DEVELOPMENT OF AN ECOLABEL CERTIFICATION PROGRAMME FOR HONG KONG

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HKUST

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EXECUTIVE SUMMARY

Ecolabelling is a voluntary system of awarding a logo to products judged to be less harmful to the environment than comparable products. Informed consumers can preferentially buy these products and thus exercise market pressure on industries to use cleaner production processes. Ecolabel programmes (ELP) were first introduced in Western countries to help clean up their environments. Governments have normally played a leading role, but industry support and promotion is crucial for success. ELPs have now spread to developing countries, particularly in Asia, where the motivation is more related to meeting overseas customers’ requests for cleaner products. So far there has been little concrete evidence of loss of markets through ecolabelling, but the concern remains in exporting countries about future requirements for environmental certification.

To investigate this issue, in 1994, the Hong Kong Industry Department awarded a two-year $2.1 million contract through its ITDC programme to Hong Kong University of Science and Technology in collaboration with Hong Kong Productivity Council. This report is the result of this study. It concentrated on two major sources of information: 1) obtaining the experience gained by countries who already have a programme or about to establish one; and 2) obtaining the views of Hong Kong industries. In addition, the views of a number of international organizations and the attitudes of retailers and consumers here and elsewhere were sought.

Findings of the study:

- Ecolabelling is still developing and likely to change over the next decade.
- Market penetration has been slow in most countries.
- Industry support is crucial for success. Without it, there are no clients for ELP, no labelled products, and no assistance for consumers to choose wisely.
- Government leadership and financial support is necessary for at least the initial five years, after which substantial recoveries from fees can occur.
- Proliferation of national logos - about 30 at present - has created confusion in the marketplace. Efforts for international harmonization or mutual acceptance have so far not succeeded. Other means to restrict proliferation are needed.
- There is little evidence that Hong Kong’s export industries have been required to provide ecolabelling or other such certification of their products for overseas customers. However, there is concern that it may be required in the future.
- Hong Kong industries have mixed views on whether and how to react to the potential of future ecolabelling requirements.

Recommendations

1. The currently non-existent or low level of threat to Hong Kong’s export industries for not having a local ecolabel programme available does not warrant urgent implementation of a local ecolabelling scheme. However, as a minimal response, the Hong Kong Government should adopt a ‘Wait and See’ Option with emphasis on the ‘see’, keeping informed of developments in ecolabelling through observer membership in international organizations, and through direct discussions with China’s ELP. (See Recommendations 1 and 2 in Section 9.2).

2. Hong Kong Government and industry should set up a Joint Task Force to obtain commitments of Hong Kong industries for support of three possible recommended options: 1) Textile Certification Scheme; 2) ‘Franchise’ Scheme for several industries, and 3) A Hong Kong ELP. (See Recommendations 3 to 6 in Section 9.2). This will enable Hong Kong industries to move quickly to save their market share, should the need for ecolabelling develop rapidly.
概要

《綠色標誌》計劃是一項自願性的計劃，旨在頒佈標誌給予一些被鑑定為比其他同類產品對環境造成較少傷害之產品。消費者可依據《綠色標誌》資料取向購買這些產品，從而造成市場壓力，促使工業界採用清潔生產。《綠色標誌》計劃最初在西方國家實行，用來幫助改善環境。《綠色標誌》計劃通常由政府牽頭，而工業界的支持及推廣是計劃成功的主要因素。《綠色標誌》計劃現已逐漸推廣至發展中的國家，特別是在亞洲的一些國家，這些發展中國家的主要考慮是這個計劃能否合乎海外顧客對清潔產品的要求。至今仍無法證實因沒有綠色計劃而會導致喪失市場。然而出口國仍然擔憂未來對產品的環境要求會帶來貿易上的影響。

為探討這個問題，香港政府工業及科技發展局於1994年提供一項兩年共計二百四十一萬港元的資助給香港科技大學及香港生產力促進局，從事《綠色標誌》計劃在香港的可行性研究。本報告書是該項研究所得的結果。是項可行性研究集中在兩方面：
1. 從已推行或將推行綠色標誌計劃的國家汲取經驗，
2. 向香港工業界徵求意見。

此外，是項研究亦探討本港以及多個海外國際機構、零售商以及消費者對《綠色標誌》的意見及態度。

研究結果如下：
1. 《綠色標誌》仍在發展中，並可望於未來十年有突破。
2. 《綠色標誌》產品的市場滲透在大部份國家均較緩慢。
3. 工業界的支持是《綠色標誌》最重要的成功因素。沒有工業界的支持，便沒有使用《綠色標誌》計劃的人，更沒有《綠色標誌》的產品，也不能向消費者提供選擇產品的信息。
4. 在《綠色標誌》計劃推行的起步五年，必定要有政府的領導及財政資助，其後計劃的財政應可由所收取的費用來支持。
5. 現有約30個《綠色標誌》的國家，並有激增的趨勢，這容易導致在市場上出現混淆的情況。一直以來，國際協調或互惠認可尚未能取得成功，因此有必要尋求其他限制《綠色標誌》擴散的方法。
6. 現時並無例證顯示香港的出口行業需要向入口國家提供《綠色標誌》或其他環保證書。可是，工業界已認為這是個不可避免的趨勢。
7. 香港工業界對入口國將來對香港產品要求《綠色標誌》有不同的看法。

基於以上研究結果建議如下：
1. 雖然現時香港的出口工業並未因沒有本土的《綠色標誌》計劃受到重大的威脅，但是香港政府應採取“觀望”態度作為基本應變措施，透過觀察者身份積極地參加世界性或地區性的會議，和直接與中國《綠色標誌》計劃接觸來獲取最新資料與發展（請參考本報告第九章第二節之建議一及建議二）。
2. 香港政府及工業界應設立聯合工作小組，爭取工業界對本報告書所提及之三項建議的支持及積極參與。該三項建議包括：
   i) 實施《紡織業綠色標誌》檢定計劃；
   ii) 在某些選定的行業中實施《特許綠色標誌》計劃；
   iii) 實施《香港綠色標誌》計劃（詳閱本報告第九章第二節之建議三）。
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CHAPTER 1 - INTRODUCTION

Ecolabelling is a term not well known or understood in Hong Kong. This is not surprising, as it is a term which has been coined largely in Western countries over the last decade or so, and has so far had little relevance to Hong Kong. This may change in the near future, as buyers of Hong Kong-made products may increasingly demand some sort of certification of "environmental safeness" of the products they purchase. Failure to provide this assurance may reduce exports in certain Hong Kong industries and eventually become a serious problem.

To determine the extent of the threat to Hong Kong's export industries, a partnership of Hong Kong University of Science and Technology (HKUST) and Hong Kong Productivity Council (HKPC) submitted a proposal for a project entitled: "Development of a Green Label (later changed to Ecolabel) Certification Programme for Hong Kong" to the Hong Kong Industry Department. This proposal was accepted in June 1994 for a two year study and awarded $2.072 million. This report summarizes the findings of the study.

An Ecolabel Programme (ELP), also referred to as Green Label Programme (GLP) or Environmental Certification Programme (ECP), is a system for awarding a "seal-of-approval" logo, or some other form of recognition label, to products judged to be less environmentally harmful than comparable products. ELPs are normally administered by an independent board composed of representatives of government, business, industry, academia, consumer groups, and environmental groups. Most programmes are voluntary. The premise is that consumers will purchase ecolabelled products preferentially, thus reducing the impact of production, use and disposal of goods on the environment. Industries will wish to apply to the ELP, and if successful, may be awarded with increased sales.

When industry applies for certification of a particular product, it is judged within chosen product categories against a specified set of product criteria. If found acceptable, the industry receives a licence to use the programme's logo for the approved product for a specified period. In principle, the ELP will charge a fee which eventually will recover all ELP costs. Since the process of choosing products, developing product criteria and making approval decisions is complex and often highly technical, the ELP Board engages expert consultants to assist the ELP's secretariat to carry out the work.

The study was carried out in two stages, drawing on two major sources of information:

1) **The experience gained by other countries who already have an ELP or are in the process of establishing one.** This involved a literature review and site visits to selected countries and organizations. As the process and application of ecolabelling is still very much evolving, literature such as it exists, is soon out of date. Therefore, site visits were essential to establish the current thinking and future prospects of the programmes visited.
2) **The views of Hong Kong’s industries, consumers, environmental organizations, and government.** As the knowledge of ecolabelling in Hong Kong was insufficient to solicit informed responses, it was found necessary to educate first, before obtaining reactions. This was carried out through a series of meetings and forums with many organizations in Hong Kong.

With respect to industrial contact, the HKPC team took the lead. In all other contacts, internal or external to Hong Kong, HKUST took the lead.

The structure of the report reflects the process of carrying out the work as well as the need for distribution of the parts of the report. The main report has been kept brief (about 75 pages), as it should be distributed widely for the purpose of informing a broad audience on the need for and possible impact of ecolabelling in Hong Kong. Three appendices contain detailed information presented for and of use to only a limited number of organizations. **Appendix A** contains the record of industrial fora in Hong Kong and a few other key documents. It will be of interest to Hong Kong industries and government. **Appendix B1 & B2** contain the record of all site visits to other countries ELP programmes and to relevant international organizations. It will be of interest to those who received us and to those Hong Kong agencies that may be considered for operating a possible Hong Kong ELP. **Appendix C** contains selected reports on ecolabelling and related issues and will be of interest to Hong Kong government officials and those involved in operating a Hong Kong ELP. Within the report:

**Chapter 2:** “**What is Ecolabelling?**” provides the essentials of ecolabelling with respect to environmental management within a country, the type of ecolabels in use, and the functions, administration, financing and promotion of ELPs.

**Chapter 3:** “**Reasons to Establish an Ecolabel Programme for Hong Kong**” discusses the different needs and objectives of ELP’s for developed and developing countries and provides reasons why Hong Kong needs to consider this issue.

**Chapter 4:** “**Status of Ecolabelling Worldwide**” presents an up-to-date report of ecolabelling worldwide, with special emphasis on the 18 countries and 13 organizations visited. It also provides a brief history of the development of ecolabelling, and addresses trade and consumer issues and the use of life-cycle analysis. The details of each country/organization programme are contained in Appendix B.

**Chapter 5:** “**Hong Kong Industries Reaction to an Ecolabel Programme for Hong Kong**” presents the process and the results of a series of meetings and industrial fora with selected Hong Kong industrial organizations and companies. The detailed responses of industry sectors are presented in Appendix A.

**Chapter 6:** “**Consumers’ Reaction to an Ecolabel Programme for Hong Kong**” presents the findings of a series of meetings with selected consumer and environmental organizations, and the Environmental Protection Department (EPD) of the Hong Kong Government. It also presents general consumer issues, with a special emphasis on developments in the USA.
Chapter 7: “Options for Hong Kong” summarizes the lessons that Hong Kong can learn from the experience of other ecolabel programmes and then outlines a series of progressive steps of implementation leading to the possible establishment of a Hong Kong Ecolabel Programme in stepwise fashion.

