



# *An Introduction to Eco-labelling*

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## **1 What is eco-labelling?**

Eco-labelling, also called “environmental labelling”, means providing information about the environmental friendliness of a product or service; it reflects a value-added characteristic of a product or service. Eco-labelling is a voluntary method of environmental performance certification and labelling that is practiced around the world.

The overall goal of environmental labels and declarations can be stated as follows: through communication of verifiable and accurate information – that is not misleading – on environmental aspects of products and services, to encourage the demand for and supply of those products and services that have a less negative impact on the environment, thereby stimulating the potential for market-driven continuous environmental improvement<sup>1</sup>.

The roots of eco-labelling can be found in growing global concern for environmental protection on the part of governments, businesses and the public. As businesses have come to recognize that environmental concerns may be translated into a market advantage for certain products and services, various environmental declarations/claims/labels have emerged on products and with respect to services in the marketplace (e.g. natural, recyclable, eco-friendly, low energy, recycled content, etc.). By choosing a product with an eco-label, the consumer makes a deliberate and informed choice to purchase a product or a service that causes less damage to the environment than a similar product or service. The label does not imply that the product has no negative influence on the environment, but it does mean that the product is appreciably better than another product or service. While these have attracted consumers looking for ways to reduce adverse environmental impacts through their purchasing choices, they have also led to some confusion and scepticism on the part of consumers.

Without guiding standards and investigation by an independent third party, consumers may not be certain that the companies' assertions guarantee that each labelled product or service is an environmentally preferable alternative. This concern with credibility and impartiality has led to the formation of both private and public organizations providing third party labelling. In many instances, such labelling has taken the form of eco-labels awarded to products approved by an eco-labelling programme operated at a national or regional (i.e. multi-countries) level<sup>2</sup>.

Some eco-labels mean that the producer shows the product's contents and environment impacts on the package, other eco-labels take into account the whole production process and also health and safety aspects (for both manufacturing employees and end users) of the product. There are many different voluntary environmental performance labels and declarations run by governments, private companies and non-governmental organizations, but all boil down to the three basic types of labels established by the

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<sup>1</sup> “Internationally agreed definition of environmental labeling within ISO and related work” WT/CTE/W/114, obtainable at [www.wto.org](http://www.wto.org).

<sup>2</sup> “What is Ecolabelling?”, obtainable at [www.gen.gr.jp](http://www.gen.gr.jp).

International Organization for Standardization (ISO), defined in the standards ISO 14020 to ISO 14025<sup>3</sup> dealing with the subject of environmental labelling<sup>4</sup>:

**Type I** labels compare products with others within the same category, awarding labels to those that are environmentally preferable through the whole life cycle. The criteria are set by an independent body and monitored through a certification, or auditing, process. Ranking products in this way requires tough judgment calls: consider two otherwise identical products, one air polluting, another water polluting. Which is superior?

**Type II** labels are environmental claims made about goods by their manufacturers, importers or distributors. They are not independently verified, do not use pre-determined and accepted criteria for reference, and are arguably the least informative of the three types of environmental labels. A label claiming a product to be “biodegradable”, without defining the term, is a type II label.

**Type III** labels list a menu of a product’s environmental impacts throughout its life cycle. They are similar to nutrition labels on food products that detail fat, sugar or vitamin contents. The information categories can be set by industrial sectors or by independent bodies. Unlike type I labels, they do not judge products, leaving the task to consumers. Critics question whether the average consumer has the time and knowledge to judge whether, for example, emissions of sulphur are more threatening than emissions of cadmium.

Eco-labelling is becoming increasingly important as a marketing tool and as a market requirement in developed countries but it is also a trade-related instrument, affecting both consumers and producers. Since Germany started the first eco-labelling programme, the “Blue Angel” in 1980, more than 30 countries run eco-labelling schemes dealing with a vast number of products ranging from air-conditioning, automotive products, housing products, dairy products, paints, paper products to windows and doors, and many more.

The market preference for Eco-labelled products is expected to force manufacturers or producers to redesign their products, their packages and their processes to make them more environmentally acceptable. The provider of the product or service hopes the Eco-label will influence the purchasing decision in favour of its product and service. If the Eco-label has this effect the market share of the product or service can increase and other providers may respond by improving the environmental aspect of their products or service to enable them to use environmental labels, resulting in reduced environmental stress from that product or service category. This is the pursued objective of eco-labelling.

Until now, only a small fraction of eco-labelled products originates in developing countries. The reason for this is that most eco-labels apply to products for which developing countries have only a small market share in world trade.

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<sup>3</sup> See Annex C for ISO standards on “Using environmental declarations and claims”.

<sup>4</sup> “Environment and Trade – A Handbook”, 2000, p. 47.

But developing countries are becoming more exposed to the effects of eco-labelling since some of the new product categories which are being covered by eco-labelling are of export interest to them, e.g. textiles and clothing or forestry and forestry products (see Section 6).

