



Message from New GEN Chair



The Global Ecolabelling Network (GEN) was created at the end of 1994. From that time on its range of activity has constantly grown. There are now 21 actual members, including the latest to apply, the EU. This constitutes 70% of the total number of all ecolabelling systems in the world.

Three years after GEN was created, the first change in presidency has occurred and the responsibility to lead the organization for next three years has been entrusted to me. I am grateful for this demonstration of confidence in me and I am determined to lead GEN to the best possible position in the field.

The situation in 1998 is marked by important events relative to ecolabelling, such as the publication of the ISO 14000 series standards - which will impact on our activities - and the holding of the GEN Annual Meeting of 1998 in Berlin to coincide with the 20th anniversary of the oldest ecolabel in the world, Blue Angel (Germany).

The philosophy of ecolabelling for products is accepted world-wide. Nevertheless, some industrial sectors show a certain resistance due to the fact that they look at ecolabelling in the market more as a problem than as a benefit.

GEN has participated very actively in the elaboration of the ISO14020,14021 and 14024 standards, introducing several remarks in the development processes of those standards, facilitating the required assent to participation among its members.

Approval of these standards is going to produce a explanatory effect and is going to help to consolidate the various ecolabelling systems and to facilitate acceptance both from industry and consumers.

The next new topics that GEN is going to work with in the near future are: mutual recognition, equivalence studies, and a code of good practice.

Bilateral and multilateral agreements of mutual recognition are going to give a bigger added value to the ecolabels, facilitating for industry the possibilities of application in other countries.

Mutual recognition is a difficult process, but some examples can already be provided: White Swan among Nordic countries, and the ecolabel of the European Union.

The wide-spread use of these two examples and others in new areas of the world are going to push the acceptance of ecolabelling systems into all places touched by them.

Equivalence studies will facilitate the use of ecological criteria elaborated in one country to other countries with similar environmental parameters.

A code of good practice focuses on the harmonization of the activities of all ecolabelling systems, hopefully avoiding disparate actions by the managements of different ecolabel organizations.

GEN is going to keep its members informed about all current events relating to ecolabelling through a home page available on the Internet, and through its participation in the most important worldwide events in this arena.

Assistance programs to new countries interested in incorporating the ecolabel as an environmental tool will continue functioning and will study new proposals in order to carry on the expansion of those programs.

Initiatives such as that in Spain of the publication by the Environmental Ministry of a Ministerial Order which promotes ecolabelling for products by affording favourable treatment in the public purchase of ecolabeled products, and other initiatives in this vein such as one implemented in Canada, are very important for the development of ecolabelling systems and must be seen as examples of what all countries should include in their environmental policy, namely, the promotion of ecolabelling systems.

I think GEN is called on to take a leading role in the general improvement of the environment, making this organization in the future an obligatory reference in all forums where there are discussions on ecolabelling.

José L. Tejera
Chair
Asociación Española de
Normalización y Certificación

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Annual Meeting of GEN was held on 22nd and 23rd of September 1997 at Fairmont Hotel in Tokyo. 30 people representing 24 organisations, which are members and non-members, participated in the meeting and issues are discussed as shown in the minutes below. International Workshop on Ecolabelling was followed by the Annual Meeting on 24th and 25th. 9 people from organisations whose programs are young /considered to be initiated were invited to the workshop with grant of Japan Fund for Global Environment of Japan Environment Corporation.

ANNUAL MEETING of The Global Ecolabelling Network (GEN)

MINUTES

DATE: 22ND AND 23RD OF SEPTEMBER 1997

PLACE: TOKYO, JAPAN

PARTICIPANTS:

Eva Eiderstruöm, Helena Andersson (The Swedish Society for Nature Conservation), Bo Assarsson (SIS Eco-labelling), Hans Petter Graver, Tove Tronstad (Norwegian Foundation for Environmental Labelling), Harald Neitzel (Federal Environmental Agency), John Polak (TerraChoice Environmental Services), Nevenka Preradović (State Directorate for Environment), Jerry Rendell (UK Ecolabelling Board), Claude Rouam (European Commission DG XI Environment), José L Tejera (AENOR), Arthur Weissman (Green Seal), Ning Yu (EDF), Asep Sugih Suntana (Indonesian Eco-labelling Working Group), Roman Vyhnaňek (Czechia Environment Center), Leyva Guadalupe (National Institute of Ecology), Rosamina Mustafa (SIRIM Quality Assurances Services), Masaaki Sakurai, Seiji Taguchi, Shigeyuki Hashizume (Japan Environment Association), Noriko Karaki, Miho Monsho (Environment Agency of Japan), Pongvipa Lohsomboon (Thailand Environment Institute), Eleanor Thomson (New Zealand Embassy (on behalf of International Accreditation New Zealand, IANZ)), Young-Min Paek (Korea Environment Labelling Association), Shmuel Brenner (Ministry of the Environment), Carmen Longa Virasoro (ADEGA), Kerstin Sahlen (Secretariat), Hiroyuki Sato, Hiroko Mizuno (GEN-GAO)

1 Opening of the Meeting

Mr. Hashizume, JEA, host and Mr. Weissman, chair, opened the meeting.

2 Introduction

The participants presented themselves and the organisations they represented.

3 Approval of Agenda

The agenda was approved with an additional issue initiated by Germany about the 20 year anniversary of the German ecolabel scheme.

Mr Tejera, Mr Assarsson and Mr Weissman were appointed to check the minutes.

4 Approval of Minutes from the last Annual Meeting

No objections were raised concerning the minutes from the Sao Paulo-meeting.

5 Membership Status

The prospective new members informed the participants of their ecolabelling systems. A question arose in the meeting whether there are more prospective members?

6 Approval of New Members

Four organisations had applied for GEN membership:

- * Environmental Choice New Zealand, New Zealand, contact person: Marje Russ
- * Federal Environmental Agency, Germany, contact person: Harald Neitzel
- * Korea Environmental Labelling Association, Korea, contact person: Paek, Young Min
- * The Swedish Society for Nature Conservation, Sweden, contact person: Eva Eiderstrom

The full membership approved the new members. With

these new members, GEN has 18 members.

7 Associate Membership of GEN

The decision was that GEN would not accept associate membership today, but will start developing criteria for associate membership, which will be presented later during the year. If the ExCom will accept these criteria, they might be balloted before the next annual meeting.

8 GEN Handling Member Issues

The proposal made by the GEN secretariat was discussed and after modifying point 4 and point 6 according to the following, it was approved:

- 4) If ExCom regards the issue as important, it shall be handled by the full membership either at the annual meeting or by mail.
- 6) If more than one member put forward the same issue for the full membership consideration, it should automatically be considered by the full membership either at the annual meeting or by mail.

9 Technical Assistance Program

The members approved the proposal. The proposal implies that GEN pays for the travel cost for the trainee, the established organisation for the salary and the receiver for the local expenses.

10 Report of Pilot Technical Assistance Program

Ms.Yu, EDF, reported on the pilot project EDF performed together with. Norway earlier this year. Both organisations have had positive benefit from the project. Half of the costs were paid by GEN, half by EDF.

11 Expanding the Technical Assistance Program in 1998

Members approved expanding the possibility for technical

assistance by expanding the budget for this item.

12 Status of GEN Home Page

Mr. Sato informed about the updated home page. Information members want to get on the home page should be sent to GAO by mail or diskette, not by fax or paper copies. For some reason it has been difficult to make links direct to the different home pages.

There was also a discussion if the full criteria or only summaries should be available on the web. The majority considered that the full criteria is needed as the target group are the producers and also that the criteria should be translated to English. It is voluntary to make summaries of the criteria as a complement. Members also approved publishing a list of criteria categories for each member program in the newsletter or in a special publication. Mrs Eiderstrom was appointed to support GAO as special advisor concerning the home pages and its lay out.

13 GEN Position Paper on Ecolabelling and Mutual Recognition

The meeting discussed the need of updating the GEN position paper on ecolabelling and mutual recognition. To prepare the new position, an ad hoc committee was appointed, consisting of: Mr Assarsson (chair), Mr Neitzel, Mrs Yu, Mr Rendell, Mr Tejera, Mr Polak, Mr Brenner and Mr Hashizume.

The options, proposed by the ad hoc committee:

1 First step

Co-operation and interchange of information including policy objectives

2 Second step

Mutual confidence in organisations established by the following requirements:

- * follow ISO 14024
- * implementation of ISO 9001
- * follow rules of GEN
- * to have codes of good practice

3 Third step

Mutual recognition of testing arrangements

Mutual recognition of assessment procedures

4 Fourth step

Analysis of ecological criteria

- If criteria are the same
- * Mutual recognition
- If criteria are different
- * Initiate study of equivalence in terms of
 - (i) environmental impact
 - (ii) programme credibility

The meeting accepted the proposed options. In order to prepare an action plan concerning Mutual Recognition and Equivalency for GEN, a working group was appointed, consisting of Dr Brenner, Mr Polak, Mr Assarsson, Mr Weissman and Mr Tejera (chair). The working group has not the power to allocate any resources and the decisions are taken by the ExCom. The working group reports to the ExCom meeting in December, the ExCom makes a recommendation, which will be sent to the full membership in January by the secretariat.

14 Report of Pilot Mutual Recognition Program

Mrs Yu and Mr Polak reported on the pilot project between ITRI, Taiwan, and TerraChoice, Canada. The work has started with four product groups, waterbased paint, recycled paper, mercury free batteries and watersaving products. The

experience is positive and the participating organisations accept each other's testing and certification. The work is going on.

Mr Neitzel informed the members about a study with comparisons between different criteria and organisations made by Denmark, which presented it at a meeting in Den Haag in November 1996. GAO will get a copy of this report from Mr Neitzel and will distribute copies to all members.

15 Feasibility Study for Equivalence

Mr Assarsson reported that the feasibility study of accepting different criteria as equivalent, which was initiated at the annual meeting 1996, has passed its first phase. This first phase costs about 100 000 \$ and consists mainly of collecting of data.

The meeting decided that it is necessary to fix the principles for equivalence before the study go further. The meeting also decided that the same working group dealing with the mutual recognition also should prepare a recommendation to the ExCom for these principles and that the study should be stopped while waiting for the ExCom decision.

16 GEN Code of Good Practice

Mr Tejera presented the proposal for GEN Code of Good Practice. In the discussions the need of taking notice of comments from WTO was emphasised.

In order to get a useful Code, the members/observers in the meeting should send their comments to Mr Tejera not later than November 15th. The working group will develop options for consideration by the Executive Committee at its December meeting. Then the members will be provided the options and a recommendation for decision.

The Observer from the European Commission requested that he receive the options for his information.

17 Representation in ISO

The meeting decided to change the 5th and 6th point in the "GEN in ISO"-proposal, page 5 into:

The GEN, through the ExCom Committee, shall provide appropriate position(s)/or the representative(s) to take the word to the ISO meeting(s).

The status for the different ISO standards was given, 14020, the vote on the DIS concludes on October 22 and the next meeting will be held in Madrid in December 1997.