Chapter 8: “Functions, Administration, Costs and Implications for a Hong Kong Ecolabel Programme Options” presents the details of how the options outlined in Chapter 7 could be implemented.

Chapter 9: presents “Summary and Recommendations”.
CHAPTER 2 - WHAT IS ECOLABELLING?

2.1 Goals and Functions

Environmental labelling or ecolabelling is but one of the tools of overall environmental management. The process of manufacturing, use of, and disposal of products causes environmental damage of various kinds. These can be reduced through cleaner production methods, use of cleaner technology, and cleaner disposal methods, all resulting in waste reduction in quantitative and qualitative terms. Ecolabelling is an additional market tool. By identifying certain products through means of an environmental label as being significantly less environmentally harmful than other comparable products, the consumer can exercise a preferential choice for the purchase of such products, which then results in a reduced load on the environment. Manufacturers of products which are awarded an environmental label will thus gain a greater market share. For this scheme to work it is necessary that the process of awarding an ecolabel is creditable and that the public is informed through advertising campaigns about the program and recognizes the label. The ultimate benefit of ecolabelling is a cleaner environment.

2.2 Types of Environmental Labels and Claims

2.2.1 Overview

In the last decade the market place worldwide, but particularly in western countries, has seen a great increase in the making of various environmental claims for products. This has occurred because marketers are aware that an increasingly knowledgeable and concerned public wishes to do their share in protecting the environment by purchasing goods which are less harmful to the environment. The consumer demand for “green” products has resulted in much “green” advertising and product claims. These have taken many forms, from vague descriptions such as “environmentally friendly” or “natural” to more specific terms such as “recyclable” or “phosphate free”. In most countries there were initially no controls on manufacturers or marketers with respect to their claims. The rapid escalation of often poorly defined environmental claims has led to consumer confusion and scepticism. To provide at least partial control, industry associations or governments of some countries developed guidelines to regulate the use of environmental claims by manufacturers or marketers, and to give specific meaning to those claims.

Germany was the first country in which an ecolabel programme was initiated by government action, the Blue Angel Programme, in 1978. Ten years later Canada established its Environmental Choice Programme. Since then well over 30 programmes have been established (see Chapter 4). Almost all of these programmes are of the same type as Germany’s and Canada’s programme, referred to as ‘seal of approval’ type, or Type I ecolabel, as defined by the International Standards Organization (Ref. ISO-3, Appendix C). All of these ecolabels are described in detail below.
Furthermore, in some countries there are mandatory hazard or warning labels, or information disclosure labels. The best known of these are the warnings of health hazards of smoking and the skull and crossbones label on poisons. These are generally not considered ecolabels and will not be dealt with further in this report. Figure 1 represents a summary chart of environmental marketing claims and labels. This report deals only with the ecolabels in the box on the right side.

2.2.2 'Seal of Approval' Type (ISO Type I)

The most up-to-date description of this type of eco-label is provided by ISO/CD 14024.2 "Environmental Labels, and Declarations. Environmental Labelling Type I - Guiding Principles and Procedures February 1996 (Ref. ISO-3, Appendix C). This draft report of ISO TC207/SC3 is expected to be approved at the next meeting of TC207 in Brazil in June 1996. It provides guidance for the establishment of new programmes. Prior to the existence of this document countries wishing to establish an ecolabel programme had to consult with several of the established programmes and learn from their experience. While much more needs to be done towards possible international harmonization of existing ecolabel programmes, this document is an important step forward.

**Highlights** of ISO/CD 14024.2 on 'Seal of Approval/Type I programmes and comments are:

- 'Seal of Approval' type is the designation used by most existing country programmes. ISO has chosen to call it Type I. These two designations are synonymous for this report.

- Most of the existing country programmes are of Type I.

- Type I are voluntary, multiple criteria-based, practitioner programmes that award labels claiming overall preference of a product within a particular product category based on life-cycle considerations.

- Practitioner means a third-party body (e.g. the Ecolabel Board of a country) which operates an ELP. ‘Third-party’ recognizes the independence of the body, as opposed to ‘first-party’, which refers to a company producing a product and issuing self-declaration environmental claims (see 2.2.3).

- Life-cycle considerations used for developing the product environmental criteria and performance characteristic include:
  
  - extraction of resources
  - manufacturing
  - use and disposal relating to relevant cross-media environmental indicators.
Figure 2.1
Environmental Marketing

First Party Environmental Marketing
- Product-Related
  - Claims (e.g. Recyclable)
  - Cause-related Marketing (e.g. "Proceeds donated to ...")
- Corporate-Related
  - Cause-related Marketing (e.g. Company supports WWF)
  - Promotion of Corporate Env. Activity or Performance

Third Party Environmental Labeling
- Mandatory
  - Hazard or Warning (e.g. Pesticides, 03, Prop. 65)
  - Information Disclosure (e.g. EPA fuel economy label)
- Voluntary
  - Environmental Certification Programs
    - Report Card
    - Seal of Approval (ISO Type I)
    - Single Attribute Certification (ISO Type III)

subject of this report

Source: Modified from Ref. W-1 Abt Associates (1993)
Development of an Ecolabel Certification Programme for Hong Kong

- Selectivity: product environmental criteria shall be established to differentiate leading products from others in the product category, based on a significant difference in total environmental impact being achieved through compliance. Product environmental criteria shall not establish an arbitrary cut-off level designed to exclude a predetermined percentage of products from qualifying for a label.

Note: This last sentence represents an important difference between the ISO recommendations and the current practice of most of the existing ‘seal of approval type’ country programmes, which generally award ecolabels only to the top 15-25% of products in a specific product category. Time will tell whether existing programmes will accept this ISO recommendation. The current practice of awards to ‘top quarter’ performers only has drawn strong objection from industry, particularly when an agency has raised the performance criteria at periodic intervals to keep to a fixed percentage of awardees. This is equivalent to a high-jump bar, which is raised as the competition is continuing.

- Review period: Criteria shall be reviewed at regular intervals; three years is the current practice in many programmes.

- Costs and Fees: These should include application, testing and administration fees, and should be based on all programme costs. In practice, in order to keep fees low for maximising accessibility, government subsidies have been necessary for all existing programmes.

For procedures for establishing programme requirements and certification see ISO/CD 14024.2 (ISO-3, Appendix C).

2.2.3 Self Declaration Environmental Claims (ISO Type II)

"Self Declaration" Environmental Claims (Type II) may be made by manufacturers, importers, distributors, retailers or anyone else likely to benefit from such claims. For example, claims may take the form of statements, symbols or graphics on product or package labels, product literature, technical bulletins, advertising, publicity, telemarketing etc.” (Ref. ISO-4, Appendix C).

This item is not the subject of this report and is included here only for completeness. ‘First-party’ claim does not carry the independent objectivity of third-party (Type I) assessment.

2.2.4 Single Attribute Certification Programmes (ISO Type III)

Single attribute certification programmes certify that claims made for products meet a specified definition. Very few of the existing ecolabel
programmes fall into this category. The best known is a private certification company in Oakland, California, Scientific Certification Systems (SCS)(see site visit report in Appendix B). The Environmental Choice Australia programme was also of this type, but has been closed down for reasons that have nothing to do with the principle of Type III programmes (see site visit report in Appendix B). ISO TC207/SC3 established Working Group 3 to develop criteria, etc., for Type III. Because for some period SCS was the only major proponent agency, the committee was relatively inactive and matters were dealt with by Working Group 1, whose main scope is Type I labelling. Because of renewed interest from a few countries, particularly from a number of Swedish industries, interest in Type III programmes has been revived. As a result a task group of ISO TC207/SC3 members from Sweden, USA, Finland and Canada has been formed and is preparing a draft document to be discussed at the next meeting of the committee in June 1996 in Brazil.

The details for Type III label are (see SCS site visit report, Appendix B) :

- The SCS Environmental Claims Certification is designed to provide independent assurance that specific environmental claims made by manufacturers are accurate and represent significant environmental accomplishments.

- During the certification process, the manufacturer is expected to release to SCS all information relevant to its claim. SCS then performs on-site inspections as well as detailed audits to verify information.

- SCS also consults independent databases for comparison with industry-wide averages.

- Based on this overall research the certification is issued or denied.

- After a product has been certified, its manufacturer may display an “authorized certification emblem”, the Green Cross, accompanied by an exact description of the verified claim.

- As of mid-1994, more than 500 individual products have been certified by SCS for claims in the areas of recycle content, recycling rates, biodegradability, energy and water efficiency, volatile organic chemicals content, and sustainable forestry.

To raise the profile of Type III (also refered to as Eco-Profile Labelling), a conference was held in Frankfurt, Germany, on Sept. 8, 1994. The proceedings of this “International Symposium on Eco-Profile Labelling, (ISO TC-270 Type III Labelling) are contained in Appendix C.

Type III programmes may grow in number and importance. Some industries have expressed a preference for Type III programmes over ‘Seal of Approval’ Type I programmes. Some particularly object to the current practice of many ‘Seal of Approval’ programmes of awarding a label only to those companies,
whose products are judged to be in the top 15 to 25% in environmental performance. Industry objects to this arbitrary ‘yardstick’, and ISO also disagree with it. Type III labelling does not have this problem.

Should Type III labelling grow in importance in the future, it should be examined carefully for its possible application in Hong Kong.

2.2.5 Report Cards

SCS is currently the only agency using an environmental report card. It is a separate information disclosure labelling program based on life-cycle inventory, which is the first step of a comprehensive life-cycle assessment. The Report Card evaluation is a multi-step process, involving identification and quantification of inputs and outputs for every stage of a product’s life cycle, site inspections, records audits, emissions sampling and testing, and quarterly monitoring. Characteristics quantified for each stage of manufacturing, use, reuse and disposal are resource consumption, energy use, air emissions, water emissions and solid waste generation. Once the life-cycle inventory has been completed, the results are presented on a label or in public information materials in a table of figures accompanied by a bar graph. The display is similar to those used for displaying contents of ingredients in food labelling.

The manufacturer pays for all testing fees and for the investigation but does not pay any licensing or royalty fees.

Report cards provide consumers, be they individuals or government purchasers, with more environmental information than the simple ‘Seal of Approval’ type logo. However, the information provided is complex and private consumers may find it difficult to understand and evaluate it in making a decision to purchase or not. For government or company purchasing this difficulty may not exist.

