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Ministry of Environment and Forests, Government of India ENVIS Centre on:

Eco-labelling and Eco-friendly Products

Foreword

As we very well know, any product which is manufactured, used and disposed of in a way that cuts out or reduces the harm it otherwise causes to the environment could be considered as Environment Friendly Product. It was indeed quite thoughtful of the Government of India to initiate this Environment Friendly Product scheme(called "Ecomark") for consumer products some 20 years back. But then, how is it that till 2010 only some 20 licences have been issued with only 15 companies across just 4 product catagories? Can a business be developed this way? Obviously there is something drastically wrong in the system. At a time when there is a great surge in ecofriendly products in most of the world markets, the Indian "Ecomark" hardly exists in our country. There are many reasons for this non-starters but it is time that time-bound strategies are worked out by both business government to ensure that genuine and moderately price eco-friendly products are made easily available not only in our country but also in the world markets at large.

As a part of this exercise, ENVIS issue this month gives to our readers some basic but useful information regarding eco-labelling and the status of developing countries in these areas. Some information about the Global Ecolabelling Network (a non-profit, world organization) shows very clearly the rate of growth of eco-labelled product licences in the world. It is therefore very important for us to have efficient organizations that can produce economically viable and environmentally clean products without any delay. We may otherwise keep on sliding backwards in a booming global market. The earlier we realize this, the better it is



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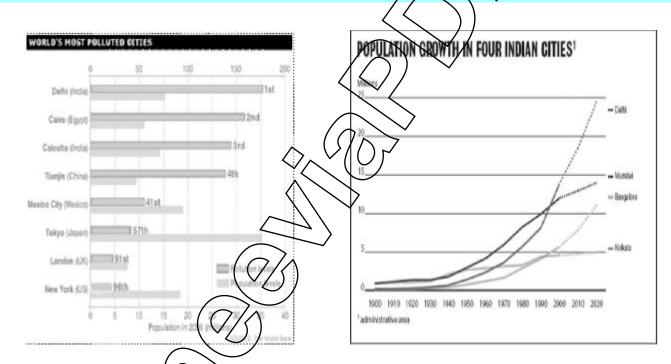
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Introduction

India is witnessing an unprecedented rise in urbanization and cities like Delhi, Mumbai, Bangalore and Calcutta are over-crowded with people. Rapid urbanization has caused wide spread environmental degradation in the country. The government has conceded that despite imposition of regulatory measures, the magnitude of pollution from various sources in the country. Degrading environment is due to the regular and extensive use of different products or services which lead to unhealthy environment in the over crowded piece of land.



The concept of ecolabelling is to encourage environmentally friendly commodities in the market. Agenda 21 recommended governments to promote environmental labelling in order to change consumption patterns and thereby conserving the environment for sustainable development (UNCED, 1992). Ecolabelling was first introduced in Germany in 1978. Now, most of the developed countries and some developing countries including India have established ecolabelling programme. Indian Government has agreed to encourage expansion

of environmental labelling and other environmentally related product information programmes designed to assist consumers in making informed choices. There has been a significant increase over the last few years in the use of eco-labels, i.e. environmental labels attached to a variety of products to attract the attention of consumers about the environmentally positive features of the products. Generally these labels are voluntary and mostly used for the promotion of the products on the basis of their environmentally friendly characteristics.

What is Ecolabelling?

With the industrialization and technological development, markets are flooded with products of daily consumption, making life more comfortable. They could however, be a source of danger to health and damage to our environment. There is a need to distinguish the more environmentally harmful consumer products from those which are harmful, or have a more benign impact on the environment right from the stage of manufacture through packaging, distribution, use, disposal and reusability or recycling.

The shift from traditional command and control measures imposed by governments towards market governance which is a self-regularory new environmental policy instrument called evaluabelling proves to be an effective tool for



attainment of sustainability. Thus, OECD (Organisation for Economic Co-operation and development) defines Ecolabelling as the voluntary granting of labels by a private or public body in order to inform consumers and



thereby promote consumer products which are determined to be environmentally more friendly than other functionally and competitively similar products. Ecolabelling issues a label which identifies overall environmental preference of a product or service within a specific product/service category based on life cycle considerations and is placed on certified products.

Eco-labels are normally issued either by government supported or private enterprises (third party) once it has been proved that the product of the applicant has met the criteria set by them for the label. The criteria for the use of eco-labels is mostly based on the "cradle-to-grave" approach, i e the life-cycle analysis of the product.

Why to introduce Ecolabelling?

Companies with ecolabels, aim of reaching the environmental excellence for the promotion and improvement of products and processes to meet consumer's preferences.