14024, it is almost ready for sending out the DIS and it might be finalised in San Francisco in June 1998. The work might be finalised by the end of 1998. There was a discussion on whether the 14024 document should be a guidance document or a specification standard.

18 Date for next Annual Meeting

Mr Neitzel informed the members about the planned 20th year anniversary for the Blue Angel scheme and proposed that the next annual meeting should take place in Berlin, Germany, in connection with this anniversary. The proposed dates are 29-30 October 1998.

The members voted in favour of the German proposal.

19 Procedures for Executive Committee and Chair Election

To get continuity in the ExCom the secretariat proposed that two members rotate every year in the ExCom Committee. The members accepted the proposal.

The members also agreed to the ExCom proposal to set up a nominating committee.

20 Chair Election

Mr Tejera was unanimously elected as the chair for GEN

and the chair change will take place after the Tokyo meeting and workshop.

21 ExCom Election

The ExCom Committee was elected by written procedure and will have the following members:

- Mr José Tejera, AFNOR (chair)
- Mr Arthur Weissman, Green Seal, (outgoing chair)
- Mrs Ning Yu, EDF
- Mr Harald Neitzel, Federal Environment Agency
- Mr John Polak, TerraChoice Environmental Services
- Mr Shigeyuki Hashizume, JEA

22 1997 Financial Report

Mr. Hashizume, JEA, reported on GEN's financial situation. All expenses have not been invoiced yet and some member fees have still not been paid.

23 Approval of 1996 financial audit

The report was presented by Mr. Hashizume, JEA, and the meeting accepted the report.

The members authorised the Executive Committee to appoint the auditor after consultation of all the members.

24 Approval of 1998 work program

The chair presented the ExCom proposal for the work program for next year according to the following,

Technical assistance program	Continuity of the programs Ensure that the programs are strong
Continue to expand the technical systems program	10 000 \$ expand to 15 000 \$
Specific seminars for detergents or/and paper	10 000 \$
Strong work on mutual recognition	10 000 \$
Financing participation in the ISO work	10 000 - 15 000 \$

The annual meeting accepted this proposed work program.

25 Approval of 1998 budget

The chair presented the ExCom proposal for the budget for next year according to the following,

kUS \$			
Income	Membership fees	13 full member fees, 13x5	65
		1 half fee, 1x1,5	1,5
		1 reduced fee, 1x3	3
		3 extremely low fee, 3x0,5	1,5
	Carry over 1997		40
Total sum			111
Expenses	Technical Assistance Program		15
	Seminars/Bilateral meetings		10
	Mutual recognition/Equivalency		15
	ISO Representation		10
	Adopt primer		5
	Outreach to WTO, etc		5
	Updating brochure and other material		1
	Tel/Fax		0.5
	Postage/Supplies		0.5
	GEN Chair		9
	Benefits(22%)		1,98
	Secretariat Support ^{*1)}		25.1
	Annual audit		3
Other expenses		2.9	
Total sum			104

*1) Additional expenses are that the Japanese government

contributes with 100 % to the expenses of GAO. This Japanese contribution is estimated to 50 000 US \$. 50 % of the expenses of GEN Secretariat in Sweden is covered by contribution from the European Community and SIS is contributing with the overhead costs, approximately 40 000 respectively 11500 US \$.

The members approved the proposed budget for 1998.

26 1998 Membership Fees

Some of the new members cannot afford to pay the annual minimum fee. The ExCom proposed that the fee structure remains the same with the option to request a reduced fee of 1 500 \$ and in very special cases, for very low budget organisations, down to 500 \$. The organisations have to give budget figures as justification.

The members approved this proposal.

27 Presentation of The Japanese Eco-Mark

Mr Hashizume presented the Japanese ecomark its organisation, and how the criteria development is performed.

28 GEN Participation in Save the Seal Campaign

Mr Weissman informed members about the work going on by the CCC (Consumer Choice Council) which will organise an international meeting about ecolabelling the second quarter next year. Information will be sent by e-mail. Members agreed to co-ordinate with the CCC and to use GEN's outreach program - newsletter, Home Page, expert advice, etc - to support the CCC.

Mrs Eiderstom informed members that the detergent industry is planning to start their own environmental labelling emphasising consumer behaviour rather than products contents. This labelling will start in October and the test country is Sweden. Something similar had also been discussed in UK. Mrs Eiderstom and Mr Rendell will keep in touch concerning the intention of this industrial project.

29 GEN Application Forms

This item will be handled by the Executive Committee.

30 Battery Criteria of the Nordic Swan

Mr Assarsson informed members that in the Nordic system, there are licenses for both rechargeable and non-rechargeable batteries. Criteria for both categories of batteries are being revised. In response to last year's initiative to adopt the Nordic criteria, a number of programs explained that they had difficulty doing so. After some discussion, the members charged the working group on mutual recognition to recommend whether to pursue common criteria and, if so, in what category.

31 Other items

The members accepted the four attached resolutions.

Mr Sato requested members to provide program information for the newspaper in a timely manner.

The meeting adjourned at 3:00 PM

Approved:

Date: Artur Weissman
Date: Kerstin Sahlen
Chair Secretary

Resolutions:

Resolution 1/97. That the following ecolabel organizations - Korean Environmental Labelling Association (Korea), Federal Environment Agency (Umweltbundesamt)

(Germany), International Accreditation New Zealand (New Zealand), and Swedish Society for Nature Conservation (Sweden) - be admitted as members of GEN.

Resolution 2/97. That the membership has received the financial report for 1996, and accepts the conclusions and observations in that report.

Resolution 3/97. That the Executive Committee be authorized to appoint the auditor of the financial report for 1997 after consultation of the full members.

Resolution 4/97. That membership fees remain at US \$ 5 000 for 1998. If an otherwise eligible applicant is not in a position to pay, the Executive Committee will consider on a case-by-case basis an appropriate lower fee, not less than US \$ 1 500, based on sufficient information and justification provided by the applicant. For very low budget programs (generally those with annual budgets no greater than US \$ 50 000 and inability to pay), a special lower fee of US \$ 500 may be considered.



The International Workshop on Ecolabelling in 1997

Date: September 24 and 25

Place: Fairmont Hotel, Tokyo, Japan

Program

Day One (Sept. 24)

Opening Session P.6

Dr. Arthur Weissman, GEN Chair
Mr. Tetsuo Itoh, Environmental Agency of Japan
Mr. Masaaki Sakurai, Japan Environment Association

Session 1 : Objectives and Roles of Ecolabelling P.6

Dr. Arthur Weissman, Green Seal
"Ecolabelling as an Instrument for a Sustainable Global Economy "

Session 2 : Product Category Selection and Criteria Development P.8

(LCA, Transparency, Participation of Interested Parties, Periodical Review of Criteria, etc.)
Mr. Herald Neitzel, Federal Environmental Agency
"Application of Life Cycle Assessment in Ecolabelling"
Mr. Andreas Lunde, Norwegian Foundation for Environmental Labelling
"Case study of paper products: Nordic Criteria for Printing Paper"
Mr. Jerry Rendel, UK Ecolabelling Board
"Product Category Selection and the use of LCA in the EU ecolabel scheme"

Session 3 : Assessment and Licensing P.12

Mr. Shigeyuki Hashizume, Japan Environment Association
"Ecomark's Experiences"
Mr. John Polak, TerraChoice Environmental Services Inc.
"Canadian Experiences"

Day Two (Sept. 25)

Session 4 : Program Management P.15

(Revenue, Expense, Staff, Quality assurance, control, etc.)
Dr. Ning Yu, Environment and Development Foundation, ROC
"How to Establish a Quality Management System - The Green Mark's Experience"

Session 5 : Marketing, Promotion, and Green Procurement P.17

Mr. Ragnar Unge (SIS Eco-labelling, Sweden)
"Marketing Strategy of the Nordic Ecolabelling Scheme"
Mr. John Polak, TerraChoice Environmental Services Inc.
"Canadian Experiences"

Session 6 : International Issues P.20

(Trade and Ecolabelling, ISO, WTO, etc.)
Mr. Herald Neitzel, Federal Environmental Agency of Germany
"Ecolabelling and Application of Non-Product Related Processes and Production Methods (PPMs)"
Dr. Arthur Weissman, Green Seal
"Trade and Ecolabelling: Challenges and Issues in the Increasingly Global market"

DAY ONE

Opening Session

During the open session GEN Chair, Arthur Weissman, Tetsuo Itoh of the Environmental Agency of Japan and Masaki Sakurai of Japan Environment Association spoke, explaining that this workshop is an important event for expanding ecolabelling programs, international promotion and facilitating the acquisition of capabilities to new programs, helping them get on their feet. Especially for Japan, whose ecolabelling scheme, established in 1989, now includes some 2000 products. Participants this year included representatives from 20 countries and nine invitees.

Session 1 : Objectives and Roles of Ecolabelling

Presentation 1

Arthur Weissman, Green Seal

"Ecolabelling as an Instrument for a Sustainable Global Economy"

This talk covers the basic theory and some of the theories basic results on why ecolabelling seals of approval exist. This talk is designed to serve as background for later talks on criteria (establishment and evaluation) and broader issues, management, marketing of programs and policy issues, especially on the international level.

1. UNDERLYING THEORY

Ecolabelling is a voluntary practice that many governments and a few non-governmental organizations have started in the last 20, primarily in the last 10 years, as a means to environmental improvement. It employs market incentives - using the free market - to achieve more sustainable economies in the countries in which we operate. Through applying a seal of approval we try to encourage and reward those products that have relatively less impact on the environment (compared with products of the same function).

The theory is that by promoting products that have less impact, the market in those products will have decreased environmental impact over time.

2. IN PRACTICE

We achieve this by setting leadership criteria for product categories. We are trying to set what we consider to be environmental leadership levels in a given market in that category. The criteria are designed to identify the top environmental performers. The percentage identified is variable, but typically set around 15 to 25 percent of the category.

In addition, it is important that the criteria ensure these products, the top environmental performers, work for a variety of reasons. First, if the product does not work, it will undermine the credibility of your organization. Second, if you do not ensure that a product is fit for use, you may inadvertently promote a product with a worse

environmental impact. For example, if you endorse a paint that does not have adequate covering power on the wall, you may need more coats than a paint that has more volatiles, but the increased layers of paint necessary will be more detrimental to the environment.

After establishing criteria, products that are eligible are evaluated voluntarily. Manufacturers submit their products for evaluation. If it receives the seal, the theory goes that it will motivate purchasers that care about the environment to buy that product, so theoretically the market share of products with less impact should increase. Similarly manufacturers that cannot currently meet the criteria will modify their products to try to meet the criteria. The market share of products with less impact should increase, or put another way, the environmental impact of products in that category should decrease. In this way we offer companies more profit. If they meet the criteria, achieve the seal of approval, we are hoping they will get more market share and more profit. In this way we try to attain environmental benefit.

3. KEY POINTS

The kind of labelling that we endorse is based on environment leadership levels. This is a critical distinction because there other types of labelling, such as manufacturer's own claims labelling as well as type III (informational labelling). These are not based on environmental leadership level.