2.2.6 Environmental Certification Schemes for Textiles

The textile industry appears to be the only industry in which private or quasi-government environmental label/certification bodies have developed. While they developed initially in Central Europe (Germany, Austria) they have now appeared in other parts of the world, where the textile industry is of great importance. Two of these schemes (Eco-Tex and Oeko-Tex) have established a Branch Office in Hong Kong. Because of the importance of the textile/garment industry to Hong Kong, site visits to Eco-Tex (Germany and Hong Kong) were made (see Appendix B), and information on other textile labels (Oeko-Tex Standard 100, Toxproof, SG. and Ecoproof, as well as a few manufacturers sponsored textile labels) are included in Appendix C (USTEX-1). Coverage of textile schemes are part of a report by Ms. Ute Landmann on “Ecological Product Standards and Environmental Labels for Indonesian Textile Products”, October 1994 included in Appendix C. Ms. Landmann works as a Consultant for Germany’s Blue Angel Programme, attached to
their Berlin Office. The advantage of an industry-wide label, as opposed to textile product criteria within a country ELP, is that it can apply worldwide.

Only a few country ELPs have so far established product criteria for textile products. These include the efforts by Denmark for the EC scheme on bed linens and T-shirts; by Japan on textiles made from waste fibres, non-bleached towels, cloth shopping bags and cloth diapers; by Korea on reusable diapers, non-bleached and non-dyed towels, and cotton shopping bags. More recent efforts may have occurred in India and Indonesia (Landmann, 1994).

2.3 Implementation of an ELP

Any organization charged with establishing an ecolabel programme must concern itself with a number of important issues. These are:

1. Development of product categories
2. Administration of the programme
3. Financing of the programme
4. Production of the programme

Although at this time almost all ecolabel programmes concern themselves only with products and not with services, some are now beginning to move also into certification of services. This is certainly in line with the coming ISO 14000 initiative. However in the material below the emphasis is on products only.

Reference UK-1 “Giving Guidance to the Green Consumer - Progress on an Eco-labelling Scheme for the UK”. 1991 (Appendix C) has been consulted and used for the material presented below.

2.3.1 Development of Product Categories

This will involve decisions on which product categories should be covered by the programme and in what priority order. How best to define product categories so that they include all products which are genuine alternatives, and how to determine for each product category the basis on which labels are to be awarded.

One must keep in mind first of all that ecolabelling is a voluntary programme. Industries are the clients. They will choose to apply for a label only because they see a market advantage to have one for sales within the country and for export markets. This will not necessarily be the case for all industrial products.

For consumers, be they householders, commercial or government purchasing agents, ecolabelling will help them to choose less harmful products. Eventually a scheme should include as many consumer products as possible, provided that they have a significant environmental impact.
Finally, the development of product criteria may be complex and expensive. It makes sense to build on the experience of other countries to use, perhaps with certain modifications, what has been developed by others. However, certain product categories may be unique to a particular programme and require high priority, even though one will have to start from scratch, because no other ELP has developed such product criteria.

**Defining product categories** requires care and foresight. If a group is defined too narrowly or too broadly, difficulties can arise later. Categories should be based on products which directly compete with one another and have a similar purpose. The consumers viewpoint must be taken into account. Even environmentally concerned consumers will not select a labelled product unless they need it.

Criteria for the award of labels are developed by using life-cycle analysis (LCA). This process is becoming a key feature in assessing the environmental performance of manufactured products. However in its purest form, sometimes also referred to as 'cradle to grave' analysis, it can be very complex and expensive to carry out. Thus modifications and simplification of LCA are often necessary and sufficient. By concentrating on the most important environmental impacts over the life of a product the number of criteria for awarding a label can be substantially reduced. For example, in the case of washing machines, it is found that by far the largest environmental impacts occur over the many years of using a washing machine. In contrast the production and disposal of the washing machines cause much less environmental impact. Thus washing machines are judged on three criteria only: amount of water use, amount of energy use, and amount/type of detergent use.

The extent of LCA used by different ecolabelling programmes varies greatly. This matter is discussed further in Chapter 4.

Environmental performance of a product is naturally only an additional reason why a consumer may preferentially choose an ecolabelled product. The quality of the product in performing the desired function, safety issues (where applicable) and price are the basic criteria.

### 2.3.2 Administering an Ecolabel Programme

While there are significant differences in how ecolabel programmes are administered, there are some basic features which are common to most.

To run an ecolabel programme some form of organization is required. Its functions are:

i) to draw up proposals for product categories and determine, on the basis of life-cycle analysis or equivalent, appropriate criteria for the award of labels;

ii) to review categories and criteria at regular intervals;
iii) to choose a logo and to award labels to products which meet the criteria; and

iv) to promote and monitor the scheme.

Its structure generally includes:

i) A Chief Executive Officer and a Secretariat of technical and administrative staff, varying in size depending on the size of the programme and the scope of the Secretariat.

ii) A part-time Board composed of people with a range of relevant experience and usually representing the following sectors: government, industry, consumers, wholesale/retail business, environmental groups, academia and others. They need not be experts.

iii) Ad-hoc Expert Panels set up for the development of product categories and award criteria, including consultants where required.

The majority of programs operate from a government or quasi-government base. Others have their base in the existing standards organization or a trade organization, and some are private organizations. Operating from a government base provides a certain authority to the program from the start. On the other hand, a relatively small programme, such as for ecolabelling, may be lost among the many larger government programmes. Where private sector programmes exist, such as in the United States, the question of financial stability and authority can be an issue. A quasi-governmental body, somewhat separate from government departments but with governmental support, appears to be the most workable option.

Transparency and credibility is an important issue for an ecolabel agency. Industry will be more supportive of the scheme if it is involved right from the start of the programme. Industries are the clients. A number of programmes have made the mistake of focusing too much on the technical/scientific aspects of ecolabelling and spending too little effort on promoting the programme to industry and consumers (see Chapter 4 for details). A strong and active independent board can do much to provide the appearance and the reality of transparency and credibility. The quality of its members and their personal credibility in their respective sectors is very important to the success of an ecolabel programme.

Mechanisms for protection of the label or logo from misuse, withdrawing the label from further use in case of proven noncompliance, independent testing by approved laboratories, an appeals process in case of non-awards, and a general policing of the scheme, all are important to establish credibility for the programme.
2.3.3 Financing an Ecolabel Programme

There are two sources: Government support and fees. The experience of operating more than 30 ecolabel programmes over a number of years, the oldest of which (Germany) is 18 years old, and quite a few in the range of 5-8 years, show that none are self-sufficient. It is clear that some partial government support will be required for the long term to pay for such things as the development of product criteria. As experience in this task can be shared worldwide, this task will become less costly.

Fees charged to industrial clients should cover the administrative and testing costs. This has been achieved in Germany, and can be achieved in other countries as their program grows in volume through industrial and consumer acceptance. The fee structure usually includes a non-refundable application fee, and if an award is made a licence fee, usually charged annually and varying with the annual sales of the product labelled.

2.3.4 Promotion of an Ecolabel Programme

No matter how precisely product criteria are defined nor how well the programme is administered, if consumers and industry are not aware of it, the programme will fail. It is vital that both groups know about the programme, recognize the label and know how the scheme works. It is almost universally true that insufficient resources and effort have been expended on promotion and communication of the existing ecolabel programmes. Some of the reasons for this are perhaps understandable. One may not wish to advertise a programme to the public too far ahead of labelled products actually appearing in stores. Advertising soon loses its impact if it is not immediately relevant. However, communicating with industry, which are the clients of the programme, must occur as early as possible. The purpose is to ensure that industry is fully aware of the scheme, is ready to help develop product categories and award criteria, and is willing to participate in the programme. Too many of the existing programmes became developers of product categories and award criteria for which industry had no apparent interest. Industry must also know that the agency is committed to an intensive advertising campaign for their programme because without one, consumers will not be aware of the label, with the result that the company which has labelled products on the shelf will not see its sales increase!
CHAPTER 3 - REASONS TO ESTABLISH AN ECOLABEL PROGRAMME FOR HONG KONG

There are two major reasons why any country would wish to establish an ecolabel programme. They are:

1. Environmental improvement (internal pressure)
2. International trade concerns (external pressure)

Western countries (European and North American), Japan, Singapore and possibly others established their ecolabel programmes early on because their governments perceived that their environmentally concerned and educated public demanded the adoption of market-based incentives, such as ecolabelling, as part of the overall strategy for environmental improvements of the country. The existence of vocal consumer and environmental groups in these countries further pressured governments to act. The emphasis in choosing product categories was clearly on high volume consumer products which had significant environmental impacts. Thus item 1. above was the major reason for starting an ecolabel programme in these countries.

On the other hand, more recently Asian and some non-Asian countries became concerned that the practice of ecolabelling in many of their major export markets might lead to difficulties in continuing to export their unlabelled products, even though such trade restrictions are not permitted by international regulations (GATT, WTO). Also, as all ecolabelling programmes are voluntary, there should be no concerns about governmental policies affecting unlabelled imports to a country. However, there is nothing to prevent private buying houses in Europe and North America to demand some proof of the 'environmental friendliness' of products they buy from overseas suppliers. This is beginning to happen and may increase. In addition, the preference of an environmentally conscious public for environmentally friendly products may result in lower sales for those who cannot demonstrate it. In some of these Asian countries there is also the additional concern to establish a programme for domestic environmental improvements. As a result, Singapore, India, China, New Zealand, Korea, and Thailand have established ecolabel programmes and others such as Hong Kong, Malaysia, Indonesia and perhaps others are investigating the issue.

What is the current situation in Hong Kong?

- There was little knowledge in Hong Kong in 1994, when this project was approved, about the concept of ecolabelling and about the practice in other countries. Our early meetings with industrial organizations/associations, with consumer and environmental groups, and government officials made this fact clear.

- The process of carrying out this project, as described in Chapter 5 (Industry) and Chapter 6 (Consumers, Government), has considerably increased Hong Kong's knowledge of ecolabelling. Nevertheless, more direct negotiations between the Industry Department and industry, will be necessary before decisions on the recommended actions can be safely made. Industry as the potential clients of
ecolabelling are the key group. Their responses to several options, proposed by us to them in industry forums (Chapter 5) may not be reliable.

- At the start of this project, the major reason for carrying out this investigation was the concern of loss of markets for Hong Kong’s exports. However, so far there is little concrete evidence of loss of export markets, but there is fear that it might happen. Thus the trade issue remains the major concern, as evidenced by the general support by some industries for certain actions on ecolabelling, as detailed in Chapter 5.

- Hong Kong’s consumer and environmental associations support some actions on ecolabelling which may benefit the Hong Kong environment. However, they now understand that solutions that may help Hong Kong industries on the trade issue do not provide solutions for the Hong Kong consumer and environment. Whether some additional actions are sensible and timely for the local market was and remains unclear.

- Governments have a responsibility to provide leadership on environmental issues, including the potential use of ecolabelling. The Industry Department has done so by commissioning this study and by acting on those recommendations which it accepts after further consultation in Hong Kong.

