



CERCenvis

Newsletter on Eco-labelling and Eco-friendly Products

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Eco Label and Trade



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The Environmental Information System acronymed as ENVIS was implemented by the Ministry of Environment & Forests by end of 6th Five Year Plan as a Plan Scheme for environmental information collection, collation, storage, retrieval and dissemination to policy planners, decision makers, scientists and environmentalists, researchers, academicians and other stakeholders.

The Ministry of Environment and Forests has identified Consumer Education and Research Centre (CERC), Ahmedabad, as one of the centers to collect and disseminate information on “Eco-labelling and Promotion of Eco-friendly Products”. The main objective of this ENVIS Centre is to disseminate information on Eco products, International, and National Eco labeling programs.

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Debate on trade and environment is not a new subject. The link between trade and environment protection, consisting of both the impact of environment policies on trade and impact of trade on the environment was recognised as early as 1970. There was concern regarding the impact of economic growth on social development and the environment internationally in the early 1970s. This led to the 1972 Stockholm Conference on the Human Environment. A Group on Environmental Measures and International Trade (also known as the "EMIT Group") was set up in 1991 after 20 years of Stockholm Conference. With its mandate of examining the possible effects of environmental protection policies on the operation of the GATT, the EMIT group focused on the effects of environmental measures (such as eco-labelling schemes) on international trade, the relationship between the rules of the multilateral trading system and the trade provisions contained in Multilateral Environmental Agreements (MEAs) (such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal), and the transparency of national environmental regulations with an impact on trade.

Environmental issues began to be systematically addressed in the WTO following the Decision on Trade and Environment taken towards the end of the Uruguay Round at Marrakesh in 1994. It created the Committee on Trade and Environment in the same year, with the mandate to resolve environmental issues in the trading system in order to promote sustainable development. Sustainable development and protection and preservation of the environment are fundamental goals of the WTO. The WTO contributes to protect and preserve the environment through its objective of trade openness through its rules and agenda in the Doha Ministerial Declaration in 2001. The agenda includes specific negotiations on trade and environment and assignment of tasks which includes regulations, standards, testing and certification procedures to Trade and Environment

Committee. The Committee's mandate is broad, and provides opportunities for WTO members to raise a wide range of issues relating to trade and environment. The Committee also examines the issues of eco-labelling and environmental technology dissemination. The role of the WTO in relation to trade and environment is to ensure that environmental policies do not act as obstacles to trade, and that trade rules do not stand in the way of legitimate domestic environmental protection. Today the environment has been mainstreamed into the multilateral trading system, and has significant implications for shaping future rules under the WTO regime.

The issue of labelling requirements for environmental purposes has become, since the Doha Ministerial Conference, an issue of special focus in the work of the Committee on Trade and Environment (CTE). The use of eco-labels by governments, industry, and non-governmental organisations is increasing. The growing complexity and diversity of environmental labelling schemes raise difficulties for developing countries, and particularly small and medium enterprises (SMEs) in export markets. The international standards for labelling have a significant potential to facilitate trade by promoting the convergence of labelling requirements, developing countries can be at a disadvantage due to limited or ineffective participation in these processes. There is a need to better involve developing countries in the setting of environmental standards and regulations, whether at national or international level. The voluntary, participatory, market-based and transparent environmental labelling schemes are potentially efficient economic instruments to inform consumers about environmentally friendly products. Ecolabels are seals of approval that transmit environmental information to consumers.

Source:

http://www.wto.org/english/res_e/booksp_e/trade_env_e.pdf

Eco Label and Trade

A concern about environmental issue is driving a growing market for natural resource based products produced sustainably. It is now a global concern and consumers often demand for these products with evidence of “fair” production and “ethical” practice.

According to a recent survey in July 2013 done by Nielsen, environmental concerns among consumers are increasingly influencing their behaviour at the cash register. Its Global Survey of Consumer Shopping Behaviour “New Wealth New World : How and why we shop around the Globe” – which surveyed more than 29,000 internet respondents in 58 countries – shows that one in four UK consumers are choosing more environmentally-friendly products despite their higher price. In a related study also from Nielsen 17 months earlier, only 8% said they’d buy the eco-friendly option even if it was more expensive.

Industries have accepted Eco-labelling as an instrument for market driven management across the world. Its growing use reflects a vital change in social attitudes towards the environment. Eco labels are part of a wider movement towards the use of market based instruments. Eco label allows consumer to identify and choose effective products that are safer for them and help to protect the environment.

did you know?

