

Dynamics of Eco-labelling and the Need for Compliance

*A Study on Environmental Standards
and its Trade Impact on Indian
Textiles and Clothing Sector*

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1. Sustainability in Textiles

– Prasad Pant* and Satish Dasarwar**

What is Sustainability and Why it is Important?

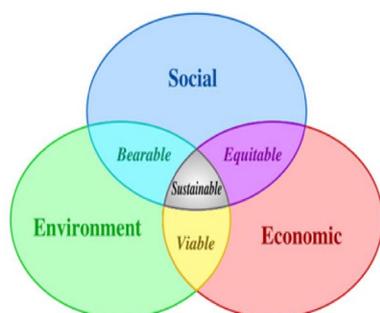
Sustainability is an ability or capacity of something to be maintained. The classical definition of sustainability is:

It is the development that meets the **need of the present** without compromising the ability of **future generations to meet their own needs**.

Simply put, it means: 'give back what you take without affecting the resource'.

If an activity is said to be sustainable, it should be able to continue forever.

Living sustainably is about living within the means of our natural systems (**environment**) and ensuring that our lifestyle doesn't harm society (**social impact**). At the same time, our activities should help our world to progress (**economic benefits**).



Our lifestyle today has progressed to tremendous heights. Life has never been so good! We have developed all kinds of comforts and products to live life to the fullest. We zip around in cars, cover long distances in a matter of hours using airplanes, and can call anyone anywhere through our mobile phones. Tremendous progress has been made in agriculture to give high yield of crops and fruits, high quality textiles and building materials have been developed and industrialisation has changed the way we live.

With all this progress, there has been an impact on the environment and society. We have an increase in land, air and water pollution. Some recent studies point that

the radiation from mobile phones impacts our health, as does chemical toxicity through bioaccumulation. We now have acid rain and global warming that is impacting our earth. We are creating a huge amount of waste for which there is no solution, and drawing from the earth's resources faster than what can be replenished. In fact, our ecological footprint (*which measures how fast we consume resources & generate waste compared to how fast nature can absorb waste & generate new resources*) today = 1.7 Earths, i.e. we need an Earth that is having 7 times more resources if we need to sustain our activities of today!

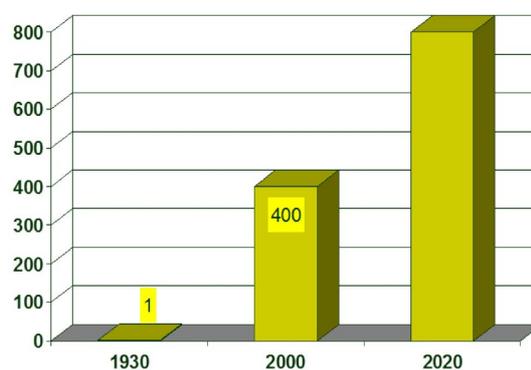
So the question being asked today is: Is this lifestyle sustainable?

In examining the answer to this question, it is imperative to look at how the exponential growth of the chemical industry has led to a huge impact on environment, as chemicals are the single largest factor that have contributed to pollution and waste!

The Growth of the Chemical Industry and its Impact on Environment

It is important to understand where and how this has all begun. The human race has been on Earth for about 4 billion years, but the chemical industry has kick-started with the **discovery of oil** around 1859, which led to the growth of the petrochemical industry. In 1930s, the production of chemicals was 1 million tonne and this is estimated to grow to 900 million tonnes by 2020!

Figure 1.1: The Exponential Growth of the Chemical Industry



Source: From Various Chemical Weekly Issues

* CEO, Nimkar Tek Technical Services Pvt Ltd, ** Technical Manager, Nimkar Tek Technical Services Pvt Ltd

There are two reasons for such an exponential growth of chemical production:

1. A rapid growth in the population (*The human race has increased from about 1 billion at the start of the 1800s to 6.5 billion in 2010 and is expected to touch 9 billion by 2050!*)
2. Growing consumerism

This rapid growth of the chemical industry has led to unchecked water pollution, land fills, polluted air, loss of biodiversity, poisoning of aquatic life and diseases like cancer in humans. It has brought climate change, increased greenhouse gas emissions and reduced freshwater reserves.



Skin rashes due to chemicals lung cancer due to air pollution

The majority of known environmental carcinogens are encountered at the workplace. In fact, the link between cancer and chemicals was first detected among workers. Incidences of cancer were found in workers having contact with substances such as asbestos, arsenic, benzo(a)pyrene, benzidine, bis-chloromethyl-ether, coal tar, carbon black, and vinyl chloride. Bladder cancer among workers in the dyes industry was first reported in the early 1930s. All this has led to a need for a study of chemicals to understand their impact on ecology and human health.

Sustainability in Textile Processing

Some facts about a cotton T-shirt

A Cotton T-Shirt requires following resources(average):

1. 2500 litres Water (from farm to stores)
2. 4 square metres land
3. 12,48 kWh of electricity (from farm to stores)
4. 4 kg steam
5. 0,4 kg chemicals
6. Leads to 10 kg CO₂ emissions

The above facts give us an insight into the resources required for making a textile article. Textile manufacturing is a **water and energy intensive industry** and hence there is a strong need to conserve these valuable resources. Textile processing also generates **waste in the form of waste water and sludge** (which may contain chemicals toxic to environment and

humans). Textile garments & articles also transform to waste after usage, which are not necessarily biodegradable.

The need for sustainability in textile production is further brought out by the following facts:

- Twenty percent of industrial fresh water pollution is from textile treatment and dyeing
- One trillion kWh energy is used every year by the global textile industry which results in 10 percent of total global carbon impact.
- Textile waste occupies nearly 5 percent of all landfill space.
- It takes 700 gallons of fresh water to make one cotton T-shirt and in 2009, three trillion gallons of fresh water were used to produce 60 billion kilos of fabric
- The average U.S. resident throws away 68 pounds of clothing every year

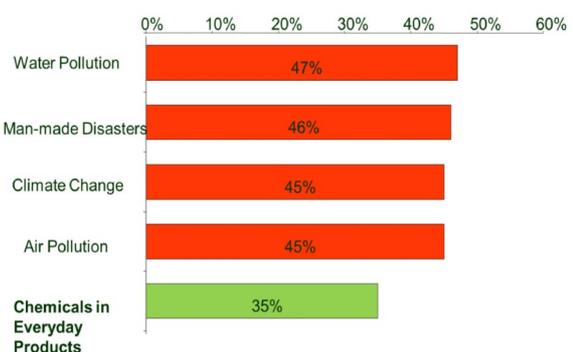
The sustainability needs of the textile industry should hence be focused on:

- ◆ Water footprint (conservation, re-use, non-hazardous discharge of water)
- ◆ Energy footprint (reduction, efficiency improvement of energy)
- ◆ Carbon footprint (reduction in emission of CO₂ and other greenhouse gases)
- ◆ Chemical footprint (use of non-hazardous & toxic chemicals)
- ◆ Recycling (of water, waste, garments, other textile articles)
- ◆ Use of renewable sources of energy (replace coal & fuel oils with solar, wind power)

Background of Eco-Legislations

Consumers today demand to know what they are wearing or using and how it has been made, whether it is a cosmetic, paint, pharmaceutical, food item or a textile garment. As seen from a survey below, “chemicals in everyday products” rated high on the list of factors that consumers are worried about.

Figure 1.2: What Are Consumers Worried About?



Source: Adopted From Eurobarometer –Special Surveys on Public Opinion

Important International Conventions

A concerted effort to focus on the effects of chemicals was made at the United Nations Conference on Human Environment (**The Stockholm Convention**)- an international conference held in Stockholm, Sweden in **June 1972**. It was the UNEP's first major conference on global environmental issues, and marked a turning point in the development of international environmental legislations. It recognised chemical pollution as a global issue in general, and focused on marine pollution. It led to a framework for environmental actions, include goal setting, research, information exchange, financing and education/ training. It placed a responsibility on national governments to initiate policies and actions for preservation and improvement of human environment.



Another important landmark convention was the **Rio Declaration**, which was another UNEP Conference at Rio de Janeiro in **1992**. It worked towards forging international agreements to “protect the integrity of environmental and developmental systems on a global basis”. Its basic principle was that *“Human beings are at the center of concerns for sustainable development, and they are entitled to a healthy and productive life in harmony with nature”*. The Principle 3 recognised that *“the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations”*.

In 1995, the Governing Council of the (UNEP) called for global action to be taken on Persistent Organic Pollutants (POPs), which it defined as “chemical substances that persist in the environment, bio-accumulate through the food web, and pose a risk of causing adverse effects to human health and the environment”. Following this, the Intergovernmental Forum on Chemical Safety (IFCS) and the International Programme on Chemical Safety (IPCS) prepared an assessment of the 12 worst offenders, known as the *dirty dozen*. Finally, the delegates at the **Stockholm Convention on POPs in May 2001** agreed to outlaw nine of the dirty dozen chemicals, limit the use of DDT, and curtail inadvertent production of dioxins and furans. This treaty became a law in May 2004 and was ratified by an initial 128 parties & 151 co-signatories.

The predominant exports from India for textiles and clothing have been to the EU and the USA. These countries/regions have pioneered many legislations and taken measures to control the impact on environment of manufacture and import. Hence, in this paper, the

focus is on some of the major eco-legislations which have a considerable impact for Indian exporters.

European Legislations

In order to protect general public and environment from dangerous chemicals, the European Union came up with a number of progressively increasing Directives, Regulations and Decisions to regulate the use and discharge of chemicals in industry.

In 1967, the **Directive 1967/548/EC** was implemented for Classification, Labelling and Packaging (CLP) of substances. This law enabled information on hazards in a substance to be communicated during transportation and use. This Directive was modified in 1999 to also include mixtures and preparations.

In 1976, the all-important **Directive 76/769/EEC** called “Restrictions on marketing and use of dangerous substances & preparations” was promulgated that contained the list of substances and preparations that were subject to restrictions. A complete list of all chemical substances placed on the market was prepared and given an EINECS number. A thorough study of the hazardous impact of these chemicals on environment and human health was initiated.

Biocide products were brought under regulatory framework under **Directive 98/8/EC** of 1996.

In 2000, the **Water Framework Directive (WFD)** was formulated under **Directive 2000/60/EC** to establish emission limits and water quality standards in the EU

In 2006, almost 40 major Directives and Regulations, including the **Directive 76/779/EEC**, were amalgamated into the **REACH** regulation. REACH is the acronym for **Registration, Evaluation, Authorisation and Restriction of Chemical substances**. The law entered into force on June 01, 2007. The aim of REACH is to improve the protection of human health and the environment through better and early identification of the intrinsic properties of chemical substances. A paradigm shift in the approach at REACH was that the burden of proof of safety was passed on to the industry, rather than being a prerogative of governmental agencies. An important aspect of REACH is the listing of Substances of Very High Concern (SVHCs) that are carcinogenic, mutagenic, reprotoxic (CMR) or Persistent, bio-accumulative and toxic (PBT). Those substances that have been proven to be any of the above are put under Annexure XVII and are restricted for use or placing on the market. Those that are under study are placed on a “Candidate List” for authorisation.

A summary of the EU Directives is given in Figure 1.3.

Figure 1.3: Summary on Important Legislations in the EU

Law	Year	Known as	Applied to
Directive 96/61/EC	1996	Integrated Pollution Prevention & Control (IPPC)	Rules for highly polluting industrial activity.
Directive 76/769/EEC	1976	REACH	Restrictions on marketing & use of dangerous subs & preps
Directive 1967/548/EEC	1967	CLP Directive	Classification, Labelling & Packaging of substances.
Directive 1999/155/EC	1999	CLP Directive	Classification, Labelling & packaging of preparations.
Directive 91/155	1991	SDS Directive	Info systems for dangerous chemicals in the form of SDS
Directive 91/271/EEC	1991	Inds. Waste water directive	Waste water treatment
Directive 2000/60/EC	2000	Water Framework Directive (WFD)	Emission limits & water quality standards.
	2001	Integrated Product Policy	Life Cycle Analysis & enviro impact of each phase of cycle

Legislations in the US

The passage of the USEPA 1986 Emergency Planning and Community Right-To-Know Act (**popularly known as Sara Title III of 1986**) began the increase in number and stringency of regulations for polluting industries in the USA. This legislation requires manufacturers and related companies in the USA to report on their activities based on the usage of hazardous chemicals. Since then, environmental legislations in the USA have increased and can be classified as a *Federal Law* (applicable to all member states of the USA) or *State Law* (applicable only in that state, e.g. Washington Children Safe Products Act, California Proposition 65, laws in the state of Connecticut, Maine, etc).

