

The Concept of Ecolabelling

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The purpose of ecolabelling is to communicate with the potential consumers, stating that the product or service they are considering is less harmful to the environment than other similar products or services available in the same category in the market. It offers enormous potential for reducing the environmental deprivation associated with the production materials and processes. The simple fact is that the market for green products is growing rapidly and the global green economy is expanding into an annual market of trillions of dollars.

Ecolabelling is defined by [Global Ecolabelling Network](#) as a voluntary method of environmental performance certification and labelling that is practiced around the world. An “[ecolabel](#)” is a label which identifies the overall environmental impact of a product or service within a specific product/service category based on life cycle considerations. In contrast to “green” symbols or claim statements developed by manufacturers and service providers, an ecolabel is awarded by an impartial third-party in relation to certain products or services that are independently determined to meet environmental leadership criteria.

According to the [Organization for Economic Cooperation and Development \(OECD\)](#) an ecolabel is 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.

[The concept of eco-labelling](#) came into existence to create a market based incentive for environment-friendly products and services and this concept was introduced in Germany for the first time in the late 1970s in the name of the [Blue Angel Programme](#). The concept of ecolabelling schemes became popular gradually in Germany and it took off completely in the 1990s when the industrialized countries around the world started developing these schemes for a wide range of products and services.

Recognizing the usefulness of the eco-labelling schemes, in 1992, the United Nations Conference on Environment and Development (UNCED) endorsed the ecolabelling schemes where governments around the world agreed to encourage expansion of environmental labelling and other environmentally-related product information programmes designed to assist consumers to make informed choices.

In 1993, the [International Standards Organization \(ISO\)](#) established a technical committee to develop international environmental labelling standards. These standards are intended to incorporate requirements for consistency and accuracy, and create fair competition in the marketplace. CAN/CSA-ISO 14021 is one of a family of international environmental labelling standards. Environmental labelling, based on international standards, is recognized as an effective instrument of [environmental policy](#) by the [World Trade Organization](#)

(WTO) secretariat, provided that it does not lead to unfair trade.

The ISO committee identified the following three types of eco-labelling:

- Eco-labelling Type 1: Voluntary, multiple criteria, 3rd. party programs that award a licence indicating overall environmental preferability and based on life cycle considerations. These labels are independently verified by a third party through a testing process at the request of the manufacturer of the product. The eco-label indicates that a product will, for example, improve energy efficiency, reduce hazardous waste by-products, and make use of recycled materials. The Energy Star logo is another type of eco-label, which is awarded to top products based on energy efficiency (e.g., energy-efficient appliances, equipment, windows, and doors). The consumer should keep in mind that eco-labelling programs or schemes do not assess the whole range of products available in the marketplace; there could be equally “green” products that have not been tested or certified.
- Eco-labelling Type 2: eco-labelling environmental claims, made without independent 3rd. party certification. These labels are self-declared environmental claims. These labels are the kind of claims that are made by manufacturers, importers, distributors, or any person who promotes a product/service or business interest who is likely to benefit from the product’s environmental claims. These claims are usually based on a single attribute (e.g., a manufacturer’s claim that a product is “biodegradable”) without taking into account the environmental impact of a product’s entire life cycle, and without independent verification or certification by a third party. However, these claims must be verifiable, accurate, meaningful, and reliable if consumers are to understand the value of the environmental information they represent (e.g., their ability to protect the environment). The credibility of these claims can be increased if companies and organizations are able to support their claims by providing reliable information to potential purchasers; and
- Eco-labelling Type 3: Quantified information about products based on life cycle impacts (ISO 14040) or Environmental Products Declarations (EPDs) which are comprehensive data lists that profile environmental information on a product throughout its life cycle; their level of detail is similar to that provided on nutrition labels on food. As these claims require disclosure of comprehensive data relating to environmental performance, the consumer might not always have the ability to assess such claims in terms of identifying and weighing the environmental risks related to a product or service.