The consumer market is increasingly concerned about purchasing products produced in a company with:

- a. Assurance of it being concerned about future generations.
- **b.** Products causing less environmental impact than others.
- **c.** Preserving strategies for environment.
- **d.** An aim of reduction of waste (Recycling).
- e. Vision of foreseeing itself at a higher level than other competitors in the market.
- Increased exportation opportunities.

Major Objectives

Various objectives of Ecolabelling may be sated as follows:

- **a.** Protecting the environment.
- **b.** Awareness among consumers regarding environmental effects of a particular, product.
- c. Offer incentives to manufactures importers for reducing adverse environmental impacts of products/
- **d.** Enhance environmentally sound innovation.
- e. Provide such manufacturers a competitive advantage over other manufacturers

Guiding Principles

Series of experiences of successful ecolabelling programmes and pertinent JSQ work belped to frame the guiding principles for ecolabelling. They are:

- a. Voluntary Participation.
- Compliance to relevant legislation.
- c. Addressing the quality and Overall performance of a product.
- **d.** Based on sound scientific and engineering principles
 - Chiteria must distinguish leadsership.
 - riteria must be credible, relevant. Attainable, and measureable/verifiable.
- Should be independent from commercial and other interests.
- Programme must be accountable and accurate.
- i. Flexibility is necessary for business operations.
- Consistent with ISO 14020 and ISO 14024 j. guidelines.

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Medical and life insurance claims rejected? Fixed deposits/bonds not being paid up on maturity? Shares not received, dematted nor transferred? Builders asking you for a ride? Brand new fridge stopped making ice? Excess telephone/electricity bills? Problems you don't know how to solve? Contact us for help

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Status of Ecolabelling and Developing countries

Labelling schemes are considered as one possibility from the industrialized world to take the environmental aspects of products into consideration. They are designed to improve the sales or image of a labeled product, to raise the awareness of consumers, to give information about the environmental value for the decision and judgment of the group of buyers and also to give incentives for the manufacturers to improve the environmentally negative aspects of their products. It has to be mentioned that the effectiveness of all these labeling procedures depends on the system and the described criteria. Both system and described criteria differ with the developed and developing country.

To many developing countries, the aspect of Ecolabelling is potential barrier to trade. As, developing countries fear that stricter product standards relating to environmental criteria are increasingly being used as a trade barrier for their exports. The general difficulties faced by the developing countries are as follows:

A. Companies from developing countries do not participate either in the establishment of national labelling schemes and in the selection of product categories or in the selection of criteria and thresholds.



Consumers Who Look for a Specific Certification
Label to Evaluate a Product's Environmental Claims
(% of respondents in each country)

China 72%

Germany 65%

France 63%

India 54%

US 45%

Brazil 39%

Australia 20%

Note: n- at love 1, 90% of the country source Landow, but Environmental Services in each country

Source Landow, but Environmental Services, Colin & Wolfe and Perin Schoen Berland, Imagel Polive 1 (see Name of States) June 2010

Relatively high cost for getting a label and/or paying the necessary certification tests is usually higher for companies from developing countries.

C. The cost for getting eco-friendly final and presentable product even demands high cost.

Case Study:

Organic Shrimp Farming: Ecuador and Peru

- Started in 1998
- Basically done for the Promotion of extensive, sustainable aquaculture practises and shrimp products on international markets through Eco-Labelling
 - Main markets :EU and US
- Programme involving more than 30 farms (both large-scale and small)
- Today well established and acknowledged by the markets



Global Ecolabelling Network (GEN)

A demand for products with ecolabels is growing, though confusion about which companies are truly environmentally responsible persists. Several large companies & government agencies have recently announced or improved their policies to meet green or ecopurchasing policies. The ecolabels and ecocertification landscape is

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ecolabelling programs around the world.

The basic criteria for GEN membership are that the organisations must be non profit organisations, with no conflicts of interest due to their source of funding. They must have stringent criteria for environmental labelling based on the lifecycle of the product, and must have a legally

protected logo. The environmental criteria must be periodically reviewed.

currently fragmented and often confusing as some ecolabels are regionally specific while others are global and some have stricter criteria than others.

Since globally ecolabelling is still largely voluntary, and countries and regions have separate ecolabelling schemes. There is an increasing need to develop credible colabelling programs and share information between the international ecolabelling schemes. Recognising this need for co-operation between international ecolabelling schemes, the Global Ecolabelling Network (GEN) was formed in 1994.