Our activities depend on the interest of manufacturers and of purchasers. We need applicants from industry, and we need consumers to care enough to buy approved products. Our activities are premised on the self-interest of manufacturers. These activities may reduce the impact of consumption, but will not necessarily reduce consumption itself.

Currently we are seeing an explosion of interest in ecolabelling globally. Germany's Blue Angel program is the oldest of what has now grown to around 30 competent, active programs. Roughly two-thirds are GEN members.

Overall hundreds of criteria have been developed and thousands of products have been approved, however it is difficult to say with certainty that ecolabelling has resulted in environmental benefit in general. There are specific instances where we can make this case, but in part because many organizations are new and the reluctance of companies to release (proprietary) information it is difficult to calculate the benefit of ecolabelling, although studies are underway. Also, it is difficult to say how much of a company's sales are due to the seal and how a company uses the seal in their promotions. Although one nation has noted a 15 percent growth for one participating company.

4. ROLE OF ECOLABELLING

In most developed countries ecolabelling, or the seal approval programs are often used as a mechanism to move their economy beyond the compliance stage, where it currently may be. Often these countries have developed regulations and enforced them for years. Ecolabelling offers

a new level, a new means to move the economy forward, to make it more green. In this way it uses the consumer and demand to effect change.

Whereas in developing countries ecolabelling is often used as a substitute for an environmental infrastructure. It can also facilitates exports by strengthening the position of developing nations in relation to developed countries.

5. CHALLENGES

Although designed to improve the environment through market mechanisms and voluntary effort, not everyone views ecolabelling favorably. Five years ago, at the Rio Conference ecolabelling was touted as an instrument to realize sustainable development, an alternative to more regulation and, as a consequence, even embraced by industry.

However now industry, as well as others have mounted a campaign against ecolabelling. Two years ago in the United States a dozen industry associations formed a coalition to fight ecolabelling, claiming it is a barrier to trade, inherently flawed, not scientifically based, not democratically based, etc.

In response we formed The Consumers' Choice Council to fight back.

The industry coalition has actively taken their agenda to the US government, OECD, the WTO, ISO and the UN. This has brought the issue to the attention of trade representatives, resulting in some criticism. Beyond this some economists have written articles claiming ecolabelling, although a good idea may not be effective.

Although some of the issues these critics raise represent legitimate concerns, we do not believe these are fundamental problems for ecolabelling and we believe we can overcome these criticisms. Ecolabelling is a tool to improve the environment, and it is understandable that industry does not want outsiders interfering in their markets.

* DISCUSSION AND QUESTIONS *

Questions to workshop participants:

Why did you form your program? What was the basic purpose, motive, or set of objectives? If you haven't yet formed one, why are you considering forming a program? What do you see as your major challenges ahead in forming a program? What specifically do you hope to achieve and by when?

* ISSUES RAISED AND RESPONSES *

In Thailand there are problems promoting the approval system and gaining citizen acceptance. It is difficult to get consumers to act upon the label.

In Malaysia there is pressure from environmental groups and consumer groups on government to allocate some budget to research the ecolabelling issue. We do not have the testing capabilities, so it is difficult for us to certify products. Also, educating the consumer as to what is an environmentally friendly product is difficult. We hope to achieve an ecolabelling program and are now researching how to make it work.

In India, we have had an ecolabelling scheme since 1991 at request of government. The Ministry of the Environment identified 16 categories and various requirements. But the program is not taking off. Educating the public, convincing industries and trying to determine the goals of the ecolabelling program - environmental protection, consumer health or safety - are all major issues and already fall under purview of government.

In Indonesia we are now trying to set up scheme of policy certifications and not in product labelling. We are concerned primarily about the sustainable development aspect, rather than trade aspect, because our development is based on our natural resource management.

In Croatia our scheme falls under the laws of environmental protection. Our main concern is environmental protection and we hoped by establishing such a program to be in line with other countries. Also, we want to offer consumers a choice and producers a marketing tool.

In Korea our program, established in 1992, is overseen by the government. Problems include: uninformed consumers, a need to educate consumers against false labelling claims. Thus are main goal is to firmly establish a program and educate consumers. By the end of this year the government will revamp the ecolabelling system.

The Nordic program has also experienced difficulties in creating criteria that lead to an increase in use of renewable resources. You have to be strategic in your choices and devising criteria. Internal limitations, such member organizations, and external obstacles, such as cost efficiency, finite resources, and membership fees also restrict the scope of activities.

For Belgium and the EU program we need to improve marketing. We have on occasion published criteria only to receive no application from industry. Also because the EU is not homogenous, we need to consider the whole spectrum and balance when determining policy.

In Czechoslovakia the situation was among the worst in Europe, but in 1994 industry involvement picked up. One objective of the ecolabelling scheme is to involve industry. Currently the scheme has 17 categories and over 200 products certified, but still the ecolabelling scheme is not meeting its goals.

In Mexico, ecolabelling may possibly be a tool to achieve goals for the nation's year 2000 environment protection and pollution reduction. We have conducted a feasibility study and the major challenges to starting a program are: culture, environmental awareness on the part of consumers and large scale industry participation.

In Argentina we have not yet established a scheme, but the time is ripe. The government has already moved to increase transparency in production, so a potential framework is established. The question is will the scheme be government, private sector or third party driven.

In Norway we feel have realized the importance of market awareness - one has to analyze supply and demand.

One precondition is that the supply be larger than demand. Market analysis is the basis for selecting products. Also, you should choose a product where consumer choice can easily be influenced by environmental concerns (not like perfume), but goods that are very much part of the public consciousness (such as paper and detergents).

Session 2 : Product Category Selection and Criteria Development (LCA, Transparency, Participation of Interested Parties, Periodical Review of Criteria, etc.)

Presentation 1

Harald Neitzel*: Application of Life Cycle Assessment in Environmental Labelling - German Experiences (Summary Version**)

Presentation at the International Workshop was given by Jerry Rendell, UK

* The complete version including footnotes is published in No.4 1997 of "The International Journal of Life Cycle Assessment". Please ask the author to submit this paper. The first presentation was given at "The Second International Conference on EcoBalance - The New Stage of LCA as a Common Language", Nov. 18, 19 and 20 1996 Tsukuba, Japan

1. ABSTRACT

The present state of worldwide discussions, how to apply LCA in environmental labelling, taking into account the current ISO 14020 and ISO 14024 works, is described. There is a consensus to use LCA as a tool for more scientific environmental labelling. The examples presented verify some practical possibilities to realise this approach. As a background to different stages of practical labelling, results from LCA studies are used already in the German "Blue Angel" scheme, e.g. for the definition of the scope in one product category, for the prioritisation of specific life cycle phases and criteria, as a basis to establish a scoring system or to emphasise the importance of information on how to use products environmentally sound. Practical examples were presented in detail for hand-drying systems, paper products, milk packagings, household equipments, televisions and detergents. Some future perspectives were mentioned.

2. INTRODUCTION

In current publications, presentations and discussions of life cycle assessment (LCA) principles and guidelines, environmental labelling is considered to be one of its important applications:

- The Draft International Standard ISO/DIS 14040 mentions the application on ecolabelling in the framework to support environmental claims in marketing (assistance of LCA).
- In the current discussions of the ISO/CD 14024 [2] a

"life cycle consideration" is required in order to fulfill the objective of reducing environmental impacts and to avoid the transfer of impacts across media or stages of the product life cycle. This standard contains a matrix as an example for realization.

- The overall ISO/CD 14020 confirms this life cycle approach. ISO/DIS 14040 is mentioned as a reference document.
- According to the European eco-label award scheme, the specific ecological criteria for each product category "shall be established using a `cradle-to-grave` approach".

It has to be underlined that LCA, according to most of these documents, functions as a tool for an improved, more transparent and more scientific-based environmental labelling. However it is also stressed: "The extent to which the life cycle is considered may vary depending on the type of environmental label or declaration, the nature of the claim and the product category" (ISO FDIS 140120). The extent of the realization of this approach depends therefore by each specific product category on one hand and of the approach of each environmental labelling scheme on the other.

From a practitioner point of view, there are still a lot of uncertainties addressing the use of LCA in practical labelling. These uncertainties, for example, concern some points, based on discussions at the sessions of the independent German Environmental Labelling Panel. In this summary version the following points should be mentioned for example:

- Fears of too much automation and mechanism in the panel decisions processes by LCA-results,
- A long-term guarantee by LCA-results to for the labelling credibility cannot be given,
- LCA-studies with present data may hinder or influence negatively well-known and accepted principles for a long-term sustainable product design

The findings of a report on the use of LCA in environmental labelling programmes, commissioned by the US-Environmental Protection Agency, underlined the general approach of the life cycle concept worldwide but the practice seemed (until 1993) to be still in its infancy. The most important type of application was defined as the "prioritisation"-function.

3. PRACTICAL USE OF LCA IN ENVIRONMENTAL LABELLING

On the basis of the proposals made by the scientific community and experiences gained by labelling practitioners, the following functions may be identified (only key words are mentioned, explanations are given in the full version):

- Prioritisation of product categories
- Scope definition of product-systems
- functional unit

- Prioritisation of life cycle phases
- Prioritisation of specific criteria
- Establishment of scoring systems
- Function to check the completeness of important criteria
- Importance of consumer behaviour/information/education

4. EXAMPLES OF USE

(the presented seven examples are not included in this summary version, please consider the full version)

5. CONCLUSIONS

The examples presented have illustrated some practices how to apply LCA in environmental labelling. It was also described that LCA results cannot be transformed by itself into labelling criteria but have to be discussed by practitioners and competent bodies as other findings from the science. This work is still at the beginning. More worldwide information exchange is necessary to communicate, which projects are under work, which experiences have been made and what was learnt and decided. LCA results will also contribute to reflect new aspects in environmental labelling, e.g. the consideration of transport distances.

Presentation 2

Andreas Lunde, Ecolabelling Norway

"Case Study, Nordic Ecolabelling of Printing Paper"

1. Criteria for Printing Paper

The production of paper can be broken down into three main areas: the management and felling of forests, the production of pulp and the production of paper.

The purpose of our criteria is to whenever possible impose measurable requirements in regard to these three areas to reduce the overall environmental impact of paper.

Because we administer the fulfillment of requirements ourselves, we are obliged to find requirements that are easy to measure and equitable for all applicants.

Forests are the foundation of all paper production and guidelines for sustainable forestry are currently being created. However, these guidelines on sustainable management of forests, due to an absence of relevant, verifiable and acknowledged standards have not yet been included in criteria.

Pulp production - bleached chemical pulp in particular - has been viewed as the most harmful stage in the life-cycle of paper. Much of the environmental impact stems from chlorine, which has been released into the environment. In addition, many chlorinated compounds are toxic and accumulate in the food chain.

In recent years chlorine use has fallen. This is in part due to the acknowledgment that it strains the environment. Also, alternative methods of production have become technically and commercially available. As chlorine has decreased, chlorine dioxide has increased.

