

## Eco-labelling – a political threat or commercial opportunity?

### Summary of the Environmental Audit Select Committee report On Environmental Labelling Published 20 March 2009

#### Introduction:

The influential Environmental Audit Committee published its report on Eco-Labelling on 20 March 2009. The Committee has produced a considered and intelligent report which grapples with the challenges of communicating a complex message in a meaningful and auditable way. It is refreshing that the Committee has recognised the barriers to simplifying the equations of environmental impact, and has resisted the opportunity to make simplistic headlines grabbing demands.

#### Key points in the report:

The report covers a range of issues – some of the most interesting include:

- **Green washing:** size of the problem. There is a disconnect between Government perceptions of green-washing and the perceptions expressed by the Energy Saving Trust who gave oral evidence. DEFRA's evidence indicated that on-pack claims were rarely problematic, but that there was a low-level, but on-going issue of green wash on advertising. This is dealt with by the Advertising Standards Agency. However the view expressed by the EST which was green washing occurred when labels were displayed that related to environmental issues that were not especially relevant to that product range.
- **Focusing on the most relevant labels:** Focus on the most important environmental priorities in terms of consumer behaviour and sector priorities. Single issue labels – especially within the food and drink sector may not be helpful
- **Label effectiveness:** Most effective when the consumer has prior awareness and understanding of the label – which may require promotion or communications at a government level. Also there was a recognition of the risk of overwhelming the consumer with information – which may lead to paralysis
- **Ensuring quality:** - Like any quality system, over-claiming and over-simplification will undermine the credibility of any scheme and could therefore contribute to green-washing
- **Label impact:** The Committee considered whether eco-labelling will impact consumer behaviour – and concluded that at best environmental footprints would be one of a number of considerations which would also include price, brand, and convenience
- **Business engagement:** The Committee is interested in the effectiveness of the voluntary measures that have driven up standards within industry, and welcomes the government's role within that. However, it is important to note that the Committee considers that carbon labelling may require a different approach
- **Carbon labelling:** The Committee recognises that carbon labelling cannot account for all environmental impacts, or be a universal environmental label. However, the Committee is focused on decarbonising the economy. It suggests that consumers will become more aware of embedded carbon in products, which can be applied to all products in all sectors. The Committee recommends that the government should prioritise carbon labelling across all sectors, and crucially, should legislate for it if necessary.

**Next steps:**

The Government is required to respond to this report within 60 days – detailing which recommendations it will accept and reject, and what it sees as a priority. The response will provide a steer on how seriously the Government has taken this report and how quickly it will act.

**Political threat or commercial opportunity?:**

It has to be good news for industry that the Committee has recognised the interdependencies of environmental impacts and has refrained from simplistic solutions. Environmental labelling is clearly an emerging science. Getting it right could trigger significant commercial advantage, in terms of route to market, marketplace development and consumer acceptance. Getting it wrong may mean regulation, and ruined reputations.

In case there is any doubt about roles and responsibilities within the route to market, the Committee is abundantly clear. Responsibility lies firmly with industry. The language of consumer demand will be an insufficient defence for inertia, as business has a responsibility to create demand. The Committee and in all likelihood the Government, do and will regard business behaviour as fundamental to environmental labelling, and decarbonising the economy.

*'In many ways, environmental labelling's real potential lies not in changing consumer behaviour, but in changing business behaviour and thereby improving the sustainability of the manufacturing process and the products available to the consumer.....Government must work more closely with business to show how environmental labelling can help them to drive changes in their business and in their supply chains. In order to do this effectively, labels should be underpinned by proper systems for analysis, audit and accreditation.'*

*Section 5 Engaging Business Para 40  
EAC – Environmental Labelling Report March 2009*

There is an opportunity for industry to define its own future. Developing a sector wide label that concentrates on carbon labelling would be a significant first step. We understand that this is not a quick fix, and any solution would require audit and authentication. This means that in the development phase, smart companies and sectors will be engaging with policymakers to reassure them that this work is progressing. Communications with policymakers should be two way, so their ideas and priorities are listened to and where appropriate embedded into the development of the label.

Failure to do this could result in a significant missed opportunity to define your own future, and a substantial threat to market if onerous conditions are imposed.

**Want to know more?**

For more information on the report and the opportunities and threats it provides please contact Claire Levens on [environment@gbcpublicaffairs.com](mailto:environment@gbcpublicaffairs.com) or 020 8322 1922.

Ends

## Appendix 1 Committee membership:

<b>Member</b>	<b>Constituency</b>	<b>Party</b>
Mr Tim Yeo MP (Chairman)	South Suffolk	Conservative
Mr Gregory Barker MP	Bexhill and Battle	Conservative
Mr Martin Caton MP	Gower	Labour
Mr Colin Challen MP	Morley and Rothwell	Labour
Mr David Chaytor MP	Bury North	Labour
Martin Horwood MP	Cheltenham	Liberal Democrats
Mr Nick Hurd MP	Ruislip Northwood	Conservative
Jane Kennedy MP*	Liverpool Wavertree	Labour
Mark Lazarowicz MP	Edinburgh North and Leith	Labour
Ian Liddell-Grainger MP	Bridgwater	Conservative
Shahid Malik MP	Dewsbury	Labour
Mrs Linda Riordan MP	Halifax	Labour
Mr Graham Stuart MP	Beverley and Holderness	Conservative
Jo Swinson MP	East Dunbartonshire	Liberal Democrats
Dr Desmond Turner MP	Brighton Kemptown	Labour
Joan Walley MP	Stoke-on-Trent North	Labour