## **2 Eco-labelling principles**

Government-supported or private enterprises normally issue Eco-labels. Before a product or service is allowed to display an Eco-label it must meet the specific requirements of the eco-labelling scheme. These requirements or criteria, as they are called, are drawn up by various experts. They check the requirements carefully, work out how they might lead to improvements in the environment, and decide whether they will have an impact on the market. After several revisions the proposal is handed over to industry, the retail trade and the authorities to find out what their views are. Predominantly, eco-labelling criteria are so set that only a small percentage of products in a product category can obtain the eco-label. It is important that everyone takes part and that no one feels victimized. Although the requirements may be stiff, they must not be unreasonable; otherwise no one would get involved.

Before drawing up the environmental criteria of a product or service first the environmental impacts of the product or service have to be carried out. Every product affects the environment in several ways during the different phases of its life cycle. In principle, eco-labelling follows a comprehensive, multi-criteria and life-cycle approach with a view to informing the consumer about a real reduction of environmental stress, and not merely a transfer of impacts across environmental media or stages of the product's life cycle<sup>5</sup>. The criteria for the use of Eco-labels are mostly based on the "cradle-to-grave" approach, the Life-Cycle Analysis (LCA). This analysis includes the impact on the environment of the product or service during its life cycle: processing raw materials, production, distribution, consumption and finally disposal. The major environmental effects under consideration can include the contamination of air, water and soil, the generation of waste and in particular of hazardous waste, consumption of energy, use of water or land. In practice, however, the use of LCA varies widely across eco-labelling programmes.

The following matrix, which links the stages of the product life cycle with the major environmental input and output indicators, is an example of a simplified matrix for a product life cycle analysis:

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<sup>5</sup> "Eco-labelling and international trade", 1997, p. 22.

<b>ENVIRONMENTAL FIELDS</b>	<b>Pre-production</b>	<b>Production</b>	<b>Distribution</b>	<b>Utilisation</b>	<b>Disposal</b>
Waste relevance					
Soil pollution and degradation					
Water contamination					
Air contamination					
Noise					
Consumption of energy					
Consumption of natural resources					
Effects on ecosystems					

Figure 1 - Matrix for a product life cycle analysis

With the establishment of a LCA for a product certain difficulties may arise:

- Eco-labelling programmes require extensive information on the “life-cycle” of a product or service; even if we have unlimited time and resources it will never give a clear-cut picture of the environmental impact of a product.
- Models that weigh up one environmental hazard against another are often complicated and unclear.
- The life cycle analysis is only valid at the time it was carried out, since new information and new environmental factors must constantly be taken into account.
- LCA may create practical and conceptual problems, in particular when international trade is involved. As LCA requires a large amount of information it may be difficult to establish a LCA for imported products or materials.

Eco-labelling has a great impact on the environment if it is focused on the most important environmental problems occurring during the life-cycle of a product.

Eco-labelling can be broadly classified as either self-declared or third-party certified. “Supplier’s declaration of conformity”, is performed by the suppliers themselves to promote the positive environmental aspects of their products. Third-party certification is carried out by independent or governmental organizations with no financial interest in the product. These organizations evaluate the products or services according to a set of publicly defined criteria of the specific eco-labelling scheme. Without guiding standards and investigation by an independent third party, consumers may not be certain that the company’s assertion guarantee that the labelled product or service is an environmentally preferable alternative. For this reason Eco-labels are basically third-party certified.



In general, the following factors determine a successful labelling programme:

- Previous consumer awareness;
- Third party certification;
- Market structure;
- Consumer willingness to pay for the products; and
- Clear and inexpensive label format.

As already mentioned many different eco-labels exist, and each label has its own set of criteria, but basically they have one goal in common, to improve the environment. So if somebody wants to put a certain eco-label on its products or service, it has to meet the requirements of the specific eco-labelling programme.

### **3 Costs and benefits of eco-labelling**

#### **3.1 Market access versus non-tariff barriers to trade**

One positive side of eco-labelling is that it is a very good way of influencing and accessing the market. By setting up requirements for labelling consumers are given the opportunity to choose between products that meet these requirements or not. Consumers' awareness for environmentally friendly products is growing. Consequently more and more manufacturers have to keep up with these requirements; otherwise their more environmentally aware competitors leave them behind. So competitive advantages can be found in eco-labelling. It can act as an instrument for, inter alia, a significant market access advantage and for an extension of the market share for those producers/exporters that may qualify for the label, which importers and traders would appreciate.

Most eco-labelling schemes are national programmes, developed for domestic economic and environmental realities, and consider domestic environmental preferences. The design of many eco-labelling schemes fails to take into account the different circumstances prevailing in other producer countries<sup>6</sup>. This may result as a possible discrimination on foreign producers and as a non-tariff barrier to trade (see Section 4), as eco-labelled products may be used by retailers or importers as selection criteria for suppliers.

#### **3.2 Price premiums versus financial costs**

One of the arguments in favour of eco-labels is a price premium to be extracted from suitably labelled products. Unfortunately the price premiums are more modest than proponents of eco-labels have suggested, as the consumers' "willingness to pay" more for environmentally friendly products is relatively modest too.

