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Eco-Labeling and Environmental Policy Efforts in Developing Countries

Eco-labelling has become an increasingly popular instrument in recent years. Among the new developments which have been called for are that they should also be used as a means of encouraging developing countries to apply stricter environment policies. The following article investigates whether applying environmental seals of approval to the export products of developing countries is an efficient instrument for the purpose.

Such is the concern about the global threats to the environment such as the reduction of the ozone layer and global warming, which are also liable to adversely affect the prosperity of the industrial countries, that those countries have a definite interest in the pursuit of effective environmental protection policies by the developing countries. However, because the latter have a greater preference for growth in per capita income, it is generally assumed that they themselves are hardly likely to have a comparable level of interest in applying effective measures to protect the environment. Hence the industrial countries are looking for ways in which they might induce the developing countries to implement such measures.

Particularly environmentalist organisations in the industrial countries have repeatedly called for trade policy to be used as an instrument to give a push to the developing countries to be more rigorous in their environmental policies. However, the scope for adding this ecological dimension to trade policy is constrained by the GATT rules. Import restrictions are in fact permissible on grounds of protecting resources or public health (Article XX), but only if the same rules apply to the utilisation and/or consumption of comparable domestically-produced goods. Moreover, in a bid to counteract any spread of protectionism in the guise of environmental protection, international-trade economists prefer the use of measures which would not impair consumer sovereignty. In both respects, product-labelling from an ecological viewpoint fits the bill as a suitable instrument, provided that the labelling schemes are designed so as not to deliberately exclude similar products from other countries, nor to give any preferential treatment

to domestic suppliers.¹ This article will examine the issue of the extent to which ecological product-labelling programmes can be used to bring developing countries to draw up and enforce environmental policy measures.

Both the manufacture and consumption of products influence the environment in a wide variety of ways. It is usually impossible to tell simply by looking at the product just what these impacts are and how they should be judged for one specific good. The point of labelling goods according to ecological criteria is to provide potential consumers with the necessary information on environmental impact. Environmentally-aware consumers are then given the opportunity to make their choices not just on price grounds but also on ecological ones.

Thus labelling aims to reduce the cost of information for consumers. That in turn is expected to encourage sales of appropriate products labelled as environment-friendly. Of course, that will only actually happen if consumers are environmentally aware in reaching their decisions, and if the competitive advantages flowing from the environmental seal of approval are not outweighed by price disadvantages. Provided those conditions are met and eco-labelling does lead to higher sales for the products concerned, competition among suppliers will then ensure that environment-friendly methods of production and of waste disposal become more widespread.

Once eco-labelling is also introduced for products imported from developing countries, producers in those countries are motivated by the threat of losing their export markets in industrial countries to make their products and their production methods more

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¹ On the compatibility of product-labelling with GATT and TBT rules, cf. Veena Isha et al.: Ecolabelling and International Trade, UNCTAD Discussion Papers No. 70, Geneva, 1993, pp. 12-14.

environment-friendly so that they too can win the seal of approval. For the same reason, governments in developing countries come under pressure to ease the way for the necessary adjustment processes by laying down a firm environmental policy framework, in order to avoid being placed at a competitive disadvantage in the international marketplace. In this sense, eco-labelling of products by industrial countries can be deliberately deployed as an instrument to encourage the developing countries to formulate and enforce effective environmental policies.

The idea of using product-labelling as an instrument of environmental policy towards the developing countries grew out of attempts made to help protect the tropical forests by means of boycotts and import bans. Boycotts and import bans give rise to major problems, while their true contribution towards stimulating policies in developing countries which will do justice to environmental concerns remains in doubt.² Import bans make conflicts inevitable, and not just on account of the GATT rules. Such policies are quite liable to trigger off resistance to foreign pressures in the developing countries concerned. Assuming import bans and boycotts are effective in the first place, they cause a fall in sales and hence depress the price of, say, the tropical timber concerned. Far from stimulating sustainable methods of production, that makes alternative uses for the land, such as agriculture, relatively more attractive. Alternatively, if the import bans and boycotts are not enforced on a worldwide basis there is also some likelihood of alternative markets being found. Not even boycotts can be effective if, as in the case of tropical timber, the share of total consumption by the actual producing countries is very high (80%).