Identifying Eco Friendly products

- Many companies try to portray themselves as environmentally friendly by promoting some aspect of their product that may or may not mean anything at all in the big picture towards good earth stewardship. Blue and green labels and eco-friendly sounding product names don't necessarily mean that they are a good environmental choice. Most people would rather choose products that are not ecologically harmful, but how do you know if a product really is good for the environment? The following logos will help you identify best choices in the marketplace.



Image : <http://greenplanet4kids.com/sites/all/themes/greenplanet/source/images/comics/environmental-choices/98.eco-friendly-products.jpg>

Eco-labels are intended to bring considerable environmental benefits through their positive impact on consumers' purchasing decisions.

Credibility of any eco-labelling scheme is an important concern in the trade and environment context. It should be transparent and easily accessible. Transparency at the developmental phase gets better chance for access by exporters. Consumers have an important say in purchasing of the eco labeled products. So it is important to provide opportunities to get the input from them. The design of eco labels need to take account of the GATT and the Technical Barriers to Trade Agreement. Schemes should be rigorous in the testing and certification of products for awarding the eco label.

Five stakeholders are identified as the main players in the movement toward green consumption- eco products: governments, businesses/industries, academia, non-governmental organizations (NGOs), and consumers. Governments play an important role in setting laws and regulations, establishing incentives to manufacturers, providing information, leading through public procurement and measuring overall progress within the country. Businesses/industries are manufacturers, retailers, and financiers and providers of products and services. Academia develops tools and technology to help businesses supply eco products and services. Environmental, consumer, and social NGOs keep an eye on government and business behavior. They are also promoters of initiative too. The consumers are the main player to success.

Role of Government

Trade plays a crucial role in the growth and prosperity of the any country. Environmental issues have become more high profile across the world, the 'Green Products' have started getting popularity. Consumers now shop for recyclable, biodegradable, energy efficient, rechargeable, and ozone friendlier more over products must be eco-friendly. Whether eco labels are mandatory or voluntary, there is an important role for either governmental institutions or international, multi-stakeholder organizations to be involved in setting protocols and eco labelling standards.

Various governments have introduced eco labelling schemes to encourage green consumerisms and provide incentives to manufacturers to account for the environmental impact of their products. Eco-labelling systems can be either mandatory or voluntary. Mandatory eco-labels are government-backed and could act as a trade restriction for foreign producers. Governments can support eco-labelling by creating a policy framework that encourages private bodies to establish incentives as well.

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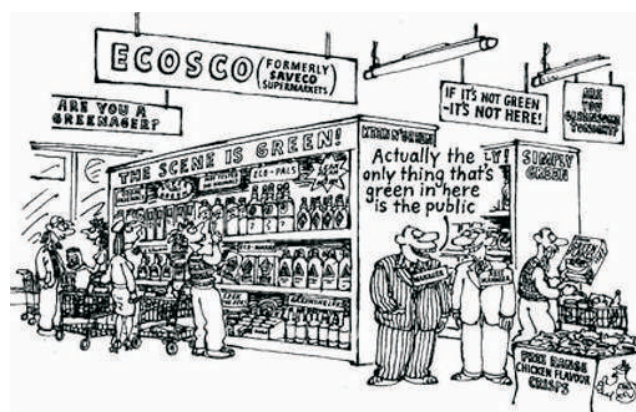


Government can regulate private labelling initiatives by outlining minimum requirements, to make consumer aware and avoid confusion and mistrust, making labelling more transparent to producers. In addition, governments could support eco labelling by public procurement and policy measures that address the demand and supply side of markets. At the international level, governments could take attempt to harmonise labelling schemes and achieve mutual recognition. The success of eco labelling scheme can largely be attributed to government procurement programmes and should fund and publicise such schemes. Governments can use eco-labels to encourage behavioural change among producers and consumers, leading to greater sustainability.

Role of Industries

Many Industries recognize that eco-labelling can give needed economic incentives for better long term stewardship and availability of natural resources important for national economic welfare. An ecolabelling programme is a voluntary policy instrument, using the marketplace rather than regulation to achieve environmental goals. Industries if they become a part of the program will improve their situation and credibility in the market and enhance their corporate image. There are strong indicators of the benefits to industries not so much from present sales or market shares but from the potential growth. It is due to the intense competition between retail chains of eco products. The eco label helps industries to market its products if they want to prove that its green claims are scientific based. Formulation of criteria for certification and licensing should be credible and practical in the market. Involvement of industries is the key in this regard and their guidance and support from the very beginning in all programme facets is required. Awareness, interest, and direct involvement of

As a “Green” consumer,
every consumer can make
contribution towards
sustainability.



