and adaptation under the United Nations Framework Convention on Climate Change (UNFCCC). The principle recognises historical differences in the contributions of developed and developing States to global environmental problems, and differences in their respective economic and technical capacity to tackle these problems. Despite their common responsibilities, important differences exist between the stated responsibilities of developed and developing countries. In terms of standard-setting, it also translates into differentiated environmental standards depending on a range of factors, including special needs and circumstances, future economic development of countries, and historic contributions to the creation of an environmental problem.

There are also a number of multilateral environment related initiatives that could aid ACP countries in the realm of both carbon footprint as well as organic standards. One is the Green Economy initiative. UNEP has defined the green economy as one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities.

The Rio +20 Outcome Document cautions that Green Economy policies should not result in 'arbitrary and unjustified discrimination' and a 'disguised restriction' on international trade. At the same time it also focuses on the positive opportunities from a green economy in terms of creating markets, improving market access and enhancing economic and social development through trade. UNEP's Green Economy and Trade report also highlights a number of opportunities in agriculture, renewable energy and forestry that developing countries could harness.[iii] There are also a number of initiatives for reducing carbon emissions reduction discussed under the UN Framework Convention on Climate Change (UNFCCC) that ties into green economy opportunities for developing countries and in turn could have positive links to product carbon footprint standards through offsetting. These include the Clean Development Mechanism (CDM) and Reducing Emissions from Deforestation and Forest Degradation (REDD +).[1]

At the WTO, the work programme to be agreed upon under the post Bali outcome will play an important role in shaping opportunities for trade-policy related intervention on carbon footprint and organic standards. From an environmental standards perspective, there could be a few take aways from the Bali outcome for ACP countries-*firstly*, the monitoring mechanism[2] seems to be a useful outcome particularly with regard to standards-related provisions where ACP countries may benefit from special and differential (S&DT) treatment provisions (particularly within the TBT and SPS Agreements). *Secondly*, the decision to give special consideration to the issues of small economies would presumably build on the work to date in the Committee on Trade and Development that

[1] The CDM under the Kyoto Protocol to the UNFCCC enables low-carbon projects including renewable energy, energy-efficiency and afforestation and to earn carbon credits called certified emission reductions (CERs). CERs can be traded and sold, and used by industrialised countries to meet part of their reduction targets under the Kyoto Protocol. REDD+ is a set of policy approaches and positive incentives designed to reward developing countries for strengthening the mitigation potential in their forests. Under the scheme, financial incentives are offered to developing countries that slow, halt and reverse emissions from deforestation and degradation, while investing in low-carbon paths to sustainable development. REDD"+" also includes the conservation, sustainable management and enhancement of forest carbon stocks, the importance of which was acknowledged in the Rio+20 Outcome Document (Para 193).

[2] The monitoring mechanism on S&D treatment is to serve as "a focal point within the WTO to analyse and review all aspects of implementation of S&D provisions". In addition, in cases where the review of implementation identifies a problem, "the Mechanism is not precluded from making recommendations to the relevant WTO bodies for initiating negotiations on the S&D provisions that have been reviewed under the mechanism." However, "such recommendations will inform the work of the relevant WTO body, but not define or limit its final determination." Extract from "*ACP aspirations and expectations and the outcome of the Ninth WTO Bali Ministerial Conference*", Agritrade Special Report, Dec 2013

focussed on non-tariff measures.[3] *Thirdly,* the re-affirmed commitment to the Aid for Trade initiative provides opportunities to the ACP countries to weave in measures aimed at strengthening their capacity with regard to complying with and implementing standards (including private standards). *Fourthly,* a process towards the distillation and consolidation of recommendations on trade and technology transfer could open a more effective leverage for transfer of environmentally sound technologies as already requested by many developing countries and some ACP Members.

Finally, the work programme to be established on resolving the remaining issues of the Doha round could also enable the ACP group to bring up specific issues and concerns with regard to organic and carbon-labelling that could feed into existing processes of the CTE's regular work programme on environment and eventually result in meaningful recommendations that would benefit them. Relevant portions of this work programme will include discussions on 'the effect of environmental measures on market access' especially in relation to developing countries and labelling requirements (including for environmental purposes) under the Committee on Trade and Environment's (CTE) regular work programme under Para 32 (i) and (iii) of the Doha Ministerial Declaration. Also relevant are negotiations pursuant to Para 31 (iii) on the liberalisation of trade in environmental goods and services under the CTE special sessions. Para 31 (iii) calls upon members to 'reduce' or as appropriate 'eliminate' tariffs and *non-tariff barriers* on environmental goods and services. The paper will discuss later how this could provide a window of opportunity for facilitating trade in organics without the need to discuss process and production methods (PPMs) that has been a concern for many delegations and has constrained the inclusion of organic products in these talks (as for the purposes of tariff-reduction there is no way to distinguish organic from non-organic products).