This begs the question of which bleaching process has the lowest environmental impact overall. Bleaching with chlorine dioxide, without using chlorine, is known as

elementary chlorine free (ECF), while bleaching without chemicals containing chlorine are known as totally chlorine free (TCF). Although ECF process contain lower levels of chlorine than traditional methods, discharges are not completely chlorine free. Debate is still being carried out about whether chlorine should be completely eliminated from the process, or low levels should be accepted. Some argue that when chlorine is not used an increase of other chemicals detrimental to the environment occurs.

Nordic Ecolabelling takes the view that TCF pulp is preferable to ECF pulp. However, chlorine discharges represent only one of several areas of assessment, so a limited discharge of chlorine may be allowed if the discharge of other environmentally harmful components is correspondingly low.

Another point of contention among groups is whether ecolabels should be granted to paper not produced using recycled fiber. Nordic Ecolabelling takes the view that, because a large proportion of overall paper production and consumption involves virgin fibers, criteria and labels should also be applicable to manufacturers of paper who use virgin fiber. In this way a greater number of manufacturers can be encompassed using the criteria.

In addition to requirements on chlorine, ecolabelling criteria for printing paper also include discharges of organic substances (COD) and phosphorous into water as well as discharges of sulfur and nitrogen into the air. These result from the production of paper and the production of energy (using oil and coal). For Nordic Ecolabelling two methods of energy production are deemed advantageous: energy using back pressure power and energy purchased from external sources. Back pressure power is highly efficient and energy purchased from external sources is usually generated on a large scale with a high degree of efficiency and low discharges.

Nordic Ecolabelling criteria, unlike EU criteria for paper, do not entail requirements on energy use. However, we consider the emission of sulfur and nitrogen to air closely related to the selection of energy source, as well as the amount of energy used (i.e. coal vs. natural gas).

Other requirements include quantities of chemicals used in the process and additives to the finished product. If the amount of environmentally hazardous substances used per ton of pulp and paper exceeds 1 kg we require notification of the classification of the substance. We also have criteria for slimeicides and tensides.

Our criteria for paper waste require that it be suitable for recycling and that this be verified by an independent laboratory or recycling plant. Most ecolabelling criteria for printing paper impose the same requirements on paper and pulp manufacturers.

2. Market Response

After establishment in 1989, one of Nordic Ecolabelling's first criteria was for paper. Within two to

three years, all major producers of fine paper in Western Europe had a license to use the Swan label.

This success is due to two factors:

1) Timing

Citizens of Nordic countries generally have a high sense of awareness in regard to the environment. For the last decade the paper industry has come under scrutiny because of emissions into the environment and was looking for a means of communicating its shift to cleaner discharges to the public.

2) Relevant criteria

Our criteria include virgin as well as recycled fiber paper production. Nordic countries tend not to use recycled fibers and chlorine containing chemicals, so we tailored the criteria to our situation. In addition we used parameters that industry was already familiar with and did not broach controversial issues, such as sustainable forestry or energy consumption.

Today printing paper criteria is replacing our fine paper criteria. These two differ in their definition of the product group they encompass. With the introduction of printing paper, product groups now include fine paper, magazine paper and newsprint - or all paper made for printing.

In addition, we also have come to apply our printing paper criteria to printed matter. By enlarging the product group most license holders for fine paper have taken the step further to printing paper. Also, producers of magazine paper and newsprint are showing increasing interest in our criteria.

3. Future Trends

In recent years the pulp and paper industry have made great efforts to reduce the environmental impact of their activities. Today environmental concerns are considered when building a new paper or pulp facility.

Sustainable forestry is an emerging issue related to pulp and paper manufacturing that will become more visible in the future. In creating criteria, we need to make them clear and consider regional differences.

Other issues concern production. One trend is the increasing use of recycled fibers, especially in printing paper of a lower grade. Using recycled fibers is important to save resources and reduce waste. New technologies promise thinner paper and paper made of a combination of virgin pulp and recycled paper.

Although driven by financial motives, this progress has shown it self beneficial to the environment.

Questions and comments

Fine paper companies comprise 70-80% of market and printing paper companies 30-40%

Presentation 3

Helena Andersson, The Swedish Society for Nature Conservation

The Swedish Good Environmental Choice program has

14 different product groups overall and more than 1,200 labeled products.

We are about to launch our fourth version of criteria for paper. The first version was from 1988. We work with forestry and energy as main topics because of their significance in a product's life. So we have included criteria for energy in two ways.

First, energy used during production in the plant should be efficient. Ideally, the plant should deliver energy to the surrounding communities. There are some such examples in Sweden. Energy brought to the plant should be from renewable resources; so we promote electricity that comes from hydro power, solar plants and from wind plants. We do not like nuclear power. For us, it is a political question. Concerning the use of wooden fiber only five percent of our natural forests remain, so we are eager to save. this. Compared to other nations, this is very little. One means to this end is the promotion of recycled fiber. Another is to use woodn fibers from forests certified by Forest Stewardship Council, FSC.

The criteria we use for pulp is specific to Sweden. I imagine this will be the case for many countries. Next we have criteria for chemicals - especially for bleaching. There are some chemicals we have banned in the criteria, but alternatives do exist. These criteria involve emissions into air and water. We have some criteria on the colors that are used in making paper and tissue.

What is new is the use of sustainable forestry and renewable energy. This can be a controversial topic with industry. However, some branches of industry will predictably side with us.

We get a lot of cooperation or input from industry when we create criteria. We require that the pulp be TCF, totally chlorine free. Our emissions criteria are created independent of the government criteria. than 1,200 labeled products.

Comments and questions

The different role of ecolabels and law: In most countries the function of the law is to set standards which prevent unacceptable pollution, etc. Law limits bad effects. Ecolabels are leadership initiatives - an award of excellence. The function of the ecolabel is to identify a group of products which meet a particularly high standard of performance. The function of the law is to prevent abuses. Ecolabelling is to tell consumers that among all the legal products there are some products that have desirable, better functions than the minimum of the law. Ecolabels help consumers make a choice of better products within the law.

Presentation 4

Jerry Rendell, UK Ecolabelling Board

"Product Category Selection and the Use of LCA in EU Ecolabel Scheme"

1. EU Ecolabelling Scheme

The EU ecolabelling scheme came into being in 1992. The scheme was set-up in response to public demand for

ecolabelling. In the mid to late 1980s in many European countries there was a great increase in interest in environmental matters, including green-consumerism.

It is an integrated scheme and there is one set of criteria that apply to all 15 member states. So if you apply for a label in Madrid, for instance, it is valid everywhere in the EU.

However, there are within Europe a variety of labelling schemes. It is a complicated situation and becoming more so and as such is a good example of the need for greater harmonization.

Most of the responsibility for the scheme rests with the European Commission in Brussels. It is they who develop and make criteria. The scheme is administered from Brussels, but in each country there are entities that are responsible for assessing compliance with criteria, issuing licenses and promoting the scheme in their area. The scheme at present has 12 product groups with around 180 products. It is few compared to other countries, but is an improvement over last year. The scheme has had a slow start, but has picked up within the last year.

The legislation is currently under review and the European commission has published proposals for improving the scheme.

2. Selection of Products in the Ecolabelling Scheme

Product group selection is extremely important in the ecolabelling process. Making good choices about which product groups to study is half the battle and worth spending a lot of time and effort trying to get it right.

The current EU scheme has very few rules or guidelines about selecting product groups for inclusion in the scheme. The scheme by definition cannot cover food, drink or pharmaceuticals. Criteria cannot cover products that are dangerous, carcinogenic or toxic. It doesn't specify about services and there is much debate going on. Currently we are waiting for the revised scheme to be introduced, which will clarify how services will be included.

By administrative decision we have said that the scheme should focus on products that are sold to the end consumer.

Criteria for selection include (refer to EU Ecolabelling Scheme edited by Paul Jackson) products which represent a significant volume of sales and trade within Europe; involve significant environmental impact on global or regional scale; have potential for achieving environmental improvement through consumer choice and incentive to manufacturers; are a significant part of sales must be to final consumer.

3. Application of LCA in EU Ecolabelling Scheme

The EU scheme uses a matrix for LCA. There is no definitive model, it is something you just have to sit down and do. You gather information to put in the boxes, expressed in numerical terms and expressed in terms of the functional unit (so there is a common basis). You must create a functional unit which is related to the way ordinary

people use the product. It may be a dose, it may be a load, as for detergent. You weight the product and then fill in, for example for emissions, so many grams or kilograms per ton. When numerical assessment is not possible, an alternative is to use pluses and minuses.

The key difficulty is that you have numbers, but they are not comparable across product categories.. You are making an assessment using different ways of measuring.

Again, LCA is a very useful tool, giving you well-ordered accurate information to make decisions, but it does not give you the answers.

You cannot do an LCA on every product, so you have to do it on a representative sample of products. So you have to define your product group, get the data for that group and then set the criteria so that when a company applies for a label all you have to do is compare that product with the criteria.

In Europe we have chosen to represent the process in six phases, but there is no fixed method. You can choose to order the steps as you please. But there is a logical order that has to be followed.

First is a feasibility study. Can an ecolabelling scheme achieve anything? What are the issues likely to be? Are consumers and manufacturers interested? It is also important to know the market product types and sub-types, who the key players are, and in the EU's case, special characteristics and interests of each nation.

Second, or in terms of the EU, phases three and four, is the heart of the process. This involves the filling in of the matrix. Using a spreadsheet you list different impacts over the lifecycle of a product and determine the functional unit, which can be difficult. For instance, now we are having trouble defining the boundaries, units of hair spray. You have to quantify and analyze the impact of products. This analysis is expensive so you should use published databases to the greatest extent possible. The industry itself is also a very valuable information resource. This can save you a lot of problems.

In Europe the initial LCA work is usually done by a firm of consultants. This is often useful, unless you have a great deal of expertise and can do the study in-house. In the European scheme we need to have discussions between all of the interest groups: consumer, environmental groups, manufacturers and retailers. One way of doing this is to establishing an ad hoc working group that steers the development throughout the process.

At this point you take the data provided by the consultants and expose them to the working group. You have to decide how you assess the LCA information and select and propose criteria.

To make an ecolabelling scheme you must select only a few criteria. If you have too many criteria the scheme will be unworkable. If you have too few, people will say it is not a proper multi-criteria scheme. This is a very crucial stage. From all the impacts you must choose around three or four

(five or six at the most) criteria where you can see potential for improvement.

This is the final stage in the European scheme. Now you have decided which are the important impacts and the weightings. Now the decision makers come in and determine which impacts are of most importance and decide the weighting (which impacts are more significant). Then you have to decide how strict you will make the criteria. In Europe we use the guidelines from five to 30 percent. That is the degree of selectivity you aim for when you create criteria.

These criteria are valid for a period of time you decide. In Europe it is three years. If more than 30 percent of products in a market meet the criteria within this time period, when it is reviewed (in Europe's case three years later) the criteria can be made more strict.

Comments

Industry's main role is to participate in the ad hoc working groups. This is often an arduous process trying to gain consensus among groups with disparate opinions.

The EU commission is proposing that the program be modified so that some key environmental aspects relevant to the product will be identified. Because within the labels' parameters you have different levels of performance. This way you can identify higher levels of performance.