A Federal Law called **The Toxic Substances Control Act (TSCA)** was enacted to grant the USEPA authority a regulatory framework to collect data on chemicals to evaluate, assess, mitigate and control risks, which may be posed by their manufacture, processing and use. Any chemical imported into the USA should not contain a substance listed under the TSCA list of dangerous substances.

Another important US Federal Law is the '**Consumer Product Safety Improvement Act' (CPSIA)** which was enacted in 2008. This law directs all manufacturers, importers, distributors or retailers of consumer goods in the USA to ensure that their products comply with the CPSIA. The CPSIA covers special regulations and testing requirements for children's products, and sets limits on Lead, Cadmium and Phthalates that can be found in children's articles.

Despite this Federal Law, the Washington State has its own "**Children's Safe Products Act" (CSPA)**, which not only sets more stringent limits on Lead, Cadmium & Phthalates in children's articles, but lists another 66

chemicals under "Chemicals of High Concern for Children"(CHCC) that are banned or restricted for use in children's articles, including toys, jewellery, cosmetics and car seats. Manufacturers who ignore the regulations will be fined up to US\$5000 per violation on the first offense and up to US\$10,000 thereafter! This law has been made applicable as recent as August 01, 2012.

Similarly, another important State Law is the **California Proposition 65** (Cal Prop 65), originally known as "Safe Drinking Water & Toxic Enforcement Act 1986 – Proposition 65." This law is applicable to the state of California only. Under this law, business are required to provide a warning to Californians on their packaging, if their product placed on the market contains any substance that is carcinogenic or includes any of the >750 substances listed under Cap Prop 65 list of dangerous substances.

A summary of the important eco-legislations in the US is given in Figure 1.4:

Figure 1.4: Important Environmental Laws in the US



As regards regulations in India, the Indian government implemented a law for handling specific azo dyes that are known to release banned amines or are known to be carcinogens. (Gazette Notification no 193 dated March 26, 1997). This gazette lists 70 dyes by color index in the schedule. Other than this, the Indian environmental laws are focused on pollution norms that textile processing units in India, but these mainly look at BOD, COD, TSS and TDS – not necessarily at any hazardous chemicals being discharged in the effluent.

Looking at the current developments in product safety regulations required in some of the major trading partners in Asia such as China, South Korea, Japan and Taiwan, there is an immediate need for the Indian government also to formulate and implement laws for compliance to hazardous chemicals by textile manufacturers as well as on imports of garments.

Eco-Compliance Methodology

Other than legislations, other methods were developed by which awareness and eco-compliance in the textile industry was implemented. Here, we elaborate on 3 methods:

1. Restricted Substances List (RSLs) of Brands
2. Eco-Labels
3. Global Sustainability Initiatives

Restricted Substances List (RSLs)

Consumers expect Brands and Retailers to ensure safety and compliance to eco-legislations. Many international Brands and Retailers have thus compiled their own list of chemicals which are effectively banned or extremely limited for use by the company's suppliers in their products. For the textiles sector, RSLs form the basis for the majority of efforts undertaken to control dangerous chemicals content in finished products.

Generally, a chain of compliance certification is set-off for implementation of the RSLs of a Brand. The garment supplier of the brand passes on the RSL information to his fabric and accessories suppliers, who in turn pass on the information to their dyehouses, who in turn get the necessary compliance from their chemicals and dyes suppliers. Testing of finished articles by accredited laboratories for these RSLs constitutes an important way of checking compliance, as also intermittent audits of the suppliers by the Brands or third-party service providers.

What are RSLs?

Restricted substances are chemical substances that are prohibited from use or allowed to be used within a specified limit.



Legislation in the market countries, consumer & NGO pressure, new developments in the field of ecotoxicology, and corporate philosophy towards chemicals use in their products are among the drivers which shape a Brand's RSL. As they typically do not pass information about the chemicals contained in the end-article, RSLs are not truly 'Chemicals in Products' (CiP) information system.

What are the Key Benefits?

RSLs help Brands to:

- Meet regulatory requirements for each distribution country
- Enhance brand image through economic and environmental responsibility
- Minimise the risk of recalls
- Improve product quality through environmentally-friendly goods and processes
- Be on the leading edge for future regulatory requirements

Characteristics of RSLs

To be an effective tool for textile safety, the RSL must have the following characteristics:

- It should be comprehensive, and include relevant substances that are regulated or otherwise known to be dangerous for humans.
- The value limits on hazardous substances should be set at levels that provide acceptable protection for both workers and consumers.
- An effective RSL must be updated regularly to capture changes in evolving manufacturing chemistry, governmental regulation and expanding medical knowledge.
- In addition to regulated substances, the RSL should include chemicals that medical experts suspect of being harmful even if they are not yet regulated.
- The value limits should be set according to a product's intended use. For example, children's apparel fabrics are held to stricter limits than curtain fabrics.

RSL Failures

In spite of RSLs being in place since the last decade or so, detection of RSLs above the specified limits are encountered in testing, resulting in rejects and re-working. This is due to the wide variety of variables as well as the complex material sourcing in the textile supply chain.

Failures lead to the following situations:

1. Disruption of business
2. Financial loss
3. Product Re-call
4. Damage to Brand reputation
5. Lost sales in stores

6. Unhappy customers
7. Re-working, leading to loss
8. Compensation claims

RSL testing at the factory and retailer level identifies failures but does not eliminate them. To avoid failures, the following needs to be done:

- Training and Understanding of RSLs as further down the supply chain as possible
- Proper communication of the RSL requirements down the supply chain
- Risk assessment of all input chemicals to meet RSL requirements – including testing of input chemicals, wherever necessary
- Update the latest version of the Brand's RSL document at the supplier factory
- Proper process control for usage of chemicals

Eco-labels

What are Eco-Labels?

Environmental or eco-label is any printed label on a package or product that provides environmental information regarding some attribute of the product from its life cycle (from resource extraction to final disposal) including attributes such as recycled content, organic cotton, non-toxic, etc.



The Need for Eco-Labels

Consumers are increasingly showing concern for the environmental and health impacts of the products that they use. Many companies invest a lot of money and ad-space toward making their products “visibly eco-friendly” to meet these consumer expectations. Eco-labels or seals give credibility to such product/ service claims. Eco-labels thus help to:

- Communicate verifiable and accurate information
- Create customer confidence
- Encourage demand and supply of environmentally- friendly products and services
- Create awareness about eco- issues



Types of Eco-labels

There is a plethora of eco-labels and standards in the global market today so much so that a customer can get confused, perplexed, disoriented and lost in the maze of labels.

Eco-labels can be broadly categorised into three:

1. Organic Cotton Standards
2. Eco-labelling programmes
3. Ethical Production

1. Organic Cotton Standards

These are applicable at the **fiber production** stage & can be sub-divided into 2 categories:

- i. **Obligatory Standards:** These are legal requirements that need to be followed if a product is to be labeled ORGANIC. The standards have been mainly developed in North American countries, Japan and the EU. In India, a standard has been recently developed by APEDA. The major legal frameworks in this category are:
 1. International Federation of Organic Agriculture Movements (IFOAM)
 2. EU 834/2007 (Europe)
 3. National Organic Programme (US NOP)
 4. Canada Organic Regime (Canada)
 5. Japanese Agricultural standard (JAS)
- ii. **Voluntary Standards:** These are run by private set-ups and are often regional in their outlook. Some of these labels go beyond ‘fiber only’ and cover subsequent processing of organic fibers into yarn and fabrics. Examples of such labels are:
 1. Global Organic Textile Standard (GOTS)
 2. Organic Exchange (OE)
 3. International Wool Textile Organisation (IWTO)
 4. Naturtextil- International Association of Natural Textile Industry (IVN-Germany)
 5. KRAV (Sweden)



2. Eco-labelling programmes

These are private or governmental initiatives that focus on **environmental impact of production of an article, alongwith worker and consumer safety**. While some of these labels are focused on end articles that are free from harmful substances use (e.g. Oeko-Tex100), other encompass process parameters such as air & water emissions and energy consumption, as well as social criteria and worker health & safety. Some examples of such labels are:

- European Eco Label (EU Flower)
- Oeko-Tex 100 and Oeko- Tex 1000
- Bluesign
- Bra Miljoval (Sweden)
- Nordic Swan (Nordic countries)
- Made in Green (Spain)
- Cradle to cradle (USA)
- Made By (Netherlands)



3. Ethical Production

Ethical production means ensuring that the products being sourced are created in safe facilities by workers who are treated well and paid fair wages to work legal hours. It also implies that the supplier is respecting the environment during the production and manufacture of the products.

Thus, these labels/ standards are concerned with:

- 1) *Fair Trade Practices*: Producers are paid a fair, minimum price
- 2) *Social responsibility*: ensuring safe working conditions, equality for women, no child labour, maternity protection for women, reasonable working hours, freedom from discrimination, etc.
- 3) *Corporate Responsibility*: Companies embed the impact on environment of their product/ service in their overall corporate strategies

Some examples of ethical production labels/ standards are:

- SA8000
- FairTrade
- Business Social Compliance Initiative
- Fair Wear Foundation



Global Sustainability Initiatives

Apparel brands, retailers, NGOs and partners from trade & industry are collaborating towards various initiatives that help to achieve the goal of sustainability in textiles. Some of these are:

1. Sustainable Apparel Coalition (SAC)

This is an industry-wide group of over 60 leading apparel and footwear brands, suppliers, and NGOs working to reduce the environmental and social impacts of apparel and footwear products around the world. The scope of SAC's desired outcomes is:

- Improved water- use efficiency in the manufacture of apparel products
- Minimise direct and embedded energy use and carbon emissions in the supply chain
- Develop effective uses for textile wastes & commit to minimising waste in operations
- Reduce the use of chemicals and potentially hazardous materials which pose health or environmental risks
- Collaborate with industry peers and supply chain partners to achieve full life cycle transparency (back to origin of material) about the social and ethical performance impacts of all companies and products

The focus of the Sustainable Apparel Coalition is **The Higg Index**- a Life Cycle Tool that measures the environmental performance of apparel products. The Higg Index has been launched for implementation in August 2012.

2. Better Cotton Initiative (BCI)

This is an initiative by members of the global cotton supply chain for a more sustainable way of growing cotton. BCI tackles issues such as soil erosion, water depletion, unsafe working conditions, excessive use of pesticides and decreasing biodiversity in the cotton growing regions of the world. It addresses sustainability holistically, covering environmental, social and economic issues in one integrated program. It engages and supports all cotton supply actors – from producers to retailers.

The first projects have been undertaken in 2010-11 in India, Mali, Brazil and Pakistan. From 2012, China and Turkey will be included for implementation.

3. Cotton Made in Africa

CMiA is an initiative to fight against poverty and environmental degradation in sub-Saharan Africa, & help local cotton farmers to raise their standard of living. The project aims to improve:

- the competitiveness of African cotton & access to markets
- sustainable production of cotton, including use of water, fertilisers & pesticides

Conclusion and Comments

There has been a concerted effort since the past two decades to move to sustainable products and processes in the textile supply chain. Consumer awareness about

what goes into a product and the impact it has on environment during the making process is growing, forcing governments, brands and retailers to ensure compliance of products to ecological and environmental needs.

The chemical industry has grown exponentially in the past 150 years due to rapid growth in population and consumerism. Thus, our knowledge of chemicals and their impact on ecology and human health is only about 150 -200 years old. This knowledge is expanding every day, with new studies and medical research revealing hitherto unknown facets of eco-toxicological impact of chemicals used regularly in a variety of products. Legislations and industry need to keep pace with these findings and ensure that chemicals that are dangerous to the environment and human health are phased out or restricted for use.