<http://www.herinst.org/BusinessManagedDemocracy/environment/consumerism/images/cartoon5.jpg>

industries are important for success of ecolabelling programme. Ecolabelling and standards have been considered as “trade positive” tools for the business community in order to comply with targeted consumers' requirements and develop a good image for their products and services in order to guarantee market access.

Role of Non Government Organisations (NGOs)

NGOs are a significant driving force for sustainable consumption. Participation of NGOs is required to design effective and equitable information tools which promote sustainable consumption vis-à-vis environmentally friendly products among stakeholders. They work towards creating awareness about importance of eco labels at consumer as well as industry levels. They facilitate capacity building and technical assistance to relevant stakeholders (business, industrial designers, retail sector, governments, and NGOs etc.). They act as pressure groups for environmental causes. NGOs have significantly increased their involvement in policy related work and playing a major role in assisting government agencies to meet the requirements of environmental management. Also play a vital role identifying gaps and weaknesses in environment policies, legal framework, in gathering information and educating the society at large.

Role of Consumers

The Organisation for Economic Co-Operation and Development (OECD) stresses the importance of consumer decisions in various sectors, such as energy, food, waste and transport, since they translate into everyday actions affecting the environment. Eco-labeling has a potential role to play in providing information to interested consumers and the success of labels in markets is likely to be higher when characteristics of products, distinguishable by consumers, are involved.

Consumer can pressurise the private sector for investigating the production of eco labeled products both

for their responsible domestic markets and for those products, which are exported. Consumer demand generates market impact and his requirement and preferences should be taken in to consideration. It must be determined, recognized and reflected in various program initiatives and outputs.

As a “Green” consumer, every consumer can make contribution towards sustainability. The cumulative effect of each pro environment action can significantly change patterns of resource consumption. He can help move the market forward by

- demanding for environmentally friendly products, becoming informed consumers of products and services
- advising manufacturers and retailers the reasons for choosing and rejecting certain products or brands
- campaigning and lobbying
- awaking others through social network and media
- informing these issues to legislation

It is important therefore to protect the natural resources from any trade impediments that may have negative impacts on the countries and the people that depend on the industry. The major trade impediments are compliance with product quality, safety, and hygiene standards set by importing countries and also product certification such as eco-labelling.

Source:

Consumers in the Global Age: Proceedings, International Conference on Consumer Protection, New Delhi 22-24 July 1997, Consumers International, Malaysia. ISBN 967-9973-75-1

<http://www.nielsen.com/us/en/reports/2013/new-wealth--new-world.html>
http://www.globalecolabelling.net/docs/documents/intro_to_ecolabelling.pdf
<http://www.unep.ch/etb/publications/Ecolabelpap141005f.pdf>

Image : <http://www.herinst.org/BusinessManagedDemocracy/environment/consumerism/images/cartoon5.jpg>

India's commitment towards Eco Label and Trade



The issue of environmental protection has brought the consumers, the industry, and the government to a common platform where each has to play its own role. The government and legislatures are using their influence to reduce environmental and health hazards due to industrialisation and to stimulate the development of clean(er) technologies. However, the environment is under tremendous stress from rapid industrialisation, unplanned urbanisation and changing consumption patterns in the race to achieve better living standards. It is amply clear that regulatory actions by pollution control agencies alone cannot restore the environment to its pristine state. Pro-active and promotional roles should also be geared up in harmony with the overall environmental protection strategy. The time has come for consumers to take the lead in prompting manufacturers to adopt clean and eco-friendly technologies and environmentally-safe disposal of used products, along with preventive and mitigative approaches.

To address environmental dimension in the country, India set up National Council for Environmental Policy and Planning within the Department of Science and Technology in 1972 which was later known as Ministry of Environment and Forests (MoEF) in 1985.

To increase consumer awareness, the Government of India launched the eco-labelling scheme known as 'Ecomark' in

1991 for easy identification of environment-friendly products. Any product which is made, used or disposed of in a way that significantly reduces the harm it would otherwise cause the environment could be considered as Environment-Friendly Product. The scheme attempts to provide incentives to manufactures and importers to reduce adverse environmental impacts, reward genuine initiatives by companies, and improve the quality of the environment and sustainability of available resources.