- The Environmental Protection Department (EPD), which carries the primary responsibility for environmental matters within the Hong Kong Government has recently also decided to act on the issue of ecolabelling. It has commissioned in March 1996 a one-year study to be carried out by Woodward Clyde entitled: “Life-cycle Analysis and Ecolabelling”. Excerpts from ‘Third Review of Progress on the 1989 White Paper’, Planning, Environmental and Lands Branch, Government Secretariat March 1996 are: “In early 1996 the government will commission a $4.5 million study to recommend a practical approach to product-related environmental assessments in the local context: undertake LCA’s covering virgin and recycled paper and two other categories with significant local waste management implications; and make recommendations on a framework for consumer information on the environmental merits of products, i.e. an ecolabelling scheme, suitable for implementation in Hong Kong. This would enable the relative merits of the products to be assessed alongside their fitness for purpose and their purchase price”. (Item 3.40 p.48).

The EPD-commissioned report is due in February 1997. It can be viewed as a companion study to this ITDC-sponsored report. To ensure collaboration and minimize unnecessary duplication, meetings between Ms. Gael Ogilvie of Woodward Clyde, leader of their study and Professor Heinke have already started.
In summary, the major reason why Hong Kong should investigate the possible establishment of some form of ecolabelling for Hong Kong is the trade issue. For this reason, we focussed our efforts on obtaining the responses from the most likely affected industrial sectors of Hong Kong (see Chapter 5). While their responses generally support the establishment of some form of ecolabelling in Hong Kong, it will be necessary for the Industry Department or an appointed body to enter into direct discussions with several industry sectors to confirm their intent to participate.
CHAPTER 4 - STATUS OF ECOLABELLING WORLDWIDE

4.1 Process of Information Gathering

The purpose of work reported in this chapter was to learn from the experience of those countries and relevant international organizations who have established ecolabel programmes or are considering to establish on, in order to inform the Hong Kong community of all relevant issues before it takes any action on ecolabelling. Preliminary work led us to three conclusions about how to proceed:

1) Ecolabelling is still in its early stages of development and changing rapidly. Hence most published reports are quickly out of date.

2) The most useful reports were not likely to be obtained through usual techniques of scientific literature searches, as they were 'published' in media not documented by common databases.

3) The quickest and most productive way to obtain information, published or unpublished, was through direct contact with country programmes and with international organizations involved directly or indirectly in ecolabelling.

4.2 Summary Information on Ecolabel Programmes/Organizations

It must be emphasized here that it was not our intent to produce an exhaustive literature survey, nor to produce a complete and up-to-date inventory of all existing ecolabel programmes worldwide. To that extent the title of Chapter 4 is misleading. However, we do believe that we have accomplished up-to-date summary information on most ELPs, and have included all programmes known to us in the summary table, Table 4.1. The details of all site visits are contained in Appendix B. Each of the site visit reports has been sent in draft form in early 1996 to the respective agency for their updating and correcting of errors or misunderstandings. We have received responses from almost all agencies with corrections, the dates of which are indicated on the cover sheet.

Many people in the 18 country programmes and 11 agencies which we have visited cooperated generously with us. The contact person(s), addresses and telephone/fax numbers are listed in Table 4.1 Part A. For completeness we have listed in Table 4.1 Part B an additional 22 countries, which we believe to have an ecolabel agency or an organization which is temporarily dealing with the issue. We have listed contact person, addresses and telephone/fax numbers, where available. This information comes primarily from three sources (EPA's 1993 report, "Status Report on the Use of Environmental Labels Worldwide"; J.Y. Ko, 1994 Personal Communication to G. Heinke; and our site visits). In Appendix B brief information on some of these country
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| AUSTRALIA  | 1991 (Closed 1994) | Mar. 5-7, 1996 | Mr. Armands COLUMBIA, P.O. Box 305E, Quee Victoria Terrace, Canberra, ACT 2600, AUSTRALIA  
(First Manager) |
| CANADA     | 1988             | Jul. 14, 26-28, 1994,  
Jul. 17, 1995,  
Aug. 3, 1995 | ENVIRONMENTAL CHOICE CANADA, TerraChoice Environmental Services Incorporated,  
Mr. John C. POLAK, President, 2197 Riverside Dr. Suite 300, Ottawa, ON K1H 7X3, CANADA  
Tel. (1)-(613)-247-1900  
Fax (1)-(613)-247-2228 |
| CHINA      | 1994             | Mar. 21, 1995  | CHINA CERTIFICATION COMMITTEE OF ENVIRONMENTAL LABEL (CCCEL)  
Ms. Hua AN, Deputy Chief, Science-Technology and Standard Dept., National Environmental Protection Agency (NEPA),  
113 Xizhimenwai Jie, BEIJING 10035  
Tel. (86)-10-832-9941 Ext. 4506  
Fax (86)-10-832-7740 |
| DENMARK    | 1989             | Aug. 30, 1994  | Mr. Poul Wessel JESSON, Head of Section, Danish Environmental Protection Agency, Ministry of Environment, Strandgade 29, DK-1401, Copenhagen K, DENMARK  
Tel. (45)-32-66-01-00  
Fax (45)-32-66-04-79 |
Mr. Simon DANNREUTHER, Director-General X, Mr. Bernardo DELUPO, CHMN., Rue de la Roi 200, Brussels, BELGIUM, B-1049  
Tel. (32)-2-299-0344  
Fax (32)-2-295-5684 |
| FRANCE     | 1991             | Oct. 24, 1994  | NF ENVIRONMENT, Mme. Patricia PROIA, Directeur, Assoc. Francaise de Normalisation (AFNOR), Tour Europe-CEDEX, 92049 PARIS La Defense  
Tel. (33)-1-42-915926  
Fax (33)-1-42-915686 |
| GERMANY    | 1978 (BONN, COLOGNE) Nov. 3, 1994 (BERLIN) | BLUE ANGEL PROGRAMME  
1) Mr. Harald NETZEL, Dipl. Pol., Head, Umweltbundesamt (UBA), Moorstr. 52, 10117, Berlin, GERMANY  
Tel. (49)-30-2314-5703  
Fax (49)-30-2314-5638  
2) Mr. W. SCHIRMER, Director, RAL, Singurgerstr. 39, S-53787 Sankt Augustin (near BONN), GERMANY  
Tel. (49)-22-4116-0523  
Fax (49)-22-4116-0511 |
| INDONESIA | IN PROGRESS      | Jan. 11, 1995  | 1) Prof. Emil SALIM, Prof. of Economics, University of Indonesia and Mr. Zain SAID, Second Secretary, Yayasan Lembaga Konsumen Indonesia (Indonesian Consumers Organization), Jalan Pancoran Barat VII, Duren Tiga, Jakarta 12760, INDONESIA  
Tel. (62)-(21)-797-1378  
Fax (62)-(21)-798-1038  
2) Mr. Asep Sugih SUTANTA, Board of Executive, RMI-DIFFERS, The Indonesian Institute for Forestry & Environmental Research & Service,  
Jalan Sempru Dalam 6, Bogor 16154, INDONESIA  
Tel. (62)-(21)-325530 |

NOTE: NA - not available; - not applicable
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</table>
| JAPAN         | 1989             | Aug. 22-24, 1994 | ECO-MARK JAPAN  
Mr. Shigeyuki HASHIZUME, Director, Japan Environmental Association, 5-8 Toranomon 1-Chome, Minato-Ku, Tokyo 105, JAPAN  
Tel. (81)-03-3508-2651  
Fax (81)-03-3508-2570 |
| MALAYSIA      | IN PROGRESS      | Nov. 16/17, 1995 | Mrs. Rokiah IBRAHIM, Director, Standards and Ind. Research Institute of Malaysia (SIRIM), P.O. Box 7035, 40911 SHAH ALAM, Selangor, Darul Ehsan, MALAYSIA  
Tel. (603)-559-5835  
Fax (603)-559-9439 |
| NEW ZEALAND   | 1990             | Jan. 25, 1995 | ENVIRONMENTAL CHOICE NEW ZEALAND  
Ms. Marja KUUS, Program Manager, HELARC New Zealand, Level One, 636 Great South Road, Greenlane, Auckland 1130, Private Bag 28901, Remuera, AUCKLAND 1136  
Tel. (64)-9-525-0100  
Fax (64)-9-525-1900 |
| SINGAPORE     | 1992             | June 12, 1994 | SINGAPORE GREEN LABEL (SGL)  
1) Mr. Yeow Khong CHIAM, Admin, SGL, Head, Fax Health Dept., Ministry of Environment, 40 Scotts Rd., #21-00, SINGAPORE 228231  
Tel. (65)-731-9721 |
|               |                  |              | 2) Dr. Steve M.F. LAL, Chairman, Advisory Board on SGL, Singapore Institute of Standards & Ind. Research (SISIR), 1 Science, Park Dr., SINGAPORE 118221  
Tel. (65)-788-7777  
Fax (65)-777-1765 |
| SWEDEN (Norway, Finland and Iceland) | 1989 | Sept. 2, 1994 | MILJOMARKET - White Swan Label  
Mr. Ragnar UNGE, Marketing Director, SIS Environmental Labelling, Swedish Standards Institution (SIS), Sveavagen 45, Stockholm, SWEDEN  
Tel. (46)-8-610-3047  
Fax (46)-8-3429910 |
| TAIWAN        | 1992             | Nov. 2, 1993 | GREEN MARK TAIWAN  
Dr. Ning YU (Msc.), Director, Centre for Pollution Control Technology, Industrial Technology Research Institute (ITRI), Chutung, Hsinchu, TAIWAN 310  
Tel. (886)-3591-6221  
Fax (886)-3582-0231 |
| THAILAND      | 1995             | Nov. 20/21, 1995 | GREEN LABEL THAILAND  
Ms. Prima WANGWONGWIROJ, Director, Thai Industrial Standards Institute (TISI), Rama VI Road, Bangkok, 10400 THAILAND  
Tel. (662)-245-7839  
Fax (662)-245-895 |
| UK (see also EC) | 1992 | Nov. 9, 1994 | UK ECOLABELLING BOARD  
Dr. Elizabeth NELSON, Chair, and Mr. Jerry Reendell, Chief Executive, 7th Floor, Eastbury House, 30-34 Albert Embankment, London SE1 7TL, ENGLAND  
Tel. (44)-71-820-1199  
Fax (44)-71-820-1104 |

NOTE: NA - not available; - not applicable
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| USA (Green Seal) | 1989 | July 19, 1994 | GREEN SEAL (USA)  
Mr. Achim WEISSMANN, Director, Green Seal, 1730 Rhode Island Ave., NW, Suite 1050, Washington, DC, 20036, USA  
Tel. (1)-(202)-331-7337  
Fax (1)-(202)-331-7333 |
| USA (SCS) | 1989 | July 21, 1994 | SCS - GREEN CROSS (USA)  
Dr. Stan C. RHODES, President, Scientific Certification System, The Circa Way Blvd., 1 Kaiser Plaza, Suite 901, Oakland, California, USA 94610  
Tel. (1)-(510)-832-1415  
Fax (1)-(510)-832-9359 |