Questions and Answers

Q: Would like to hear more about the institutional structuring of ecolabelling programs. What are the bodies and their relations?

A: An example of a regional program is the Nordic scheme, which consists of five countries: Finland, Sweden, Norway, and Iceland and Denmark, which joined this year. Nordic criteria are administered by national non-governmental bodies who grant licenses for products. Licenses granted are valid throughout the Nordic area.

The system was established in 1989 and criteria are only implemented when there is consensus among the five countries. The goal is to provide consumers with guidance to promote sustainable development using market forces.

In Canada's case the government owns the program. Environment Canada provides ongoing policy direction to the program. When it was developed initially the operation of the program was also within the Department of the Environment of the government. At this time there was a complex series advisory bodies attached to it. Since leaving the government we have simplified the process. Now it takes place within the company, TerraChoice, that operates the program. We rely on a multi-stakeholder panel to assist us and specialized review committees for different kinds of criteria. Once the criteria are complete, they are submitted to the government body (Environment Canada) and they will submit them to a national publication for review. The document also goes to our foreign affairs office, which notifies the WTO, allowing for international

feedback, although there has been none yet.

The company has a multi-year license agreement on an exclusive basis to run the program. The government's responsibility is to monitor our activity on a regular basis (through reports, etc.).

Q: Decision making procedures?

A: We try to have as open a decision making process as possible, involving all interested parties, but in the end, the ecolabelling organization or government in charge reserves the right to make the final decision.

Q: How long does it take to get an ecolabelling program operating?

A: In Taiwan the Greenmark program was started four years ago. It takes about a year of preparation to begin the program and about three or four years for it to really take off, gain experience and become familiar with industry and known by industry.

In Canada, the program was started in 1988, but had been discussed in the government since 1984. So once it escaped from the bureaucracy it was a matter of months until the infrastructure was established.

In the US, Greenseal's experience is similar. It takes about a year to get institutionally organized, but several to get going. We were technically incorporated in 1989, but did not get our staff together until 1990 and our first criteria was 1991. Our first certified product then took another year or two.

Q: The relationship between criteria and national standards?

A: For Taiwan national standards are generally for safety or health or hygiene while our criteria are more stringent. So sometimes the national standards body uses our criteria to develop standards.

Session 3 : Assessment and Licensing

Presentation 1

Shigeyuki Hashizume, Japan Environment Association
"Eco Mark's Experiences: Certification and Licensing "

The ecolabelling program was initiated in Feb. 1989 and now encompasses 71 product categories and 2060 awarded product groups.

After the Eco Mark office receives a proposal, selects and announces a product category and establishes a working group of 1st, 2nd and 3rd parties. The chair of the working group nominates only from 3rd parties. Then a draft of criteria is created which is open to the public for 60 days to gather public opinion and amend the draft. Then the created criteria are revised.

Certification of a product is accomplished when an applicant submits documents to the Eco Mark office. It is then submitted and reviewed by an expert committee and concluded with a licensed contract between the company and the Eco Mark office for use of the label.

The expert committee consists of researchers expert of a product testing organization, officers from environmental administration, experts from distributors, and experts from

consumer groups. The manufacturing group is not included in the committee because the decision is made using documents, which involve a lot of confidential matters.

This committee convenes nine to ten times annually, depending on the number of applications for certification. The environmental certification criteria consists of two parts: one is environmental criteria and quality criteria. In applying the environmental criteria we use a matrix and in appraising the functional characteristics we use existing standards. Certification is usually accomplished just using documents, but when necessary we will investigate the product and more detailed documents.

During the certification phase various aspects are considered including recyclability, biodegradability, and the amount of recycled content.

After the awarding of certification to a manufacturer, a contract is signed. The contract includes surveillance of the factories, requesting of relevant materials as well as conditions for cancellation of the contract.

The license is noted in the contract, and the license fee must be paid in advance. The license becomes valid upon payment. The license is essentially free because decisions are made using documents. When inspection is necessary, the applicant is required to pay for it.

Eco Mark has no testing laboratories. This reduces the operating cost for our institution. Because we have no testing facilities, we need to trust the data of a good practice laboratory given to us by a company.

The license fee depends on the retail price of the product. We employ this policy because it is difficult to gauge the gross sales amount of each product, because this is not generally public knowledge. If we know the gross sales amount the fee would be collected one year later. This system would require a lot of work - to estimate the sales amount and calculating the fee. So we connect the license fee in advance in accordance with the retail price.

The Eco Mark label is valid for two years. This is because criteria are revised every three to five years. It is ideal to review criteria as often as possible, but reviewing every product every year is too much work.

The Eco Mark is also accompanied by one of five sentences more clearly explaining the symbol's meaning.

We do not have enough resources to ensure that the mark is not being abused. However, local governments, consumer centers (groups) and competing companies act as de facto watchdogs.

Presentation 2

John Polak, TerraChoice Environmental Services Inc.

"Assessment and Licensing: Canadian Experiences"
(marketing, legalistic, bureaucratic, necessary part that brings credibility to the program)

1. Assessing Compliance with Criteria

We do not use a committee to assess the compliance. We use committee structures and council structures to develop

criteria. Then it is up to us to factually determine whether or not companies meet the criteria. If they can demonstrate that they meet the criteria then they are allowed into the program.

In order to assess it is important to know the criteria. In our program we have three: general requirements, performance (fitness for use) requirements and more specific environmental requirements. These are all found in our criteria document. With general requirements we need an assurance that the company is, in its manufacturing facilities and transportation networks, in compliance with all applicable environmental, health and safety laws. We do that through an attestation, but we also require that if there are special permits or measures that need to be carried out to meet requirements, they need to send us a copy of appropriate documentation. In this sense they need to meet three sets of requirements: national, regional and municipal. These are all very different.

We are not an enforcement body, so we do not physically measure companies' emissions, etc. We have found that relying on a declaration from the producer stating that it is meeting our criteria is not a problem in Canadian culture. There are few cases of attempted deception. When a company lies to us, its competitors are quick to point this out to us.

Four years ago the federal and provincial governments adopted a protocol to reduce the packaging that goes into products and subsequent waste by 50 percent by 2000. We have adopted this voluntary code and made this a part of our requirement.

We accept attestations from companies stating that they are meeting our requirements, usually from the CEO or someone high-up in the company. Companies have to accompany their declaration with a plan, outlining where they are in the process. In addition, companies are open to a spot audit anytime.

In Canada we consider performance requirements as a critical part of the lifecycle. If you have an environmentally preferable product, such as a pen, but it doesn't write it is not helping the environment. If you end up buying two or three products, instead of one you have a net environmental disbenefit.

Typically we try to use national or international performance standards in assessing the fitness for purpose.

If the company does not have testing facilities or third party data, or information we can accept as credible, we will conduct a test. We do not have testing laboratories, but we do have arrangements with a number of laboratories that will perform tests at the expense of the company. We do specify in the criteria documents the kinds of test procedures that must be followed. We do try to make this as standard as possible.

The goal is to ensure that when you buy an environmentally sound product, you can be sure that it works.

Product Requirements

These are the environmental requirements that are developed in the criteria documents. These are specific to the product, and because you may have two or three products in each product category, the criteria may differ for each of the specific products. Typically they include toxicity, biodegradability, formulation, waste, exclusion products, recycled content, energy use, or combinations of these. Sometimes we have hurdle systems, sometimes multiple criteria, sometimes low-point systems, which are all product specific requirements. I think these are fairly typical of ecolabelling programs. Where possible, we try to identify testing procedures to evaluate toxicity, biodegradability, etc. We also try to use national and international standards whenever possible so that they can be replicated.

Verification

At this point we are pretty sure requirements are being met, we now have to verify them. There are mainly two methods we employ, depending on whether a quality control system is in place.

If a sufficient quality control system is not in place, we will acquire as much information prior to a site visit, including pre-audit documentation on all of the requirements. In every case we always get an advance payment of the estimate of the cost to do the work. Sometimes we do it in-house, sometimes we contract out. It generally depends on what is more economical for the company.

We do the site audit in conjunction with the company, sending them a verification checklist to make sure they have the necessary information ready and are prepared to deal with the questions we will ask. Once the audit is complete we prepare a report addressing any shortcomings with the company.

However, if a company has ISO 9000 registration or equivalent, or if they can demonstrate that they have a quality control system that is equivalent to established standards, we will forego the site-audit, but the documents still need to be submitted in advance.

2. Licensing Process

We try to apply the licensing process in accordance with the complex marketplace. Manufacturers make products for other companies, using a different brand name, sell it through franchises or marketing directly. We have tried to structure our licensing and fee arrangements around the way the market operates.

If the company is certifying the product and marketing it for market share purposes then we use primary license agreement.

If a company has a service offering made available to

the public through a series of franchises, such as photo finishing, then we have a situation where the master company, the holder of the franchise overall, receives a master license, similar to the primary license agreement. Then we ask the franchisees to sign a smaller document to ensure the accountability of the use of the logo. The fee for this tends to be smaller.

A primary license is generally based on volume sales. The fee for a primary license varies from between a minimum of 350 dollars a year to a maximum of 10,000 dollars a year. The secondary license costs around 300 dollars per franchise outlet, which covers the legal and administrative of getting the license out.

The third category is private grants. If a company manufacturers re-refined motor oil, they would be a primary licensee of ours. But if they sold oil to a company that sells it under their own brand name, they don't manufacture anything, they just sell with their own brand name and that would be considered a private brand license and would qualify for a secondary license that would also run around 300 dollars.

The secondary licensees, the private brands and the franchise holders, would never have to pay the verification and audit fees because that is the responsibility of either the primary license holder or manufacturer. We do it this way to assure accountability in use of the logo.

That covers our way of dealing with situations in which an environmental logo is used to try to secure an advantage in the market. Another program we institute is called "authorized use." We had a lot of calls from businesses not in manufacturing, for instance small law firms that want to demonstrate their environmental responsibility by using ecolabel paper. This is for companies that are looking for the right to use that logo on the paper they use (that they have purchased from a certified company). This is also an accountability tool, a one page contract in which the owner of the small businesses promises to use the logo in the correct way and use certified paper. To date we have 50 or 60 of these authorized users for paper.

The license itself is a formal contract that outlines how you can use the logo in advertising, how you can represent the claims that are associated with the logo. This license authorizes us to go into the factory and take samples when necessary; it authorizes us to change the requirements provided we give notification; it authorizes us to access the facilities on a spot-check basis; it commits us to confidentiality; it is a commitment on their part that if they fall in to non-compliance the company must notify us; it frees us from any liability for anyway in which a product may be abused by a company; it outlines the time period and fees; it contains a dispute resolution and arbitration process that are there to protect our interests in the long run.



DAY TWO

Session 4 : Program management (Revenue, Expense, Staff, Quality Assurance, Control, etc.)