Eco-labelling contrasts with import bans and boycotts by creating a positive incentive to behave with an eye to protecting the environment. However, that is only the case if product-labelling is voluntary and imports of products not carrying the label are not prohibited. If these conditions are not fulfilled, the eco-labelling programmes are likely to encounter similar problems to those of import bans and boycotts. Other factors strongly affecting the effectiveness of such programmes will include

whether they really do help to reduce information costs as expected, whether the labels issued have sufficient credibility, whether they can mobilize enough demand, and also, from the producers' point of view, what obstacles they face as they seek to switch to more environment-friendly methods. These various aspects will be discussed individually below.

Varying Levels of Information

Problems as to the information conveyed by labelling and as to the system's credibility are generated by the sheer variety of possible eco-labelling schemes. For a proper seal of approval to be set up, product categories need to be defined, criteria established and threshold values laid down. The amount of information actually provided by each particular labelling system varies accordingly:

□ The way product categories are defined may mean that certain articles are excluded from the producer's point of view which belong to the same class of goods from the consumers' perspective. Consumers can easily be misled in this way.³

□ Ideally, the entire product cycle should be examined, from the extraction of raw materials right through to final waste disposal. As this is a costly exercise and often virtually impossible, those responsible generally make do with just a small number of criteria (e.g. pollution levels involved, or product recyclability). The eco-labels then only bear witness to the product's environment-friendliness with regard to the specific criteria chosen.

□ Since products are to be judged differently in environmental terms depending on the criterion applied (e.g., products causing less pollution but not very readily recyclable versus products generating more pollution which are recyclable), when they are compared to assess their environmental compatibility the different types of adverse effect they generate need to be appropriately weighted. Here again, there is considerable scope for differences of judgment.

□ Threshold values, i.e. the values under particular criteria (e.g. pollution levels) beyond which a product is to be considered environment-friendly, can be set at many different levels. Thus the perception of how environment-friendly a product is will vary according to the strictness of the threshold values set.

The amount of leeway possible in the design of ecological product-labelling programmes means that environmentally conscious consumers or other purchasers need to be fully informed of the details of the particular programme before making their choice. In this regard, eco-labels do not reduce information costs by as much as is generally assumed. The only

² Cf. Panayotis Varangis et al.: Tropical Timber Trade Policies, What Impact Will Eco-Labeling Have?, World Bank Working Papers 1156, pp. 17-19, Washington D.C., 1993.

³ For example, a German labelling programme applied only to spray deodorants and not to roll-on products. The fact that sprays carried the seal of approval could easily lead consumers to suppose that roll-on deodorants were less environment-friendly, which quite obviously is not the case.

situation in which information costs would be minimised is one in which the potential purchaser's environmental-policy perceptions are in full agreement with those of a particular programme's operators, and in which it is relatively easy to establish that this is so. This impression is indeed given by the seals of approval issued in labelling programmes. However, because it cannot always be assumed that perceptions really are in agreement, some disappointments are inevitable, thus undermining the labelling programme's credibility.

Information costs are higher still if there are competing labelling schemes within the same country for identical product categories, or if different countries all have their own different labels. Certainly, these information costs can be reduced by mutual recognition of labels, which of course presupposes that agreement has been reached on how the quality classes are defined, what criteria are applied and what the threshold values are. Nevertheless, the costs will still be substantial unless the labels themselves are harmonised and are issued according to the same procedure. For example, the EU's "Euroflower" product-labelling programme will only have fulfilled this objective when it has progressed so far that it is a full substitute for the national seals of approval issued within individual member states.

Credibility Problems

Credibility is an area in which problems of a politico-economic nature are especially liable to occur. Many different groups, such as producers, consumers, environmental organisations and government institutions, all have an interest in eco-labelling, but for different reasons. Because the labelling schemes can take so many different forms, particularised interests are able to assert themselves, and that has a direct detrimental effect on the programme's credibility. A workable compromise can only be attained if all of these different groupings participate on an equally-weighted basis in drawing up the programme; that compromise need not necessarily be the optimum solution from an economic and ecological point of view. However, it is also quite possible that conflicts will occur which prevent such a compromise being established, and which will jeopardise the programme's credibility.⁴

Given high costs of information and a lack of credibility, eco-labelling as a marketing instrument is unlikely to be able to influence the competitive situation between comparable products. As a result, developing countries would also have little incentive to participate in labelling programmes. Conversely,

some labelling programmes instituted by the developing countries themselves have the disadvantage that they are quite likely to have a low credibility rating in the industrial countries. To the extent that the two groups of countries compete with one another in these particular product markets, the industrial countries will indeed have an interest in reinforcing any lack of credibility suffered by the developing countries' labelling schemes. One way of resolving this problem is for countries to develop their own labelling programmes by closely following those already instituted by their trading partners, and to have them monitored by auditing organisations with an international reputation. That would also set the scene for the programmes to be mutually recognised.