Product Carbon Footprinting Standard-Setting and Implementation Initiatives

The early origins of PCF initiatives lie in the 'food miles' concept that evolved between 2000 and 2010 as EU retailers and consumers in Europe voiced concerns with regard to the sustainability of globalised supply chains and the environmental, particularly climate impact of air-freighted products, including from the developing world. In response a number of retailers, particularly in the UK, started introducing labels for products air-freighted to the UK and pledging more local sourcing. There were also moves by the Soil Association in the UK to consider disallowing organic certification for air-freighted produce. This was subsequently withdrawn in the face of criticism with regard to impact on developing country producers and the 'food miles' concept was re-evaluated in light of scientific and other studies that showed the need to consider the bigger picture and look at the whole life cycle of products. In such cases, air freighted fruits, vegetables and flowers were shown to have a lower carbon footprint as compared to similar produce grown in greenhouses in Europe that consumed fossil-energy. Transport such as shipping over long distances e.g.: from New Zealand to Europe (and is often not an option for highly perishable products) had a lower carbon footprint than trucking the same

[3] For text of the draft proposal that was submitted to Ministers at the 9th Ministerial Conference in Bali, please see WT/COMTD/SE/8. The report of the Dedicated Session of the CTD to the General Council dated 7 Nov 2013, proposed that Ministers take note of the work carried out since 2011 including that on the effects of non-tariff measures on Small Economies and instruct the CTD to continue its work in Dedicated Sessions under the overall responsibility of the General Council.

produce between nearer points, e.g.: between Spain and Germany. Because of this realisation, there was a move led by voluntary private initiatives towards footprinting the entire carbon life-cycle of products and find effective ways of communicating them to consumers.

In addition to product carbon footprinting there are also measurements of carbon footprints for companies or projects as a whole. However the paper will focus on product carbon footprinting given is more immediate trade relevance.

While discussing PCFs, it is important to distinguish between **firstly, methodologies or framework standards for PCFs and related product category rules (PCRs)**[4] and secondly **PCF implementation-related initiatives such as certification and labelling schemes** whereby PCFs are implemented and communicated to businesses or consumers (that may or may not be based on these methodologies and PCRs). In some cases one entity such as a supermarket chain may develop their own methodology as well as launch PCF implementation initiatives based on that methodology. Most PCF methodologies are based on the Life Cycle Analysis (LCA) for which the International Standards Organisation has developed the ISO 14044 standard. There are very few PCF methodologies developed. One that has been used extensively on an international level has been the PAS 2050, a public methodology developed by the British Standards Institute and published in 2008. Another significant development has been the publishing of an ISO technical specification on 21 May 2013, comprising principles, requirements and recommendations for the quantification and the communication of complete as well as partial product carbon footprints. Originally it was sought to be published as a full-fledged standard (ISO 14067) but failed to get sufficient support from participating countries. By May 2016 the Technical Specification shall be reviewed and either be confirmed for another three-year period, be revised, be withdrawn or enter the development process of an international standard again. It is recommended by ISO that after six years a Technical Specification should be either withdrawn or converted into an international standard.[iv] In addition to PAS 2050 and ISO 14067 there are a few other methodologies that have been developed in the public and private spheres. These include the GHG Protocol (developed by the World Business Council for Sustainable Development and World Resources Institute), the Product Environmental Footprint Methodology (European Commission), BPX 30-323 (French Environment and Energy Management Agency (ADEME) and Organization of the French Standardization System (AFNOR), AB-Agri GHG Modelling (AB-Agri, UK) and Stop Climate Change (Agra-TEG), Germany and the Swedish Climate Certification for Food Standard.
In addition, there are a number of implementation-related initiatives launched by public entities, certification companies or supermarkets that are based on one or more of the above methodologies or in some cases their own methodologies. While most initiatives are voluntary, the Grenelle Acts in France intend to eventually make carbon labelling mandatory for consumer goods. The reason this has not so far happened appears to be a realisation, based also on feedbacks and pilot-tests carried out in France with various companies, that there will need to be greater harmonisation in terms of the various methodologies that exist and databases that are used to carry out footprinting. Further complexity and costs of PCF implementation initiatives (including measurement, certification and labelling) will also need to come down before product carbon footprinting can be adopted on a much wider scale.