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| USA (HOME Depot) | - | July 26, 1994 | Not an ecologically oriented, large hardware retailer.  
Mr. Mark HISEN, Manager Environment Marketing, The HOME Depot, 2727 Peachtree Rd., NW Atlanta, GA 30309, USA  
Tel. (1)-(404)-801-5871  
Fax (1)-(404)-801-5870 |
| USA (EPA) | - | July 19, 1994 | Ms. Julie W. LYNCH, Director, Office of Pollution Prevention and Toxics, US Environmental Protection Agency (USEPA), 401 M Street, SW, Washington, DC, 20460, USA  
Tel. (1)-(202)-260-4000  
Fax (1)-(202)-260-0178 |
| ISO (CANADA) | - | July 14, 1994  
Tel. (1)-(416)-747-4103  
Fax (1)-(416)-747-2473 |
| ISO (GENEVA) | - | Nov. 1, 1994 | Mr. Klaus G. LINGNER, Technical General Manager, Planning and Technical Coordination, International Standards Organization (ISO), 1 Rue de Varembe, CH-1211, Geneva 20, SWITZERLAND  
Tel. (41)-(22)-733-0275  
Fax (41)-(22)-733-3340 |
| ISO (AUSTRALIA) | - | Mar. 6, 1996 | Mr. John HENRY, Secretary, ISO TC207/SC3 on Environmental Labelling, Standards Australia, P.O. Box 1055, Strathfield (Sydney), NSW 2135, AUSTRALIA  
Tel. (61)-(2)-746-4760  
Fax (61)-(2)-746-4766 |
| OECD (PARIS) | - | Oct. 24, 1994 | Mr. Jae Young KO, Environment Directorate, Organization for Economic Cooperation & Development (OECD), 15 Boulevard l'Amiral Bruix, Paris 75016, FRANCE  
Tel. (33)-(1)-4524-1600  
Fax (33)-(1)-4524-7876 |
| UNEP (PARIS) | - | Oct. 25, 1994 | Ms. Jacqueline Aloisi de LARETÉ, Director, Industry and Environment Programme Activity Centre, UNEP, Tour Mirabeau, 39 Quai André, Citroen 75739, Paris, CEDEX 15, FRANCE  
Tel. (33)-(1)-4058-8830  
Fax (33)-(1)-4058-8874 |

**NOTE:** NA - not available;  
- not applicable
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<tr>
<td>UNEP (GENEVA)</td>
<td>-</td>
<td>Oct. 31, 1994</td>
<td>Mr. Scott VAUGHAN, Coordinator, Environment &amp; Trade, United Nations Environment Programme, 15 Chemin des Aydenores, CH-1219, Chateletre, Geneva, SWITZERLAND Tel: (41)-22-970-9288 Fax: (41)-22-796-9240</td>
</tr>
<tr>
<td>UNCTAD (GENEVA)</td>
<td>-</td>
<td>Oct. 31, 1994</td>
<td>Ms. Verna HIA, Economic Affairs Officer, Bldg. E Room 8035, United Nations Conference on Trade and Development (UNCTAD), Palais des Nations, CH-1211, Geneva 10, SWITZERLAND Tel: (41)-22-917-5608 Fax: (41)-22-907-0044</td>
</tr>
<tr>
<td>ECO-TEX (GERMANY)</td>
<td>Oct. 28, 1994</td>
<td></td>
<td>Mr. Willie BEUTH, Eco-tek Consortium, Lindenstr. 19, D-50674, Cologne 1, GERMANY Tel: (49)-221-219-207 Fax: (49)-221-234-245</td>
</tr>
<tr>
<td>ECO-TEX (HONG KONG)</td>
<td>Sept. 9, 1994</td>
<td></td>
<td>Ms. Olivia HUI, President/Consultant, ColorTech &amp; Design International, 14th Floor, Unit B1, Hoi Bun Ind. Bldg., 6 Wing Yip Street, Kwan Tong, Kowloon, HONG KONG Tel: (852)-2343-8545/8529 Fax: (852)-2341-9498</td>
</tr>
<tr>
<td>ECO-TEX (INDIA)</td>
<td>Oct. 21, 1994</td>
<td></td>
<td>Mr. Anil JAIN, Ecostar Asia, 3rd Fl., Kanu Chambers, C-2 &amp; 3, Sanwal Nagar, near Sadqi Nagar, New Delhi, 110049, INDIA Tel: (91)-11-645-3150/645-0816 Fax: (91)-11-689-4299</td>
</tr>
<tr>
<td>OEKO-TEX Standard 100 (Austria-Germany) &amp; Hong Kong office</td>
<td>Aug 25 1995</td>
<td></td>
<td>OEKO-TEX Zertifizierungsstelle, Postfach 5340, D-65728 ESCH BORN, GERMANY Tel: (49)-6196-966230 Fax: (49)-6196-966226 Since 1994 two previously separate (Austrian Research Institute for Textile and German Research Institute of Hohenstein) labels are now combined in International Association for Research and Testing in the field of Textile Ecology, abbreviated OEKO-TEX. Hong Kong Office: Mr. Tak Him CHAN, Branch Manager, Suite 901, Chinaschem Plaza, 77 Mody Road, Taiwahau, Kowloon, HONG KONG Tel: (852)7273-9147 Fax: (852)2369-3483</td>
</tr>
</tbody>
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**NOTE:** NA - not available; - not applicable
### PART B: COUNTRIES NOT VISITED

**NOTE:** The information below comes from 1993 and 1994 source documents. It has not been verified for accuracy to 1996. The information is provided below for the purpose of completeness of the overall information on ecolabelling worldwide.

<table>
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<tr>
<th>COUNTRY</th>
<th>YEAR ESTABLISHED</th>
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</tr>
</thead>
</table>
                   Tel. (43)-222-711-58-4211  
                   Fax (43)-222-711-58-4232  
                   2. Mr. Christoph SEDLAR, Umweltbundesamt, Spittelauer Lande 5, A-1090, Wien  
                   Tel. (43)-222-313-04-514  
                   Fax (43)-222-313-04-442 |
| BELGIUM          | NA               | Mr. Jean-Pierre PATTFFFT, Ministerie Volkserkennin en Leefmilieu, Rijksadministratie Centrum, Versailles 203, Pachecolaan 19 box 5, B-1010, Brussels, BELGIUM  
                   Tel. (32)-2-210-4874 |
| BRAZIL           | NA               | NA                                                                                     |
| CHILE            | NA               | Chilean Institute for Environmental Recognition (ICRA) administers the programme. It works with Casa de la Paz (House of Peace), also a private foundation (1991) |
| CZECH REPUBLIC   | 1993             | Ministry of Environment, Prague (Alois KOPECKY, Director, Czech Ecological Institute) |
| FINLAND (see SWEDEN) | 1989 | Ms. Eeva PARVIAINEN, Finnish Standards Association, Environmental Labelling Department, P.O. Box 205, SF-00121, Helsinki, FINLAND  
                   Tel. (358)-0-64-5601  
                   Fax (358)-0-64-3147 or (358)-0-1499-3323 |
| GREECE           | NA               | Mrs. Amalia KATSOY, Ministry of Environment, Physical Planning and Public Works, 17 Amaliasos Street, Athens, GREECE  
                   Tel. (30)-1-641-1717 |
| ICELAND          | 1989             | Part of NORDIC Scheme (White Swan Label) - Sweden, Finland, Norway, Iceland  
                   Mr. Birgir THORDARSON, Ministry of the Environment, P.O. Box 8080, IS-128, Reykjavik, ICELAND  
                   Tel. (354)-1-68-8848  
                   Fax (354)-1-68-1896 or (354)-1-62-4556 |
| INDIA            | 1991             | Dr. Rashid HASSAN, Government of India, Ministry of Environment & Forest, Paryavan Bhavan, C.G.O. Complex, Lodi Road, New Delhi-110003  
                   Fax (91)-11-436-0678 |
| IRELAND          | NA               | Mr. Brendan LINEHAN, Environment Policy Section, Department of the Environment, Custom House, Dublin 1, IRELAND  
                   Tel. (353)-1-679-3377  
                   Fax (353)-1-874-2423 |

**NOTE:** NA - not available; NA - not applicable
## PART B: COUNTRIES NOT VISITED (Cont'd)

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<td>ISRAEL</td>
<td>NA</td>
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<td>ITALY</td>
<td>NA</td>
<td>Mr. Alberto MARZOCCHI, Ministry of the Environment, Via della Ferratella in Laterano 33, I-00185, Rome, ITALY Tel. (39)-6-5007-2170 Fax (39)-6-5007-2048</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>NA</td>
<td>Mr. Henri HAINNE, Ministere d'Environnement, 18, Montée de la Forêtasse, L-2398, LUXEMBOURG Tel. (35)-2-478-5816 Fax (35)-2-400-410</td>
</tr>
<tr>
<td>MEXICO</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>NETHERLANDS</td>
<td>1992</td>
<td>Ministry of Planning and Environment, P.O. Box 450, 2260 MB, De Bisschoppenlaan, NETHERLANDS 1. H.G.M. GIEZEMAN, Managing Director, Stichting Milieucentrum, Eisehowerlaan 150, NL 2517 KP, Gravenhage, Den Haag, NETHERLANDS Tel. (31)-70-358-6400 Fax (31)-70-358-2517</td>
</tr>
<tr>
<td>NORWAY</td>
<td>1989</td>
<td>Part of NORDIC Scheme (White Swan Label) - Sweden, Finland, Norway, Iceland Mr. Geir-Olav FIELDHEIM, Tove Trondstad/Jan Erik Stokke, Stiftelsen Miljømerking i Norge Krisian August Gage 5, N-0164, Oslo 1, NORWAY Tel. (47)-2-36-0710 Fax (47)-2-36-0729</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>1991</td>
<td>Mrs. Maria Emilia RIBEIRO, Direcção Geral do Ambiente, Av. Gago Coutinho, P-10000, Lisbon, PORTUGAL Tel. (351)-1-847-1022 Fax (351)-1-847-3001</td>
</tr>
<tr>
<td>SPAIN</td>
<td>NA</td>
<td>1. Mrs. Carmen FERRANG, DG Política Ambiental MOPT, P.O. Castellana 67, A-(427), E-28071, Madrid, SPAIN Tel. (34)-91-555-7460 Fax (34)-91-555-7601 2. Mr. José Luis TAJERA, Asociación Española de Normalización y Certificación (AENOR), Fernandez de la Hoz 52, E-28010, Madrid, SPAIN Tel. (34)-1-310-4831 Fax (34)-1-310-4976</td>
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<td>SLOVENIA</td>
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<td>SWITZERLAND</td>
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<th>ORGANIZATION</th>
<th>YEAR ESTABLISHED</th>
<th>CONTACT PERSON/ADDRESS</th>
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<tr>
<td>TOX PROOF (Germany)</td>
<td>TÜV Rheinland Sicherheit und Umweltschutz GmbH Am Graven Stein, D-51105, Cologne (KÖLN), GERMANY</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tel: (49)-221-806-2958 Fax: (49)-221-806-2882</td>
<td></td>
</tr>
<tr>
<td>SG (Germany)</td>
<td>As Above</td>
<td>A separate label by the same company for SCHADSTOFF-GEPRÜFT (tested for harmful substances)</td>
</tr>
<tr>
<td>ECO PROOF (Germany)</td>
<td>As above</td>
<td>The ECO PROOF label are based on criteria for the textile production process, rather than the product itself.</td>
</tr>
</tbody>
</table>

NOTE: NA - not available; - not applicable
programmes, which we have not contacted, is provided, but not updated to 1996. Having now available contact information on other ELP’s is an important start for Hong Kong, as further contacts will have to be made in the future to stay up-to-date. The lack of such a list at the beginning of this project caused considerable delay.