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<sup>6</sup> OECD Background paper for the Round Table on Sustainable Development "Private Voluntary Eco-labels: Trade Distorting, Discriminatory and Environmentally Disappointing", 2001, obtainable at [www.oecd.org](http://www.oecd.org).

But such modest premiums may still be sufficient to give a small edge to sales of products which possess the eco-label<sup>7</sup>.

The financial costs of eco-labels may be divided into two parts: the cost of adjusting production processes to ensure that the product will receive the relevant eco-label and the expense of subscribing to and maintaining participation in an eco-labelling programme, like expenditures for fees for application, testing or administration. Fees for eco-label certification are reasonably high. This may affect developing country exporters who are frequently small and medium-sized enterprises where margins are basically small<sup>8</sup>. A study carried out in India pointed out that costs of compliance with eco-labelling criteria in the textile and leather sectors have been found to be prohibitive, compounded by difficulties in accessing technologies, developing testing facilities and verifying compliance. For example, the cost of compliance with eco-labelling schemes by Indian footwear exporters may be 33 per cent of the export price<sup>9</sup>.

## **4 Eco-labelling and international trade**

### **4.1 Eco-labelling and the WTO**

Eco-labelling schemes are becoming increasingly important tools of environmental policy implemented at the local, national, regional or international level. Several WTO Agreements contain rules potentially applicable to eco-labels, including, the General Agreement on Tariffs and Trade 1994 (GATT), the General Agreement on Trade in Services (GATS), the Agreement on Technical Barriers to Trade (TBT), and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). Each Agreement contains its own set of rules; it remains an uncertainty about which Agreement applies to eco-labels under what circumstances<sup>10</sup>. Eco-labelling has also been discussed in the WTO in the Committee on Trade and Environment (CTE) and the Committee on Technical Barriers to trade (CTBT)<sup>11</sup>.

The GATT 1994 contains the basic disciplines for regulating trade in goods between WTO Members. While the GATT rules out treatment that discriminates either between “like products” from different WTO trading partners, or between foreign and domestic “like products”, the situation is less clear when eco-labels differentiate between products on the basis of process or production methods (PPMs).

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<sup>7</sup> OECD Background paper for the Round Table on Sustainable Development “Private Voluntary Eco-labels: Trade Distorting, Discriminatory and Environmentally Disappointing”, 2001, obtainable at [www.oecd.org](http://www.oecd.org).

<sup>8</sup> Ibid.

<sup>9</sup> “The study of the effects of environmental measures of market access”, WT/CTE/W/177, obtainable at [www.wto.org](http://www.wto.org).

<sup>10</sup> “Trade as an Environmental Policy Tool? GEN, Ecolabelling and Trade”, Background paper for the WTO symposium, 2003, obtainable at [www.wto.org](http://www.wto.org).

<sup>11</sup> Background paper for the OECD Round Table on Sustainable Development “Eco-labelling and WTO rules: What needs to be done”, 2001, obtainable at [www.oecd.org](http://www.oecd.org).

Some PPMs will affect the characteristics of the finished product. Frequently, however, PPMs do not affect final product characteristics. There are different views on whether these so-called “non-product-related” PPMs are a legitimate basis on which to distinguish products.

As eco-labelling programmes are voluntary, it appears that they are considered as “standards<sup>12</sup>” under the TBT Agreement<sup>13</sup>. The principal rules for standards are outlined in Annex 3 of the TBT Agreement’s Code of Good Practice for the Preparation, Adoption and Application of Standards. An ongoing debate focuses on the question whether the use of non-product related PPMs in eco-labelling criteria is covered by the TBT Agreement. Developing countries generally favour that they are not covered, whereas developed countries argue in favour of coverage<sup>14</sup>.

Although eco-labelling programmes are usually voluntary, it is recognized that trade effects can arise, particularly for small suppliers from developing countries. An eco-labelling system may be considered as causing unnecessary barriers to trade under the provisions of the TBT Agreement if<sup>15</sup>:

- The determination of the criteria to which the product must conform in order to qualify for the label, is not based on objective or scientific consideration to take into account adequately the production process prevailing in other countries;
- Procedures for verification in granting the label are unnecessarily strict or rigorous, thereby making it almost impossible for a foreign producer to obtain the label;
- The system is prepared and adopted for a product which is almost entirely imported, and the right to grant an eco-label rests entirely with the authorities of the importing countries.

The Committee on Trade and Environment has recognized that the eco-labelling programmes can be valuable environmental policy instruments. There is also concern that the use of eco-labelling schemes may reduce market access for some countries. The most controversial issue has been the role of non-product related PPMs in eco-labelling certification criteria.

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<sup>12</sup> A standard is defined in Annex 1 of the TBT Agreement as a “Document approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method.”

<sup>13</sup> OECD Background paper for the Round Table on Sustainable Development “Eco-labelling and WTO rules: What needs to be done”, 2001, obtainable at [www.oecd.org](http://www.oecd.org).