[4] PCF methodologies by themselves may not be sufficient to address issues specific to certain products or product groups. Hence product category rules (PCRs) have been developed. These are sets of rules and guidelines applicable to specific groups of products that can fulfil equivalent functions and have similar inputs and processes and therefore also require a similar set of rules for calculating their environmental or climate impacts

While life-cycle based PCF initiatives may not have an immediate impact on ACP exports, there is no guarantee it might not do so in the future, particularly on the food sector if the French Grenelle laws do indeed become mandatory. According to European Commission trade figures, the EU alone imports 40% of Sub-Saharan Africa's agricultural exports – including nuts, fresh-cut flowers, tea, coffee, citrus fruits and vegetables. There are a number of issues and lessons that emerge from a review of literature focussing on the methodologies and standard-setting processes that could be useful for the ACP group to consider in terms of formulating a response in different forums. ***Firstly*** there will need to be greater harmonisation among various PCF methodologies and further simplification of the measurement and data collection process. ***Secondly,*** PCF methodologies will need to incorporate factors that will make it relevant to conditions in developing countries as well as reflect the inherent advantages of the production methods. For e.g.: PAS 2050 excludes use of capital goods from an assessment of product life cycles which artificially shrinks footprint of goods produced by capital-intensive methods and imparts a bias against labour-intensive production practices of developing countries. In addition ensuring relevance to developing including ACP countries also necessitate the creation of databases for tropical regions and regional land-use change to enable reliability of PCF results. Further, only recent land use change (after 1990 for PAS 2050) is calculated for carbon footprints. This places a far greater burden on tropical developing countries than on developed countries that were largely deforested decades or centuries ago. A World Bank study applying PAS 2050 to exports of selected agricultural products from Zambia and Mauritius found a significantly higher footprint for Zambia as land-use change occurred after 1990.[v] Offsetting which opens up opportunities for ACP countries to advertise their products as 'climate-friendly' have also not been included in many PCF schemes. ***Thirdly,*** given the need for third-party certification costs will need to come down further and consideration should be given to schemes like group-certification for small producers. ***Fourthly,*** PCF certification and labelling need to be made simple as well as more 'development-friendly' and more relevant to environmental protection. For example: A number of supermarkets still use airplane stickers to advertise air-freighted produced which gives a misleading picture to consumers regarding the environmental attributes of the product. Further, a recent TESCO survey has found that nearly two-thirds of Tesco's product emissions are generated by customers and a minority of high-impact products – just 139 out of the 70,000 it sells in the UK. Laundry goods, dairy and meat had a particularly high impact[vi] and they do not feature very high, if at all, in most ACP countries' export baskets. In this context, it is questionable if requiring product carbon labelling for all imported products is worth the cost and effort in terms of compliance and certification. Instead ACP countries could be allowed by retailers to develop their own flexible 'sui-generis' labelling initiatives, duly certified by a third-party, in order to advertise the inherent low-carbon nature of many production processes (as well as relevant carbon offset projects if applicable). The ISO 14067 guidelines provides for flexibility of communication options. The UK-based Carbon Trust's label also provide some degree of flexibility in that producers need not indicate exact carbon amounts- only that measurement has been carried out and a separate label can indicate that reduction efforts are being made. Such labels that do not attempt to show precise quantities of carbon emissions may provide greater flexibility for small producers in ACP countries. It will also be simpler for consumers to grasp. One implementation scheme, namely the Swedish Climate Certification for Food Standard is particularly noteworthy for 'development-friendliness' as it contains a number of provisions that grant special as well as differentiated treatment to countries with a low Human Development Index (HDI).[vii] ***Fifthly,*** there should be efforts at greater transparency (on methodologies, databases, average certification costs etc.) and more efforts to involve external stakeholders, to the extent feasible particularly for private-sector PCF schemes. A good example is the Sustainable Ethanol Initiative operated by SEKAB in Sweden where the Brazilian producers were consulted and the initiative was developed in close collaboration with them.[viii]

Organic Standard-setting and Implementation Initiatives

Organic agriculture has a long tradition stretching back to the early 20th century. The International Federation of Organic Agriculture Movements (IFOAM) has defined Organic agriculture as '…a production system that sustains the health of soils, ecosystems and people. It relies on ecological processes, biodiversity and cycles adapted to local conditions, rather than the use of inputs with adverse effects.'[ix] Global sales of organic products have continued to rise reaching USD 63 billion in 2011 according to Organic Monitor, a 25.1 %increase since 2008 since the start of the economic crisis. Demand for organic products is dominated by North America and Europe, which together account for more than 90% of sales.[x] Africa accounts for the largest number of small-holder producers (more than half a million) in organic agriculture but farming only 3 % of the world's organic land. Almost all of certified organic production is exported, particularly to the EU.[xi] The main certified crops in Africa are coffee, olives, cocoa, oilseeds, and cotton. There is a growing realisation among African policy-makers that organics could play an important role in addressing food-insecurity, poverty and climate change in Africa.[5] Samoa has the highest percentage of organic land among Pacific island members of the ACP Group (11.9 percent constituting 11.8 percent) followed by the Solomon Islands (1.6 percent) with the third largest percentage of organic land after Australia. The main exports from the Pacific islands are vanilla coconut and tropical fruit and the main markets are Australia and New Zealand due to their proximity with Japan as a fast growing market. Other notable markets include the EU and the US.[xii] Among Caribbean countries the major organic producing country is the Dominican Republic with 9.5 percent of its land under organic cultivation. The main products exported from the Latin American and Caribbean region are coffee, cocoa, banana and quinoa (from tropical and mountain ecosystems) and meat and wool (from pastures).[xiii]