Presentation 1

Dr. Ning Yu
Environment and Development Foundation, ROC

**"How to Establish a Quality Management System -
 The Green Mark's Experience"**

The work of establishing a quality management system started in January 1995. It involved in fact two phases: (1) from January 1995 to June 1996, a system which covered all the activities carried out by the Center for Pollution Control Technology (CPCT) as a integral part of the Head Quarter of ITRI. An ISO 9001 certification was granted to the Head Quarter in June 1996, and (2) from August 1996 to May 1997, a system which covered only the "Development and Provision of Environmental Labelling (Green Mark) Services" carried out by EDF as an independent entity. Therefore, in the first phase, emphases were on contract review (4.3), product identification and traceability (4.8), process control (4.9), inspection and testing (4.10), and quality records (4.16). In the second phase, management responsibility (4.1), quality system (4.2), design control (4.4), purchasing (4.6), purchaser supplied product (4.7), and handling, storage, packaging and delivery (4.15) were either added or strengthened. Progress in the first phase was very slow, due to the very complicated interfaces between CPCT and other departments of ITRI. The second phase was relatively straightforward and proceeded very smoothly.

The most difficult part of the work was the mapping of the various work items included in the Green Mark Program with the provisions of ISO 9001. A table was first developed to identify the work items (Table 1), and then a

second table was formulated to describe the result of mapping (Table is omitted due to limited space.). Since we are actually providing a product certification service with an activity of design (the design of product criteria), it took us a lot of time to decide on the key points of audit with the external certification body. We finally agreed that audits should be done on (1) the selection of the product categories, (2) the proposal of drafting a specific criterion, (3) public hearing(s) involving experts and manufacturers, (4) revision of the draft criteria and (5) the final approval by the Review Committee. During the whole period of time, the Total Quality Assurance Office (TQAO) of ITRI provided us with consulting assistance and the Taiwan branch office of the SGS International Certification Services acted as the external certification body. Both TQAO and SGS offered various training courses on the understanding of ISO 9001, and on internal audit which proved to be very helpful. Each employee of EDF received at least one training. The certification process involved eight manday on-site audits (one in the first phase and seven in the second phase) and numerous document reviews. The total manyear spent by EDF on this work was estimated at 1.0 for the first phase and another 0.5 for the second phase, respectively. The direct cost of certification by SGS in the first phase could not be estimated and that for the second phase was about US\$9,000.

To be successful, a dedicated Quality Management Representative (QMR) and a committed Top Management are absolutely essential. The QMR had to be very clear in the work logic in order to set up the structure of the quality system. He then had to communicate well with the consulting team, the certification body, the fellow workers and the Top Management to extrapolate the structure into quality manual, procedures, work instructions and forms. The Top Management should not only provide enough and practical resources to the QMR, but also have a deep understanding and appreciation of the system. Once established, the system has a momentum to improve, because everyone speaks the same language and follows the same thinking process. "Do what you say and record what has been done" is no longer a slogan. It becomes a habit, a second nature. By having this quality management system, the credibility, transparency and accessibility of the Green Mark Program are very much secured. These elements are crucial for both EDF and the Green Mark Program, if we should have self-sufficient and sustainability as our goals and if we should seek harmonization or mutual recognition with other programs in the world.

Table 1. Major Work Items Involved in the Green Mark Program

Work Item	Description
1. Contract Review	Approval of EDF's Proposal by EPA
2. Development and Approval of Product Criteria	Selection of Product Categories Development of Product Criteria Public Hearing(s) Selection of Review Committee Members Approval of Criteria by Review Committee Promulgation of the Criteria
3. Granting of Certification	Receipt, Registering and Review of Applications Promulgation of Applications On-site Certification Audit Issuance of Certificates Registration of Recommendations from Manufacturers Random Product Inspection and Testing Withdrawal of Certification Surveillance and Re-audit Complaints and Appeals Resolution
4. Promotion	Publication of the "Green Mark Newsletter" Home Page on the Internet Articles, News Releases, Exhibitions, TV Commercials, and Radio Programs, etc. Seminars, Workshops and Other Promotion Activities
5. International Cooperation	Membership with GEN Participation at ISO meetings Mutual Recognition with Canada

*** Questions from invitees in regard to quality management ***

How to be financially self-sufficient in the long run?
 How to promote the scheme? What are the advantages and disadvantages of doing things in-house versus employing outside consultants? Funding sources? Self-sufficiency? Stakeholder management? What is the relationship with industry?

Discussion on self-sufficiency

In Canada we have only this year achieved self-sufficiency. We have gone through severe reductions from the government in recent years. Rising government fiscal debt and deficits is the primary reason we were moved into the private sector. We no longer receive financial support from the government, but it does provide policy and technical support, such as access to personnel to sit on review committees and access to policy reviews to ensure that the program continues to operate in a way that is consistent with government policies and priorities. Since we have moved into the private sector, the ability to make the program grow, the autonomy has been greatly enhanced. For example, if I want to hire someone, I can do it in a much more fluid way.

At Green Seal we thought that within a few years of establishment income from certification fees would make us self-sufficient and bring in a significant amount of revenue for other environmental organizations. That did not happen. In fact, revenues from certification fees are a small percentage of our income. What we depend on is foundations and money from other sources within the government, grants and doing work with the government, as well as our procurement program. Self-sufficiency is something that remains very elusive for us.

In the Nordic program we have found it more a question of resources, than one of self-sufficiency. What is important is to have enough resources, not just to make the criteria and certification, but to secure good information. The money for this comes both from license fees and the government. Now the government has reduced the money so we have become more dependent on certification fees. So we have found we need to be careful to work on different industry groups in order not to become too dependent on a single industry. It takes lots of resources to run a successful program and the only way we have found to generate these resources is via license fees. I think we have the highest license fees of any program.

Ecolabelling programs are almost invariably expected to be self-sufficient and almost invariably are not. This may be because we are applying a business approach to our activities and observers are viewing us from a business perspective and expecting us to operate self-sufficiently.

The objectives and targets of various programs lend themselves to self-sufficiency to different degrees. Some programs (Canada and Taiwan's) are providing a market instrument to manufacturers and this may be more conducive to self-sufficiency. Whereas a program that is more oriented toward providing a service to consumers or more aimed at empowering the consumer, have a stronger public policy dimension (the Nordic scheme) may not lend itself to self-sufficiency as well. In making a program one needs to be clear about the objectives of your program.

In Canada we have identified three different clients for the environmental choice program and they each have different needs. First is industry who is seeking market share gains. Second is the government, which is seeking a policy tool for environmental improvement. Third is the consumer, who is seeking a tool to make an environmentally preferable decision.

Staffing: in-house vs. out sourcing

We do what we can in house, and use consultants when we need expertise in some field. We use laboratories for certification, but we do the inspections ourselves.

In Canada, when the program began in 1988, the program staff totaled two people and the work of the program was contracted out to the Canadian standards organization. Some three years later the staff had grown to ten or eleven, and only the verification work was contracted to another firm. Then between 1992-93 permanent staff grew to almost 22 people. Now, after privatization, we are running with four or five people dedicated exclusively to the ecolabelling program. The remaining work is either contracted out to other members of TerraChoice or partner firms or associations.

The advantage of this system is that you don't have to pay the infrastructure and the ongoing salary of these people, but they are available when you need them. Stakeholders and interested parties: openness, transparency, credibility

There a number of different ways to operate a program. Much of it comes from the culture in which you want the program to operate. You can operate a program with a regulatory-like attitude or you can run a program with a business-like attitude. In Canada, we have chosen within the last three years to behave in a business-like way. The relationship we have with other organizations is cordial and constructive and business-like. It hasn't always been this way.

About four years ago we were having problems and one

of the problems we identified was the behavior of the program in terms of its relationships with other organizations. We were having problems with government, industry and consumer organizations. Part of the problem was the culture that the program had adopted. Another problem was our objective: whether we were rewarding leadership or defining leadership was never agreed or communicated. We had to reestablish the nature of our business and how we were going to behave. We decided the nature of our business was to work with the marketplace to improve the environment and that we would behave in a business-like, cordial, constructive with all of the participants. This decision was key.

What can be difficult is when you introduce criteria for the first time. Members of industry like to act together and be part of the group, but when you introduce criteria for the first time you have the most resistance and you need to define winners and losers and act with the winners to break industry resistance. This forces some manufacturers to break with the group and this can be controversial. When you introduce criteria you are bound to experience criticism.

The question of relationships should not be dealt with in isolation because they arise from a range of things. One question is how one defines leadership. Are the criteria defined on a negotiation basis? If you define leadership in a way that no one can meet, that leads to a much different relationship than if you work with industry to define what leadership in industry is and try to discover who the top twenty percent in each sector. This can be difficult because you need information. Your relationships really flow from the basic philosophy you go into business with.

There is a very difficult balance that ecolabelling programs must find, between industry, consumers, government and interested parties. Green Seal was essentially founded by activists who were tired of taking companies to court. It is not hard to understand the initial hesitance on the part of industry.

Session 5 : Marketing, Promotion, and Green Procurement

Presentation 1

Bo Assarsson, SIS Eco-labelling Sweden

"Marketing Strategy of the Nordic Ecolabelling Scheme"

The objective of ecolabelling is to reduce the environmental impact of products. To really help the environment, in addition to identifying products, we have to get products labelled. Our philosophy is to integrate these two parts: to create criteria that help the environment and to get companies to use the label.

At first we put emphasis on creating very good criteria.

You need to integrate the market thinking into the whole process - that is the theme of my presentation.

It is important to create awareness in the market, because if there is no environmental awareness of the impact of a product, labels will not be viable. So the first objective is to have awareness in the industry and in the community and to identify it. The second objective is to set about using this awareness to sell products that are better for the environment.

Next step is the ecolabelling scheme itself. The scheme has to have credibility if it is to be used. In our case we are supported by the government and this gives us credibility. However, this alone is not enough. There are other ways to gain credibility, such as positive relations with industry and the environmental community and displaying competence.

Finally, it is important to get ecolabels on a large number of products. The more products you have licensed, the bigger the improvement of the environment.

The whole process of ecolabelling is important, not just advertising, etc., in making ecolabelling a success in the market.

The process starts with a choice of product groups. The first step is choosing products that can achieve the goals.

First you have to identify products that are significant from an environmental point of view. To get environmental improvement you need to tackle products that have environmental problems.

Secondly, there has to be information from consumers and industry. In this way you can identify products to target. Also, a market with a large number of manufacturers, versus a market with a few big producers, is often more receptive to ecolabelling. There needs to be a good functioning market.

Finally, to be credible, the criteria has to be relevant to the environmental problems. The consumers and producers should accept that these are the real issues for these products and accurately identify the best products.

From a company perspective, the reason for applying for an ecolabel is to gain an edge over the competitors. If a label is available to all companies, it loses its meaning.

The biggest cost for industry is not fees, but making investments to improve the environment. So it is important that criteria not only help the environment, but are reasonable. Our fee is 4 percent of the turnover of a product.

When we have developed criteria we publish them and distribute them to all interested parties. Sometimes we send out press releases. This works initially, but as time goes on it will not make as much news. Seminars and advertising are other options to spread the word. The means you will use and depend on will probably vary country to country.

After one year we undertake an evaluation to determine how well the criteria are functioning. Whether we need more marketing or things are moving smoothly.