However, information costs would only be minimised and an appropriate level of credibility would only be assured if the developing countries were able to participate directly in well-proven programmes in the countries into which their products are sold. But there are two fundamental problems to this as far as information levels and credibility are concerned. For one thing, producers in developing countries will have to accept a certain competitive disadvantage if they are not given sufficiently early access to information on the introduction or existence of such labelling systems. Particularly as the programmes tend to differ from one industrial country to another, marketing is made more difficult for developing-country producers.

Another potential source of competitive disadvantage is that environment-friendly products from developing countries could be excluded when the criteria and threshold values for a programme are laid down, and that features peculiar to the situation in a given country may go unheeded.⁵ Disadvantages such as these could be avoided if producers from developing countries could also be involved when the labelling programmes are developed; that would

⁴ For example, in August 1994 numerous environmental organisations including Greenpeace, the World Wide Fund for Nature, Bund für Umwelt und Naturschutz Deutschland, Robin Wood, Urgewald and ARA, withdrew from proposed negotiations on a "tropical forest initiative". They were critical of the plans being made by German timber importers to introduce a seal of approval for "tropical timber from sustainable forestry", with the support of the German federal government. Although they were not opposed to the actual principle of eco-labelling, these associations demanded that any seal of approval be based on a positive labelling procedure for verifiable criteria, with transparent testing parameters. Cf. E+Z, No. 35, 1994, p. 11.

⁵ For example, Brazilian paper tissue manufacturers have already lodged a complaint against the proposed criteria for the EU's labelling programme, as they represent a de facto trade barrier. Cf. Bernd Heins and R. Andreas Kraemer: Welthandel und Umweltschutz – indirekte Instrumente der europäischen Umweltpolitik, in: Zeitschrift für angewandte Umweltforschung, Vol. 7 (1994), No. 2, p. 248.

simultaneously ease the additional problem referred to above of producers needing to obtain information at a sufficiently early stage.

The position for developing countries is most favourable if the product categories are defined as comprehensively as possible, with as small a number of criteria as possible, and threshold values as low as possible. Of course, it is doubtful whether the developing countries would be able to assert all of these interests in the representative bodies concerned. If they did succeed, environmental standards would be diluted as a result. Not only would that be detrimental to the credibility of the eco-labelling programmes, but it could also jeopardise the goal of using such programmes to promote environmental protection in developing countries.

On the other hand, the application of strict environmental standards when issuing seals of approval may actually provide less industrialised developing countries with an opportunity to develop new export markets. This is because simpler technologies are still in use in such countries which may be more environment-friendly than the more complex modern technologies used in the industrial countries. A case in point is the continued use of indigo-based bleaching agents rather than chemical bleaches, or the treatment of cotton fibres with natural dyes.⁶

Particular information and credibility problems arise in connection with products which in practice can only be supplied by developing countries. For these products, which include tropical timber, labelling programmes organised in the exporting countries, especially if government-administered, are liable to be still less credible in the eyes of consumers in industrial countries than the labels applied to manufactured goods. The environment-friendliness of products which claim to originate from sustainable forestry is especially difficult to verify for tropical timber, for a number of reasons:⁷

- ☐ there is still some controversy as to what, in detail, constitutes sustainable forestry;
- ☐ sustainability needs to be differently defined in different regions, depending on various social and biophysical circumstances;
- ☐ the situation as to property rights, land ownership and social stratification in the local population not only varies from country to country, but also within countries.

⁶ Cf. Veena Iha et al., op. cit., p. 6.

⁷ Cf. Panayotis Varangis et al., op. cit., pp. 20ff.