4.3 Brief History of Ecolabelling

The history of ecolabelling has to be understood in the context of the much longer history of the environmental movement. In Western countries, this goes back to the early 1960s, with the publication of Rachel Carson’s book, “The Silent Spring” (1962) often credited as the symbol of environmental awakening.

Many major improvements to our standard of living have resulted from the application of science and technology to human needs. The production of more and better quality food, the supply of safe water, the elimination of many infectious diseases, protection from the worst effects of natural disasters such as floods, droughts, earthquakes and volcanic eruptions, the creation of adequate housing, transportation and communication systems, and the myriad of machines for modern industry, are but a few examples. With these improvements, however, have come disturbing side effects, such as loss of arable lands and forests, and pollution of water, air and land. These side effects, first considered to be just nuisances, are now recognized as potential or real threats to survival of life on the planet. The initial emphasis on pollution control through waste treatment has now been much broadened to the concept of sustainable development harmonizing economic development and environmental preservation. Governments at all levels have developed environmental policies and programs which encourage preservation of resources, waste minimization and pollution control. Educational efforts to increase the understanding of the public of environmental issues is a most important factor towards the acceptance and support of environmental actions. The approach of mobilizing consumer purchasing power to lessen the environmental impact of daily activities by purchasing and using products and services which are shown to be less environmentally harmful first developed in Germany in the mid-1970s. Marketers saw the opportunity to increase sales of products to an environmentally conscious public by advertising them as ‘environmentally friendly’ or labelling them with a myriad of environmental claims of one kind or another. The German Government then decided that the credibility of these claims needed to be tested and established the first ecolabel programme, with the ‘Blue Angel’ logo, in 1978. Other countries followed with similar programmes: Canada (1988), Nordic Countries (Sweden, Norway, Finland and Iceland)(1989), Japan (1989), USA (1989) and several others in the early 1990s. Most of these were developed countries, where the driving force for establishing an ecolabelling programme came from governments, supported strongly by consumer and environmental groups. In most cases, industry was, at least initially, a reluctant partner. In one case, Australia, the industrial opposition was so strong that it led to the closure of the programme after a brief existence. The European Community
(EC) became concerned about the confusion created in the market place by the existence of the many different labels and established an EC label programme in 1992, with the active participation of a number of EC member countries, who decided to forego establishing separate labels themselves. The EC’s attempts to achieve harmonization within its member states are laudable, however, progress has been slow for at least two reasons. Some of the established programmes have been unwilling to give up their country programme in favour of the EC label. The voting procedures on proposed product criteria are cumbersome, resulting in few having been approved and implemented. The EC experience is an informative case study demonstrating why international harmonization of ecolabelling is a very difficult goal to achieve (see 4.6 International Harmonization).

In the early 1990s, the issue of ecolabelling was broached also in Asian countries. Several programmes were established: Japan (1989), India (1991), Korea (1992), Singapore (1992), China (1994) and Thailand (1995). Others started to investigate the issue: Indonesia, Malaysia, Hong Kong and possibly others. Their motivation was quite different from those of the developed countries in Europe and North America, possibly with some exceptions. The Asian countries were primarily concerned that ecolabelling in countries to which they export would reduce their sales in those countries; in other words ecolabelling was a trade issue to them. They generally recognized that, although eventually ecolabelling might be helpful as an environmental management tool in their own country, the population at this time was considered not yet ready for such a programme. Again, there were exceptions to this, e.g. Singapore.

As ecolabelling grew worldwide the need for cooperation became evident and quite a few conferences were organized for discussion of the several issues arising. Two in particular have resulted in specific statements. They are:

1. **Berlin Statement on Environment Labelling**, arising out of the International Conference on Environmental Labelling held in Berlin on July 5/6, 1990, initiated by the German Government.

2. **Lesvos Declaration on Environmental Labelling**, arising out of an expert seminar on global environmental labelling, on September 24/25, 1991, initiated by UNEP/IEO and the University of Lund, Sweden. Because of their importance the two statements are shown in full below.

**Berlin Statement on “Environmental Labelling”**

The International Conference on Environmental Labelling held in Berlin from 5 to 6 July 1990 at the invitation of the Federal Minister for the Environment, Nature Conservation and Nuclear Safety and the

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1 This Statement came out the “International Conference on Environmental Labelling - State of Affairs and Future Perspective for Environment-Related Product Labelling” held in Reichstag, Berlin, 5-6 July 1990.
Senate of Berlin in cooperation with RAL, the German Institute for Quality Control and Labelling, with participants from 26 countries, the EC Commission, international organizations and non-governmental institutions from industry, trade, consumer associations and environmental groups noted the following:

1. The minimization of environmental damage caused by products during the production, transportation, use, consumption and disposal is one of the central challenges of an environment policy committed to the precautionary principle and to sustainable development.

2. In addition to state regulations on the limiting of environmental damage from products including economic disincentive, an effective way of reducing environmental damage from this source is the creation of market economy incentives for producers and also for consumers and the improvement of information for consumers (private consumers as well as public consumers in state administration as well as retail bodies) on the environmental quality of such products. Experiences gained with the use of the environmental label in the Federal Republic of Germany show that voluntary positive product labelling can contribute to considerable reductions in environmental damage.

3. A prerequisite for effective environment-related product labelling is a high level of environmental awareness on the part of the consumer. Labelling of this kind offers consumers the possibility of translating their environmental awareness into practical environmental action. For product manufacturers, well-informed consumers and their purchasing behaviour are an incentive to develop environmentally less harmful products and to improve the environmental quality of goods. At the same time, objective labelling of the environmental qualities of products help producers to develop and pursue credible environmentally-aware marketing strategies. Competition of this kind, based on environmental quality, demands as a prerequisite reliable information which can be widely understood. Given the need for widespread acceptance of labels it is important that the views of relevant interests including environmental and consumer interests are taken into account.

4. Objective environment-related product labelling demands that the products and/or product groups be looked at in a comprehensive and technically sound way. The products to be labelled are therefore to undergo a thorough assessment taking the form for example of an ecological balance sheet, where possible comprising the entire life-cycle of a product and the
relevant environmental aspects which apply, and, depending on the nature of the product, the suitability for use and safety.

5. Against this background, the efforts of many countries, groups of countries and the EC-Commission to look into possibilities for the introduction of corresponding environmental labels which already exist in the Federal Republic of Germany, Canada and Japan are welcomed.

6. In view of the increasing efforts and activities of countries and groups of countries to introduce environmental labels, and given the similar problems surrounding the flow of information both on what environmental quality can be achieved for products and on the definition of environmentally sound product requirements, there is a growing need to share information regularly and to engage in a common exchange of experiences.

7. Accordingly conference participants welcome the work under way within the OECD to provide an international forum for a further discussion of the objectives and efforts in many countries with regards to environmental labelling systems. In addition to this forum, countries who operate environmental labelling programmes should cooperate more intensively, including the exchange, where appropriate, of specific information on their ongoing day-to-day work.

8. The participants note with appreciation that the Federal Republic of Germany, in view of its long years of experience with the environmental label, invites countries and groups of countries who feel the need for a regular exchange of working results to become an active part of a network for information exchange. The Federal Republic of Germany informed the participants that the non-governmental organization RAL which is responsible for organizing the awarding of environmental labels in the Federal Republic of Germany is prepared to ensure an exchange of information of this kind and to organize such a network.

Lesvos Declaration on Environmental labelling

At the Expert Seminar Global Environmental Labelling held on September 24-25, 1991 and initiated by the UNEP/IEO working group on Policies, Strategies and Instruments to Promote Cleaner Production, a request was made to define basic features common to environmental labelling programmes. Seminar participants, including representatives of environmental labelling programmes, suggested the following definition:
Environmental labelling programmes make a positive statement that identifies one product/service as less harmful to the environment than similar products or services used for a specific function.

The following elements were identified as characteristic of environmental labelling programmes:

- voluntary for potential licensees;
- run by a not-for-profit organization without commercial interests;
- recommendations for product categories and environmental criteria determined by an independent (broadly-based) Board;
- a legally protected environmental logo;
- determination of criteria based on life-cycle review of a product category;
- open access to potential licensees from all countries;
- endorsement from Government;
- criteria levels established to encourage the development of products/services that are significantly less damaging to the environment;
- periodic review and if necessary, update of both environmental criteria and categories, taking into account technological and market place developments.

Other organizations with an interest in ecolabelling have arranged workshops and conferences. The organizations include:

- United Nations Conference on Trade and Development (UNCTAD), Geneva. (see Appendix C for references; UNCTAD-1, 2, 3 and 4);
- Organization for Economic Cooperation and Development (OECD);
- United Nations Environment Programme (UNEP), Paris and Geneva (see Appendix C. UNEP-1);
- United Nations Development Programme (UNDP);
- International Standards Organization (ISO), Technical Committee TC207.

4.4 Life-Cycle Assessment (LCA)

The USEPA defines life-cycle assessment as follows:

"A concept and methodology to evaluate to environmental effects of a product or activity holistically, by analyzing the whole life-cycle of a particular product, process or activity. The life-cycle assessment consists of three complementary components, - inventory, impact and improvement - , and an integrative procedure known as scoping".
The Society for Environmental Toxicology and Chemistry (SETAC) states:

"Life cycle assessment is an objective process to evaluate the environmental burdens associated with a product, process or activity by identifying and quantifying energy and materials used and wastes released to the environment, to assess the impact of those energy and material uses and releases to the environment, and to evaluate and implement opportunities to affect environmental improvements. The assessment includes the entire life cycle of the product, process or activity, encompassing extracting and processing raw materials; manufacturing, transportation and distribution; use, re-use, maintenance; recycling and final disposal (SETAC 1993)".