<sup>14</sup> “Trade as an Environmental Policy Tool? GEN, Ecolabelling and Trade”, Background paper WTO symposium, 2003, obtainable at [www.wto.org](http://www.wto.org).

<sup>15</sup> “Eco-labelling and international trade”, 1997, p. 287 f.

While the inclusion of non-product related PPMs allows consumers to determine which products were produced through processes with the least adverse environmental impacts, it has been argued that the use of non-product related PPMs restricts the ability of countries to make choices on locally appropriate production methods.

In addition to strengthened transparency requirements, other solutions to the potential market access problems associated with eco-labelling schemes have been discussed at the Committee on Trade and Environment, including<sup>16</sup>:

- The need for capacity building and technical and financial transfer for developing countries,
- Equivalency and mutual recognition of standards, whereby countries would develop eco-labelling schemes that recognize the differing conditions and environmental standards of exporting countries; and
- Harmonization of international labelling standards to facilitate compliance with eco-labelling requirements.

#### **4.2 Developing countries using eco-labelling schemes of developed countries**

In several cases, raw materials originating in developing countries are used by a final manufacturer located in a developed country who wants to obtain an eco-label. So he will require his suppliers to comply with the eco-label criteria for their ingredients. Producers/exporters from developing countries should be prepared to overcome possible environmental barriers but also to benefit from the opportunities arising from the growing consumer/market preferences for environmentally friendly or acceptable products. Eco-labels are an important source of technological know-how for developing the economy of developing countries and raising their capability to export and compete on the global market.

Developed countries seem to create rules and regulations without paying too much attention to potential difficulties they may cause in developing countries. It is very important that producers in developing countries are being informed about the latest developments in the field of environmentally friendly products and production methods so that they will be better prepared for forthcoming changes.

One of the biggest challenges to developing countries is the great variety of divergent national or regional labelling requirements. In the case of exporting to the EU, the EU flower<sup>17</sup> is valid in all 15 member countries but almost each EU member country has additionally its own national eco-labelling scheme which is only valid in the country; except the Nordic Environmental Labelling which is valid in Norway and Sweden. This is a potential problem for developing country producers since they would have to apply for the eco-labels in several countries where they are exporting.

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<sup>16</sup> “Trade as an Environmental Policy Tool? GEN, Ecolabelling and Trade”, Background paper WTO symposium, 2003, obtainable at [www.wto.org](http://www.wto.org).

<sup>17</sup> The EU flower is the eco-labelling programme developed by the European Union. More information can be obtained at <http://europa.eu.int/comm/environment/ecolabel>.

But it has to be mentioned that the European Commission wants to consolidate the various Eco-label schemes under the umbrella of the EU-flower. The effects of eco-labelling schemes on developing countries depend basically on:

- The choice of product categories selected for eco-labelling;
- The relative size of the market for Eco-labelled products;
- Compliance costs (including the costs of testing and verification);
- Possible price premiums for Eco-labelled products; and
- The administrative costs of using the labels (such as fees).

Industry, governments and national standardization bodies of developed countries need to engage in international efforts to make eco-labelling more compatible with the trade and sustainable development interests of developing countries. Thus, capacity building is also needed to support the effective participation of developing countries in international work on eco-labelling<sup>18</sup>. The delivery of effective technical assistance to developing countries is essential, specific issues identified by the Committee on Trade and Environment to address may include<sup>19</sup>:

- Provision of timely information to developing countries on proposed and existing labelling requirements and schemes;
- Ways to facilitate the capacity of developing countries to comply with labelling requirements in export markets;
- Developing country participation in the setting of international standards on labelling and co-operation with relevant international organizations and standardization bodies; and
- Enabling developing countries to make appropriate use of international standards and to maximize the benefits from doing so.

Here are some examples of practical actions that may be considered by producers/exporters or by relevant authorities in developing countries, to respond to environmental restrictions and opportunities in international trade:

- Keeping informed of eco-labelling and environmental management principles and practices worldwide;
- Adapting/modifying products and processes as well as management systems in order to minimize or reduce their environmental impact as needed to qualify for eco-labelling awards;
- Adopting and documenting appropriate environmental management practices. An appropriate model is e.g. the ISO 14000 standards;
- Participating in the elaboration of environmental criteria for eco-labelling;
- Creating national eco-labelling schemes for key product groups following internationally recognized guidelines;
- Establishing mutual recognition agreements with similar schemes in target markets; and

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<sup>18</sup> "Trade and Environment", 1998, p. 40 ff.

<sup>19</sup> "Labelling", WT/CTE/W/212, obtainable at [www.wto.org](http://www.wto.org).

- Promotion of dialogue between developing and developed countries, maintained on a regular basis.

### 4.3 Developing countries establishing their own eco-labelling schemes

A number of developing countries and countries in transition have established their own eco-labelling programmes and are members of GEN (e.g. India, Republic of Korea, Democratic People's Republic of Korea, China, Brazil) or are in the process of establishing their own eco-labelling schemes (e.g. Sri Lanka, Colombia). In the case of India, their Eco-mark programme was developed in consultation with the Environmental Choice Program in Canada. The fact that the eco-labelling system in developing countries adapts the criteria developed by the better-known schemes in developed countries implies that it may be easier to make these systems mutually acceptable.