Besides chemical management, the extensive use of water and energy in the textile industry makes it necessary for the adoption of sustainable practices in manufacture. The waste generated by way of waste water and sludge in processing, as well as the end- article at the consumer end also needs to be addressed for recycling possibilities.

Several environmental legislations in different countries are now getting stricter about what the textile & other industries are doing about air, land and water pollution. Important legislations like REACH will bring focus on

use of safe chemicals, and give an impetus to green chemistry.

Besides legislations, Brands have played an important role in sustainability and chemical safety. Initiatives like Restricted Substances Lists (RSLs) and Eco-labels have tried to address the issue of product and consumer safety. Some eco-labels have expanded to cover other aspects of manufacture such as water & air emissions, as well as social criteria like gender equality, child labor, fair price and working conditions.

Inspite of all these efforts, the knowledge about eco-issues and the willingness to comply (especially in the manufacturing third- world countries) still remains superficial. The recent **Detox campaign** by Greenpeace – in which hazardous chemicals were found in waste-water effluent samples in Chinese mills, as well as finished garments picked up from the Brands' stores – clearly shows that a lot still needs to be done to clean up the textile supply chain.

In response to the Greenpeace Challenge, 8 major brands have come together to form a Zero Discharge of Hazardous Chemicals (**ZDHC**) Consortium, with a commitment to clean up their entire supply chain by 2020. The Roadmap to 2020 will not only look at the finished articles, but also residues in waste water and sludge.

Hopefully, this should create a paradigm shift in the way the textile industry works!

FOOD FOR THOUGHT

- Is the progress being made by man sustainable?
- Are we doing enough in textile manufacture to ensure optimum use of resources?
- Chemicals are an inseparable part of our daily lives, but have we done enough to assess and control the harmful impact of these chemicals to our health and environment?
- Is consumer safety solely the responsibility of governments?
- Are Brands doing enough to ensure that their final articles comply with consumer safety norms and sustainability issues?
- Are Eco-labels a commercial exploitation of this need or do they bring about a change in our working? Are they a trade barrier by the developed countries or a business opportunity for the developing (supplier) countries?
- Is the Indian government doing enough to ensure that health and ecological concerns are addressed in our manufacture as well as import of textiles?

2. A Study of Environmental Standards and their Trade Impact on Indian Textiles and Clothing Sector (SESTI)

– Manbar Khadka*

SESTI is conducted to understand stakeholders' perception on eco-labelling in Norway and consumers' perception on eco-labelling in other selected European countries. The study also explores the impact of environmental standards on Indian Textile and Clothing products through producers' survey in India.

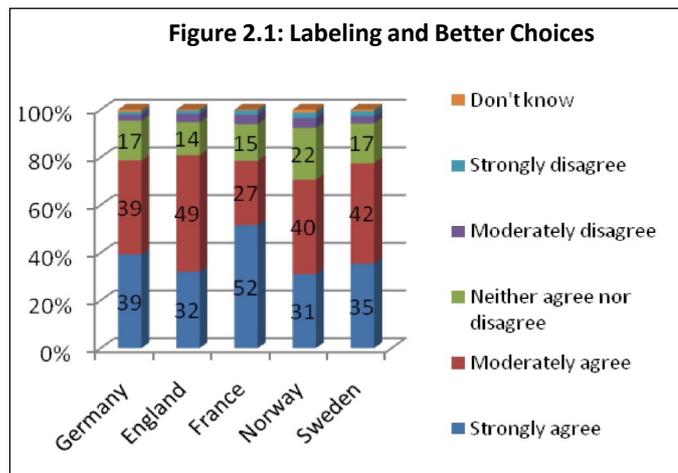
Overall, the study intends to bolster net welfare among consumers in the North and raise producer's profitability in the South. It aims at promoting the use of environmental standards in the Indian T&C sector.

A. Consumer Survey – This survey is a part of SESTI and examines consumer perspectives on eco-labelling of clothing and textiles. The survey is conducted in five European countries. They are: France, the United Kingdom, Norway, Sweden, and Germany. National Institute for Consumer Research (SIFO), Norway conducted this survey. The main purposes of this survey are as follows:

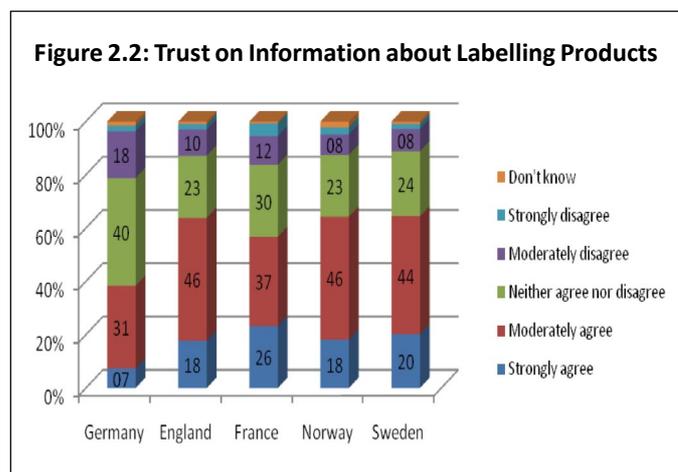
- i. To understand the consumers' perception on relevant labeling schemes for textiles and clothing,
- ii. To find out consumers' attitudes towards and practices regarding eco-labelling of textiles and clothing, and
- iii. To identify who the consumers' perceive as the responsible actors

Random sampling is done in Norway and quota sampling is done in other countries. The sample size is 1,000 respondents in each country. The data was collected through web survey in each country.

Here are the findings from the web survey done in the selected European countries:

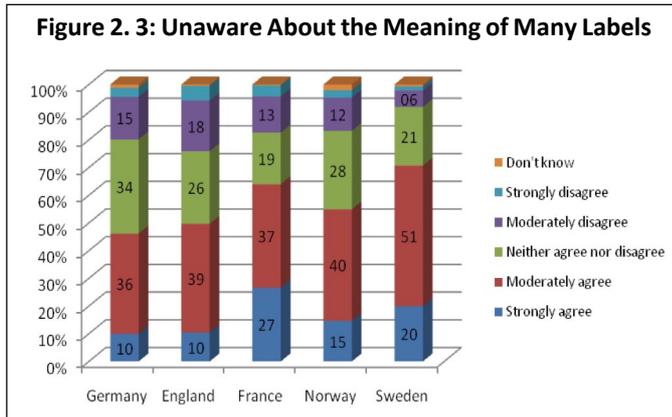


Here the respondents are asked whether or not the labeling helps them make better choices when shopping. Figure 2.1 shows that majority of the respondents in all countries either strongly or moderately agree with the statement. The French respondents seem more positive on the use of labeling as opposed to the Norwegians and English respondents.



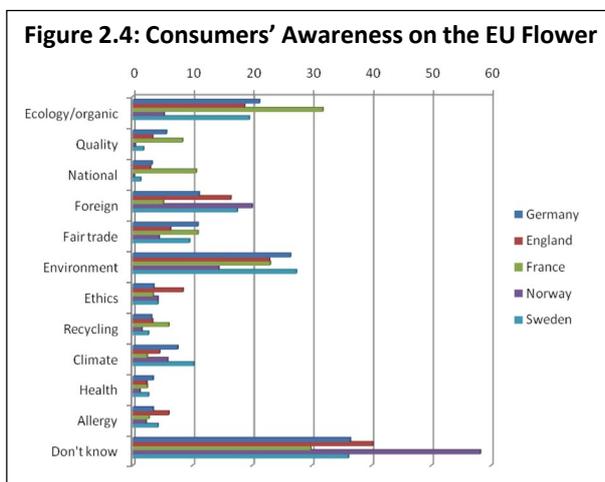
* Research Associate, CUTS International

Here the respondents are asked whether or not they trust that the information on labels on products is true. While a considerable number of respondents in Sweden, Norway, France, and England seem to trust the information on labels on products, a small number of respondents in Germany seem to trust the information. Only 38 percent of respondents in Germany either strongly or moderately agree with the statement but more than 60 percent of respondents in other countries agree with the statement.



Here the respondents are asked to opine on this statement: "There are many labels I don't know the meaning of." Significant percent of respondents across the selected European countries agree with this statement. Above 45 percent of the respondents in all the European countries either strongly or moderately agrees with this statement.

Ironically, majority of respondents in the surveyed European countries are unaware of the official European eco-label, the EU-Flower. Nearly 59 percent of the respondents in Norway are practically unaware of the EU-Flower. But, majority of respondents in France are aware about the EU-Flower. Only 29 percent of the respondents in France are unaware of the EU-Flower.



Very few respondents i.e. less than 9 percent in Norway and Sweden are unaware about Nordic Swan. And interestingly, above 70 percent of the respondents in both the countries relate this eco-label with the environment. In general, the survey shows that consumers across the European countries are unaware about global eco-labels such as the EU-Flower, mainly because little attention is given to these labels and more focus is given on national-level eco-labels (Figure 2.5).

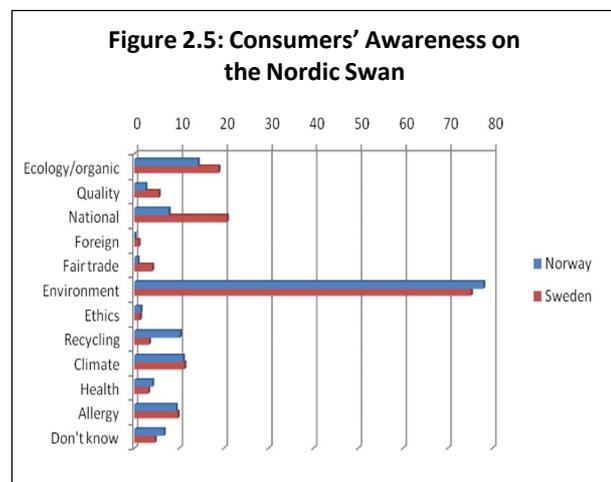
Figure 2.6 shows that Norwegians are least concerned about environment when buying clothes. Respondents from Germany, France, and Sweden are most concerned about the environment when buying clothes.

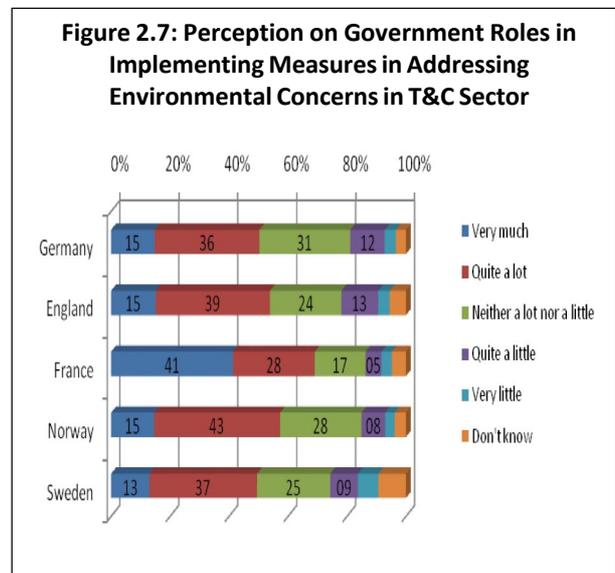
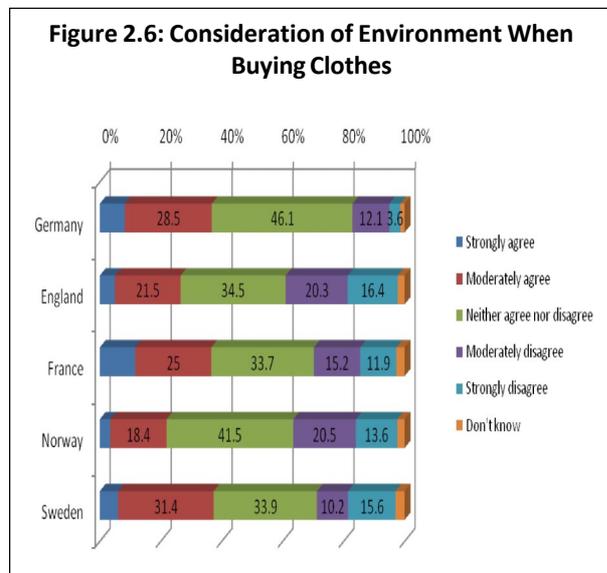
Figure 2.7 shows that more than 50 percent of respondents across the surveyed EU countries feel that the government must play a primary role in implementing measures to address environmental concerns in T&C sector.