Hence one single seal of approval in an eco-labelling scheme is hardly in a position to take account of the wide variety of conditions in the real world. It gives rise to many competitive distortions, and has a low information value as far as the consumer is concerned. To do justice to differing circumstances, either the environmental standards would have to remain very vague, or a variety of different labels would need to be established. Either way, the consumer's information costs are increased. The difficulties involved in verification are also liable to create an increasing tendency for labels to be misused.

Eco-Labelling as a Marketing Instrument

Credibility is a crucial prerequisite for the success of eco-labelling programmes. Paradoxically, though, the voluntary nature of the programmes coupled with the fact that companies can use their seals of approval as a marketing instrument means that credibility can easily be lost. This happens when companies which either have not been granted a seal of approval, or have not participated in the programme for some other reason, try to redress their competitive disadvantage by setting up an alternative labelling scheme. For competitive reasons, then, there is a tendency for the labels issued by industry associations, large companies, individual sectors etc. to continually multiply. That makes the market less transparent, information costs increase, and seals of approval are no longer taken seriously by purchasers. In circumstances such as these, deliberately ignoring seals of approval for product promotion purposes may be a more effective marketing strategy than advertising with the eco-labels.

Assuming for a moment that the credibility of labelling programmes is given, the costs incurred by firms which are able to obtain the seal of approval for one of their existing products on the basis of the environmental standards laid down will be confined to the costs of participating in the programme. All other firms offering that category of goods will face additional costs of adapting their products, or possibly also of changing their production methods. Although the threat of losing market share does act as an incentive for these companies to make their production more environment-friendly, that incentive will only be great enough if the firms cannot just as easily, and more cheaply, avoid their loss of market share by tapping new markets in which consumers do not have a higher preference for environment-friendly products.

It is quite likely that producers in developing countries would need to completely change their production methods in order to acquire a seal of approval under an eco-labelling scheme. Consequently, these producers will face greater competitive disadvantages from the introduction of eco-labelling than their counterparts in industrial countries. Because, at the same time, consumers in developing countries have a lower environmental preference, labelling programmes in the industrial countries are, if anything, likely to increase South-South trade rather than to create pressure for stricter environmental policies in the developing countries.

As the division of labour among the developing countries is on the increase, there is considerably more scope today for trade diversion of this kind in the market for manufactured goods than there would have been in the past. For traditional products like tropical timber, trade diversion is also likely to occur. Countries such as South Korea, Japan and China have a reputation as major importers of tropical timber from their own region. Japan is also importing tropical woods from Africa to an increasing extent. As long as these consuming countries do not participate in the labelling programmes concerned, trade diversion is quite likely to occur following the introduction of environmental seals of approval in Western consumer countries.⁸ Another factor giving rise to a limited impact of eco-labelling is when local consumption in the producing countries is substantially larger than the volumes traded. Under these circumstances, the threat of a loss of market share in the industrial countries will have the same diversionary effect as would product boycotts.

Given the higher costs for producers if they take part in a labelling programme, it is especially important to developing-country producers that consumers of environment-friendly products in the industrial countries should be prepared to pay a premium for them. However, a number of the programmes have been set up in such a way that the additional costs are supposed to be covered by increased market share and not by higher selling prices. Participating in programmes structured in this way is likely to be especially difficult for developing-country producers.⁹ Indeed, in the case of many

agricultural and forestry products there is the added problem that the need to assure sustainability would in any case make it impossible to raise production to satisfy that greater market share. In these cases, an increase in price is vital to cover the costs of participating in the labelling programme.

Surveys have demonstrated that consumers in Europe and the USA are prepared to pay a higher price for environment-friendly products. In the case of timber, a "green" premium of 5-15% was regarded as acceptable.¹⁰ Surprisingly perhaps, a new worldwide survey conducted by Gallup has found that consumers in countries such as India, South Korea, Chile and Mexico are also environmentally aware to the extent that they would be willing to accept higher prices if this benefited the environment.¹¹