About GEN and its members:

The Global Ecolabelling Network (GEN) is a non-profit association of third party environmental performance labelling organisations. GEN consists of 26 members like in Australia, Brazil, Czech Republic, Hong Kong, India, Japan and many others that operate

GEN: Mission and Functions

Fosters information exchange among its members that cover a wide geographical area, and run some of the foremost ecolabelling programs in the world

- 2) Dissemination of information to the public: The sharing of knowledge and expertise among GEN is expected to raise the quality of global ecolabelling programs both in terms of design and implementation.
- 3) Represents the interests of environmental labelling in various international forums. GEN provides assistance to its members and acts as a bank of information for setting up national ecolabelling programmes.
- 4) Provides information and technical assistance to developing programs, and
- 5) Works toward the long-term harmonization of environmental labelling programs.

Ecolabelling: Trade in India and the World.

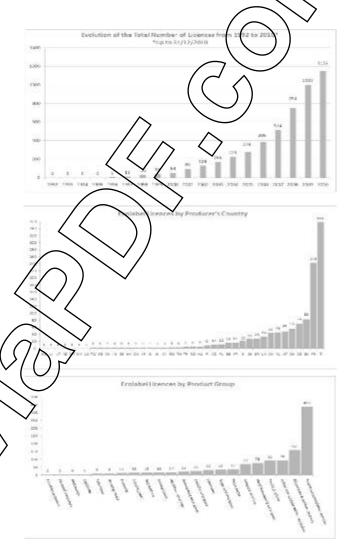
In recent years, the demand for eco-friendly materials has increased significantly among consumers. This has resulted in significantly increased pressure on brands and retailers to meet the various eco standards. Retailers and brands are nowadays responding to sustainability in a more proactive manner and striving to take care of the environmental impact of products and its manufacturing stages.

The number of companies receving the ecolabels are increasing every year at such a rate that at the end of 2010 it has reached 1152 licences (ecolabels). The facts and figures by European Commission says that Italy and France have the greatest number of EU Ecolabel holders, with 359 and 244 licences respectively. They are followed by Spain and Germany who each have more than 70 licences. Whereas, India stands far behind in the list of holders with 2 licences.

The EU Ecolabel is currently awarded to 26 categories of products in the market internationally.

There is a continuously rising demand for the testing associations and companies who can provide fast and reliable eco testing facilities to their supply chain partners in the industry or trading market.

Ecolabelling tends to be based on domestic environmental priorities and technologies in the importing country and may overlook acceptable products and manufacturing processes in the country of production. While trading, the importers in the developed countries insist that the imported products sport ecolabels of their countries, which is a difficult situation for developing country exporter to deal with. On the contrary, in many instances when the exporters have got their products labeled, the importers in the developed countries have helped them in meeting the demands of label, by way of technical and logistical assistance.



International co-operation could make ecolabelling more useful as an instrument to promote the production of environmentally preferable products and use of environmentally sound technologies in developing countries. Indeed, a number of countries themselves are initiating or have initiated ecolabelling programme. At the same time, greater attention is being paid to the possible benefits of ecolabelling as a means of maintaining or increasing market share, as a route to capturing new niche market, and as a way to ease some domestic environmental problems through increased consumer awareness.

Impending areas for future work

The spread of environmental requirements, including ecolabelling and other types of standards, can be expected to continue to increase due to the actions of

private market actors, particularly through supply chain contracts and big retail chains.



Future work on these issues should actively engage

ecolabelling practitioners and organizations developing ecolabelling programmes, including the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance and the Global Eco-labelling Network (GEN). These bodies are effectively 'industry associations' for the main private labelling organizations. This work should also engage trade and environment officials from governments who are responsible for addressing these issues as well as relevant intergovernmental bodies, including the UN Conference on Trade and Development (UNCTAD), the WTO and others.

Some potential foci for this work are as follows:

- develop a framework for categorizing the characteristics of ecolubeis;
- develop monitoring systems to examine ecolabels' environmental effectiveness;
- undertake case studies on why ecolabelling works or fails in environmental terms, as well as on the quantification of its trade effects;
- undertake research on the design of accompanying private and public policies that use ecolabels to promote environmental objectives, with a view also to minimizing any undesirable trade effects.

contribute to the design of ecolabelling programmes and accompanying private and public policies that respond to SME and developing country needs and conditions,

Facts and Figures:

- EU Ecolabelled wall paints use ten times less VOCs than conventional products.
- The energy consumption of an EU Ecolabelled television during standby mode is half than that of a standard IV
- No chlorine gas is used as a bleaching agent in EU Ecolabelled graphic and copying paper.



including 'phased approaches' to the introduction of standards, technical equivalence agreements, and lower-cost conformity assessment and certification services;

- participate in bodies shaping international standards or certification procedures that affect the design and implementation of ecolabelling programmes, such as ISO, the ISEAL Alliance and the GEN;
- collaborate with developing countries in gathering and analysing market information on ecolabelling and on low-cost techniques for complying with its requirements;
- develop guidelines (perhaps in cooperation with the Global Compact) on how to integrate environmental requirements, including ecolabelling, into supply chains, so that positive environmental and economic benefits including predictability of market access are maximized and undesirable trade effects are minimized; and
- provide guidance and advice to the members and secretariats of multilateral environmental agreements (MEAs) that are considering the development of ecolabelling or similar types of consumer information tools for implementation purposes.