B. Stakeholders' Survey- This survey is carried to understand the general experiences and attitudes of concerned Norwegian stakeholders in the textile industry. The study aims to identify any barriers for the use of eco-labels.

Specifically, the study seeks to clarify the following nature of questions:

1. What roles have the concerned stakeholders played towards increasing sustainability of the textile supply chain?
2. Who are the primarily responsible actors for sustainability in T&C sector?
3. And what can be the good solution to this sustainability issue?





A total of 17 interviews were conducted with 23 key informants. Among 23 key informants, six came from T&C businesses and their organisations, three from design institutions, three from labelling organisations, seven from political authorities/ministries, and the remaining three from NGOs and environmental organisations.

Stakeholders' Perspectives

On technical barriers to trade agreement for textiles and clothes imported to Norway, the informants in the Ministry of Trade and Industry informed that Norway can restrict the content of chemicals in textiles but the production process itself cannot be regulated. Here is an excerpt from the informant:

There are many requirements on chemicals in the textiles, it can be use of flame retardants and other chemicals connected to clothes. However, requirements on how the products are produced and all that are not included in the technical requirements.

Similarly, informants from the Ministry of Environment opined the following:

The Norwegian regulations will only apply to things affecting our environment directly. When it comes to a garment made of cotton in India, the main environmental effects would be in the production... and we can't imagine how we with regulations in Norway can prevent anyone from dumping tannery products in Indian rivers.

The Climate and Pollution Agency (CPA) in Norway is the responsible institution dealing with enforcement and control of existing regulations. The CPA was asked whether the industry considers environmental aspect

seriously or not, and the informant from the CPA said the following:

I don't work directly with control, but the signals that I have been receiving indicate that some takes it very seriously and others are not that serious about the issue. Some have good routines and others don't, it is as simple as that.

The Ministry of Environment was asked about its relationship with the Foundation for Eco-labelling. And one of the informants from the Ministry of Environment had the following to say:

The Ministry of Environment gives funding to the Foundation for Eco-labelling each year... this is to support Nordic Eco-labelling, to develop environmental criteria for important product groups, and to make the Nordic Eco-label known as the preferable alternative among producers and consumers... And we use it for everything that it is worth, both in the minister's speech and to encourage the industry to label their products. We have a good relationship to them, and it is an important political tool.

While the Ministry of Environment gives funding to the Foundation for Eco-labelling, the Ministry of Children, Equality, and Social Inclusion gives funding to other non-governmental organisations working on sustainability and consumer related issues. The Ministry was asked whether or not they regulate directly the consumers' purchases. And here is what the informant from the Ministry had to say:

We have had the attitude that we facilitate information, and hope that the consumers take the right choices.

There is a general concern that green public procurement (GPP) will have a positive impact on the use of eco-labels and environmental standards. When asked about GPP to one of the informants at the Initiative for Ethical Trade, the informant said:

From my point of view it looks like standards and certifications make it easier for the industry to document that they fulfil certain requirements for public procurement. It makes it much easier. It can still be very problematic to only look at the bright side of use of standards in public procurement, as it might create problems other places in the supply chain and much bureaucracy.

If the EU decides to set some green standards for their public procurement processes, it is evident that this will have an effect for the use of eco-labels. Public sector is a very important customer, and many would be interested in delivering to big customers like that.

Similarly, on the use of chemicals in the textile production, the Varner group was approached. The informant from the Varner group made the following remarks on the introduction of chemical tools for textiles:

We have implemented the chemical tool for textiles, and we see positive results as well as things that need to be improved and done differently. We have therefore created a procurement forum consisting of coordinators from each chain¹, where they can discuss their problems related to CSR – social issues as well as use of chemicals in the production. We have also developed some new tools internally and we have created a document for use by the purchasers.

The Federation of Norwegian Industries argues that a global consensus on the use of a certain set of environmental standards and the use of eco-labels is hard to come by because of competition among the global retailers. This therefore impedes environmental improvement in the textile industry:

The textile industry consists of many actors, from tiny proprietorship to large retailers like H&M or the Inditex group that are larger than H&M globally. These retailers don't cooperate. They are competitors, and they cannot agree on size labelling or environmental requirements. The environmental requirements must therefore come, either from local governments or from governments in the producing countries.

When asked about attitudes towards eco-labels, Voice Norway opined that the media provides a

negative image about the eco-labels:

If we should go that way [use organic cotton etc.] and use it for marketing purposes, then the media is a negative factor in Norway. They are only searching for mistakes in that kind of projects. Thus, in order to go through with a project like that one would need to have absolute control through all the stages of the production... and that is costly.

Overall, eco-labelling institutions have a clear message. That is: market gains from the increased use of labels in the market communication.

Such arguments are often used in the beginning of an eco-labelling process. All product categories are special. We have heard this for hotels, where the argument was quite similar, and for the paper industry, where arguments were quite different. The large investments were supposed to be an argument against labels for paper products. They have turned into successes anyway (Nordic Swan 2011).

C. Producers' Survey- this survey examines producers' perception on technical barriers to trade as well environmental trade barriers in the Indian T&C sector. The survey is conducted by ACE GLOBAL, India under the SESTI project. A sample of 105 producers/manufacturers of T&C products are surveyed from five major production centres. They are: National Capital Region (Delhi, Gurgaon, and NOIDA), Ludhiana, Panipat, Coimbatore, Tirupur, Ahmedabad, Mumbai, and Surat. The owners/ managers of the firms are interviewed face to face regarding an overall business profile and various technical barriers to trade in the T&C sector.

Some general characteristics of the surveyed firms are as follows:

Table 2.1 shows that the firms surveyed for this study are of varying sizes in terms of annual turnover. And annual turnover for the firms has increased over the years.

Annual Turnover (INR)	Number of Respondents/Firms		
	2008-09	2009-10	2010-11
Less than 10 million	3	3	2
10-100 million	34	32	29
100.1 -500 million	18	22	31
500.1 -1 billion	4	4	5
More than 1 billion	1	2	2
No Responses	45	42	36
Average Annual Turnover	152 million	187 million	237 million

Table 2.2: Access to Subsidised Credit

Loan Amount (INR)	Number of Firms				
	2006-07	2007-08	2008-09	2009-10	2010-11
Less than 10 million	-	1	1	-	-
10-100 million	3	4	6	7	8
100.1-500 million	2	-	-	1	-
More than 500 million	-	1	1	1	1

Credit is essential for firm's technological enhancement and capability building. It is required for upgradation of the technology and research and design to be competitive in today's world. The survey shows that very few firms have an access to subsidised credit.

Figure 2.8 shows that if firms comply with environmental standards, then exports volume increase. So this relationship basically shows that with increased years of compliance, the export of Indian T&C products has increased.

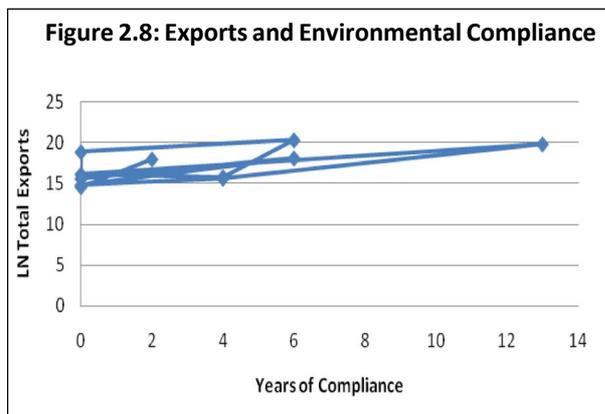


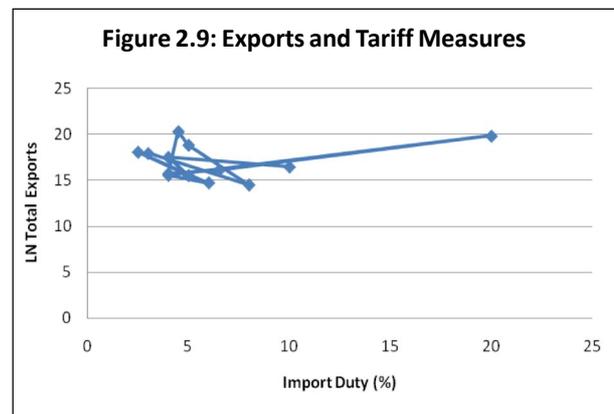
Figure 2.9 shows that with increased import duty, the export volume decreases except for one outlier. Indian T&C products have been facing increased import duty at the customs of importing countries, thus negatively affecting the export of Indian T&C products.

Economic Recession- with recession in the Western World especially in the US and the EU, the trading of Indian T&C products were affected. It resulted in

export order cancellation and reduced capacity utilisation for the firms.

Environmental Standards- Indian T&C products face environmental trade barriers due to non-compliance with environmental standards set by governmental and non-governmental organisations in the developed economies.

The survey asks the T&C firms about awareness on environmental standards. Figure 12 shows that a very large number of firms are aware of ISO 14001 and only 3 firms are aware of SSI.


Table 2.3: Awareness on Environmental Standards

Environmental Standards	Number of Firms Aware about Environmental Standards
ISO 14001	73
REACH (Registration, Evaluation, Authorisation, and Restriction of Chemical)	65
GOTS (Global Organic Textile Standard)	63
SA 8000 (Social Accountability)	61
WRAP (Worldwide Responsible Accredited Production Principles)	61
Oeko-Tex Standard 100	51
FLO (Fair-trade Labeling Organisations International)	37
Cedex	5
SSI	3

Table 2.4: Firms Complying with Environmental Standards

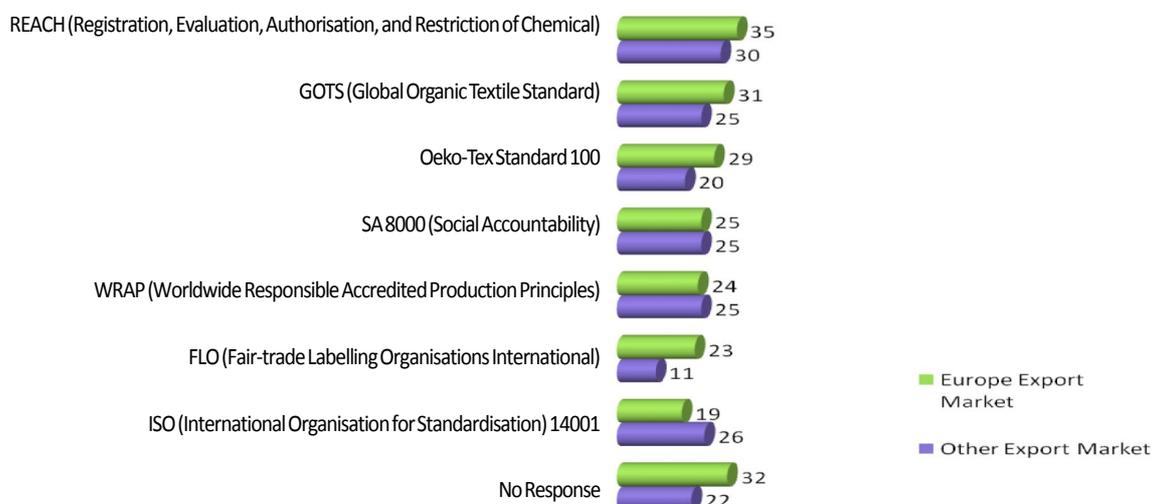


Table 2.4 shows that 35 firms that export to Europe have complied with REACH, and 30 firms exporting to other markets have complied with REACH. Other complied eco-labels are GOTS, Oeko-Tex, and SA among others.