The [Government of Canada](#) founded an ecolabelling program called [EcoLogo](#) in 1988. The EcoLogo program is a type 1 ecolabel, as defined by the ISO ecolabel, which is North America’s largest and most respected environmental standard and certification mark. The EcoLogo is one of two such programs in North America that has been successfully audited by the Global EcoLabelling Network (GEN) as meeting ISO 14024 standards for eco-labelling.

According to their website, EcoLogo provides customers - public, corporate and consumer - with assurance that the products and services bearing the logo meet stringent standards of environmental leadership. With thousands of EcoLogo Certified products, EcoLogo certifies environmental leaders covering a large variety of categories, helping you find and trust the world’s most sustainable products.

In a study commissioned by the [Canadian Federation of Agriculture](#) (CFA), it was reported that Canadians want high quality foods that are safe and produced under environmentally sustainable practices. Most importantly, more and more, they want to buy Canadian:

- 90% of Canadian consumers felt Canadian grown product should be easily identifiable in stores;
- 95% of consumers would prefer to buy Canadian grown product that is competitively priced;
- 80% of those surveyed felt a “Canadian Label” concept was a good/very good idea, and the most appealing aspects were its quality attributes and ease of identification; and
- 46-50% of Canadian consumers were willing to pay premiums for “labelled” fruits, vegetables, poultry, beef, pork and grain products.

It was further reported that in rural and urban regions alike, Canadians want to buy local, buy Canadian, and

when they go shopping they want truth in labelling Canadian-grown product. The emphasis, of course, was on “truth”.

Acknowledging the fact that the type 2 ecolabels are not subject to the third-party verification which leaves entirely up to the manufacturers, service providers, and advertisers to make sure that the data they have provided on those labels is authentic, the Competition Bureau decided to partner with the Canadian Standards Association (CSA) with the objective to develop a best practice guide to comply with the provisions of the statutes that prohibit false or misleading representation. The Competition Bureau is an independent law-enforcement agency of the Government of Canada that protects and promotes competitive markets and enables informed consumer choice for the prosperity of Canadians.

The premise of this initiative was that adherence to the advice contained in the Guide on environmental claims will enhance the provision of meaningful information to consumers and will assist industry by providing “best practices” for self-declared environmental claims. This Guide provides examples of preferred approaches and discouraged approaches to illustrate commonly used environmental claims; shows how to avoid misleading or deceptive claims relating to an implied or expressed environmental benefit; establishes the guidelines for Mobius loop markings; and suggests methodologies for tests that can be used to clarify claims.

[Environmental Claims](#): A Guide for Industry and Advertisers was published in June 2008 by Canadian Standards Association to provide assistance to industry and advertisers in complying with certain provisions of the *Competition Act*, the *Consumer Packaging and Labelling Act*, and the

Textile Labelling Act which are administered and enforced by the Competition Bureau. This Guide is primarily based on CAN/CSA-ISO 14021 and thus supersedes *Principles and Guidelines for Environmental Labelling and Advertising* (PGELA), published by Industry and Science Canada in 1993.

This Guide is not a regulation. The Competition Bureau considers that the guidelines advocated in this document reflect “best practices”. While the Bureau supports the use of voluntary standards, which encourage conformity with the laws and regulations, businesses are free to adopt any business practice they so choose, as long as the claims they are making are not false or misleading. Therefore, while the Competition Bureau will use this Guide as a reference for evaluating environmental claims, deviations from the Guide might not, in and of themselves, represent a contravention of the *Competition Act* and/or the labelling statutes enforced by the Competition Bureau. Environmental claims that raise concerns under these statutes may be examined on a case-by-case basis, and each case will be assessed on its own merits.

The bottomline is that those manufacturers, service providers, and advertisers who are interested in using the type 2 ecolabels should know that it is in their best interest to establish and sustain credibility in the market by following the best practices included in the Guide. At the same time they should also know that while the Guide is not exactly a regulation, it would help them to stay away from getting into trouble with the Competition Act as the subsection 52(1) - Criminal Regime: False or misleading representations - prohibits knowingly or recklessly making, or permitting the making, of a representation to the public, in any form whatever, that is false or misleading in a material respect. Needless to say that this subsection is designed to make sure that the public is protected.

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