Under Eighth Plan (1992-97), development of criteria for eco-labelling of consumer products was considered. The criteria follow a cradle-to-grave approach, i.e. from raw material extraction, to manufacturing, and to disposal. The 'Ecomark' label is awarded to consumer goods which meet the specified environmental criteria and the quality requirements of Indian Standards. Any product with the Ecomark will be the right environmental choice.

The specific objectives of the scheme are as follow:

To provide an incentive for manufacturers and importers to reduce adverse environmental impact of products.

To reward genuine initiatives by companies to reduce adverse environmental impact of their products.

To assist consumers to become environmentally

responsible in their daily lives by providing information to take account of environmental factors in their purchase decisions.

To encourage citizens to purchase products which have less harmful environmental impacts.

Ultimately to improve the quality of the environment and to encourage the sustainable management of resources.

National Environment Policy

India has adopted the National Environment Policy in 2006 in a response to the commitment of adopting clean environment, mandated in the Constitution in Articles 48A and 51A(g) strengthened by judicial interpretation of Article 21. Maintaining a healthy environment is not the state's responsibility alone, but also that of every citizen. Policy has recognised the role of eco labels in saving and conserving the environment. Ecolabelling and other voluntary certification mechanisms address the preferences of environmentally conscious consumers, rather than ensuring adherence to national environmental standards. It may relate to external or ad-hoc, rather than national environmental standards. Non public bodies have established various labelling schemes in India's export destinations, with no satisfactory evidences of being based on science or participation by potentially affected producers. Moreover, they may be based on prescriptions of product characteristics, and for this reason, their mandatory application is inconsistent with provisions of the WTO regime. The ecolabels may have the potential to be employed as trade barriers at least by competing firms in the export destinations, if not directly by their governments. To get certification for products, it may involve high cost if granted by an agency located in a developed country. However, eco-labeled products have high price value and easy to get national/international market. Fast growing environmentally conscious consumers in India provides the required leverage to realize significant advantages from mutual recognition of ecolabelling schemes.

As per National Environment Policy 2006, the following actions will be taken:

Encourage industry associations to promote the adoption of ISO 14000 among their members, through provision of technical and training support. Mainstream promotion of ISO 14000 in the small-scale sector in the various promotion schemes for the sector.

Encourage adoption of Environmental Management Systems (EMS) through purchase preference for ISO 14000 goods and services for Government procurement, except for items

reserved for the small-scale sector at any given time. Mandate ISO 14000 when a sufficient number of domestic suppliers for each good or service have ISO 14000 certification.



http://www.isoqms.in/images/ISO_14000.jpg

Formulate “Good Practice Guidelines” for ecolabels to enhance their scientific basis, transparency, and requirements of participation. Promote the mutual recognition of Indian and foreign ecolabels, which adhere to the Good Practice Guidelines, to ensure that Indian exporters enhance their market access at lower costs.

Promote “good practices” norms in all relevant sectors to conserve natural resources and reduce adverse environmental impacts, covering siting, choice of materials, use of appropriate energy efficiency and renewable energy options, and addressing solid wastes generation, effluents and sewage handling, gaseous emissions, and noise.

Sustainable Consumption and Production (SCP)

SCP is one of the solutions. By producing and consuming more efficiently the pressure on the natural environment and improve human wellbeing can be reduced. The following SCP tools have come out from India Sustainable Consumption and Production Roundtable held in Mumbai on 29 September 2006. It was organized by the Ministry of Environment and Forests, GoI and United Nation Environment Programme (UNEP), with the collaboration of Safety Action Group (SAG) and sponsored by the European Commission (EC) and UNEP.

Consumer information tools such as eco-labelling and sustainable public procurement are considered paramount to changing consumption and production patterns.



Image : www.rona.unep.org

Institutional buying must be directed towards sustainable procurement (previously called “green” public procurement) and the Government, its various departments and public sector organisations could take the lead. Any rating for good Corporate Social Responsibility (CSR) must take into account the Company's procurement policies for its raw and packing material as well as its support to the Ecomark.

A national program to promote SCP at national, state and local levels that includes: awareness raising, training and capacity building, a robust labeling program (and/or mutual recognition arrangements with other labeling schemes), fiscal and non-fiscal incentives for stimulating supply of sustainable products and services and transparent monitoring and reporting is needed.