Major Highlights from Consumer Survey

1. Consumers across the EU countries are generally aware of eco-labels and they agree that eco-labeling helps them make better choices while shopping.
2. But consumers are more aware of national-level eco-labels as opposed to global eco-labels.
3. Consumers across the EU countries strongly perceive that the government must play an active role in implementing measures to ensure environmental sustainability in T&C sector.

Major Highlights from Stakeholder Survey

1. Understanding about the negative environmental aspects of textile and clothing products is limited among Norwegian stakeholders associated with T&C sector.
2. The main responsibility of promoting green market in T&C sector lies in the hands of textile industries and global retailers.
3. Since many local and national-level environmental standards are opposed by various stakeholders, there is a need for internationally recognised standards in T&C sector.

Major Highlights from Producer Survey

1. Indian T&C products must meet the design, quality and content to remain internationally competitive.
2. In order to overcome environmental trade barriers, Indian T&C firms need to comply with environmental standards.
3. Survey findings show that if Indian T&C firms comply with environmental standards, then their export volume in the international market increases.

Note:

1. The Study is conducted by CUTS International along with SIFO with the support from Norwegian Ministry of Foreign Affairs.
2. Several graphs, tables, and other findings on consumer survey are taken from SIFO report on *Consumer Survey conducted in five European countries*.
3. Directly quoted statements and other findings on stakeholder survey are taken from SIFO report on *Stakeholders Interviews in Norway*.
4. The field survey in India was conducted by ACE GLOBAL.

3. Latest Developments in Eco-Compliance Issues

– Prasad Pant* and Satish Dasarwar**

Overview of the Textile Supply Chain and its Complexities

A supply chain is a *flow of activities* that encompass design, raw material procurement, production, information, communication, finance and marketing of a product, from raw material supplier to manufacturer to wholesaler to retailer to consumer. Supply Chain Management involves coordinating and integrating these flows both within and across companies.

The textile supply chain is a complex web of these activities as shown in Figure 3.1.

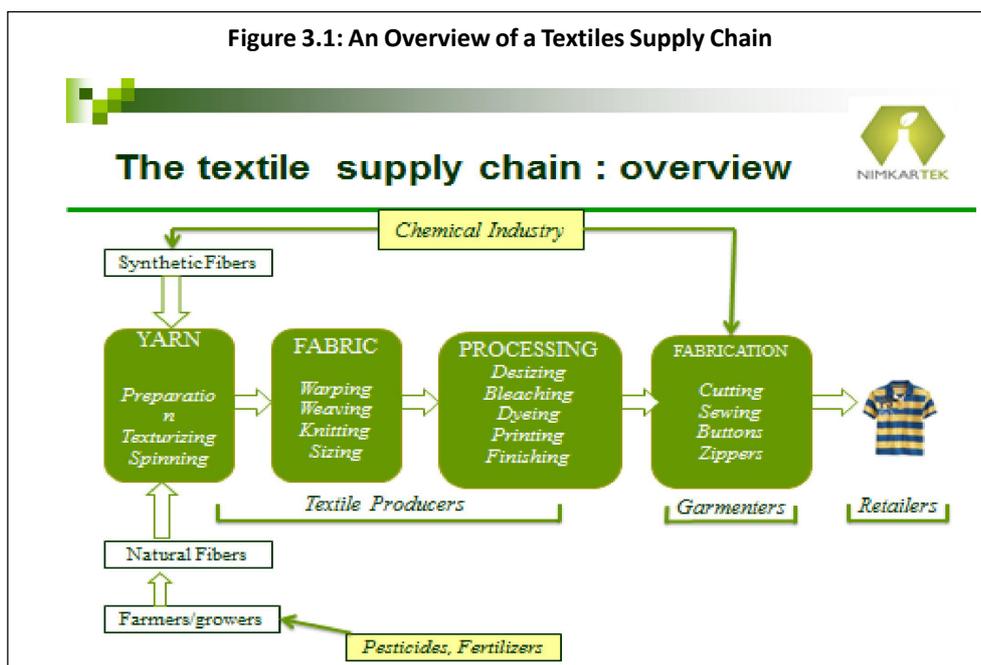
The operations in the textile flow starts with the **FIBRE**. In case of synthetic fibres, the raw material supplier is the petrochemical industry and in the case of natural fibres, it is the farmer who grows the cotton. For the petrochemical industry, the starting point is the coal tar refinery and for the cotton growing, the application of pesticides and other agricultural aids becomes an important factor. The fibres are then spun into a **YARN**, which is then woven into a **FABRIC**. Both these stages can be further down into more steps (ginning, carding, drawing, texturizing, sizing, and knitting/weaving). The

woven or knitted fabric then is subjected to **PROCESSING**, which is again made up of steps such as desizing, scouring, bleaching, mercerising, dyeing, printing, finishing, coating. The processed fabric is then **FABRICATED** into a garment or article, which comprises cutting, sewing, buttoning, etc. It then finally goes into the **RETAIL** market to the **CONSUMER**. This is further subjected to domestic laundering, ironing and then becomes waste or is re-cycled.

At each stage of this life-cycle of a garment, there are various impacts on the environment, use of resources such as water & energy and waste generation that affects the ecological footprint.

Also, at each stage, there is a value addition and cost escalation. Figure 2.2 shows how the costs escalate and what are the environmental impacts at each of these stages:

Today's supply chain has indeed become global, straddling across different geographical regions and time-zones. The apparel manufacturing has slowly and steadily shifted from the western countries to the developing nations. The World Bank has identified four



* CEO, Nimkar Tek Technical Services Pvt Ltd, ** Technical Manager, Nimkar Tek Technical Services Pvt Ltd

Figure 3.2: Example of Value Addition & Eco-impacts for a Men's Shirt in Textile Supply Chain



Source: *Creating Value in the Textile and Apparel Supply*, Textile Outlook International, January-February 2004 Chain

basic types of apparel exporting countries in the world, with the largest share of production occurring in Asia:

- **Steady Growth Suppliers:** China, Bangladesh, India, Vietnam, and Cambodia (Pakistan and Egypt can also be included on this list, but with smaller market shares)
- **Split Market Suppliers:** Indonesia (which is increasing its market share in the US and Japan, and decreasing its share in the EU), Sri Lanka (which is increasing its market share in the EU and decreasing in the US)
- **MFA-era Suppliers:** Canada, Mexico, the Central America Free Trade Agreement, (commonly known as DR-CAFTA, a free trade agreement (FTA) including the US and the Central American countries of Costa Rica, El Salvador, Guatemala, Honduras, Dominican Republic and Nicaragua), EU-12, Tunisia, Morocco and Thailand (all of which have registered sharp declines in textile and apparel exports after the MFA quotas were abolished in 2005)
- **Past-prime Suppliers:** Hong Kong, South Korea, Malaysia, Phillipines and other countries with decreasing market shares since the 1990s.

However, many Brands traditionally have been focusing on the end-article safety. In order to ensure that the final article is free from hazardous chemicals, most Brands formulate a **Restricted Substances List (RSL)**, which is a guideline of a set of chemicals that are prohibited for use or may be used upto a specified limit. The compliance to the RSL is generally checked through random sampling and testing of the finished article at accredited laboratories. Brands require their suppliers and business partners to study their RSL policy carefully, and implement processes in their operations to comply with these requirements and communicate the information to their internal teams and raw material suppliers.

Besides RSL awareness, Brands are building tools and systems that take into account other sustainability criteria like use of pesticides in cotton (organic cotton), water & energy consumption, worker safety, social compliance, life cycle analysis of product and air emissions. These brands incorporate these initiatives in their **policy declarations & corporate missions**.

The Role of Brands in Consumer Safety and Eco-compliance

With the shift in manufacturing base from the market countries in the West to the producer countries in the East, the monitoring of the supply chain activities such as logistics, deliveries, quality and environmental compliances & change over time has undergone a paradigm shift. The fragmented nature of the supply chain has compounded the challenges to Brands to ensure consumer safety and eco-compliance in their products. Product safety systems ideally should cover the whole process flow from raw material procurement to spinning to processing and finally to the delivery of end products.



The question is:

Is there actual compliance with such initiatives and policies across the fragmented and diverse supply chain?

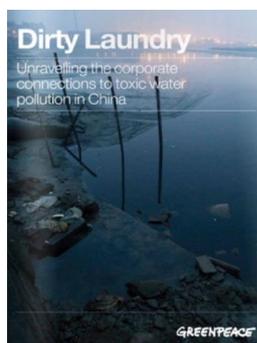
The Dirty Laundry Campaign

A new investigative campaign from an international NGO- Greenpeace- called “Dirty Laundry”, has brought out some pointers to the above question.

Background of the Dirty Laundry Campaign

Greenpeace started a campaign to profile the problem of water pollution resulting from the release of hazardous chemicals by the textile industry in China. The investigations focused on two facilities in China – the *Young or Complex* on the Yangtze River and the *Well Dyeing Complex* on the Pearl River that were suspected to be discharging a range of hazardous and persistent chemicals with hormone-disrupting properties. The results of these investigations are indicative of a much wider problem that is posing serious and immediate threat to both our precious ecosystems and to human health.

The Greenpeace team went to the above mentioned facilities in China and collected waste water samples discharged from these complexes after treatment at their water treatment plant. They collected two samples from the *Young or Complex* in June 2010 and March 2011. Similarly, Greenpeace investigated *Well Dyeing Complex* and collected waste water sample in 2010 from a pipe connected to the facility of *Well Dyeing* factory.



The samples collected from these two facilities were scientifically analysed by research commission team of Greenpeace and the results were compiled & published by Greenpeace in the '*Dirty laundry Report 1-Unraveling the corporate connections to toxic water in China: testing of effluent in China.*'¹

The report details the hazardous and persistent chemicals that were found in the waste water samples. Chemicals such as Nonylphenol, Perfluorinated compounds (PFOS, PFOA), Amines, Chlorinated phenols, heavy metals, amines and Tri-butyl phosphate were found in the wastewater. This is of significance given that both these facilities were major suppliers to leading international clothing brands.

Subsequent to this investigation, Greenpeace undertook another campaign with a focused approach on Nonylphenol – a proven endocrine disruptor. 78 articles from various Brands' flagship stores were picked up and tested for Nonylphenol ethoxylates (NPEs). The articles ranged from fabric- based shoes to shirts, jackets, trousers and innerwear. The articles had both natural and synthetic fabrics, and were manufactured in 13 producer countries. The results of these findings were published in their '*Dirty Laundry Report 2 – Hung Out to Dry: Unraveling the toxic trail from pipes to products.*'²



The findings showed that *of the 78 articles analysed, 52 (two-thirds) tested positive for the presence of NPEs above the limit of detection of 1 milligram NPEs/kilogram material.*

This proved that Alkyl phenol ethoxylates (APEOs) are being widely used in the processing chain, even for leading brands – in spite of the brands claims of implementing RSLs at their suppliers. It also showed that this is not just limited to China but applicable across the producing countries in the supply chain & that the Brands are not addressing this issue adequately.

In March 2011, Greenpeace undertook a further study '*Dirty Laundry Reloaded: How big brands are making consumers unwitting accomplices in the toxic water cycle*' on these garments to check the release of these NPEs on domestic laundering to show that these NPE residues, coming into the clothing items during textile, remain in many clothing items sold by the brands and, when washed, a significant percentage of the chemicals is released and subsequently discharged into rivers, lakes and seas. Here, they breakdown into the persistent and endocrine- disrupting chemical Nonylphenol (NP).