On the face of it, then, establishing higher prices would not appear to get in the way of implementing labelling programmes. However, a net deterioration in the environmental situation can actually result, depending upon the net influence of the price rises for "eco" products on supply and demand in the overall product market (i.e., including products in the same category which are not environment-friendly). Normally, one would expect the selling price of eco-labelled, environment-friendly products to increase and that of products detrimental to the environment to decrease. Consequently, production of the former should increase and that of the latter should be cut back, giving an overall improvement in the environmental situation. As Mattoo and Singh have shown, this effect will only actually occur – on the condition that consumers are prepared to pay a higher price for environment-friendly products – if the demand for the products which are to qualify for the eco-label already outstrips their supply at the original price before the labelling programme is introduced. To put it the other way round, because the overall market takes in both classes of product, the desired effect will only be generated if the supply of the products which are detrimental to the environment outstrips the demand for them before the programme is initiated. If the demand for environment-friendly products is less than their supply in the initial situation, and environmentally aware consumers are willing to pay a premium for labelled products, the aggregate demand for products detrimental to the environment will be greater than their supply, and their price will also rise.¹² The end result would therefore be an increase in the production of goods which damage the environment.

These undesired effects can be avoided if growth in market share rather than price increases is used as

⁸ Cf. *ibid.*, pp. 22ff.

⁹ Cf. Veena Isha et al., *op. cit.*, p. 12.

¹⁰ Cf. Panayotis Varangis et al., *op. cit.*, p. 22.

¹¹ Cf. Schlaglicht: Auch Arme sind umweltfreundlich, in: ÖKO-Test, May 1994 issue, reprinted in IBD Info 2/94, p. 28.

¹² Cf. Aaditya Mattoo and Harsha Singh: Eco-Labelling: Policy Considerations, in: KYKLOS, Vol. 74, 1994, Facs.1, pp. 53-65.

the mechanism for compensating producers for their increased costs, or if care is taken when establishing the criteria to ensure that the availability of products qualifying as environment-friendly is less than the level of potential demand from environmentally aware consumers. Many of the eco-labelling programmes already in existence do contain such components, thus avoiding the danger of undesired environmental consequences. Notwithstanding these precautions, there still remains the possibility suggested above that a fall in the relative price of products damaging to the environment may, sooner or later, generate new markets for such products, hence running counter to the original intentions of the programmes' advocates.

Obstacles to Adjustment

Assuming that the price signals given out by eco-labels really do operate in the right direction, other problems may also impede an increase in the market share of environment-friendly products, deriving from the need to change previous production patterns. Before firms can even consider changing their production programmes, they need to obtain information in good time as to the environmental standards they will be required to meet and the alternative items they could produce. A shortage of information on these matters, which is quite likely to exist in developing countries, may result in delays in switching production, which in turn could lead to a loss of market share. Another potential obstacle is a lack of laboratory and other test facilities, making it impossible for firms to establish where their products may fail to comply with environmental standards. This problem can be especially awkward when the firms involved are using raw materials and other inputs on which environmental information is not available to them.

The information problem can also be significant in connection with the technology used. Before they can adapt their output or their production methods, firms must first have the alternative technologies available to make environment-friendly products. If these technologies already exist, the firms may not have access to them, whereas if they are not yet available they need not only to be developed but also tuned to suit the country's specific circumstances. That in turn calls for what may be a very time-consuming research and development process. In cases in which alternative technologies are available to import, there may be a number of institutional and legal barriers to overcome before they can be put to use. Furthermore, new technologies often require experts to implement them, and they must first be hired or trained.

Hence conversion to environmentally sound production calls for investment in both real and human capital as well as other infrastructure, sometimes to a considerable degree. Raising the finance for this investment is therefore yet another problem which may delay the adjustment process.

How quickly the problems listed above can be overcome will vary according to the nature and scope of the adjustment needed and according to the firms' capacity to adjust. As a general rule, large and medium-sized firms in the official economy, particularly if they are heavily involved in export markets, are likely to be relatively flexible in making the adjustments. On the other hand, small and micro enterprises, especially in the informal sector in developing countries, will tend to find it especially difficult to adapt to these new demands. It is often the case that such small enterprises in the informal sector act as suppliers to companies in the formal sector. That will have a corresponding detrimental effect on the capacity of the latter companies to adapt.¹³

Moreover, a smooth process of adjustment in firms' operations also depends on the regulatory activities of governments. Regulations may, for example, impede the use of alternative technologies, or may make the adjustment process more expensive. Government research, development and information policies may also exert a substantial influence on the adjustment process, by providing or impeding access to the necessary infrastructure facilities.