However, since the domestic market for eco-labelled products in developing countries tends to be small, eco-labelling in developing countries may only have significant effects if it also contributes to increase export competitiveness. Thus, the penetration of export markets and the expansion of trade in environment-friendly products tend to be among the key objectives. The establishment of eco-labelling programmes may be difficult in developing countries. In order to be successful, a number of pre-conditions must exist:

- Eco-labelling criteria must be significant and relevant in the context of the local environment and development conditions of the country of production;
- Consumers must show preference for eco-labelled products and producers must be responsive to eco-labelling; and
- Eco-labels must also take into account the preferences of consumers in external markets.

Those conditions require environmental expertise and detailed market research. Eco-labelling usually implies requests for funding, at least at an initial stage, to support the selection of product categories, the establishment of eco-label criteria and for education and promotional purposes.<sup>20</sup>

## 5 Global Eco-labelling Network (GEN)



The Global Eco-labelling Network (GEN)<sup>21</sup> was founded as a non-profit association of third party, environmental performance labelling organizations in 1994 to improve, promote, and develop the eco-labelling of products and services. GEN was launched to provide a forum for information exchange and cooperation between organisations operating eco-labelling programmes.

<sup>20</sup> "Trade and Environment", 1998, p. 40 ff.

<sup>21</sup> The web site of GEN [www.gen.gr.jp](http://www.gen.gr.jp) gives more information about the organization, its activities, its members and about Eco-labelling.

Eco-labelling, in the GEN context, is limited to programmes or schemes that are life cycle based, voluntary, third party, multisectoral and selective – in other words, that fit the ISO Type I definition<sup>22</sup>.

By the end of 2001, GEN included 26 member organisations from all over the world<sup>23</sup>. Membership includes programmes from both developed and developing countries. Based on a decision taken at the 2000 Annual General Meeting, participation in GEN initiatives and activities has been expanded to include "associates". These associates are not-for-profit organizations that formally support eco-labelling principles and goals, though they are not eco-labelling practitioners.

The mission of GEN is to:

- Serve its members, other eco-labelling programmes, other stakeholders, and the public by improving, promoting and developing the eco-labelling of products, the credibility of eco-labelling programmes worldwide and the availability of information regarding eco-labelling standards from around the world.
- Foster co-operation, information exchange and harmonization among its member associations, and other eco-labelling programmes with regard to eco-labelling.
- Facilitate access to information regarding eco-labelling standards from around the world.
- Participate in certain international organizations in order to promote eco-labelling generally.
- Encourage the demand for, and supply of, more environmentally responsible goods and services.

In support of this mission, GEN members:

- Set criteria for and certify products and services with lower environmental burdens and impacts than comparable products/services with the same function.
- Provide information, advice and technical assistance to organizations contemplating or developing programmes.
- Disseminate information to the public.
- Represent the interests of eco-labelling in various international meetings and events.

GEN is not only a forum for information exchange; it is also involved in technical assistance and inter-programme cooperation undertaking the following initiatives<sup>24</sup>:

- Development of a mutual recognition system specific to eco-labelling;
- Development of mutual recognition agreements on a bilateral pilot basis;

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<sup>22</sup> "Trade as an Environmental Policy Tool? GEN, Ecolabelling and Trade", Background paper WTO symposium, 2003, obtainable at [www.wto.org](http://www.wto.org).

<sup>23</sup> Annex A gives a list of the member organizations of GEN.

<sup>24</sup> "Trade as an Environmental Policy Tool? GEN, Ecolabelling and Trade", Background paper WTO symposium, 16 – 18 June 2003.

- Development of harmonized and common core environmental criteria for certain products;
- Representation at ISO meetings;
- Adoption of ISO 14024, *Environmental labels and declarations – Type I environmental labelling – Principles and procedures*, as a “code of good practice”;
- Self-assessments of conformity against ISO 14024;
- Presentation on eco-labelling to a range of international inter-governmental bodies;
- Provision of technical assistance to countries seeking to develop eco-labelling programmes; and
- Currently GEN is exploring the development and implementation of an international coordinated eco-labelling system.

It is suggested that exporters from developing countries address themselves to GEN, in order to find information on world-wide eco-labels that may affect the products they wish to export. The member organizations of GEN are listed in Annex A.

## **6 Eco-labelling for certain product groups**

### **6.1 Textiles and clothing**

Textile producers of developing countries dominate the textile markets, about 80 percent of the value of EU imports of T-shirt and bed linen originates in developing countries<sup>25</sup>. Textiles and clothing as a product group are covered by many different eco-labels<sup>26</sup> with different underlying criteria<sup>27</sup>. Identifying eco-textiles with a label is one way to draw consumer attention to such products. The requirements of consumers are met with such a label: they receive textiles which either do not contain harmful substances or have a harmful substance content within very narrow tolerances<sup>28</sup>.

