

Labelling of environmentally friendly goods (EFGs)

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The Ministry for the Environment issued a discussion paper, "Labelling of Environmentally Friendly Goods," which was published in December 1989. That discussion paper generated 84 submissions, all but two of which were supportive of the scheme. The submissions favoured an independent New Zealand-based scheme, but with mutual recognition of the Australian scheme, with at least the same product categories, environmental criteria and EFG label. This structure is compatible with CER and other moves to harmonise business laws.

It is essential that the proposed scheme is both feasible and credible, and Government is working towards that purpose. Although Government is a key co-initiator and endorser of the scheme, it prefers one which is self-funding and administered by an independent, existing agency. The Australian State and Commonwealth Governments are pursuing their own version of an EFG labelling scheme and Ministry staff have maintained close contact with the scheme being developed. This has been accomplished by a working group of the Australian and New Zealand Environment Council (ANZEC).

The organisation in New Zealand which operates the scheme would also fulfil the management role but have a close relationship with its Australian operational counterpart and the Australian management Board. Two respected accreditation and certification agencies have expressed interest in managing and operating the scheme. To that purpose the Minister has asked MFE officials to negotiate a memorandum of agreement with either Telarc or the Standards Association of New Zealand (SANZ) to manage and operate an EFG scheme. It was planned to have final talks completed by June 30.

Both of the NZ candidate agencies have close links with their Australian operational counterparts, Telarc with the National Association of Testing Authorities (NATA) and SANZ with Standards Association of Australia (SAA).

The final decision depends on the outcome of those talks and upon further consultation with the Australians. The ANZEC Working Group favours NATA to operate the scheme, to be called the Environmental Choice programme, and distinguished by an Eco-Label. They envisage that the scheme

will be managed by an ANZEC Board and administered by a small permanent secretariat located in Melbourne.

Current Government thinking on both sides of the Tasman includes the following:

- * product categories will be functional;
- * environmental assessment will be "cradle-to-grave";
- * producer participation will be voluntary and confidential;
- * the term "environmentally friendly", with its implicit absolute value, is not acceptable;
- * there must be public input into developing environmental criteria to ensure that they are credible with all parties;
- * Australian planners favour a graded logo but a decision has not been reached in New Zealand.

NZ Company Behind Concept

At least one leading New Zealand forestry company is already getting behind the EFG concept in a big way. George Wheeler in the April 1990 issue of *Elders Resources NZFP Limited's* magazine "Newsbrief" had this to say:

As a company, we are committed to taking environmental initiatives, and an important element of that determination is the subject of ecological product branding.

Eco-marketing has evolved as a fact of life world-wide as commerce responds to public pressure and concern. The Federal Republic of Germany, for example, is a leader and has extensive experience in running an official eco-labelling scheme with its Blue Angel motif. Over a ten-year period, they now have something like 3000 products in 50 different categories carrying the label. And Canada, too, has a major programme with a label symbolising co-operation between industry, government and society.

This is what we should be looking to in New Zealand.

Eco-labelling forces industry to develop new and better technology and processes to make products which are clean and safe. This, in turn, is good business practice. Consumers are demanding and opting for safe products, environmentally sound processing, and conservation. Commerce, and the societies it serves, is now generally on the same side to protect the biosphere and to husband resources wisely. We are all now aware

that this is an issue of delicate balance, and the greenhouse effect brought this home to everyone in a dramatic way.

Opportunity to Lead

But New Zealand lags behind other developed countries in a concerted drive towards ecological product branding.

The forestry sector has an opportunity to lead by promoting environmental and ecological labelling programmes. We should take a leaf out of the book of countries like West Germany and Canada, and join with the New Zealand Government and our society as a whole in a co-operative programme to brand our "environmentally friendly" products.

Removal of diesel excise duty

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David Caygill's budget announcement on July 24 to abolish excise duty on diesel from January 1, 1991 will no doubt have eventual benefits for the forest industry. What exactly are those benefits likely to be, assuming somewhat optimistically, they will be fully passed on to the end user?

According to my figures the likely outcomes are as follows:

- An immediate reduction in costs to the logging contractor of about 1%.
- An immediate reduction in costs to the cartage contractor of 2.7% at 35km lead to approximately 3.1% at 110km lead.
- An eventual effect on stumpages of 1% at short leads, 35km, to 3.1% at longer leads, 110km.

The overall impact will be to improve the economic viability of most forests but particularly those now coming on stream for logging and whose cartage leads to processing and export points are increasing.

One cannot help but feel, however, that the benefits are likely to be short-lived with increasing unrest by Opec countries on oil pricing probably leading to burgeoning increases by the mid 1990s.