India is signatory to a number of multilateral environment agreements (MEA) and conventions. The contribution of an open, equitable and secure multilateral trading system to achieving sustainable development by increasing financial

resources and efficiency in allocation of resources was highlighted in Agenda 21. Agenda 21 recognized the concerns of developing countries such as India, of environmental standards being used as a protectionist device. It therefore called for steps to be taken to ensure that environment-related regulations or standards including health and safety standards did not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade. It also emphasized that environmental standards developed in advanced countries may not be applicable in developing countries.

In addition to tariff barriers in certain sectors, a concern for Indian industry is the impact of international environmental regulation on competitiveness and the potential for a rise in 'green protectionism'. Many developed countries have set physical requirements for imported products such as standards and technical regulations, packaging, eco-labelling and recycling requirements.

Indian exports from the textiles, machinery equipment, leather, and chemicals industries have faced such environmental regulation. The imposition of environmental regulation has significant trade implications for India, as the costs of compliance with these standards could be very large, particularly for the small-and medium-scale enterprises that form a sizeable proportion of the export sector. The technical and financial capacity of these firms to conform to environmental regulations set by developed countries is limited. The resulting loss of competitiveness, market access and export revenues could further limit ability to implement improved environmental standards.

Source: http://www.cpcb.nic.in/Eco_Label.php
 National Environment Policy, 2006
<http://www.un.org/esa/agenda21/natlinfo/countr/india/eco.htm#trade>
http://marketing.conference-services.net/resources/327/3554/pdf/AM2013_0155_paper.pdf
http://www.thegef.org/gef/sites/thegef.org/files/documents/preface1_merged.pdf
<http://www.unep.fr/shared/publications/pdf/DTIx0918xPA-RoundtableChinaIndia.pdf>
 Images : http://www.isoqms.in/images/ISO_14000.jpg,
<http://www.rona.unep.org/images/scp/part%201-%20SCP-circle-pic.jpg>

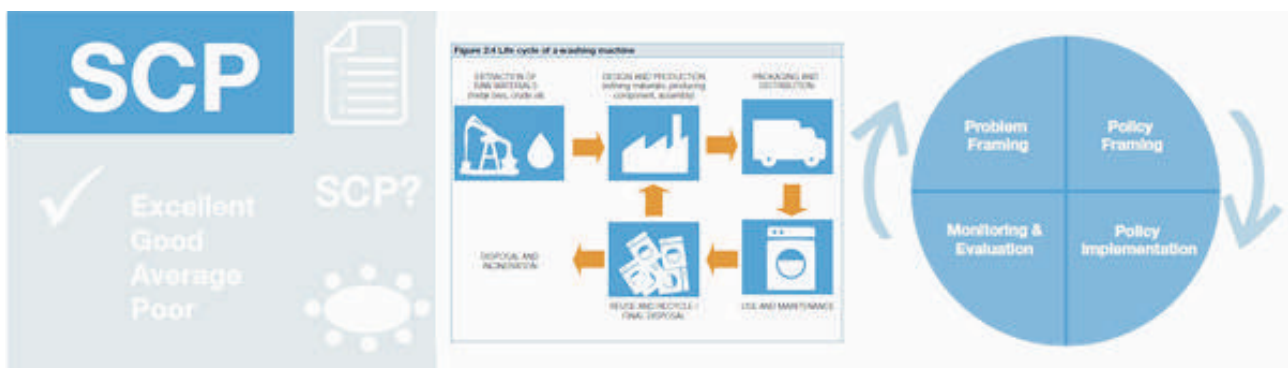


Image : <http://www.switch-asia.eu/uploads/pics/BannerMiddle3.jpg>

International Scenario: Eco Label and Trade



After the **Uruguay Round** negotiations in **Marrakesh** in April 1994, it was ensured that the subject -Trade and Environment - has been given and will continue to be given a high profile on the **World Trade Organization (WTO)** agenda. In the Uruguay Round, this issue of trade and environment was not incorporated for negotiation, but environmental concerns were however addressed in the results of the negotiations. The Preamble to the WTO Agreement includes direct references to the objective of sustainable development and to the need to protect and preserve the environment.

