

## Environmental Standards & Trade

### *A Study of Indian Textiles & Clothing Sector*

#### Background & Context

The project was conceptualised on three theoretical perspectives – relationship between consumption and globalisation; theories to explain consumer attitudes; and the implications of the emergence of environmental labels on access to major markets. It has studied economic, social, cultural and political implications of environmental standards and how quality attributes related to environmental concerns are defined and developed in relation to textiles and clothing (T&C) sector of India.

*Relationship between consumption and globalisation; theories to explain consumer attitudes; and the implications of the emergence of environmental labels on access to major markets*

In recent times, consumption patterns in T&C products in the European markets exhibit a growing concern for environmental issues related to production, cost of purchase and life span of products. Simultaneously, there has been a

shift from a 'production led' to a 'demand led' mode of production, as a result of which the importance of retail activity has increased.

Hence, efforts are undertaken to determine the degree to which environmental (and social) labels function or can potentially function as a communicative tool in the European consumer markets as well as to identify the costs and benefits associated with the use of such labels along the value chain of T&C production and consumption in India and Europe.

#### Goal & Objectives

The Goal was to understand the implications of the use of eco-labels as a means for enhancing environmental sustainability, and producer and consumer welfare in the T&C sector.

Immediate Objectives were to:

- review the emergence of environmental labels as an outcome of the recent discourse on green consumption by using empirical methods to determine the extent to which these labels act as a communicative tool in the European consumer markets and their future potential
- understand the perceptions of different stakeholder groups in India and selected European countries whether such labels are trade barriers or facilitators
- use primary and secondary data to identify the costs and benefits associated with the use of such labels along the value chain of textile production and consumption in India and Europe

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#### Outputs

- Field study and survey reports summarising stakeholder perceptions
- Training modules for capacity building of major Indian producers of T&C products
- A study based on major findings of the project
- Four briefing papers summarising major issues relating to environmental standards and trade in T&C including highlighting survey results and empirical findings

These are available at:  
<http://www.cuts-citee.org/SESTI/Outputs.htm>.

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## Methodology

- Desk research (literature review, secondary data analysis, etc.) was conducted on the discourse on green consumption as well as the evolution of governance systems to understand how the use of environmental labels has become more popular over time
- Three surveys were conducted. One was an Internet-based survey of consumer organisations and households in five European countries, viz. France, Germany, Norway, Sweden and UK to understand and evaluate socio-cultural and political regimes and related issues *vis-à-vis* the use of environmental standards. This was followed by a survey of selected importers and retailers of T&C products in the Norwegian market to understand economic costs of the use of environmental standards and benefits from marketing such labelled products. The third one was conducted on a

*To understand the implications of the use of eco-labels as a means for enhancing environmental sustainability, and producer and consumer welfare in the T&C sector*

- selected number of Indian producers and exporters of T&C products to understand their perception about demand-side factors and supply-side concerns regarding the implementation of environmental standards
- Based on the results of these surveys, five capacity building programmes were conducted in major T&C production centres in India so as to enhance their understanding on the implications and application of environmental standards in major export markets

## Major Findings

- Compliance with environmental standards positively impacts trade in the T&C sector. This finding can be used as one of the principal guidelines to advance

the optimal use of eco-labels, thereby enhancing sustainable production and consumption practices in the T&C sector

*Indian producers will need to prepare themselves for new environmental standards and labelling regimes.*

- Regarding consumer manifestation of environmental concerns while buying clothes, sensitivities differ from country to country. When compared to other European countries, Norwegian consumers were not much concerned. However, and despite limited awareness about eco-labels, approximately 50 per cent of the surveyed consumers agreed that they have a responsibility to buy environmental-friendly products. This indicates that there is a growing market for eco-labelled products in the European markets
- Indian producers will need to prepare themselves for new environmental standards and labelling regimes. This is because large global players in the T&C sector are taking initiatives to enhance environmental standards in their supply chains

## Outcomes

- Better understanding among the Indian producers on how standards and quality attributes related to environmental concerns in the T&C sector are defined, developed and managed in major European markets
- Appreciation and understanding of the potential of environmental standards as a communicative tool in the European markets for T&C products
- Views and concerns relating to sustainable production and consumption practices in the Indian T&C sector among a cross-section of stakeholders such as manufacturers, exporters, processing units, dye houses, retailers and others in the supply chain, consumers and other related stakeholders are expected to converge with the emerging global trend in regard to the implications of environmental standards on market access in major European markets.