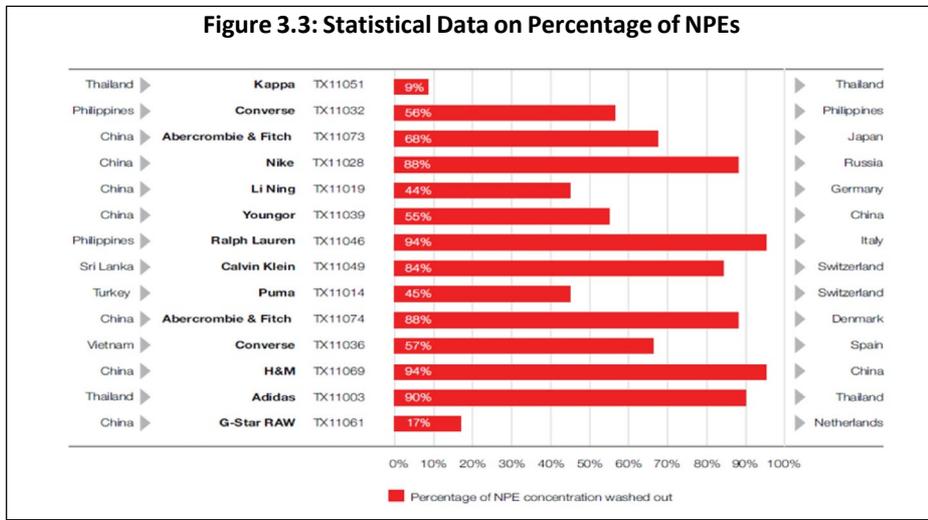


NPEs are readily water-soluble and residues in fabrics are, therefore, susceptible to loss to the water phase during laundering under standard domestic conditions. To corroborate this, 14 samples out of the 54 positive tested garments were subjected to domestic laundering

1 The report is available at <http://www.greenpeace.org/international/Global/international/publications/toxics/Water%202011/dirty-laundry-12pages.pdf>

2 The report is available at <http://www.greenpeace.org/international/Global/international/publications/toxics/Water%202011/dirty-laundry-report-2.pdf>

Figure 3.3: Statistical Data on Percentage of NPEs



and the release of NPEs at each wash was measured. Figure 2.3 gives the statistical data on percentage of NPEs washed out from tested articles in one wash.

The results from this testing shows that 17 to 94 percent of NPE residues are washed out from the fabric during a single wash, with more than 80 percent being washed out for half the samples.

The Dirty Laundry reports thus have blown the lid off the role Brands are expected to play in product and consumer safety by ensuring compliance of their supply chain. The challenges due to the fragmentation and complexities of the supply chain have been brought into focus by the Dirty Laundry Campaign.

The entire campaign can be summarised by the below schematic diagram taken from the Dirty Laundry Reports:

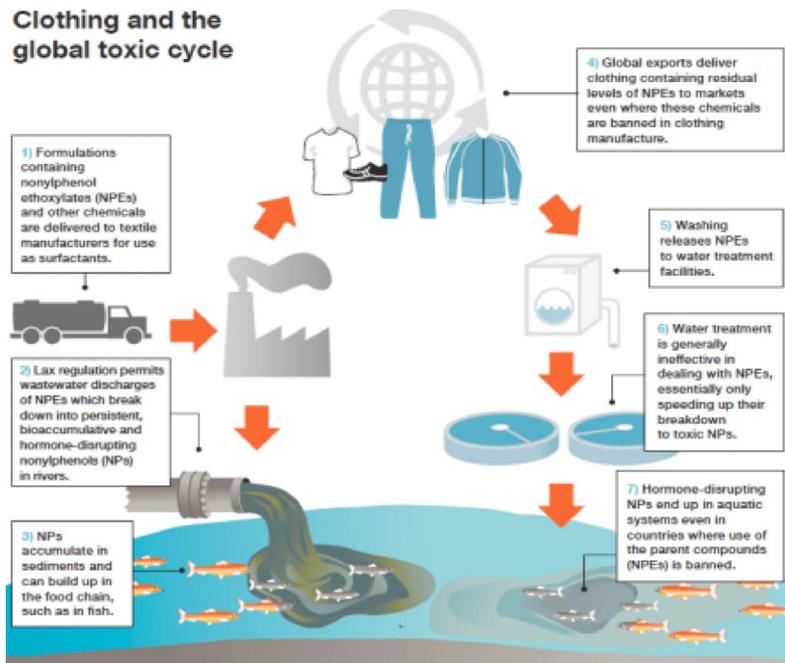
The Detox Challenge

Greenpeace challenged the Brands to commit their entire supply chain to shift to use of zero-toxic chemicals by launching the ‘Detox Now!’ campaign.

The activists have urged potential customers to “rethink” their decision to purchase the contaminated clothing. After storming stores, the



activists handed out campaign leaflets to customers and gave store staff yellow warning cards that cautioned the brand line of clothing to “play clean”. Greenpeace is asking supporters and consumers to challenge major



Source: Greenpeace Report, Dirty Laundry 2: Hung Out to Dry

brands to “Detox” their supply chain and products and to champion a toxic free future.

The Response of leading Brands to the Detox Challenge: ZDHC

In response to the Greenpeace Detox Now! Challenge, seven leading Brands (which are now eight after the entry of Levi Strauss in May 2012) came together and made a commitment to eliminate all releases of hazardous chemicals from its entire product lifecycle, and across its global supply chain by 2020. As a part of this commitment, a Joint Roadmap was announced in November 2011 with the support of several expert organisations and a larger group of other brands in the industry.

The Joint Roadmap is a challenging one, but also represents a landmark opportunity to contribute to a cleaner environment and to safe and secure conditions for people. This *Joint Roadmap toward Zero Discharge of Hazardous Chemicals* is the first in a series of communications by this group of brands.

Puma, the world’s third-largest sportswear brand, had first responded to a Greenpeace challenge to ‘detox’, by publicly committing to the elimination of all releases of hazardous chemicals from its entire product lifecycle, and across its global supply chain by 2020

Nike and Adidas also agreed to address the issue of the public’s “right to know” by ensuring full transparency about the chemicals being released from its suppliers’ factories.

These brands were joined by C&A, H&M, G Star and Li Ning – and recently by Levi Strauss – to form the ZDHC Group of Brands. More brands are expected to get on-board.

The Impact of ZDHC and Future Concerns

The founding group of brands has developed specific programmes and actions to drive the textile industry toward the goal of zero discharge of hazardous chemicals.

The joint roadmap covers the use and discharges from the full supply chain for all products and across all pathways, including waste water and sludge by 2020. Several milestones have been earmarked for achievement. These include:

- Pilot studies at vertically integrated mills in China, Bangladesh and India
- Continual communication & training across the supply chain
- Develop a comprehensive inventory of chemicals used in textile
- Develop a screening tool for intrinsic hazards in these chemicals

- Identify greener alternatives
- Develop a shared audit protocol and incentivize the supply chain to fulfill this protocol
- Focus initially on 11 Priority Chemical groups as listed below:
 1. Phthalates (ortho-phthalates)
 2. Brominated and Chlorinated flame retardants
 3. Azo dyes
 4. Organotin Compounds (e.g. TBT)
 5. Chlorobenzenes
 6. Chlorinated Solvents
 7. Chlorophenols (TCP, PCP)
 8. Short-Chain Chlorinated Paraffins (SCCPs)
 9. Heavy Metals (cadmium, lead, mercury, chromium (VI))
 10. APEO/NPEO
 11. Perfluorinated Chemicals (PFCs)

Geographic Scope

The initial pilot/programme will be designed to cover a relevant portion of the business volumes for brands, and ZDHC group will initially focus on a subset of countries that may include China, Philippines, Taiwan, Bangladesh, Thailand, India and Indonesia.

Future Concerns for the ZDHC

The complexity of Brand’s supply chain

One of the major concerns for the Brands is to map their global supply chains. The main actors involved are Garment supplier (Tier 1), fabric processor (Tier 2), suppliers to these manufacturers like trims and accessories producers and chemical suppliers (Tier 3). It is also important to consider the new actors coming in or leaving the supply chain and its effect at each level in supply chain.

Chemical Residues in waste water

Currently the practice of addressing the issue of chemical residues in articles is to test an article for the restricted substance for the prescribed limit. However, some toxic chemicals do not fix onto the fabric, but will now be found in waste water and sludge. These went undetected so far.

Limitations of information on chemical ingredients

Chemical suppliers provide MSDS to provide information on hazardous ingredients in their formulations. In many cases, these MSDSs are incomplete or contain information that is not understood. Also, as per GHS guidelines, hazards less than 0.1 percent need not be reported in an MSDS. This already means 100 ppm residues in the product!

Derivatives of Nonyl phenol

Although 4-20 moles of Nonylphenol Ethoxylates (NPEOs) are more popularly used, there are other derivatives of NP such as those that are subjected to Sulphonation, Propoxylation, Phosphorylation,

Etherification, Esterification and Chloroacetylation. All these derivatives will ultimately breakdown into NP and will get discharged into water. The degradation of these derivatives also needs to be studied.

Disclosure by chemical manufacturer

Dialogues with chemical supplier will have to be initiated wherever there are “proprietary” formulations. Software tools for screening of input chemicals will have to be developed to prepare a “positive” list of chemicals.

Lab facilities

Testing and analysis of waste water & sludge will require new sampling and analytical techniques. Also, correlation of test data from different labs to assess the correctness of results, as well as increasing the number of capable lab facilities will have to be done to meet the demands of testing.

Development of Green Chemistry

The ZDHC will provide the much needed impetus to development of green products and chemical processes. Today such products are available or under progress, but not widely popular either due to higher costs or lower performance. The ZDHC implementation will be the driving force for more investments and initiatives in green chemistry projects

Training and education across the supply chain

There is a need to thoroughly understand the issues involved in ZDHC. Only with a continuous training and education at each level of the supply chain will there be a change in mind-set and an inherent willingness to comply with the ZDHC issues.

The Dirty Laundry Campaign: It's Impact on India

The Detox Now! Campaign is expected to have certain and big impact on the Indian textile industry and the Indian consumer. The campaign has led to an upward swing in the awareness levels of the end-consumer and also brought the issue on the agenda of leading international brands. Unfortunately, the Indian customer is yet not sensitised to the issue of product and consumer safety. He is not aware of the possible effects of toxic chemicals being used in apparel manufacture. The Indian government – apart from a very strict enforcement of pollution emission norms in some parts of the country – has so far not taken concrete measures to protect the consumer from the hazards of chemicals in the end-article.

Local Brands- although quite aware of international trends- have also not incorporated any policy on consumer safety for their products in India, solely due to lack of knowledge amongst the Indian consumer. This apathy towards restrictions on hazardous chemicals in textiles may well be terminated with this campaign. The

suppliers of garments to the ZDHC group of brands will first face the pressure of clean-up, and this may well translate into such measures being taken even for domestic production. This issue needs to be debated and highlighted for urgent action by the government, Indian NGOs and the general consuming public!

Sustainability Tools

Higg Index of SAC (Sustainable Apparel Coalition)

‘The Higg Index 1.0’ is primarily an **indicator** based tool **for apparel** that enables companies to evaluate material types, products, facilities and processes based on a range of environmental and product design choices. It was launched in May 2012 by Sustainable Apparel Coalition which is an industry-wide group of over 60 leading apparel and footwear brands, retailers, suppliers and NGOs working to reduce the environmental and social impacts of apparel and footwear products around the world.

Based on the [Outdoor Industry Association's Eco Index](#) and [Nike's Apparel Environmental Design Tool](#), the Higg Index provides a comprehensive assessment of a product's social and environmental impacts, allowing companies to identify opportunities to improve long-term sustainability throughout their supply chains.

This is a transparent and open-source tool for comprehensive measurement of apparel and footwear products, the current version of the Higg Index focuses on measuring desired environmental outcomes in the following categories:

- Water use and quality
- Energy and greenhouse gas
- Waste
- Chemicals and toxicity

The SAC is working continuously to refine the tool further, and a future iteration of the Higg Index, slated for release in 2013, will also incorporate key social and labor metrics.

MADE-BY's 'Detox Package' for Zero Discharge

MADE-BY has launched a multi-tiered consulting platform to support the fashion industry in improving both their chemical management and their management of water and energy inputs. By offering supplier energy, waste and water data collection capabilities where brands can see how these resources are being managed and improved upon, MADE-BY's 'Detox Package' provides a bespoke plan of action, beginning with 'supplier mapping' which shows brands specifically where their suppliers are located – followed by a Wet Processing tool assessment which identifies the key standards and certifications that are most applicable to their tier two suppliers. From basic awareness rising, to advanced

strategic planning, to guidance on certifications and standards and phasing in of green substitutes, MADE-BY is helping brands tackle the challenge of 'detoxing' their supply chains.

