

- disputes between parties to a MEA are unlikely to create problems for the WTO, encouragement to consider resolving disputes within an MEA; and,
- flexibility of existing dispute settlement provisions.

While Canada had argued strongly in favour of the stronger language of the November 1st draft, the preservation of the core messages above is not without significance, given that it establishes the parameters for future discussion.

Ecolabelling:

Canada took a leadership role on this issue given our trade concerns, largely with respect to the EU and its member-state eco-labelling programs, particularly the EU Flower program, as well as our environmental policy objectives, with respect to the Canadian Environmental Choice eco-labelling program. Many developing countries shared the trade concern, given that many ecolabelling programs included products of export interest to them, such as forest products and textiles. A key ally was Brazil, given their sophisticated understanding of the issues and their shared concern with respect to forest products. While all delegations agreed on the need for transparency, the dividing line was whether or not the WTO and, in particular, the TBT Agreement, accommodate the use of non-product related PPMs¹⁷ that sometimes arise as the result of life cycle approaches (LCA) being used with respect to the development of ecolabelling criteria.

Ecolabelling was also a priority issue for the EU which made a link between transparency (i.e., coverage by the TBT Agreement) and PPMs, noting the need to provide legitimacy to the use of life-cycle approaches (LCA). This reflected their defensiveness regarding their own ecolabelling program which has attracted considerable criticism by trading partners, including Canada, but also the more fundamental environmental policy objectives regarding the use of LCA. The EU thus argued for a separate accommodation of ecolabelling programs through a Code of Conduct, rather than "mainstreaming" ecolabelling within existing TBT disciplines.

Canadian concerns over the trade impact of ecolabelling pertain largely to the perceived or potential impact of European ecolabelling programs with respect to our forest products sector. However, at the same time, Canada had developed its own ecolabelling program, and thus the policy challenge was to develop a negotiating position that satisfied both our trade and environmental interests.

In the positioning phase, we emphasized the transparency and coverage aspects of ecolabelling and the need to ensure that such programs were subject to TBT disciplines. This position generated considerable support among developing countries, given their experience with ecolabels in sectors such as textiles, leather, and forest products. The EU was our main sparring partner. We did not speak of non-product related PPMs but rather the softer reference to life cycle approaches.