Organic standard-setting has its origins in a 'bottom-up' process involving private actors, mainly farmers associations who were involved both setting as well as certifying standards. Slowly there emerged certification bodies to independently certify these private standards which formed the basis of further development of organic standards. The first formal international movement in organic agriculture can be traced back to 1972 with the formation of IFOAM. It has become the global umbrella movement for organic agriculture that has set standards, policies, definitions and positions in consultation with its members that cover whole spectrum of the sector in the majority of countries around the world. Thus, despite the emergence of numerous private and public organic standards worldwide, IFOAM has provided reference benchmark of 'acceptability' against which these standards have been tested. IFOAM documents are also seen as credible source texts for reference material on organics. The IFOAM Basic Standards was formulated in 1980 and influenced many subsequent standards and national regulations. In 2011, the IFOAM Standards Requirements, also called the Common Objectives and Requirements of Organic Standards (COROS), were developed as a joint venture of the IFOAM Organic Guarantee System (OGS) and the GOMA (Global Organic Market Access)

[5] 2012 was a significant year for Africa, particularly because the Action Plan of the Ecological Organic Agriculture (EOA) Initiative has been implemented on a pilot basis in six countries: Kenya, Tanzania, Uganda, and Ethiopia in eastern Africa; Nigeria in western Africa; and Zambia in southern Africa. At the Second African Organic Conference held in Lusaka, Zambia, in May 2012, "The Lusaka Declaration on Mainstreaming Organic Agriculture into the African Development Agenda" was adopted. Willer, H. Lernoud, J. and Home, R. (2013).*The World of Organic Agriculture 2013-Summary*, FIBL and IFOAM.

project undertaken by FAO, IFOAM and UNCTAD. The COROS is intended for use in international equivalence assessments of organic standards and technical regulations and it is the basis for assessing equivalence of standards for inclusion in the IFOAM Family of Standards (a list of all organic standards and regulations approved as equivalent to the COROS). IFOAM has also developed a seal that can be used on products.

Today there are 86 countries with fully implemented national legislations and 26 countries which are in the process of drafting organic standards legislation.[xiv] Among the ACP, only the Dominican Republic has organic legislation. The number of private sector standards in 2011 was 121.[6] The major regulation at the regional level affecting ACP organics export is the EU regulation which was first introduced in 1991 (as EU Council Regulation 2092/91) and went through a transformation in 2007. The main regulations today are EU Council Regulation 834/2007 and EU Commission Regulation 889/2008. The EU Regulation has gone through a series of amendments and a revision process is presently underway.[7] The regulation is applied in all EU states; hence all organic production has to meet these requirements as a baseline. Private standards within the EU often add additional requirements that exporters need to meet. The use of the EU logo is also mandatory for all products packed inside the EU and provides for showing the origin i.e. whether 'EU', 'non-EU' or mixed and also individual countries if all ingredients are produced inside the country. The EU presently allows three routes for organic imports: (i) Import from a list of countries ('third-country' list) whose organic legislation is accepted as equivalent to the EU[8] (ii) If the products are imported after certification by a certification body accepted by the EU[9] and (iii) By means of the so-called 'importer derogation' organic products are allowed for import into the EU if the importer can prove to the EU authorities that the production is organic and the certification body that has done the certification can be accepted. While most organic products were imported into the EU based on this option, it is due to be phased out as of 1st July 2014, when it is foreseen that the system with accepted certification bodies are fully enforced. The US National Organic Programme (NOP) and the Japanese Agricultural Standard (JAS) are also mandatory public standards, which like the EU regulation lay down the 'minimum' conditions of access to their markets and also require certification by approved certifying bodies. All the major organic markets-the EU, US and Japan have options for recognising certification bodies operating outside the country. The technical requirements are difficult to meet and the associated fees are also high. Maintaining

[6] A good overview and additional details of these regulations and standards are provided in Leu, André and Mattson, Eva, Organic Fruit and Vegetable Production in ACP Countries, COLEACP Training Manual

[7] The revision process started with three hearings at the Commission in 2012. In January 2013, a consultation for the review of the European policy on organic agriculture was launched by the European Commission. Willer, H. Lernoud, J. and Home, R. (2013).*The World of Organic Agriculture 2013-Summary*, FIBL and IFOAM.