Conclusion and Comments

In the endeavour to provide more cost effective business models, garment manufacturing - and the supply chain therein- shifted from the developed countries to "low cost", developing areas such as China, India, Bangladesh, Vietnam, Brazil and Indonesia, due to which it has undergone a metamorphosis. The fragmentation and geographic spread of the supply chain is presenting new challenges in logistics, economies -of -scale and quality & environmental compliance. As they move to lower and lower cost areas, it is becoming more difficult for the Brands to ensure product and consumer safety from supply areas where environmental legislations are lax, and the awareness about eco-issues is minimal.

The Dirty Laundry Campaign shows that inspite of the Brands eco- initiatives and corporate missions to ensure that their supply chains are free of hazardous chemicals, many such chemicals are finding their way into the effluent at the place of manufacture, as well as on the finished garment. These chemicals are washed out from the garments and find their way ultimately in the rivers, thereby polluting them and hence all the environment-related standards being raised. Greenpeace's Detox Challenge to international brands to clean up their supply chain has brought this issue on the agenda of major Brands. In a quick response to protect their reputation, 8 Brands have come together and committed to make their supply chain free from hazardous chemicals by 2020.

This ZDHC roadmap will impact the textile supply chain in a huge way, since for the first time, hazardous chemicals will be checked not only on the finished article, but also in waste water, sludge and (at a later stage) in air emissions. This means that all input chemicals will have to be necessarily free from any hazards to ensure a clean output. This is quite significant for Indian textile and clothing supply chain besides the manufacturers/exporters.

The ZDHC effort should have the following impacts:

- An impetus to the growth of green chemistry and green alternatives
- A greater awareness about environmental and health issues due to training & education
- Growth in laboratory testing facilities and their capabilities
- Development of software tools and other initiatives for chemical screening, chemical management and emission measurements.
- A more scientific mapping and monitoring of the Brands' supply chains
- Greater compliance to MSDS & compliance declarations by chemical manufacturers
- A marginalisation small- scale chemical manufacturers & formulators (who may not afford facilities for testing & research) and dominance of large scale multi-national chemical companies.
- Increase awareness about consumer safety and the need for restricting use of hazardous chemicals in textiles, even in countries with lack of such awareness, such as India, China and Bangladesh.

It is thus hoped that the ZDHC will turn out to be a boon and provide an opportunity for a clean- up operation in the textile supply chain rather than a being a four-letter word!

FOOD FOR THOUGHT

- Can we also generate our own Detox Now! Style of campaign to create awareness about hazardous chemicals in textile production in India?
- Are CSOs in India doing enough to increase public awareness and put pressure on Indian brands and government to accord importance to the issue of consumer safety in clothing?
- Will the international Brands that have committed to the Roadmap to Zero be able to accomplish this by 2020? Or have they bitten much more than they can chew?
- Will the ZDHC clean-up activities result in increased costs to their suppliers? Or will it generate a paradigm shift in the way textile production is being done now? Will it lead to more sustainable and path-breaking technologies?
- Sustainability has become a fashion word in today's world. Will the Dirty Laundry campaign make the fashion industry and leading brands work more seriously about the issue of sustainability?

4. Ecolabels: Commercial Exploitation or Solution to Environmental Compliance?

– Simi T. B.*

LET'S MAKE OUR PLANET GREEN!

Participants will:

- become familiar with the concept, philosophy and principles of ecolabelling
- understand type I eco-labels and the relevant International Organisation for Standardisation (ISO) standards
- know about the major textile eco-labels world-wide and in particular in Europe
- understand the life-cycle-approach to eco-labelling
- realise the reason behind the proliferation of ecolabels in the recent times
- realise the true potential benefits associated with ecolabels



Environmental Information Systems and Eco-labels

Environmental Information Systems

Environmental Information refers to any limited or detailed information on the environmental attributes or performance of products, services, or facilities. This can take many forms, including written claims or declarations, tables or matrices, and labels or logos. The information can appear in annual reports, newspaper, radio or television ads, in catalogues, or on products.

When one speaks of Eco-labels, it is typically in association with products or services, and the Eco-labels usually appear on the product packaging or in any reference material (e.g. websites, catalogues).

Ecolabels

The implementation of Eco-labels started with the introduction of the German Blue Angel in the late seventies. The majority of national third-party labelling schemes have emerged during the late eighties and nineties. Main objectives to establish eco-label schemes are:

- guiding the consumer in purchasing quality products with fewer adverse environmental impacts, in respect to the products of the same category available in the market,
- encouraging manufacturers to develop and supply environmentally sound products, and

- using the eco-label as a market-oriented instrument of environmental policy.

In the 1990s, the International Organisation for Standardisation (ISO) developed a series of guidance standards (as opposed to certification standards) related to environmental labels. (refer below) Of course there are many other types of labels already in the marketplace, like organic labels and energy labels. In addition, there are also labels designed more for social causes, such as 'fair trade' and 'child labour free' labels. Generally the public does not distinguish such labels from environmental labels.

Goal of Ecolabels

As has been identified by the International Organisation for Standardisation (ISO), the overall goal of environmental labels and declarations is:

"...through communication of verifiable and accurate information, that is not misleading, on environmental aspects of products and services, to encourage the demand for and supply of those products and services that cause less stress on the environment, thereby stimulating the potential for market-driven continuous environmental improvement".

Purpose of Eco-labelling

The purpose of Eco-labelling is to create market advantage for environmentally preferable products. The desired outcome is to have those preferable products

* Assistant Policy Analyst, CUTS International

displace products with lesser environmental performance. The losers in this process will either disappear from the marketplace over time or find ways to improve their environmental performance in order to regain market share.

Environmental Benefit

Establishing the level of stringency and increasing that stringency over time, however, does not create environmental benefit directly. It simply sets the bar for the adopters of Eco-labels to achieve market advantage and thus increased market share. The environmental benefits begin to accumulate only when the market forces begin to act, and significant purchasing activity moves toward those environmentally preferable products. In other words, simply setting an Eco-labelling programme in motion and certifying products does not create environmental benefit by itself. The benefits only begin to accrue when market forces begin to act and force the environmental profiles of the products being placed in the marketplace to improve.

Types of Standards

Eco-labels are considered by some to fall into the broader category of environmental standards. In this regard, it should be noted that three different kinds of environmental standards can be developed. They are:

(a) process based environmental standards. These are standards that promote the incorporation of environmental considerations into decision making. The best examples are the various Environmental Management Systems (EMS) standards, including the ISO 14001 standard. These kinds of standards are normally considered only for companies and operations. Each operation or company sets its own

environmental goals and targets. Certification to these standards does not automatically demonstrate any level of environmental performance. Instead, it means that the company has put an appropriate system in place.

- (b) design based environmental standards. These are standards that prescribe how a product, service or facility is to be designed or operated from an environmental perspective.
- (c) performance based environmental standards. These are standards that require certified products to meet specific environmental performance requirements and most often include information on how the performance is to be measured, and how they should be reported.

Elements of Eco-labels

Eco-labels have come to be understood and used as any kind of environmental information system, and can be applied to products, services, facilities, and even resource bases. The main elements that distinguish these various types Eco-labels are:

- mandatory or voluntary;
- single attribute or life cycle based;
- applies to a single sector or multiple sectors;
- degree of independence (for label issuance as well as verification)
- type of label - information, relative rating or leadership.

ISO Types of Eco-labels

The ISO has developed a series of “guidance” standards related to environmental labels. They are:

STANDARD	DESCRIPTION	APPLICATION
ISO 14020	Environmental Labeling: General Principles	Sets out nine general principles that apply not only to labeling schemes but to all environmental claims, designed to promote accurate, verifiable and relevant information
ISO 14021	Environmental Labels and Declarations: Self-Declaration Environmental claims, Terms and Definitions	Sets out requirements for Type II labels , i.e. environmental claims made for goods and services by the producer. Certification to these standards does not automatically demonstrate any level of environmental performance. Instead, it means that the company has put an appropriate system in place.
ISO 14024	Environmental Labels and Declarations: Environmental Labeling Type I , Guiding Principles and Procedures	Voluntary, multiple-criteria based, third party programme that awards a licence which authorises the use of environmental labels on products indicating overall environmental preferability of a product within a particular product category based on life cycle considerations.
ISO 14025	Environmental Labels and Declarations: Type III environmental declarations - Principles and procedures	Environmental declarations (detailed information – usually a matrix) primarily intended for use in business-to-business communication, but their use in business-to-consumer communication under certain conditions is not precluded.

Example of Type I, II & III

TYPE I	TYPE II	TYPE III
		

ISO 14020 Principles

The principles of ISO 14020 for environmental labels and declarations are as follows:

- Information shall be accurate, relevant and not misleading
- Procedures and requirements shall avoid unnecessary barriers to trade
- Shall be based on scientific methodology sufficiently thorough and comprehensive to support the claim and that produces accurate and reproducible results
- Information concerning related procedures and any criteria shall be made available upon request
- Development shall take into account all relevant aspects of the life cycle of the product
- Shall not inhibit innovation
- Administrative requirements for information shall be limited to those necessary to establish conformance
- The process should include open, participatory consultation. Reasonable efforts should be made to achieve consensus
- Information on environmental aspects of products and services shall be made available to purchasers and potential purchasers.

ISO 14024 Principles

The principles of ISO 14024 are as follows:

- Participation is voluntary
- ISO 14020 Principles also apply
- Applicants shall comply with environmental and other relevant legislation
- Criteria development shall include comprehensive life cycle consideration approach
- Environmental criteria should differentiate environmentally preferable products from others

- Criteria should be based on indicators arising from life cycle considerations and be set at attainable and measurable levels
- Fitness for purpose and levels of performance [of products] should be taken into account when developing criteria
- Criteria shall be set with a predefined validity period and criteria and product function requirements shall be reviewed, and potentially revised, within predefined time periods
- A formal and open participation process shall be used for selection and review of product categories, environmental criteria and product function characteristics
- All [product] environmental criteria and function characteristics shall be verifiable. Compliance assessment shall incorporate generally acceptable standards and methods
- Transparency shall exist through all stages of Eco-labelling programme development and operation; information on significant programme aspects shall be available for inspection and comment by interested parties
- Unnecessary obstacles to international trade shall not exist
- Application and participation is open to all potential applicants
- Development and selection of criteria shall be based on sound scientific and engineering principles
- The programme shall be free from undue influence
- Fees are kept as low as possible and applied equitably to all applicants and licencees
- Confidentiality of pertinent information is maintained
- Mutual recognition is deemed desirable



product group are developed considering the life cycle. Environmental criteria are being developed for a wide range of everyday products. Most important product categories are tourist accommodation services, textiles products, paints and varnishes, and cleaners. The majority of the applying companies come from Italy, France, and Denmark. 21 Asian companies also have been awarded the EU Ecolabel so far; and most of the licences have been issued to Textile products.



The Blue Angel (see: www.blauer-engel.de/en/index.php) is the first and most well-known eco-label worldwide. Since 1978 it has set the standard for eco-friendly products and services selected by an independent jury in line with defined criteria. Today, about 11,700 products and services in circa 120 product categories carry the Blue Angel eco-label. Surveys by the Federal Environmental Agency show the great brand awareness of the Blue Angel with 76 percent. 39 percent of the consumers consider the eco-label in their purchasing decisions. The Blue Angel certification is open for international textile manufacturers and service providers, though currently only 15 percent of the total Blue Angel eco-label holders are companies located outside of Germany.



The Nordic Ecolabel (see: www.nordic-ecolabel.org/) is the official Ecolabel of the Nordic countries and was established in 1989 by the Nordic Council of Ministers. It is a voluntary, positive Ecolabelling of products and services. The Nordic Ecolabel was also initiated as a practical tool for consumers to help them actively choose environmentally-sound products. It is an ISO 14024 type 1 Ecolabelling system and is a third-party control organ. The Nordic Ecolabel is established and internationally well-known. A recent Nordic market survey showed that in the Nordic countries 94 percent recognised our trademark as an Ecolabel. Today there are 63 product groups, including textiles.