The extensive work and data collection and analysis carried out on the above mentioned themes would help to solve the unsolved mystery of Ecollabelling and its acceptance by traders, consumers and government in Indian trade and market.

ECO-NEWS

- Chemical company BASF has launched a website called SELECT (Sustainability, Eco-Labeling and Environmental Certification Tracking) to help customers sort out the crowded world of eco-labels and certifications and for the strategic management of eco-labels, environmental claims, directories and rating systems. BASF hopes this database will simplify the understanding between the various ecolabels. (February 17th, 2011, Environmental leader, Environmental and energy management news)
- Seven companies, (Aetna, Allstate, Garnet Hill, Office Depot, Performance Bicycles, Symantec and United Stationers) have agreed to stop using the Sustainable Forestry Initiative's (SFI) 'eco-label' on branded paper products or company publications. As, these Brands wants tools and certification which is truly green and is not for misleading consumers. (March 28th, 2011)
- EU eco-label rules tightened on toxic which leads to ban on Substances of very high concern (SVHCs). New provisions are a part of a revised ecolabelling Regulation which

is adopted and the agreed text says the ecolabel can not be awarded to / "goods s'u b's tances containing preparations/mixtures (meeting the criteria for classification as toxic, hazardous to the environment, carcinogenic, mutagenic or toxic for reproduction (CMR)". Nor can it be awarded to products containing substances referred to in article 57 of the REACH Regulation, which broadens the ban to include substances that are persistent, bioaccumulative and toxic (PBTs), or very persistent and very bioaccumulative (vPvBs) or those for which there is scientific evidence of probable serious effects which give rise to an equivalent level of concern. The new Regulation will enter into force on the twentieth day after its publication in the EU Official Journal.(3rd April, 2009)

Government plans to make it mandatory for certain IT-enabled products and equipment to carry eco label as an initiative to reduce carbon footprint in the country. Jairam Ramesh said that from January 2010, it will become mandatory for certain IT-enabled products and equipment to carry eco label. (Cxotoday.com, July 29th, 2009)

INM-A stamp for green products

Environment conscious consumers will soon be looking out for a 'Green Signal' in products before they buy them. The Centre for Innovation, Incubation and Entrepreneurship (CIIE) at Indian Institute of Management Ahmedatach (IIM-A) has launched a logo called 'Green Signal on Wednesday. CIIE will authorize the logo to be printed only on environment friendly products.

When companies apply at CIIE for authorization of the logo, the centre will probe into the manufacturing processes of the products to ensure environmentally sustainable practices. The centre will also check how economically the product is in its usage before the permission to use the logo is sanctioned.

Faculty member at IIM-A, Amit Garg, who has led the initiative, said, "This is the first eco-label for India. It will cover various aspects like amount of water and energy consumption, amount of greenhouse gases (GHG) emission, amount of waste generation, and dimensions of products and its services." A steering committee of eight experts has been formed for the initiative.

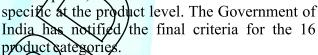
Ref: Times of India, 9th June, 2011

ECOMARK SCHEME

The environment is under tremendous stress from rapid industrialisation, unplanned urbanisation and changing consumption patterns in the race to achieve better living standards. The time has come for consumers to take the lead in prompting manufacturers to adopt clean and ecofriendly technologies and environmentally-safe disposal of used products, along with preventive and mitigative approaches.

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. 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 criteria are based on the cradle-to-grave approach, i.e. from raw material extraction to manufacturing and to disposal. The basic criteria cover broad environmental levels and aspects, but are



Currently, only 12 manufacturers of various products like paper, pulp, leather and wood particle board have applied and got the Ecomark loonce But none of these manufacturers found much utility of the matka (earthen pitcher) coupled with the ISI mark on their package.



- 1. Soaps and detergents
- 2. Food Items
- 3. Textiles
- 4. Packaging
- 5. Cosmetics

- Vegetable Oils
 - **P**aints
- B. Food additives and preservatives
- 9. Batteries
- 10. Plastics

- 11. Pesticides & Drugs
- <u>12</u>. Paper
- 13. Wood Substances
- 14. Lubricating oil
- 15. Aerosols
- 16. Electronic Goods









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