[8] Presently there are 10 countries Argentina, Australia, Canada, Costa Rica, India, Israel, Japan, New Zealand, Tunisia and USA on the 'third-country' list. Leu, André and Mattson, Eva, Organic Fruit and Vegetable Production in ACP Countries, COLEACP Training Manual

[9] So far 30 certification bodies recognized to have a standard and certification system which is equivalent to the system in EU have been accepted. It is expected that several more certification bodies and activities in many more countries will be included in the coming years. Annex IV of EU Regulation No. 1235/2008 provides a list of these certification bodies as well as the countries they are authorised to certify. There is only certification body based in an ACP country which is Uganda Organic Certification authorised to certify for Uganda.

recognition and accreditation thus requires substantial financial capacity and personnel from the certification agency. Many ACP countries lack local certification bodies. There are only 19 certification bodies in Africa. The Caribbean has very few certification bodies and Pacific region has certification bodies based in Australia and New Zealand that certify for the region. There are a number of participatory guarantee systems (PGS) that are locally focussed quality assurance systems and certify based on stakeholder participation and are built on a foundation of trust, social networks and knowledge exchange. Such schemes are more accessible to small producers. While their number has been growing (about 40 as of 2012) they have not yet received wider recognition accorded to more formal 'control systems.'[10]

In addition to the EU and national regulations, there are numerous private standards and certification requirements that lay down their conditions in order to be able to marketed as 'organic' using their label. Private standards have a number of advantages such as better suitability for local eco-systems and culture as they are set in the specific region in which the certification body operates. Further small private standards are also more dynamic, amenable to changes and can react better to new developments. This has resulted in private standards being able to cover sectors not covered by regulations such as textiles, aquaculture, restaurants, cosmetics etc.[xv] Examples of private organic standards in Europe include the Soil Association in the UK, Biosuisse in Switzerland and Naturland in Germany. Many of these standards have their own separate certification requirements from national requirements. These multiple certification requirements raise costs for small producers from developing ACP countries. In addition many private organic schemes have additional requirements (such as protection of biodiversity, animal welfare and fairtrade). Some of these requirements can also create additional compliance costs. Further certain organic private schemes (e.g.: Biosuisse in Switzerland) prefer products from nearby countries and do not confer their label on allow airfreighted organic products or products where the entire processing is done abroad. Such overly stringent criteria can hinder market access opportunities for ACP exporters.

Two interesting examples of developing country-driven regional organic standards and related labels are both from the ACP and include the East African Organic Product Standard (EAOPS) adopted by the East African Community (EAC) Council of Ministers in 2007 and the Pacific Product Standard (POS) launched in 2008. Both are voluntary standards and reflect regional conditions and production systems and were developed after extensive consultations among public and private stakeholders.[11] The EAOPS is recognised as a public standard in Burundi, Kenya, Rwanda, Tanzania and Uganda and has also been found to be in full compliance with the Codex Alimentarius Guidelines and IFOAM Basic Standards.[12] Similarly In 2010, IFOAM's International Organic Accreditation Services (IOAS) found the POS, after a

[10] In Africa alone, it is estimated there are 3000 farmers involved in PGS. The complete PGS dataset is available on the IFOAM Online Global PGS Database and is regularly updated. http://www.ifoam.org/en/global-online-pgs-database

[11] The development of the EAOPS was facilitated by a unique process organised with the co-operation of the UNEP-UNCTAD CBTF and the International Federation of Organic Agricultural Movements (IFOAM).

[12] For some issues, the extent of compliance may be a question of interpretation. For certain criteria (e.g.: conversion periods) the EAOPS doesn't comply with the compared standards. Leu, André and Mattson, Eva(2012), Organic Fruit and Vegetable Production in ACP Countries, COLEACP Training Manual

few corrective actions, to be equivalent to the EU Regulations.[xvi] Even so, recognition of these standards as 'equivalent' by the EU and other major import markets has been elusive. The GOMA project is presently trying to get the EAOPS accepted as equivalent by the EU. One of the challenges is the lack of separation of EU equivalency determinations of standards and conformity assessment systems. Under the EU import approval system; there is no avenue for the EAC to submit the EAOPS because a common organic conformity assessment system comprising accreditors and supervision of certification has not yet been developed. Thus the East African region does not fit into the category of a third-country list.[xvii]

From an ACP perspective harmonisation, mutual recognition and equivalency efforts for their regional standards will be an important step towards enhanced market access. But what will also matter are the nature of mutual recognition and equivalency agreements signed among the major organic markets. The 2012 US-EU mutual recognition agreement of organic systems is a significant step as is the 2008 US-Canada equivalence agreement. The EU-US MRA however does not, for example, allow ACP exporters that acquire EU certification to export directly to the US. Instead the product will need to undergo further processing in the EU before it can be exported to the US. However, this could further boost EU and US processing of organic ingredients imported from ACP countries (that are certified either to the US or EU standard). The US-Canada equivalency agreement has no such restriction and any ACP exporter certified, for example, to the US standard could export directly to Canada.[xviii] According to the EU-Canada equivalency agreement signed in 2011, organic products originating from European Union member states are accepted in Canada without additional requirements other than those related to labelling. However, the agreement does not permit imports from third-countries (certified in accordance with either the EU or Canadian regime) into either party without re-certification. The Canadian Food Inspection Agency (CFIA) will soon publish interpretations relating to the EU-Canada agreement in order to specify whether processed products to be accepted for sale in Canada may contain ingredients originating from EU countries only or also from third countries.[xix]