Oeko-Tex Standard 100 (see: www.oeko-tex.com) is a globally uniform testing and certification system for textile raw materials, intermediate and end products at all stages of production. It was developed in 1992. There are currently over 9,500 textile and clothing manufacturers throughout the textile processing chain

in more than 90 countries certified according to the Oeko-Tex® Standard 100. With over 95,000 certificates issued and millions of labelled articles in almost all product sectors, the “Confidence in textiles” label is the best known and most widespread test label for textiles tested for harmful substances in the world.



Oeko-Tex Standard 1000 (see: www.oeko-tex.com) is a testing, auditing and certification system for environmentally friendly operations in the textile and clothing industry. The label was launched in 1995. Precondition for certification is the satisfaction of the stipulated environmental and social criteria as well as the proof that at least 30 percent of total production is already certified according to Oeko-Tex Standard 100. Besides, the company has to implement an environment & quality system, comparable with ISO 14001. However, the interpretation of the environmental quality system is much more concrete in Oeko-Tex standard 1000. Moreover, there are severe requirements regarding machine and work-floor safety.



Since its introduction in 2006 by the International Working Group on Global Organic Textile Standard, the **GOTS** (see: www.global-standard.org/) has gained universal recognition, enabling processors and manufacturers to supply their



organic textiles with one certification accepted in all major markets. With more than 2750 certified textile processing, manufacturing and trading operators in more than 50 countries and an abundance of certified products, GOTS has become the leading standard for the processing of textile goods using organic fibres, including environmentally oriented technical as well as social criteria. A minimum of 70 percent of the fibre material used must be certified organic, other ways no GOTS certification of the product is possible.

KRAV (see: <http://www.krav.se/>) is a key player in the organic market in Sweden since 1985. The aided awareness is 98 percent! KRAV standards include requirements for organic production but also



cover issues for animal welfare, health and social justice. Around 4 000 farmers and approximately 2000 companies in processing and trade are associated to KRAV. At present there are more than 6200 KRAV-certified products. Five certification bodies carry out inspections according to KRAV standards. At present, the KRAV standards for textiles, only encompass textile raw materials such as for example, cotton, wool, flax



Guarantees
a **better deal**
for Third World
Producers

Fairtrade Labelling Organisation (FLO) launches in 2002 a new International Fairtrade Certification Mark (see: <http://www.fairtrade.net/>)

The goals of the launch were to improve the visibility of the Mark on supermarket. Certification is carried out by an independent international certification company, FLO-CERT. The main idea behind the fair trade approach is neither organic nor environmental criteria, its main focus is on the social and economic aspects of production. Surprisingly majority of these products are also claiming to be organic produced. This is especially the case for cotton, and most of them are produced in India.

EcoCert (see: <http://www.ecocert.com/en/>) is an inspection and certification body established in France in 1991. With 23 offices and subsidiaries,



Ecocert operates and offers its services in over 80 countries thus making it one of the largest organic certification organisations in the world. ECOCERT primarily certifies food and food products, but also

certifies cosmetics, detergents, perfumes, and textiles. EcoCert requires a minimum of 95 percent natural origin as a baseline entry and a minimum of 5 percent organic content for the "Natural" standard and a minimum of 10 percent organic content for the "Natural/Organic" standard. Up to 5 percent of ingredients can be synthetic. Limited synthetic preservatives are allowed. Water can be included in its calculation of organic content.

Selecting an Appropriate Label

A manufacturer while selecting an eco-label for its product should give importance to the following factors (refer Figure 4.1) –

- *Know your buyers requirements* – This will vary from country to country and be influenced by consumer preferences.
- *Focus on your major export product* – Certify your major export product first.

- *Know your company's capability* – Select those labels whose criteria are easy to be achieved and sustained.

Environmental Standards and Trade

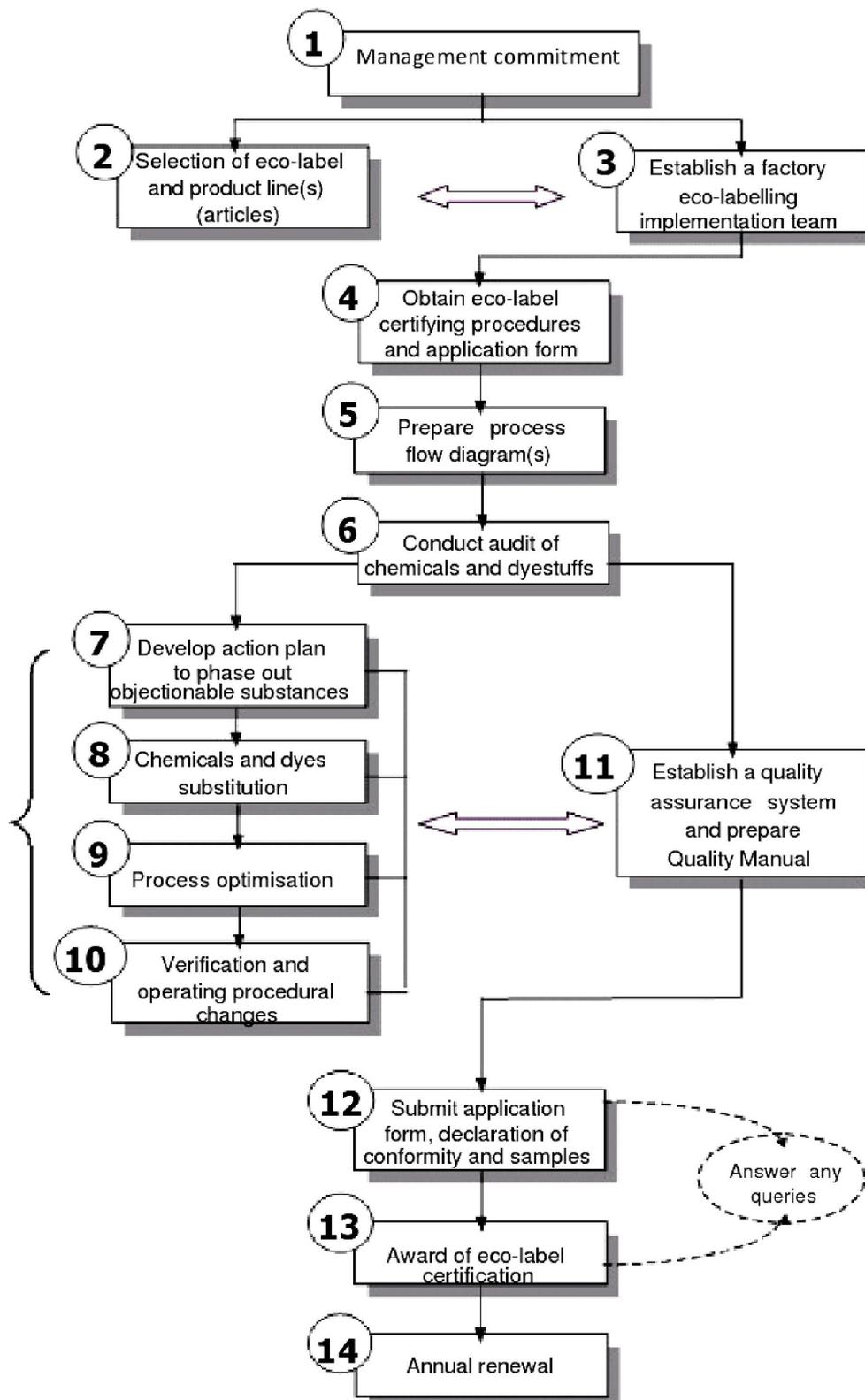
Since the very beginning, environmental labelling and in particular eco-labels have been an issue in the international trade discourse between developed and developing countries. Eco-labels developed newly by developed countries are always subject to criticism from developing countries and are largely perceived to be yet another trade barrier. Primary reason being the fact that the stringent eco-labelling criteria that are developed are at par with the developed countries production and processing techniques, which developing countries are not able to meet generally. Other reasons being - inflexible nature of the labels, lack of awareness on environmental issues, limited finance and lack of incentives and support framework.

The discussions in the World Trade Organisation's Committee on Trade and Environment (WTO-CTE) on labelling shows that there appears to be a consensus that voluntary, participatory, market based and transparent environmental labelling schemes are potentially efficient economic instruments in order to inform consumers about environmentally friendly products. However, all members agree on the need for transparency in developing and implementing eco-labelling schemes, so as to avoid causing disadvantages to foreign producers.

But, standards are not always a major trade barrier as it is perceived to be. One of the important observations by GK Saini (2009) in his paper titled '*Non-Tariff Measures Affecting India's Textiles and Clothing Exports: Findings from the Survey of Exporters*' was that the exporter feels that barriers in the form of quality and standard requirements are good for Micro, Small and Medium Enterprises as these firms increase their competitiveness during the process of meeting standards. Trade barriers promote internal competition among exporter's thereby increasing firm's efficiencies and competitiveness. For instance, establishment of a water treatment plant is a capital expenditure which is mainly for environmental requirements however at the same time it saves regular expense on water which varies according to the firm size. However, big and small exporters have divergent view on this issue.

The paper also stresses that some exporters consider multiple certifications as marketing and promotion tools rather than trade barriers. While getting a certificate may prove costly, it may also bring good business opportunities and benefits outweighing the cost especially in long run. Though there are multiple standards and certification bodies in the recent past

Figure 4.1: Steps for Achieving an Eco-label: Textile Manufacturers



Source: www.ripecap.net/Uploads/680.pdf



which are now getting very organised e.g. formation of SEDEX – Supplier Ethical Data Exchange. Once a member is registered with SEDEX, it can display all its certifications which can be viewed by all the buyers across globe. This could overcome social

compliance audits requirement by each buyer repetitively. Thus the exporters argue that one time investment may results into fivefold returns; and hence such barriers should be used as business and marketing tool. In India, majority of exporters are not worried about standards as they feel that some of the certifications are desirable and it also help them to differentiate their product from the competitors.

According to a 1997 OECD paper, the fear of losing market share to ecolabelled competing products rather than the drive to increase market share has often motivated producers to obtain an eco-label for their products. Eco-labels are also considered by manufacturers as a valuable tool to communicate the environmental qualities and quality image of their product and their company. Research has shown that improvements in environmental performance of a product only became a significant competitive factor once competitive levels of product performance, quality and value are attained.

Hence one can definitely say that benefits from properly designed and implemented eco-labelling schemes for target countries are to encourage and expand trade volume and stimulating domestic development in line with local and national environmental net gains.

Future of Labels

Sustainable business is no longer just a marketing slogan. Given the continuously growing attention being paid to issues of climate change and sustainability worldwide, as well as the recent debates around sustainability, a growing number of certification schemes like environmental label, social and organic are being created all over the world.

Going green and more responsible, therefore, has now become an immediate and compelling necessity for textiles companies. Without certifications, companies would find it much harder to prove their sustainability credentials and draw benefits from them. A company or its product may be denied access particularly to some specialist markets.



Also, since the sustainable market has grown widely, so has greenwash, undermining consumer trust and business efforts on sustainability. Only reliable certification schemes could help in combating greenwash or unsubstantiated environmental marketing claims. Using internationally recognised labeling schemes is the best way to avoid greenwash and ensure your company gains full benefit from its efforts to be more sustainable.

However, certification is only a means to an end. The ultimate goal should be to ensure a market where honesty, traceability and transparency are expected from the producers of the products that consumers put on their skin and of course into the environment, as well.

Let us know

- Will an expansion of the role of governments in private voluntary eco-labelling schemes be helpful to tackle unwarranted trade practices?
- Competitions between labels, including those initiated by developing countries are seen as a major growing concern. Both the producers and consumers are confused. Suggestion on how governments might intervene to address this is vital.
- Harmonisation and Mutual Recognition are they feasible? Will it benefit manufacturers in any way?

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