The draft criteria refer to environmental effects at different stages of the product’s life-cycle, in particular those related to cotton growing and the manufacturing of fabrics. Consequently, most criteria are PPM-related, referring, for example, to efficiency in the use of energy and water, the treatment of waste water, cotton dust and noise. Specific criteria relate to the use of pesticides and chemicals in cotton growing or to the use of dyes or chemicals in the manufacturing process, in most cases to address local environmental effect at the location of production. Only a few criteria are clearly product-related<sup>29</sup>, e.g. öko-tex Standard 100<sup>30</sup>.

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<sup>25</sup> “Eco-labelling and other environmental quality requirements in textiles and clothing”, 1996, p. 63.

<sup>26</sup> A list of existing eco labels for textiles of GEN members can be obtained at Annex B.

<sup>27</sup> “Profiting from Green Consumerism in Germany”, 1999, p. 54.

<sup>28</sup> “Eco-labelling and other environmental quality requirements in textile and clothing”, 1996, p. 94.

<sup>29</sup> “Eco-labelling and other environmental quality requirements in textile and clothing”, 1996, p. 63 ff.

<sup>30</sup> More information about öko-tex standard 100 are obtainable at [www.oeko-tex.com](http://www.oeko-tex.com).



The European Commission published a directive in May 1996 for the EU eco-labels for T-shirts and bed linen. By May 1999 only nine EC eco-labels had been awarded to producers of T-shirts from a number of EU countries. In March 1999 the existing criteria for T-shirts and bed linen were eventually included in a larger EU parameter for all textiles and clothing products. The European eco-label for textile products applies now to all textile products including textile clothing and accessories, fibres, yarn and fabrics and interior textiles except wall and floor coverings<sup>31</sup>.

Two components have to be considered when designing eco-textiles<sup>32</sup>:

- **Manufacture**  
All aspects from origination right through to disposal have to be taken into account (from cradle to grave). The message for the consumer should be clear, catchy and credible.
- **The fashion component**  
The importance of this component should not be under-estimated. Eco-textiles are the Cindarellas of fashion, they are not given the same attention as other fashion textiles.

## **6.2 Forestry and forestry products**

In general, the prospects for sustainable produced timber are good. There is a large demand for timber products in many industrialised countries, which gives a good opportunity for developing country exporters<sup>33</sup>. The main environmental concern that underlies timber certification is the quality of management of forests from which timber and timber products are sourced, and not emissions or waste disposal in the course of processing, manufacturing and utilization of timber<sup>34</sup>.

The Forestry Stewardship Council (FSC)<sup>35</sup> is an international non-profit organization founded in 1993 to support environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC has developed a number of principles and criteria valid for forestry management but it does not certify sustainable forestry itself. Worldwide, a large number of (national) labelling schemes have adopted the FSC guidelines and can award a national label for forestry management according to FSC principles<sup>36</sup>.

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<sup>31</sup> More information on the European eco-label is obtainable at <http://europa.eu.int/comm/environment/ecolabel>.

<sup>32</sup> Ibid.

<sup>33</sup> "Eco Trade Manual", 1998, p. 65.

<sup>34</sup> "Eco-labelling and international trade", 1997, p. 207.

<sup>35</sup> More information about FSC is obtainable at [www.fscoax.org](http://www.fscoax.org).

<sup>36</sup> "Eco Trade Manual", 1998, p. 65.

The following areas of certification in relation to forestry are possible<sup>37</sup>:













- Timber certification is a process which results in a written statement (a certificate) attesting the origin of wood raw material, and its status and/or qualifications following validation by an independent third party.
- Certification of forest management involves an assessment of relevant aspects such as forest inventory, management planning, silviculture, harvesting, road construction and other related activities, as well as environmental and economic impact of forest activities. Assessment is based on a set of predetermined principles and criteria, specific to the operation area.
- In product certification, processed timber products from certified forests are traced through successive phases of the supply chain. These phases include log transportation, log storage, primary processing, intermediate product storage, transport of intermediate products, various phases of further processing, as well as product transport and distribution up to the final consumer.














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<sup>37</sup> “Eco-labelling and international trade”, 1997, p. 206 ff.