Thus some of the main issues and challenges with regard to organic standards and certification appear from a review of some of the literature on the organic agricultural sector including standard-setting and certification to be: (i) **the proliferation of private standards with additional requirements** (ii) **the high costs associated with the recognition of locally-based certification bodies and lack of recognition of lower-cost participatory guarantee schemes** (iii) **trend towards 'localisation' and 'buy-local' campaigns** (iv) **a need for better and well-organised data collection on organic cultivation in many ACP countries.** This could enable more farmers who may already be practising organic agriculture to benefit from certification and export development efforts (v) **a need for further growth of harmonisation, mutual recognition and equivalence schemes that benefit ACP countries. They could also include agreements concluded between third-country markets either stand-alone or as part of free-trade agreements and 'mega-regionals.'** (vi) **A need for greater transparency with regard to organic standard-setting processes particularly among private-sector initiatives** (vii) **Limited scope for ACP countries and suppliers to participate in organic standard-setting processes in major markets such as the EU, US and Japan.** While such participation may not always be feasible for

private-sector led-initiatives, efforts could be made by private sector entities to reach out to suppliers and ensure that their concerns and perspectives are taken on board.

Looking Forward: Policy Options and Opportunities for Strategic Intervention by ACP Countries

The importance of environmental standards is set to grow in the post Rio+20 scenario and a proactive strategy could bring green economy benefits to ACP countries as well. However the immediate challenges with regard to transparency, implementation capacity and costs will remain. New environmental issues are slowly emerging on the horizon as candidates for standard-setting activity. For example the French Grenelle laws provide for one additional criteria such as water use and biodiversity impact to be added in conjunction with the reporting of a products carbon footprint. Non-profit organisations such as the Water Footprint Network, for instance, have proposed global standards for companies to calculate water consumption. But the major industries are still some way from agreeing a common approach.[xx] The Finnish firm Raisio Group is the first initiative in the world to develop a water footprint for its products.[xxi]

Drawing on lessons from a review of PCF and organic standard-setting and implementation processes the following options for policy related intervention could be considered by ACP countries. These options mainly focus on trade-related processes relevant to ACP countries that could be pursued at the WTO, bilateral and regional processes such as the EPA negotiations or consultations through the EU –ACP joint sub-committee on trade. In addition, certain options could also be pursued at standard-setting bodies like the ISO. The options also draw upon and can contribute to environment-related frameworks such as Rio+20 outcome and the Green Economy as well as climate negotiations at the UNFCCC. Many are based on established principles like common but differentiated responsibilities (CBDR) as enshrined in the Rio+20 outcome document and the UNFCCC as well as special and differential treatment for developing and least-developed countries as recognised under the WTO system.

With regard to improving information flows and transparency, the ACP group could explore:

- **Setting up an ACP-standards observatory based in Geneva** to: (a) Monitor standards-related developments (including private standards) in collaboration with relevant institutions[13] (b) Compile and update lists of important retailers and private entities of interest to ACP suppliers and regularly liaison with them to find out information as required about current or planned standards and certification initiatives. (c) On the basis of information collected and analysis, to categorise priority standards and certification initiatives of medium to high impact so that ACP governments and suppliers can be alerted. (d) Facilitating possible participation and provision of inputs into standard-setting processes for suppliers and relevant ACP government agencies. The observatory can also send out technical assistance requests to relevant agencies and donors in close co-ordination with the ACP Secretariat.
- **Enforcing existing standards notification mechanisms at the WTO and better utilisation of initiatives aimed at collecting and organising data:** such as the recent Transparency in Trade Initiative[xxii] launched jointly by the African Development Bank (AfDB), UNCTAD, ITC and World Bank and the UN Forum on Sustainability Standards.[14]

[13] These could include for example WTO,UNCTAD, ITC, World bank, AfDB and the EU Help Desk

[14] The UNFSS is a platform created to provide information and analysis on voluntary sustainability standards (VSS) or "private standards" related to occupational safety, environmental, social or animal welfare issues. Further details are available on the UNFSS website: http://unfss.org/about-us/objectives/

- **Making better use of the WTO TBT Committee for discussion and exchange of views:** for example, involving in the same workshops- delegates, standard-setters (including private entities) and also affected exporters or producer representatives.
- **Pushing for greater transparency with regard to private-sector standard-setting initiatives:** both for product carbon footprinting as well as organics pursued through appropriate channels.
- **Explore ways to ensure that the WTO's TBT Code of Good Practice is made more effective and ways of ensuring better utilisation of the ISEAL Codes of Good Practice**

With regard to pursuing and encouraging harmonisation, mutual recognition and equivalency initiatives, the ACP Group could explore:

- **Mutual recognition or equivalency agreements with major markets for organics as well as any eventual PCF standards**: in the context of a multilateral agreement, within regional agreements such as the EPAs or a stand-alone agreement. The COROS and WHO guidelines could be used as 'reference' benchmarks.
- **A 'sectoral chapter on NTBs Affecting Organics' as an outcome under Para 31 (iii) of the Doha negotiations on environmental goods** : Such as chapter or 'annex' to an eventual environmental goods agreement could be one way of considering multilateral mutual recognition or equivalence frameworks for organics. If not immediately feasible such a chapter could alternatively lay out a timetable or framework for such an agreement. This could facilitate recognition of regional standards such as East African Organic Product Standard and Pacific Organic Standard based on COROS and WHO/FAO Codex Alimentarius Guidelines.
- **Consultations with the EU to reconsider its present system of recognising 'equivalence' for organics:** by having separate systems for 'standards' and 'conformity assessment.' This could facilitate recognition of standards such as the EAOPS and POS as 'equivalent without requiring a conformity assessment (comprising accreditors and supervision of certification) to also simultaneously be in place. It will also facilitate the inclusion of regional ACP groupings in the EU's 'third-country' list and provide further encouragement for development of regional organic standards in the ACP.
- **Pursuit of eventual mandatory national or regional legislation for organics including for existing voluntary standards:** this could facilitate recognition of 'equivalency' status by the EU. So far the Dominican Republic has mandatory national legislation on organics.
- **Developing 'sui-generis' zero-or low carbon labelling schemes**: that advertise inherently carbon-friendly properties of a product after due certification. Such schemes could also tie into offset projects based on CDM or REDD+. This would be a win-win for (i)the producer of the product (ii) for the host ACP country (that gets offset-related investment benefits) (iii)for the importing country (that earns carbon credits) and (iv) for corporate entities involved in sourcing from ACP countries (who can lower their supply-chain carbon footprint and advertise this). Such a scheme would be a good example of 'green-economy' benefits arising from labelling.[15]

[15] Such 'self-advertisement' labelling schemes already exist. The chocolate manufacturer Swiss Confisa carries a 'carbon neutral' label on its chocolate products advertising that all CO2 emissions

- **Considering possibilities for a global organic label:** that could be used by members of a multilateral MRA on organics. The IFOAM label could for example be used for this purpose or suitably adapted. This could enable consumer confidence and visibility as an 'organic' product based on a global standard whether or not a private certification is obtained.

With regard to consultations and dispute resolution, the ACP Group could explore:

- **A horizontal mechanism within the WTO to resolve disputes on NTBs relevant to agriculture and food products**: through consultation and mediation similar to the proposed horizontal mechanism for negotiating group on non-agricultural market access (NAMA).[16]
- **The establishment of mechanisms of enhanced cooperation, consultation, mediation and arbitration:** for organic products similar for example to the EU-US Wine agreement.[17] This could also be discussed as part of the EPAs
- **Consultations on standards-related issues could take also place within the framework of the ACP-EU Joint sub-committees on trade**

With regard to technical assistance and capacity-building measures, the ACP Group could explore:

- **Technology-transfer, co-operation and capacity-building for domestic certification and traceability schemes**: Such assistance could be for hardware and software required for creation of domestic certification firms in ACP countries, particularly least-developed ones. Another area could be technologies and systems for traceability that would help the ACP in many areas of food-standards. Further areas for technology transfer and co-operation could be identified based on needs. Such assistance could help build domestic certification bodies of sufficiently high quality required for recognition of 'equivalence' (for e.g.: in organic certification) in major importing markets.
- **Enhanced or strengthened Standards and Trade Facility (SDTF)[18] or STDF-type mechanism to enable implementation of particularly problematic TBT standards including private standards:**

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resulting from the production of a chocolate bar are being offset by cocoa farmers through rainforest reforestation. For details on such projects see http://www.purprojet.com/en/about-us

[16] See TN/MA/W/103/Rev3, Dec 2008 and Summary | Non-Agricultural Market Access (NAMA) Report, ICTSD Bridges Weekly Trade News Digest, 27 April 2011. http://ictsd.org/i/news/bridgesweekly/105093/#sthash.tEFjT9xC.dpuf

[17] The EU-US Wine Agreement concluded on 3 October, 2006 aims:
a) to facilitate trade in wine between the Parties and to improve cooperation in the development and enhance the transparency of regulations affecting such trade;
(b) to lay the foundation, as the first phase, for broad agreement on trade in wine between the Parties;
(c) to provide a framework for continued negotiations in the wine sector. For details see: http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=1801

[18] The STDF, housed within the WTO, is a global partnership that supports developing countries in building their capacity to implement international sanitary and phytosanitary standards, guidelines and recommendations as a means to improve their human, animal and plant health status and ability to gain and maintain access to markets. The partners involved in the facility include the FAO, the World Organisation for Animal Health (OIE), the World Bank, WHO and WTO. Additional relevant organisations with expertise in organic agriculture and product carbon footprint standards could be considered as partners for an enhanced standards and trade facility. For details see: http://www.standardsfacility.org/en/index.htm

Such support could also be pursued as part of post-Bali Aid for Trade efforts and be supported by or co-ordinated with EU programmes such as the ACP-EU TBT programme.[xxiii]