LCA is an evolving and complex activity. Its coverage is beyond the scope of this report. Some form of simplified or modified LCA is part of many ecolabel programmes. The actual use of LCA varies greatly between country programmes. The AFNOR Ecolabel Programme of France has probably the most rigorous LCA of its products, whereas Japan’s Ecomark is probably at the other extreme. The large majority of programmes use a much simplified LCA, focusing primarily only on the phase of its life-cycle which causes the greatest environmental impact. For example, the long period of use of a washing machine is chosen for LCA, as opposed to its manufacture and disposal phase. Product criteria development using full LCA is time-consuming and expensive, with costs per product criteria of US$250,000 and above. It is not surprising that the French programme has developed labels for only a very few products, and appears to be virtually unknown to French consumers and industry. The EC programme has somewhat similar problems. On the other hand, Japan’s Ecomark has established 2105 product criteria by the end of 1995 with a further 67 in progress. While the above examples are extremes, it is our impression that the majority of programmes use only modified LCA, and the trend appears to be going in the direction of greater simplification.

USEPA sponsored a study on “The Use of Life-Cycle Assessment in Environmental Labelling Programs” carried out by Gary Davis, University of Tennessee, USA, including the extent of use in a number of country programmes as of 1993. This report is included in Appendix C for further consultation. Further coverage of LCA is contained in an article by Dr. Ian Bousted of the U.K., Chairman of SETAC’s Committee on LCA Methodology, on “Life-Cycle Inventory” (Proceedings, International Symposium on Eco-Profile Labelling, Sept. 8, 1994, (ISO TC207 Type III Labelling, p.23-36)), contained in Appendix C.

Finally, the Hong Kong Government’s Environmental Protection Department has recently awarded a contract to Woodward Clyde Consultants, HK for an in-depth study on “Life-Cycle Analysis and Ecolabelling”. This report is expected to be available in Spring 1997.
4.5 Effectiveness of Ecolabel Programmes

The ultimate measure of the effectiveness of an ecolabel programme is whether it helps improve the environment, locally, nationally or globally. As ecolabelling is but one of many environmental management tools, it is of course extremely difficult to measure its direct contribution towards environmental improvement. It is therefore not surprising to find that there appear to be no studies or reports on this issue.

There are anecdotal comments and a few studies on “subgoals” of ECPs. These include studies on:

- Consumer awareness of ecolabels
- Consumer acceptance of ecolabels
- Consumers’ behavioural changes
- Industries awareness of ecolabel programmes
- Industries acceptance and participation in ecolabel programmes
- Industries behavioural changes to meet product criteria

Relatively little information on this issue was obtained through the site visits. This may be due in part to the fact that many ELPs are relatively new and such studies have not been done as yet. Some anecdotal information was obtained in a few cases.

An attempt was made by Abt Associates in a study for USEPA “Determinants of Effectiveness for Environmental Certification and Labelling Programmes”, (April 1994) to obtain information on environmental effectiveness of twelve ELP through a questionnaire (see Appendix C). Four replies were received from Sweden (White Swan), Germany (Blue Angel), Korea (Eco-Mark) and Singapore (Green Label). The key question was: What has your programme learned about measuring program effectiveness? Selected key answers were:

“We are starting to evaluate the effectiveness of our program, but we have no results as yet”. (Sweden)

“We think it is necessary to monitor the effectiveness of the program. ..... Sales of recycled paper had increased by about 30% after the label was put on”. (Korea)

“We believe there is a need to measure ELP effectiveness. Todate, we have eight product categories and have not carried out any survey to measure consumers’ attitude, behaviour etc., but we intend to do so when more Green Label products are available on the market”. (Singapore)

“The basic criteria for the environmental label include a limitation of the award period to three years. Therefore, a constant checking up is guaranteed. ..... the market share of Blue Angel - certified paints is above 50% (1994) and was 1% in 1981”. (Germany)
There may be other information on the effectiveness of ELP available by now, but we believe it is safe to say that little in-depth work has been carried out on the effectiveness of ecolabel programmes so far.

4.6 International Trade and ELP Harmonization/Mutual Recognition

International Trade Issues

There is concern in developing and in developed countries that the proliferation of ELPs may have a negative effect on international trade and market access. The concern arises because ELPs have primarily developed as national programmes in order to improve the local and national environment. The product criteria are developed mainly on the basis of national rather than international standards. Since all ELPs are voluntary programmes and most accept applications from foreign companies for certification, there appears to be no real trade barriers. However, the perception of unfair trade barriers exists. The potential for real trade barriers occurs through the requirements of private buyers for some acceptable form of ecolabelling for the products supplied to them through international trade. Since at this time no international standards on ecolabelling exist, and no mutual recognition of ecolabel programmes has as yet occurred, the absence of acceptable environmental certification programmes in developing countries may affect the sales of their export products.

Consumer confusion is also a real problem as ecolabelled products from many countries can now appear on the shelves of local stores. This represents an enormous problem of consumer education, which could lead to environmentally conscious consumers simply giving up on ecolabelling.

A number of international agencies are working on this issue. They include: WTO (GATT), several UN organization (UNEP, UNCTAD, UNDP), International Standards Organization (ISO), Organization for Economic Cooperation and Development (OECD), Global Ecolabelling Network (GEN) and possibly others. A number of reports and articles relevant to this issue are contained in Appendix C.

A thorough review of GATT (WTO) articles and rulings on complaints which indirectly relate to environmental labelling is beyond the scope of this report. In general, existing environmental labelling programmes do not seem to have serious conflicts with the provisions of GATT (WTO). GATT permits trade-restrictive measures to be taken in order to protect the environment, in accordance with Article XX (General Exceptions), provided “that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade.” In 1992 Austria attempted to require mandatory labelling of tropical timber products, as well as a voluntary quality label to identify sustainable timber products. Following protests by producing countries and questions about GATT
legality, the law was amended so that labelling would be voluntary and the conditions would apply to all timber, not just tropical timber.

Meetings of ISO TC207 and other organizations are often attended by members of GATT (WTO) who keep a watchful eye on developments from the perspective of not creating situations which could lead to unfair trade practices.

Another concern to a number of developing countries is the technical and financial burden of applying for some ecolabels, which is seen as a form of discrimination against developing countries. UNCTAD and UNEP have been cooperating in helping developing countries to create their own ecolabelling programs so that their access to industrialized-country markets will not be inhibited by a lack of such labels. It is too early, however, to tell if these efforts will be successful.

**Harmonization of Environmental Labels/Mutual Recognition**

With the proliferation of national environmental labelling programmes, concerns for the need to harmonize ELPs to achieve some standards for internationally acceptance have arisen. At this time, there is no agreed upon standard nor has mutual acceptance of programmes been achieved. However, there is considerable work going on. The most active work is carried out by ISO through TC207/SC3 (see ISO report in Appendix B).

**ISO Efforts**

ISO is an international organization of over 100 members, founded in 1947, with headquarters in Geneva, and with several thousand technical bodies and 30,000 experts carrying out their work throughout the world. Governments, businesses, industries and non-profit organizations apply ISO standards on a voluntary basis. In many cases countries are represented through their national standards association. Several classes of membership exist: full, correspondent, subscriber and observer status. There are close to 200 Technical Committees with many more subcommittees and working groups. The 1980s initiative of ISO 9000 Quality Management Standards, to be followed by a soon to be approved ISO 14000 on Environmental Management Standards have given ISO worldwide recognition.

Subgroup 3 of TC207 (see ISO report in Appendix B for details) on ecolabelling has as one of its goals to establish standards which existing and new ELPs must meet to be “accepted”. As discussed earlier in this chapter harmonization of widely differing approaches to ecolabelling will be very difficult. Mutual acceptance by voluntary agreement between ELPs may be an easier task to achieve. Hong Kong has taken part through HKPC being an “observer” to the TC207 meetings since late 1994. The HKPC representative cannot vote but has access to the relevant information. Once the new ISO 14000 series will be officially launched, it will be the Industry Department’s responsibility to disseminate it to local industry.
GEN

The establishment of Global Ecolabelling Network was discussed in 1994 by the ecolabel programmes of 12 countries, under the leadership of Green Seal, a USA private ELP, and Canada’s Environmental Choice Programme. The purpose is to promote information exchange and international cooperation. The GEN Declaration states the following criteria that an organization must meet for membership:

- not-for-profit
- independent from commercial interest and influence
- source of funding should in no way create a conflict of interest
- seek advice from and consult with stakeholders
- use a legally protected logo
- determine stringent criteria for environmental labelling based on the overall life of a product
- must institute periodic review or update of environmental criteria, taking into account technological and market place development

A founding meeting took place in Greece in July 1995, attended by 14 countries. Nine are paid-up members and others are expected to join shortly.

This organization through its members represents much experience in operating ELPs. Many of their members have assisted other countries, which were interested to establish an ELP; this assistance includes helping us in our efforts on behalf of Hong Kong. However, the organization is very new, and some of its members are having difficulties in obtaining continuing financial support from their governments. There may be difficulties in having their efforts heard and internationally accepted.

International harmonization of ecolabel programmes to achieve a ‘global ecolabel’ is probably an unachievable goal. The difficulties experienced in the EC scheme would indicate so. Instead, other approaches that may limit the number of ELPs and that encourage mutual recognition of existing and future schemes are needed.

4.7 Data Base on Product Criteria

Developing product criteria is a major undertaking. Help can be obtained from other ELPs, which have already developed many product criteria. Therefore a database on existing product criteria was developed as part of this project. The full information is provided in Appendix A.2 for the Hong Kong industries selected for consultation. The summary tables are provided at the end of this report with index of Appendix A.
CHAPTER 5 - INDUSTRIES REACTION TO AN ECO LABEL PROGRAMME FOR HONG KONG

5.1 Selection of Major Manufacturing Industries for Consultation

According to the report ‘1995 Hong Kong’s Manufacturing Industries’, published by the Industry Department, we have identified 12 major manufacturing industries, the domestic export values of which represent about 89% of the total. The detailed export values of the 12 industries are shown in Table 5.1.

After reviewing all the collected information on overseas ecobrand programmes, no relevant overseas ecobranding schemes could be found for the watch and clock industry, the jewellery industry nor the toy industry. We concluded that ecobranding is not an issue in these three industries, and therefore did not include them in the consultation exercise. This left the following nine major manufacturing industries, for which relevant overseas ecobrand programmes could be identified:

(a) Clothing
(b) Textile
(c) Electronic
(d) Chemicals
(e) Plastic
(f) Plastic packaging
(g) Metal products
(h) Industrial machinery
(i) Printing

5.2 Consultation Approach

In order to understand the needs and views of the industry in the development of a Hong Kong ecobrand certification scheme, consultation with the relevant industrial associations and industrialists seemed an essential and vital step. To this end, we conducted the consultation effort in three phases, viz., (i) initial meeting with the general industrial associations, (ii) organisation of industry-specific forums and the associated pre-forum meetings, and (iii) follow-up work after the forums, as outlined below.