## Annexes

### A List of member organizations of GEN

Label	Member	Country
	The Australian Environmental Labelling Association (AELA) <a href="http://www.aela.org.au">http://www.aela.org.au</a>	Australia
	Associação Brasileira de Normas Técnicas (ABNT) <a href="http://www.abnt.org.br">http://www.abnt.org.br</a>	Brazil
	Terra Choice Environmental Service Inc, Environment Canada <a href="http://www.terrachoice.ca">http://www.terrachoice.ca</a>	Canada
	Ministry of Environmental Protection and Physical Planning <a href="http://www.duzpo.hr">http://www.duzpo.hr</a>	Croatia
	Ministry of Environment <a href="http://www.env.cz">http://www.env.cz</a>	Czech Republic
	Ecolabelling Denmark <a href="http://www.ecolabel.dk">http://www.ecolabel.dk</a>	Denmark
	European Commission, DG ENVIRONMENT D3 <a href="http://europa.eu.int/comm/environment/ecolabel/index.htm">http://europa.eu.int/comm/environment/ecolabel/index.htm</a>	EU
	Federal Environmental Agency (FEA) <a href="http://www.blauer-engel.de">http://www.blauer-engel.de</a>	Germany
	ASAOS, Supreme Council for Awarding the Ecolabel <a href="http://www.minenv.gr/frame.html?2&amp;0&amp;2&amp;/4/41/g4100.html">http://www.minenv.gr/frame.html?2&amp;0&amp;2&amp;/4/41/g4100.html</a>	Greece
	Green Council <a href="http://www.greencouncil.org">http://www.greencouncil.org</a>	Hong Kong (Special Administrative Region of China)
	Hungarian Eco-Labeling Organizations (HELO) e-mail: <a href="mailto:fiegler.zsuzsanna@matavnet.hu">fiegler.zsuzsanna@matavnet.hu</a>	Hungary
	Central Pollution Control Board (CPCB) <a href="http://envfor.nic.in/cpcb">http://envfor.nic.in/cpcb</a>	India

	Japan Environment Association (JEA) <a href="http://www.jeas.or.jp/ecomark/english">http://www.jeas.or.jp/ecomark/english</a>	Japan
	Korea Environmental Labelling Association (KELA) <a href="http://www.kela.or.kr">http://www.kela.or.kr</a>	Korea
	Ecolabel Commission, Ministry of Environment <a href="http://www.mev.etat.lu">http://www.mev.etat.lu</a>	Luxembourg
	Environmental Choice New Zealand <a href="http://www.enviro-choice.org.nz">http://www.enviro-choice.org.nz</a>	New Zealand
	Norwegian Foundation for Environmental Labelling <a href="http://www.ecolabel.no/english">http://www.ecolabel.no/english</a>	Norway
	Environment and Development Foundation (EDF) <a href="http://www.greenmark.org.tw">http://www.greenmark.org.tw</a>	Taiwan, ROC
	Asociacion Espanola de Normalizacion y Certificacion <a href="http://www.aenor.es">http://www.aenor.es</a>	Spain
	SIS Ecolabelling AB <a href="http://www.svanen.nu/eng">http://www.svanen.nu/eng</a>	Sweden (SIS)
	Swedish Society for Nature Conservation (SSNC) <a href="http://www.snf.se">http://www.snf.se</a>	Sweden (SSNC)
	TCO Development <a href="http://www.tcodevelopment.com">http://www.tcodevelopment.com</a>	Sweden (TCO)
	Thailand Environment Institute (TEI) <a href="http://www.tei.or.th">http://www.tei.or.th</a>	Thailand
	Department for Environment, Food and Rural Affairs (DEFRA) <a href="http://www.defra.gov.uk/environment/ecolabel/index.htm">http://www.defra.gov.uk/environment/ecolabel/index.htm</a>	United Kingdom
	Green Seal <a href="http://www.green seal.org">http://www.green seal.org</a>	USA

**B List of existing eco-labels for textiles of GEN members<sup>38</sup>**

<i>Programme</i>	<i>Products</i>
Austria (Austrian Eco-label)	Textile floor coverings
Croatia (Environmental label)	Linen towel on the rail
EU (EU Ecolabelling)	Bed-linen and T-shirts
	Footwear
	Bed mattresses
	Textile products
Germany	Fabric towel rolls
Hungary (Hungarian Eco-labelling Programme)	Woollen-flax bed clothes
Japan (Eco-mark)	Unbleached clothes
	Textiles made of waste fibres
	Clothing made from recycled PET resin
	Household textile products using recycled PET resin
	Textile products for industrial use
Korea (Environmental Labelling)	Clothing
Netherlands (Stichting Milieukeur)	Clothes
	Hand dryers (cotton)
	Footwear
	Bed mattresses made of natural material
New Zealand (Environmental Choice New Zealand)	Wool pile carpets
	Wool rich pile carpets
Nordic Countries (Nordic Swan)	Textiles
Republic of China (Taiwan-Green Mark)	Non-bleached towels
	Regenerated textile products
Sweden (Good Green Buy)	Textiles
Thailand (Thai Green Label)	Products made from cloth

<sup>38</sup> For more information see [www.gen.gr.jp](http://www.gen.gr.jp).

## C List of selected documents on eco-labelling

### 1. Standards

ISO 14020 series of standards for environmental labelling

ISO standard	Title
ISO 14020:2000	<i>“Environmental labels and declarations -- General principles”</i>
ISO 14021:1999	<i>“Environmental labels and declarations -- Self-declared environmental claims (Type II environmental labelling)”</i>
ISO 14024:1999	<i>“Environmental labels and declarations -- Type I environmental labelling -- Principles and procedures”</i>
ISO/TR 14025:2000	<i>“Environmental labels and declarations -- Type III environmental declarations”</i>

The standards can be purchased online at [www.iso.org](http://www.iso.org).