- **Specific technical/financial assistance initiative in the context of product carbon footprinting initiatives:** for instance free 'test-piloting' of PCF and related initiatives in ACP countries to get a better sense of degree of difficulty involved and estimate of costs involved. Other initiatives could include creation of PCF databases that are relevant for developing countries including ACP countries such as those based on land-use in tropical agricultural systems. Such initiatives could be launched for instance under the auspices of the UNFCCC.
- **Special technical and financial assistance measures for small and medium enterprises: based in ACP countries and small agricultural producers:** Particularly those below a certain income level, should be considered when examining the impacts of PCF or organic standards and labelling initiatives. These could include for example, initiatives such as group certification and sharing the costs of certification with developed country partners.[xxiv]
- **Well-designed technical assistance to enable productive intervention in carbon-foot-printing standard-setting processes particularly the ISO:** Such assistance, based on need, would also enable effective representation of ACP interests and concerns in PCF standard-setting processes particularly at the ISO (for e.g.: issues related to land-use change, data availability and relevance to ACP countries). This will be important in the coming years particularly if a decision is made to turn ISO 14067 from guidelines on PCF into a full-fledged international standard.[19]
- **Continuing technical assistance and capacity-building activities to further strengthen regional standards initiatives:** including for instance the UNCTAD-FAO-IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF).

[i] Declaration of the United Nations Conference on the Human Environment,http://www.unep.org/Documents.Multilingual/Default.asp?documentid=97&articleid=1503
[ii] Principle 11, Rio Declaration on Environment and Development http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm
[iii] UNEP (2013), Green Economy and Trade, Trends, Challenges and Opportunities
[iv] http://www.pef-world-forum.org/initiatives/international-standards/iso-14067/
[v] Brenton, Paul; Edwards-Jones, Gareth; Jensen, Michael Friis. 2010. Carbon Footprints and Food Systems: Do Current Accounting Methodologies Disadvantage Developing Countries? World Bank. https://openknowledge.worldbank.org/handle/10986/2506
[vi] Tesco: Every Little Helps when Reducing Carbon Emissions, The Guardian, 17 May 2013.http://www.theguardian.com/sustainable-business/tesco-reducing-carbon-emissions
[vii] http://www.klimatmarkningen.se/regelverket/import
[viii] http://www.sustainableethanolinitiative.com/default.asp?id=1087

[19] In addition to these options, a number of ways in which carbon-footprinting methodology can be made more 'development-friendly' has also been put forward by the World Bank. For details please refer to: Brenton, Paul; Edwards-Jones, Gareth; Jensen, Michael Friis. 2010. Carbon Footprints and Food Systems: Do Current Accounting Methodologies Disadvantage Developing Countries? World Bank. https://openknowledge.worldbank.org/handle/10986/2506

[ix] From Leu, André and Mattson, Eva (2012). Organic Fruit and Vegetable Production in ACP Countries, COLEACP Training Manual

[x] Willer, H. Lernoud, J. and Home, R. (2013).The World of Organic Agriculture 2013-Summary, FIBL and IFOAM.

[xi] Soil Association, *Organic Market Report* 2013

[xii] Soil Association, *Organic Market Report* 2013

[xiii] Willer, H. Lernoud, J. and Home, R. (2013).*The World of Organic Agriculture 2013-Summary*, FIBL and IFOAM.

[xiv] Ibid.

[xv] Leu, André and Mattson, Eva(2012), Organic Fruit and Vegetable Production in ACP Countries, COLEACP Training Manual

[xvi] FIBL and IFOAM (2012) The World of Organic Agriculture: Statistics and Emerging Trends-2012.

[xvii] Twarog, Sofia 'Let the Good Products Grow and Flow', in UNCTAD Trade and Environment Review 2013.

[xviii] FIBL and IFOAM (2012) *The World of Organic Agriculture: Statistics and Emerging Trends*-2012

[xix] http://www.caeq.ca/node/161

[xx] "Will we ever see water footprint labels on consumer products?" *The Guardian*, 23 August 2013. http://www.theguardian.com/sustainable-business/water-footprint-labels-consumer-products

[xxi] *The future of eco-labels: Focus at Amsterdam Sustainable Food Summit*, Organic and Wellness News, 5 July 2013.http://organicwellnessnews.com/en/the-future-of-eco-labels-focus-at-amsterdam-sustainable-food-summit/

[xxii] UNCTAD (2013), *Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries*, http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=625

[xxiii] http://www.acp-eu-tbt.org/home/

[xxiv] Vossenaar, René., Jha, Veena and Wynen, Els. U.(2005), Trading opportunities for organic food products from developing countries, Strengthening Research and Policy-Making Capacity on Trade and Environment in Developing Countries, UNCTAD. http://r0.unctad.org/trade_env/test1/publications/organic.pdf?docid=4502%2B%22ItemID=2068%29