5.2.1 Initial Meeting with the General Industrial Associations

The first phase of consultation work was the organisation of initial meetings with the following four general industrial associations, which comprise a large number of members in Hong Kong’s manufacturing sectors:

(a) The Hong Kong General Chamber of Commerce (HKGCC)
(b) Federation of Hong Kong Industries (FHKI)
(c) The Chinese Manufacturers’ Association of Hong Kong (CMAHK)
### Table 5.1 Domestic Exports of Major Hong Kong Industries (1994)

<table>
<thead>
<tr>
<th>Industry</th>
<th>No.</th>
<th>USA</th>
<th>China</th>
<th>Germany</th>
<th>UK</th>
<th>HK</th>
<th>Canada</th>
<th>Japan</th>
<th>Singapore</th>
<th>Sub-Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Clothing</td>
<td></td>
<td>36.5</td>
<td>5.73</td>
<td>8.94</td>
<td>3.31</td>
<td>12.35</td>
<td>2.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2  Electronics</td>
<td></td>
<td>13.4</td>
<td>4.72</td>
<td>6.97</td>
<td>4.67</td>
<td>2.935</td>
<td>1.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3  Textiles</td>
<td></td>
<td>1.468</td>
<td>0.660</td>
<td>5.63</td>
<td>4.30</td>
<td>2.535</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4  Watches and Clocks</td>
<td></td>
<td>2.826</td>
<td>4.675</td>
<td>3.790</td>
<td>0.35</td>
<td>0.16</td>
<td>0.55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5  Chemicals</td>
<td></td>
<td>0.926</td>
<td>1.433</td>
<td>0.333</td>
<td>0.25</td>
<td>0.12</td>
<td>0.16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6  Plastics</td>
<td></td>
<td>0.033</td>
<td>0.033</td>
<td>0.033</td>
<td>0.033</td>
<td>0.033</td>
<td>0.033</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7  Jewellery</td>
<td></td>
<td>2.267</td>
<td>2.316</td>
<td>2.221</td>
<td>1.13</td>
<td>1.135</td>
<td>1.13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8  Metal Products</td>
<td></td>
<td>3.23</td>
<td>7.186</td>
<td>3.23</td>
<td>0.13</td>
<td>0.135</td>
<td>0.13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9  Printing</td>
<td></td>
<td>1.52</td>
<td>0.23</td>
<td>0.507</td>
<td>0.23</td>
<td>0.23</td>
<td>0.23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Industrial Machinery</td>
<td></td>
<td>0.88</td>
<td>0.909</td>
<td>0.909</td>
<td>0.909</td>
<td>0.909</td>
<td>0.909</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Toys</td>
<td></td>
<td>0.419</td>
<td>0.411</td>
<td>0.411</td>
<td>0.411</td>
<td>0.411</td>
<td>0.411</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Packaging Products</td>
<td></td>
<td>0.248</td>
<td>0.248</td>
<td>0.248</td>
<td>0.248</td>
<td>0.248</td>
<td>0.248</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sub-Total**
- USA: 73,896
- China: 5,258
- Germany: 5,258
- UK: 5,258
- HK: 5,258
- Canada: 5,258
- Japan: 5,258
- Singapore: 5,258
- Sub-Total: 5,258

**Note:** Figures in brackets denote the respective percentage share of the total value of Hong Kong's domestic exports.

**Source:** 1995 Hong Kong's Manufacturing Industries (Hong Kong Government Industry Department)
(d) The Chinese General Chamber of Commerce (CGCC)

Through the initial meetings conducted in the last quarter of 1994, recent developments in overseas ecolabel schemes was introduced to the associations, and their preliminary responses to setting up an ecolabel programme for Hong Kong were also sought.

5.2.2 Organisation of Industry-Specific Forums

Pre-Forum Activities

Before the industry-specific forums were held, a series of pre-forum activities were organised to:

(a) publicise the industry-specific forums;
(b) encourage greater number of participants;
(c) encourage more informed participation.

Forty-two relevant industrial associations were contacted, of which ten were visited, to brief them on the related overseas ecolabel schemes and the various possible options which the Hong Kong industries could adopt to meet the challenges of overseas ecolabel schemes. A list of the contacted industrial associations is shown in Appendix A.1.

In addition to the pre-forum meetings with the relevant industrial associations, about 8,000 invitation letters were sent to individual industrialists of the targeted industries. The mailing lists used for the publicity exercise were obtained from the industrial associations and from HKPC's in-house database.

Four Industry-Specific Forums

As explained in Section 5.1, nine major industries were chosen for consultation. Four industry-specific forums, as listed below, were held for eight of the nine industries:

(a) Forum for clothing and textile industries;
(b) Forum for electronics and electrical appliances industries;
(c) Forum for metal products and industrial machinery industries; and
(d) Forum for chemical, plastic and plastic packaging industries.

As only one association for the printing industry has been identified and the association was of the opinion that their members would not be interested in the ecolabel issue, no forum was organised for this industry.

The purposes of organising the above four forums were to inform the participants of the recent development of the relevant overseas ecolabel schemes and to gather opinions and views from the industries on the development of an ecolabel certification scheme for Hong Kong. In order to provide more background information on the related overseas ecolabel
Development of an Ecolabel Certification Programme for Hong Kong

schemes to the forum participants, six industry-specific information packages covering the 8 industries (viz., 1 for textile and clothing, 1 for electronics and electrical appliances, 1 for chemicals, 1 for plastics and plastic packaging, 1 for metal products & industrial machinery and 1 for printing industry (later dropped)) as attached in Appendix A.2, were compiled. The six information packages contained:

(a) an overview of ecolabelling programmes;
(b) brief descriptions of the ecolabelling criteria and award processes related to the targeted industries; and
(c) the possible options on how Hong Kong industry might react in response to the overseas ecolabelling schemes.

Each forum mainly consisted of two sessions. The first part introduced the overseas ecolabel schemes and the five possible options for Hong Kong industries to meet the challenges of the overseas schemes, covering both advantages and disadvantages. The second part was an open discussion for all participants to express their views and comments. All presentations and discussions were in Cantonese.

At the end of each forum, a simple questionnaire survey was circulated to solicit the participants’ views on their selection of the suggested Hong Kong options. The questionnaires used are attached in Appendix A.3.

Summary of Tentative Options for Ecolabel Programme for Hong Kong

We have identified five tentative options of a Hong Kong Ecolabel Programme.

Option 1: ‘Wait and See’

Now that the Hong Kong community is better informed about the issue of ecolabelling in other countries, Hong Kong could decide to become an interested observer at future meetings of worldwide or regional meetings and postpone the decision to initiate a HK Ecolabel system until a later date. This decision would not prevent individual industry sectors to proceed on an industry-specific action on ecolabelling. (see 2 and 3 below)

Option 2: Proceed with Textile/Garment Industry Only

The textile/garment industry is the one where industry-specific “ecolabels” (Oeko-Tex, Tox-Proof, and Eco-Tex) have been created. The Hong Kong Textile/Garment industry could, with or without HK Government help, decide to work with one or more of these three schemes.
Option 3: Proceed with a ‘Franchise’ Scheme

The HK Government and Industry organization could set up a small-scale administrative unit in Hong Kong which would assist HK manufacturers to work through agents, set up in several of the most important export countries, to apply for the country ecolabel to which the goods are exported to. This has the advantage of much smaller costs to Hong Kong since the administrative structure for a full-blown ecolabel programme in Hong Kong is not required.

Option 4: Proceed with HK Ecolabel Scheme

This could be done only for those industries that support ecolabelling for their export goods. It could also be extended to include HK consumer goods. This would be the most costly option. Existing schemes in other countries would need to be examined carefully to keep costs under control.

Option 5: Proceed with joining China’s Ecolabel Scheme some time after 1997

This option depends heavily on whether the Chinese Ecolabel Scheme achieves recognition and acceptance in the worldwide market. This will take at least a few years. It would most likely still require some administrative structure within Hong Kong.

5.2.3 Follow-up Efforts after the Forums

Subsequent to the industry specific forums, follow-up efforts were conducted for the industries to report to them on:

(a) the status of the ecolabel project;
(b) the feedback obtained from the four forums; and
(c) the tentative costs and set-up arrangements for establishing a possible future Hong Kong ecolabel scheme; and seek any additional comments or views they might have.

The follow-up efforts comprised telephone discussions and/or meetings with the relevant industrial associations, with emphasis on the four general industrial associations and the 10 industrial associations, for which pre-forum meetings had been arranged, as well as with 10 industrialists selected from large participating companies in the forums.

In order to facilitate the follow-up efforts, we compiled and sent the information, as attached in Appendix A.4 and as summarized below, to the industrial associations and the selected participants:

1) summary of the five Hong Kong options
2) summary of feedback obtained from the four industry specific forums; and
3) the tentative costs and arrangement for setting up a Hong Kong ecolabel scheme.

5.3 Responses

The responses from the selected industries at different stages of the consultation process are presented in the following paragraphs.

5.3.1 From the Initial Meetings

The initial responses of the four general industrial associations toward the development of a Hong Kong ecolabel certification scheme are summarised as follows, while the complete notes of the meetings are attached in Appendix A.5. It should be noted that most of the people met in these initial meetings had little knowledge of ecolabelling schemes.

HKGCC

(a) They were generally supportive of an ecolabel system for Hong Kong
(b) They believed that a future Hong Kong ecolabel scheme should be export and re-export oriented and the domestic market was not too important.
(c) The future Hong Kong scheme should adopt international standards.
(d) They were interested in being involved in the future ecolabel certification arrangement.

FHKI

(e) They saw the value of the future Hong Kong ecolabel scheme in its ability to assist Hong Kong’s exports or re-exports and felt that its value to the domestic market was not important.
(f) They felt that Hong Kong would encounter tremendous difficulty in getting the future Hong Kong ecolabel scheme to be recognised by other countries.
(g) An alternative for Hong Kong was to establish a local agent to grant overseas ecolabels on behalf of the overseas label awarding organisations.

CMAHK

(h) They considered it unnecessary to establish a local ecolabel scheme for Hong Kong because local markets might be too small; resources for setting up/running a local scheme could be substantial; and it might be difficult to get recognition of the local scheme by overseas schemes.
(i) They thought that it would be beneficial to establish a local organisation through which the Hong Kong industries could apply for the relevant overseas ecolabel schemes.