Often good criteria are conceived, but not fully accepted

by industry. So we have benefited from create. Criteria while considering the performance. Performance requirements have been very important for us. We have tried to include these in our criteria as much as possible. It is also important to create a system that precludes cheating, because the reason industry participates is the image and that the label gives a sense of exclusiveness. It is a dynamic system, so we revise the criteria every few years depending on the product, environmental and market situation.

Presentation 2

John Polak, TerraChoice Environmental Services Inc.

"Canadian Experiences in Marketing, Promotion, and Green Procurement"

First it is important to identify what areas we are active in and the broad mission of the program. Our objective is to reduce the stress on the environment by encouraging a supply of and demand for environmentally preferable products and services.

The distinction here is that we have introduced the terms supply and demand, which are common terms in the marketplace, and we try to emphasize both of these.

In terms of the scope of application of our program, it started out as a product-oriented program, but we are now active not only in consumer products, but a range of institutional products that include office machinery, office papers, copy machines, fax machines, printers and so on. We are also now getting more involved with services, both commercial and consumer types of services. These include cleaning services, photo finishing, printing services, car repairs. We are getting involved in events. We believe that events can be managed in ways that are less environmentally stressful.

We are involved with technologies - particularly environmental technologies that are operating in a way that is preferable to other technologies. Finally we have a number of special initiatives, such as package managing systems, that can qualify for the ecolabel in Canada. So the scope of the operation is very wide and the basic philosophy that we have now is that we should be trying to identify any product, service or event that can somehow stimulate the marketplace to cause environmental improvement to take place in competing areas.

When you develop a marketing strategy, you have to understand who your audiences is for these activities. In Canada we have three audiences, three clients: consumers, government and industry. So we can't take a single-line approach because we can't have separate marketing strategies everywhere. So we try to identify the objectives of each of the areas and integrate those into the more comprehensive plan. What we are focusing on is measurable results and these tend to emphasize visibility,

understanding (both among the public and among industry), as well as the degree of market penetration in different sectors. Typically the marketing strategy will focus on different sectors in from year to year.

Our past marketing activities fit into four general categories.

First we have put a lot of effort into understanding the market place, such as how does it work, who is involved and what are the attitudes of people in that marketplace.

Secondly, we have a sales focus - getting out into industry and generating interest the program.

Thirdly, we have a public awareness focus.

Finally, we have a green procurement focus that is not limited to the government, but more broadly includes the private sector.

Marketing Analysis

We have conducted surveys into public attitudes toward the environment Public attitudes are very important. They represent how the consumer thinks. They represent whether or not the consumer would make a purchase decision based on the environment. We also look at industry attitudes. From an industry point-of-view we are interested not only in the manufacturing sector, but also in the purchasing side of the business community, because they are consumers as well as producers and we can influence the decisions they make in their buying habits.

First, we have found that the environment is increasingly a part of industry's marketing strategy - both in how they promote their company and their products. This is important because it positions the environmental choice program as a very useful tool. Second, we also found that they are increasingly looking to purchase products that have some kind of verifiable environmental component. Third, we were surprised to find that they are increasingly looking for third party verification of whatever claims were made.

Finally, we do surveys on public awareness, such as are people aware of the logo and is this awareness changing over time.

In terms of analysis, we have tried to decide which products to focus on based on the potential for environmental improvement, the volume or penetration of that product or group of products in the market place and whether there is any industry interest in the area.

Second, is the area of sales. We introduced an industry liaison team and this has been a particularly valuable exercise because it helped us to sell our logo and also gave us insight into industry, such as how industry behaves, operates and what is out there.

We do sector specific advertising, in trade journals for example. Secondly we do research by sector to try to understand how many companies are operating in any sector so we can understand that industry; who are the players,

manufacturers, service providers, and what pieces of the different sector should we be active in.

We do direct mail campaigns on a sector specific basis. These are based on the research and are sent to companies that might qualify. Then we follow-up the letters.

We also do cold-calls.

We rely very heavily on referrals and this is probably the strongest mechanism for sales. Referrals come from advertisements as well as a network of agencies throughout Canada that operate on a commission basis.

And the final element is trade shows. These are important because it gets one industry sector together in one place at one time. It gives you a focused sales opportunity.

Third is public awareness. This is probably the most challenging element of ecolabelling. This is because there is not a concentrated audience, especially in Canada, with 30 million people spread across a 4000 mile boundary about 100 miles thick. The communication networks are not homogenous and there are many regional disparities. When we were part of government this was a main activity that consumed a majority of our time and resource base. Now we have devised new means, because of our reduced resources, to reach the public more efficiently.

First of all we sponsor certain events where we think we can get visibility indirectly. We are doing a certain amount of advertising, but in a very focused sort of way. We also air advertisements as public service announcements on television, using public airtime granted to the government. The idea is to encourage consumers to make good environmental choices.

Media relations campaigns is another area where we have been very successful. We prepare material that is ready for transmission via print, voice and visual media, usually in written form. This is a very good vehicle, for getting to the public at large at a reasonable cost.

Another means of promotion we use is license fees. We provide an incentive by offering a 20 percent reduction of the license fee for companies that are willing to advertise and promote the ecolabel itself. This seems to be attractive to most clients. For them the amount of money they are saving is generally insignificant, but for us, who are not media relations or marketing experts, it is a very significant way of engaging and mobilizing the marketing capabilities of companies that know how to that.

We also use joint venture initiatives by joining a number of organizations and institutions aimed at improving environmental performance. Through participation in groups that encourages an activity while emphasizing the correct use of the environment, such as water sports, we can encourage people to not only do the right things, but to also buy the right kinds of things. This gives us high visibility at a low price

We are in the process of upgrading our eco-logo website. This offers an opportunity to get out information at a very low cost.

***Green Procurement ***

In the last three years there has been a very substantial investment in the greening of government, including the appointment of a Commissioner of Sustainable Development. Every federal government department and agency has to prepare a sustainable development strategy and submit it to the parliament by December of this year. Then the commissioner will, on an annual basis, audit the implementation of these plans and report to parliament. This is a very powerful tool for getting government to green its operations. First the government has to green the way it behaves, its daily activities. Second it has to green its programs, showing the government how it is helping it to meet broad sustainable development goals.

Within these sustainable development plans green procurement is playing a major role. I think ecolabelling is a tool that is in many ways made for this kind of thing. It gets complicated though because if governments begin specifying products, they may be behaving in opposition to GATT and other agreements. But our specifications could be used for procurement purposes. In Canada this process is happening and the federal, provincial and municipal levels.

Another trend is the decentralization of procurement, which complicates the situation. Trying to convey to scattered members of government the information necessary for making environmentally sound choices in procurement is complicated. The internet is one answer.

We are also very active with a number of provincial and municipal procurement organizations.

Finally, we have an eco-buyer newsletter that we send out regularly. It gives hints on green procurement and features products we are endorsing. Once a year we produce a catalog.

***Discussion ***

How can these ideas, which come from two developed countries and capitalist societies, may or may not apply to countries in the developing world or countries with emerging economies?

Developing nations will have the same three clients - the consumer, government and industry - and the same delicate balance of interests to maintain between stakeholders. It would also be ideal if we could acquire political and financial support from the government initially, but most developing governments are facing difficult budgetary constraints. It would be more realistic to expect support politically, but not financially.

Building awareness among consumers, fostering environmental consciousness would ostensibly also be a

major task of a government-run ecolabelling program in a developing nation to make a program successful. It would also be important to be able to demonstrate the positive role of ecolabelling in achieving environmental goals to the government.

Government has a big role to play, not just because of its massive spending power but because in educating public officials it will ripple out to their homes and beyond the government.

***US Green Seal and green procurement ***

About three years ago, Green Seal, after looking at the market situation and industry resistance to third party verification, decided that perhaps there was a parallel route to greening the economy. We did not know how to reach massive amounts of people on tiny budgets, so we decided to focus on concentrations of procurement that happened to be in institutions, both governmental and private.

We began a program called environmental partners to give information and guidance to purchasers in these institutions. The program involves a booklet (Office Green Buying Guide) that contains information about various product categories relevant to the office and a specific product list. In addition, we also send a monthly report (Choose Green Report), that focuses on a different category. It describes the aspects of the environmental product grouping and incorporates a table of specific products that we recommend by brand.

Session 6 : International Issues (Trade and Ecolabelling, ISO, WTO, etc.)

Presentation 1

Arthur Weissman, Green Seal

"Trade and Ecolabelling: Challenges and Issues in the Increasingly Global Market"

We are challenged to devise means to ensure that the openness procedures we have developed at the national level can now be applied at the international level. This means we have to put resources into extending our outreach. This has to be done at various points in the program. It certainly has to be done in the development of criteria. Some of the biggest international controversies that have occurred so far were the result of industry not feeling adequately involved in the program's criteria development processes.

In terms of marketing, one must be open to foreign manufacturers so they must be aware of the criteria. The accessibility of foreign manufacturers is really critical.

We have seen that we must take a lifecycle approach when it comes to criteria development, whether it is LCA or not, to determine which is a preferable product. The production process is often outside of the country where the product is sold and the ecolabel is awarded. This is fine, but

it raises a number of issues.

For instance, what are the leadership roles to be? If one country produces a product and it is sold in another country, how are they to interpret the production methods in the exporting country? This has led to issues of equivalency, where a certain environmental impact in another country is equivalent to that in yours.

There are also trade issues. The very existence of having multiple criteria for PPM's and our ecolabelling criteria is not allowable to some in the trade community because GATT and the WTO say that standards should not include or be based on PPM's, only on product related characteristics. Technically non-product related PPM's are not allowed. In other words, the product is the product once it comes into the country and you have nothing to say in terms of trade, and whether or not you can restrict trade except by virtue of the product's effect on your health, safety, welfare or environment. That the product may have resulted in major environmental destruction in the country of its origin is not something the importing country has a right to address under GATT. How does this tie into ecolabelling? This is an important issue that needs to be worked out.

The third areas are political and institutional. The issue here is that we are starting to get large organizations involved in our work. There are a number of big organizations that are now having an influence on us, that are getting involved in our activities.

ISO is another issue. ISO is in the process of setting environmental labeling standards. It is not setting up a program for ecolabelling, but standards for how ecolabelling should be conducted. These will have tremendous weight, even though they are voluntary, they have presumption under the GATT that anyone who follows them is not creating a trade barrier. It will also raise questions among our clients, such as if we do not subscribe to an ISO standard, why not?

In particular, there is the standard on seal programs which is now about to (November 1997) become a Draft International Standard and will probably become a formal international standard sometime in the second half of 1998. This will certainly become a benchmark for others to judge what we are doing.

In addition to this, with the high stakes of ecolabelling, multinationals marketing in so many countries and government procurement, there is much pressure and controversy from various industry groups about ecolabelling in the international markets. There is actually an organization of multinational corporations' industry associations (paper, plastic, chemicals) that has formally organized itself (The Coalition for Truth and Environmental Marketing Information) against third party ecolabelling. It was established about two years ago and is headquartered in the United States. It has been very active with all of our

domestic government agencies involved in these issues as well as internationally. It has had a very chilling effect on ecolabelling.