The **World Trade Organization (WTO)** deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. The WTO Committee on Trade and Environment has brought environmental and sustainable development issues into the mainstream of WTO work. To promote sustainable development trade and environment are important areas and should be mutually supportive. The multilateral trading system should integrate environmental considerations and promote sustainable development without undermining its open, equitable, and non-discriminatory quality.

The **UN Conference on Environment and Development** in 1992 (the "**Earth Summit**"), an open, equitable and non-discriminatory multilateral trading system has a key contribution to make to national and international efforts to better protect and conserve environmental resources and promote sustainable development. Its Principle 12 states "Trade policy measures for environmental purposes should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade. Unilateral actions to deal with environmental challenges outside the jurisdiction of the importing country should be avoided. Environmental measures addressing trans-boundary or global environmental problems should, as far as possible, be based on an international consensus."

The **Agenda 21** on international cooperation to accelerate sustainable development in developing countries and related domestic policies identified two major programme areas relating to linkages between trade and environment: (A) promoting sustainable development through trade; and (B) making trade and environment mutually supportive. Agenda 21 pointed out that "the interactions between environmental policies and trade issues are manifold and have not yet been fully assessed" and called upon national governments and relevant international institutions to

"make trade and environment mutually supportive in favour of sustainable development" and to "develop a environment/trade and development agenda". It has emphasised the need to reduce wasteful consumptions and to promote more environmental - sound products. Agenda 21 states that countries also need to identify balanced patterns of consumption develop policies that encourage the transfer of environmentally sound technologies. This could include legislation requiring, for example ecolabelling of products or environmental taxing systems. It should encourage expansion of environmental labelling and other environmentally related product information programmes designed to assist consumers to make informed choices.

The **World Summit on Sustainable Development (WSSD)** in 2002 encouraged the development of consumer information tools such as eco-labels. The **United Nations Environment Programme (UNEP)** has expressed concern that eco-labels have emerged as new technical barriers to trade. It wants the world to develop less 'trade-restrictive ways' of conveying the message. Acknowledging this, the WTO preamble to the Agreement on technical barriers to trade (TBT) reads: **"The Agreement on TBT tries to ensure that regulations, standards, testing and certification procedures do not create unnecessary obstacles, while also providing members with the right to implement measures to achieve legitimate policy objectives, such as the protection of human health and safety, or the environment."** The new Agreements on **Technical Barriers to Trade and on Sanitary and Phytosanitary Measures** take explicitly into account the use by governments of measures to protect human, animal and plant life and health and the environment.

The **2012 United Nations Conference on Sustainable Development (Rio+20)** renewed its commitment to sustainable development by implementing the outcomes of the major summits on sustainable development and addressed new and emerging challenges. It has recognized the **"Green Economy"** (GE) as one of the tools for accomplishment of sustainable development.

The conference put Green Economy in the context of sustainable development and poverty eradication, and the institutional framework for sustainable development.

International institutions like GATT, UNCTAD and UNEP are executing programmes on trade and environment, as per their respective mandates and areas of competency. The



image : http://www.mofa.go.jp/policy/environment/warm/cop/rio_20/images/fm_speech_en_01.jpg

OECD has developed procedural guidelines on integrating trade and environmental policies. National governments and NGOs are also undertaking efforts to clarify trade and environment linkages.

If international trade is more liberal in goods and services, it can play a key role in making economic policies more objective. WTO member countries have made a contribution to sustainable development and better environment protection after Uruguay Round negotiations. The UNCED has also recognized an open, non discriminatory trading system for effective approach towards protection of the environment and generation of sustainable development. It is based on the perspective that countries, particularly developing countries, are dependent on trade as the main source of continued growth and prosperity.

WTO Members believe that work in the WTO on contributing to build a constructive relationship between trade, environment, and sustainable development needs to continue. They have recommended, therefore, that the Committee on Trade and Environment (CTE) should continue its work, reporting to the WTO General Council, with the same mandate and terms of reference which were given it by Ministers in Marrakesh in 1994.

Source:

http://www.wto.org/english/thewto_e/minist_e/min96_e/environ.htm
<http://www.ciesin.org/docs/008-581/008-581.html> <http://www.unccd2012.org/content/documents/814UNCSD%20REPORT%20final%20revs.pdf>, <http://www.unep.org/Documents.Multilingual/Default.asp?documentid=78&articleid=1163>,

Write to us

We value your views and suggestions. Please send us your feedback on this issue. We would also like to have your contribution on the information relevant to the Eco product and Eco labelling.

Please mail: cerc-env@nic.in



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