### 2. Books

- **Eco-labelling and international trade**, (1997), edited by Simonetta Zarrilli, Veena Jha and René Vossenaar, in association with the United Nations Conference on Trade and Development. Published in Great Britain by Macmillan Press Ltd, Houndmills, Basingstoke, Hampshire RG21 6X2, ISBN 0-333-66547-3. Published in United States of America by St. Martin`s Press Inc., Scholarly and Reference Division, 175 Fifth Avenue, New York, N.Y. 10010, ISNG 0-312-16579-X. Papers from the United Nations Conference on Trade and Development in 1994.
- **Trade effects of eco-labelling**, (1997), United Nations Publication, Proceedings of a seminar held in Bangkok, 17 – 18 February 1997, ISBN 92-1-119763-5. It contains a summary of the proceedings of the seminar, market access implications for exports of the ESCAP region and different country studies.
- **Eco-labelling and other environmental quality requirements in textiles and clothing: Implications for developing countries**, (1996), International Trade Center (ITC), Palais des Nations, CH-1211 Geneva 10, Email: [itcreg@intracen.org](mailto:itcreg@intracen.org), Internet: [www.intracen.org](http://www.intracen.org). The paper presents the recommendations of an ITC workshop for developing country exporters on meeting the eco-labelling and other quality requirements of developed countries held in June 1995.
- **Life-cycle management and trade**, (1994), OECD; 2, rue André-Pascal; 75775 Paris Cedex 16, France; ISBN 92-64-14148-0. Compilation of papers and discussion summary presented at a workshop on “Life-Cycle Management” in 1993. It examines the potential trade effects of current trends in eco-labelling, eco-packaging and recycling.

- **Environmental management and ISO 14000**, (2001), Manual 10 of the International Organization for Standardization, 1 rue de Varembé, Case postale 56, CH-1211 Genève 20, Email: [dev@iso.org](mailto:dev@iso.org), Internet: [www.iso.org](http://www.iso.org). The manual is an introduction to the ISO 14000 series of standards to obtain an overall idea about the published standards and how they are developed.
- **Environment and Trade – A Handbook**, (2000), United Nations Environment Programme (UNEP) [www.unep.org](http://www.unep.org) and International Institute for Sustainable Development (IISD) <http://iisd.ca>. The handbook is available in a Web version at both [www.unep.ch/etu](http://www.unep.ch/etu) and <http://iisd.ca/trade/handbook>; ISBN 1-895536-21-9. The handbook highlights the relationship between environment and trade. For a better understanding of how trade can effect environment.
- **Textiles and clothing – An introduction to quality requirements in selected markets**, (1995), International Trade Centre (ITC), Palais des Nations, CH-1211 Geneva 10, Email: [itcreg@intracen.org](mailto:itcreg@intracen.org), Internet: [www.intracen.org](http://www.intracen.org); ISBN 92-9137-002-2. The purpose of the publication is to create awareness among managers, and commercial and technical staff of textile and clothing companies in developing countries and in economics in transition of current evolving requirements for the product group in the EU. Some information is provided on North American Market.
- **Trade and environment**, (1998), United Nations Development Programme, Capacity 21, Sustainable Energy and Environment Division; 304 East 45<sup>th</sup> Street, 10<sup>th</sup> Floor, New York, NY 10017, [www.undp.org](http://www.undp.org). The monograph provides an overview on capacity building for sustainable development in the area of trade and the environment.
- **Profiting from green consumerism in Germany**, (1999), United Nations Conference on Trade and Development (UNCTAD), Palais des Nations, 1211 Geneva 10, Switzerland; ISBN 92-1-112441-7. The report reviews the consequences of green consumerism in Germany for the export opportunities of developing countries in three sectors: textiles and clothing; leather and footwear; and timber and furniture.
- **Eco trade manual – Environmental challenges for exporting to the European Union**, 1998, shared production of CBI, DIPO, NORAD, OSEC, Protrade and Sida. The Eco Trade Manual can be ordered by exporters from the programme countries, e.g. Center for the promotion of imports from developing countries (CBI), P.O. Box 30009, 3001 DA Rotterdam, The Netherlands, Phone: + 31(0)10201 34 34; Fax: + 31(0)10 411 40 81, E-mail: [cbi@cbi.nl](mailto:cbi@cbi.nl). The manual focuses on environmental issues with which (potential) exporters to the EU will be faced. It helps to guide exporters and export promotion organisation in developing countries in turning the environmental trade barrier into a market opportunity.

**D List of selected websites where information about eco-labelling can be obtained**

- Global Ecolabelling Network (GEN) - <http://www.gen.gr.jp>
- International Organization for Standardization – <http://www.iso.org>
- World Trade Organization (WTO) – <http://www.wto.org>
- Organisation for Economic Co-operation and Development (OECD) – <http://www.oecd.org>
- International Trade Centre (ITC) – <http://www.intracen.org>
- European Union Eco-label homepage  
<http://europa.eu.int/comm/environment/ecolabel/>
- Forestry Stewardship Council (FSC) – <http://www.fscoax.org>
- Öko-tex standard 100 – <http://www.oeko-tex.com>



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