As discussed above, costs are not only generated by conversion to environment-friendly production, but also by participation in product-labelling programmes. For example, developing the criteria according to which products in a particular category should be considered environment-friendly involves a good deal of costly research. Added to that are the costs of administering the seal of approval and making the buying public aware of it. The firms applying the label bear their share of these costs by paying fees for its use. They also need to carry their own certification costs, which include the cost of on-site examinations. This work is often carried out by international certification agents, some of which also maintain branch operations in developing countries. It would be both more straightforward and cheaper if the

¹³ On the experience of the Indian leather and textile industry in this regard, cf. Jürgen Wiemann et al.: *Ecological Product Standards and Requirements as a New Challenge for Developing Countries' Industries and Exports, the Case of India's Leather, Textile and Refrigeration Industries*. German Development Institute, Reports and Working Papers 5/1994, Berlin 1994.

examinations could be carried out by the developing countries' own standards institutions. That, of course, would bring the problem of credibility back into play, which could only be resolved if the work of these institutions were to gain international recognition.

Conclusions

Eco-labelling has become increasingly popular in recent years. Demands have also been made to use this as an instrument to induce developing countries to institute environmental policies. The purpose of this article was to establish whether eco-labelling for goods exported by developing countries represents an efficient instrument to achieve that aim. The main conclusion which can be drawn is that, although environmental seals of approval may encourage sales of environment-friendly products from developing countries, their impact on the environmental policies pursued by these countries is likely to be limited, and the use of eco-labelling is unlikely to generate any perceptible improvement in environmental conditions there. There are several reasons for this:

- ☐ The credibility of environmental seals of approval for goods from developing countries cannot always be assured.
- ☐ Trade diversion and false price signals may counterbalance the sales-promoting effects of eco-labelling.
- ☐ Because of serious difficulties in adjusting, firms in developing countries are often unable to respond appropriately to the incentives created by eco-labelling.

To some extent, these problems can be resolved or alleviated by the appropriate design of a labelling programme and by close cooperation between trading partners in industrial and developing countries. In addition, the poorer developing countries in particular could be given assistance in reducing obstacles to adjustment as part of development cooperation work. The governments of developing countries can also ease these adjustment processes by cutting down on unnecessary regulations and by instituting appropriate environmental policies.

However, another issue which ought to be addressed is whether there are not other, less cumbersome and more credible alternatives which might contribute towards stepping up environmental policy measures in developing countries. An obvious alternative for this purpose would be to resort to existing institutions and their own experience. One such possibility would be to extend the scope of the International Standards Organisation's ISO 9000

quality standard – now applied all around the world, and hence increasingly also in developing countries – to cover environmental aspects. Work on developing such environmental standards is already in progress. The problem here, though, is that ISO 9000 certification only shows that goods have been produced in accordance with a predetermined quality management system. It does not provide any further indication of the goods' qualities. Nevertheless, purchasers are increasingly demanding this certificate, which they see as a guarantee of quality. In the environmental field, too, all this would achieve would be to show that certain minimum environmental standards had been adhered to in manufacturing the product. The advantage of taking this route is that certification would expose the main sources of environmental damage in a firm's production processes, and indicate how they might be eliminated. However, the possibility of abuse via fraudulent certification cannot be completely avoided even in this connection, as some instances in developing countries have shown.¹⁴

Another possibility is to set up bodies on an international level comparable to Germany's "Stiftung Warentest", to assess products from developing countries. All OECD countries have such consumer associations which test the products available on the market. In recent years, they have begun to cooperate internationally, also jointly planning and implementing international testing groups.¹⁵ As part of a coordinated strategy, these organisations could also test products from developing countries for their environmental compatibility and publish special reports on the subject. The key point here is that these organisations do not issue seals of approval, and only publish test reports. Their prime purpose is not to promote firms' sales but to provide information to consumers, giving them some points of guidance as they make their purchase decisions. However, they do publish test grades, and the firms involved then have the opportunity to use good grades as a marketing instrument.

To what extent ISO 9000 and consumer association testing might be able to operate as an alternative or supplement to eco-labelling, and what advantages or disadvantages they might have relative to eco-labelling, cannot be conclusively stated at this point, and will need to be examined in future enquiries.

¹⁴ Cf. Die "ISO-9000-Welle" rollt weltweit, in: NfA, 10th November 1994.

¹⁵ Cf. Stiftung Warentest, Kooperation mit Partnern in Europa erforderlich, in: Handelsblatt, 4th December 1989.