We formed a counter coalition called the Consumer's Choice Council. In this way we are going to have a number of NGO's, consumer groups, sustainable agriculture groups, labor groups - groups with an interest in third party labeling to campaign in favor of third-party labeling.

The above are issues and challenges. The following is how we address these.

First of all, we are trying to provide information as widely as we can, especially through our homepage, newsletter and library. This is about openness and transparency so that word gets out about our activities and the criteria we are developing. Getting criteria into homepages where they are visible is essential.

Also important, and a more sophisticated and difficult area, is harmonization among our programs. We are starting this now and it is a long-term project. We are studying criteria in specific categories, such as in batteries, in which we are adopting the Nordic criteria. We have been looking at this, considering various approaches and will see what we can do there.

Another project is mutual recognition. We have given our attention to and supported some pilot projects among members, such as that between Taiwan and Canada, and started to develop a policy in the past year. We now have a special task group established to develop an action plan in the next few months.

Equivalency is another issue. We are trying to determine to what extent can different impacts in different countries be considered equivalent and criteria therefore be satisfied. A study is imminent and a policy will be worked out in the next few months by a task force.

Technical assistance is also very important to build program capacity for ecolabelling. This workshop is one major effort toward this, but we also have a special technical assistance program. This is a bilateral model, where one program helps another. The pilot program for this was between the Norwegian program and the Taiwanese program and we intend to expand this in the coming year. Building capacity helps ensure that all programs around the world have a minimal level of acceptable quality. Another critical component of capacity building is that it facilitates mutual recognition, inspiring confidence and allowing programs to recognize others' work.

Ecolabelling is going to have to adjust to the globalizing world market, but we can adapt and operate at the international level. Some of us are already beginning to do this, but we need to be creative and simultaneously carefully set our boundaries and determine what is possible within them.

***Questions and Comments ***

No one has been able to provide an example where ecolabelling provides a barrier to trade. The most recent OECD study, while concluding that ecolabelling has not presented a trade barrier, was not optimistic.

I don't think we can have any credibility as programs trying to promote environmentally preferable products unless we include PPM. There is no scientific basis for excluding them because they are an area of potential impact and in certain products they have a major environmental impact in the products lifecycle.

Presentation 2

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APPLICATION OF NON PRODUCT-RELATED CRITERIA IN ECOLABELLING - CONTROVERSIES AND EXPERIENCES

presented by Bo Assarsson, Sweden

SUMMARY-VERSION OF A DISCUSSION PAPER, PREPARED FOR THE GEN ENVIRONMENTAL LABELLING WORKSHOP TOKYO 1997

The full version - PROVISIONAL VERSION - will be sent by the author on request

1. Introduction

Environmental Labelling gets growing attention in terms of modern environmental policy. Appr. 30 national and regional environmental labelling schemes exist at the moment, especially in Europe, Asia and Northern America. All the schemes have established similar or comparable principles and procedures. In order to save and to develop Environmental Labelling for the next century and to overcome the wide variety of different criteria there is a need for more international cooperation and harmonisation. But there are still a lot of discussions and controversies how to handle the general approach of Ecolabelling taking into account the whole life cycle of a product. This includes the extraction and the processing of raw materials, the production of the pre-products and the final product itself, the distribution, the use phase and the disposal phase including potential recycling steps. A consequence might be the application of product-related as well as production-related criteria. Especially production-related criteria have risen high attention in terms of potential trade barriers. This concerns in official terms the so-called "Production and Process Methods" (PPM).

2. Types of Ecolabelling Criteria

Ecolabelling criteria may be differed between product-related and production related criteria.

A. Product-Related Criteria are addressing to

- the concentration or exclusion of chemical substances as well as to their toxic and ecotoxic attributes
- air emission caused in the use phase
- water emission caused by use
- noise emission caused in the use phase
- preferences, substitutions or limitations of specific materials
- the recyclability including take back duties of producers or retailers
- the packaging

B. Production-Related Criteria in terms of "Process and Production Methods" (PPM) are addressing to

- the emission standards in the entire production stages concerning air, waste water or noise
- the origin and production of raw materials, e.g. tropical timber
- the extend of transports
- the energy amount
- the use of auxiliary materials
- the amount of solid waste as well as hazardous waste.

3. Classification of PPM Criteria

The discussion paper suggests a classification of existing PPM on the basis of a brief survey. They are presented with examples from actual Ecolabelling practices, e.g. from the European Ecolabelling Scheme due to the fact that these criteria are probable the most discussed criteria in the Ecolabelling world (not included in the summary version). For further explanations please consider the full version.

1) PPM Awarding Companies: Criteria related to the manufacturing enterprise of the final product "from gate-to-gate". This mirrors the direct responsibilities of the company who will award the Ecolabel.

2) PPM Pre Producers: Criteria related to the manufacturing enterprise of one or more pre-producers, who are providing the producer of the final products with components, materials, chemical substances or semi-finished products. These producers might be changed from time to time.

3) PPM Raw Material Suppliers: Criteria related to the harvesting and extracting of raw materials by one or more suppliers, who are providing the pre-producer or the producer of the final products with raw materials such as cotton, wood or metals.

4) PPM Regional or National Legislation

5) PPM Auxiliary Materials

5.1) PPM Auxiliary Materials with Product-Related Effects

5.2) PPM Auxiliary Materials without Product-Related Effects: No example found.

6) PPM Preferences for Materials or Exclusions of Materials

4. Discussion of Arguments For and Against the Application of PPM-Criteria in Ecolabelling

It is the general impression of the very new OECD study that almost all schemes follow a life cycle approach ii. It is often assumed that this approach has to be realized by the included application of PPM criteria. Otherwise very few examples about a successful implementation of PPM standards exist. The following arguments for and against PPM Application are discussed:

- 4.1 Arguments for PPM Application
 - 4.1.1 Life Cycle Approach and Life Cycle Consideration
 - 4.1.2 Transfer of Effects along the Life Cycle
 - 4.1.3 Multilateral Environmental Agreements
- 4.2 Arguments Against PPM Application
 - 4.2.1 Avoiding Trade Barriers
 - 4.2.1.1 Avoiding Trade Barriers By Mutual Recognition
 - 4.2.2 Results from LCA Studies
 - 4.2.3 Taking Into Account Information Responsibilities
 - 4.2.4 Taking Into Account Information Gaps
 - 4.2.5 Lack of Standardisation Tools in the PPM Field

5. Conclusions and Recommendations

Weighing the different arguments in order to save and to develop Ecolabelling as an important tool in terms of modern product-related environmental policy, the inclusion of criteria only addressing the PPM sector should be avoided. All target groups of Ecolabelling and the public should be convinced that PPM criteria cannot be handled in an appropriate manner by Ecolabelling bodies because of a lot of reasons. It is the competence of national environmental administrations to check compliance of PPM-related legislation and agreements.

But it is the challenge for all Ecolabelling bodies to find procedures and solutions to realize the life cycle approach and the life cycle consideration without applying PPM criteria.

The main conclusions and recommendations are

- The life cycle of each product-category should be considered according to the general principles and procedures in ISO 14024. This approach shall be realized by the conduction of a feasibility study.
- A product-category should not be selected as a project for environmental labelling, if the feasibility study relates most environmental damages and/or the priorities for environmental improvement actions to PPM.
- But the possibility should be checked to adopt or to take into account such results in order to claim environmental superiority for exact defined materials. This procedure meets current practices. Examples are materials from recycling or the exclusion (restriction) of certain high polluting materials.
- Those PPM items should be included which are possible

to check in the product itself and which may contribute to pollution in the consuming country such as the content of chlorine in paper products. Criteria addressing chlorine-free bleaching may be applied for instance.

- PPM items addressing the extraction of raw materials should be included if international, regional or national agreed certification systems are available. Such practice should also be linked to international agreements.

* Comments *

It is not clear what the impact of standards adopted by ISO will be. Because it is not adopting an environmental labelling program, but rather describing the procedures and principles that programs should follow, it is a program on how to do ecolabelling, informational labelling and manufacturer's claims, etc. It might facilitate the international acceptance of ecolabelling. If ISO recognizes ecolabelling and a lifecycle approach then presumably it would become acceptable under the WTO.

We do not know if the adoption of ISO standards will strengthen or weaken ecolabelling programs. If it is a constructive standard that we want to and can meet, it will lend us prestige and gives us ammunition against critics.

If it comes out in a less constructive form, for instance requiring consensus on development of criteria or full LCA for every criteria, then we will have to reassess our choices and how we can address this working within the process.

The German paper concludes that criteria should be mainly related to the product itself, or can at least be regulated by requirements on the product, not concerned as much with pre-production and production. However, this idea does not have currency among GEN members.

Can ecolabelling criteria constructed for government procurement be construed as trade barriers? If you do not specify a certification, but rather a series of specifications, that is certainly within the purview of any government agency and its procurement practices.

Conclusion of session and comments by invitees about workshop

In order to institute an ecolabelling program we will need to survey the consumer's attitude, get government support for the initiative, establish financial support for the start-up phase that would assure independence and credibility, get technical assistance from other programs. The three barriers in our country (Argentina) would be consumers' lack of environmental awareness, lack of national (political) support initially, because of budgetary constraints, financial constraints.

Invitees expressed their gratitude and future plans in regard to establishing or pursuing ecolabelling programs in their home countries.

News from GEN Secretariat

At the Executive Committee meeting in December, another two GEN members were approved as provisional members. The formal decision will be taken by the full membership at the next annual meeting. The new members are Thailand and Zimbabwe. GEN has now 20 members.

At the Executive Committee meeting in December, the issues from the annual meeting were followed up. An action plan was proposed to go further with in order to achieve mutual recognition between the GEN ecolabelling programmes as much as it is possible. The members have been invited to give their opinion of the proposal. An important part of the GEN activities is the Technical Assistance Programme. This assistance is open for members only and intended primary to help developing programs. As you have read earlier in this Newsletter, the annual meeting decided to expand the budget for this activity.

GEN Secretariat has been in contact with several countries where new ecolabelling schemes are discussed and in a few cases also recently have been launched. Hopefully these organisations will have the possibility to join the Green Goods Workshop, which is planned in connection with the twentieth anniversary of the Blue Angel Scheme in Berlin, Germany, in October.

Remember that you are always welcome with questions and the GEN Secretariat will try to assist you with answers and help.

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New ExCom Members

New ExCom members elected in the Annual Meeting are as follows;

José L Tejera, AENOR Spain (chair)

Arthur Weissman, Green Seal U.S.A.

Ning Yu, EDF ROC

Harald Neizel, Federal Environment Agency of Germany

John Polak, TerraChoice Environmental Services Inc. Canada

Shigeyuki Hashizume, JEA Japan

We realize interests in ecolabelling are increasing since we receive many requests and inquiries for our information center. So, we would like to continue to release up-to-date information of member organizations and relevant information on ecolabelling. Please introduce GENews to relevant organizations in your country.

Hiroyuki Sato
GEN General Affairs Office



GEN Home Page Address: <http://www.interchg.ubc.ca/ecolabel/gen.html>

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