

## OPENING REMARKS

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### I. INTRODUCTION

Thank you, Chairman Steiger. I want to thank you and the other Commissioners for the opportunity to be here today to present EPA's views on environmental labeling. I very much appreciate your interest in the issue, and the interest of the White House Office of Consumer Affairs, state governments, and the private sector. All of you deserve a great deal of credit for your activities to date on this important issue, and EPA is delighted to join with you in your efforts to craft a consistent, unified Federal response.

As you know, over the past few years American consumers have begun to carry their environmental concerns with them when they go to the market. They are comparison shopping in a new way: they are comparing products not only to determine which are cheaper, and which are better made, but also to select those which have the least adverse effect on the environment.

U.S. producers of consumer goods are responding to this recent evolution in consumer preferences with remarkable speed and ingenuity. They are manufacturing their products in new ways, and out of different materials, in order to increase their market share among environmentally-conscious shoppers. Many

producers are also changing their production processes and products -- I believe -- not just to increase profits, but out of a sense of corporate responsibility for environmental quality.

From EPA's perspective, this heightened sense of environmental awareness on the part of U.S. consumers and U.S. producers alike is a very positive development. Bill Reilly and I are delighted by it, and we're doing everything we can to applaud and encourage the "greening" of the marketplace. The recent changes we have seen in production processes, product composition, and consumer purchasing patterns will bring substantial environmental benefits to our society for decades to come.

At the same time, we are concerned that the evolution of an environmentally-conscious market could be stunted by consumer confusion over the meaning of terms used to describe different products, and by consumer distrust of the competing claims made by different producers. Information is the driving force behind the free market, and we at EPA are concerned about the lack of adequate, accurate, and consistent information related to this newly-emerging, environmentally-conscious market.

Bill Reilly and I both believe that the Federal government has an important role to play in this area. Clear Federal guidance on environmental labeling will help clarify the information provided to consumers, and thus help markets operate more efficiently. Accurate and consistent information will

stimulate marketplace competition and ultimately benefit consumers, private companies, and the environment alike.

The Federal Interagency Task Force on Environmental Labeling was created to coordinate the Federal government's role in this area, and I am pleased that EPA, the Federal Trade Commission, and the White House Office of Consumer Affairs agreed to form the task force. The Federal government not only has to have a voice in environmental labeling, it must have a unified voice. During my remarks today, I want to talk about what Federal guidance should address, and what EPA can offer to the interagency process to help produce such guidance.

## II. WHY A FEDERAL ROLE?

As consumer preference for so-called "green products" grows, the public has expressed confusion over the sometimes competing claims made by different products. The public is looking for help in understanding those claims.

A recent Roper poll shows that 63 percent of American consumers have seen product claims for environmental safety, but only 12 percent think that such claims are entirely believable. Almost half do not believe any of those claims. A majority of consumers (54 percent) feel that the government is not doing enough to monitor those claims, and 81 percent believe government needs to act to ensure that products are not environmentally harmful. Clearly, American consumers want information to help them make environmentally-beneficial choices, and they think the

government has a role to play in ensuring that information on product labels is accurate.

Equally important, state governments, the private sector, and public interest groups have all pointed out the need for national consistency in the use of environmental terms on product labels. For example, several states have responded to this new consumer consciousness by enacting state requirements for environmental labeling. I applaud the states for their efforts, because they have done much of the groundwork we will be building on at the Federal level.

Yet the different requirements set by various states could contribute to the informational problems facing consumers nationwide. The national marketplace is becoming balkanized; producers that market products nationwide are facing the prospect of designing different environmental labels for different states. This kind of state-by-state inconsistency creates a huge disincentive for corporate investments in "greener" products, which in turn restrains the competitiveness of the marketplace, and -- in the long run -- limits our national progress in protecting the environment.

Federal guidance on the use of environmental information would encourage states and the private sector to use consistent terminology when describing products or packaging. It would promote public confidence in the environmental claims made by producers; terms used in the northeast United States would mean the same thing as terms used in the south. National guidance

also would provide a level playing field for manufacturers and marketers, because companies making legitimate environmental claims would not have to compete against companies that did not.

In short, I believe that the Federal government has a role in clarifying and making consistent the environmental information being provided to consumers in the marketplace. That role does not necessarily imply regulation or preemption of state actions; rather, it simply means that consumers have a right to consistent and accurate information. Federal action in this area also would bring substantial benefits to state governments, the private sector, and -- ultimately -- the environment.

### III. EPA PARTNERSHIP WITH THE FTC

As I mentioned earlier, EPA believes that Federal guidance should be designed to help the consumer make informed choices in the marketplace. Our current thinking is that Federal guidance should not set product standards that might freeze technology or discourage innovation. EPA believes that the best way to achieve this balanced approach would be to combine EPA's technical expertise with the Commission's historic interest in ensuring fair advertising and labeling practices. Should the FTC decide to issue guidelines in this area, EPA is prepared to offer some recommendations pertaining to terms most commonly used in advertising and labeling.

EPA is now considering proposals for the use of the terms "recycled" and "recyclable" on products and packaging. We plan

to share these proposals with you and the Office of Consumer Affairs shortly. EPA will solicit public comment on alternative guidelines for these terms through a Federal Register notice and a hearing to be held this fall. Through this open, public process we also will solicit the views of the technical experts in this field. As part of EPA's guidance development effort, we have carefully reviewed the good work already done by state governments, regional groups, industry, and non-profit groups. We want to build on their experience and make Federal guidance as consistent with existing state programs as practical.

Should the Commission decide to issue guidance, EPA can use this process to provide you with some specific recommendations that take into the account the views of interested parties. Should the FTC choose not to issue guidelines, we at EPA are prepared to move forward on our own in the hope that the Commission would find EPA guidance useful in enforcement actions, and the states would adopt the guidelines for their own use.

At the same time, we'll begin evaluating the need to issue guidelines for the use of other terms. We will follow the same approach of gathering public input and working with the FTC and OCA in the context of the Federal task force to speak with a unified voice on this issue.

We especially applaud the FTC's efforts to punish fraudulent environmental claims -- for example, your proscription of the use of terms like "ecologically safe" and "ozone friendly" for products containing ozone-depleting substances. We urge

continued vigorous FTC enforcement of specious environmental claims.

#### IV. RELATED ACTIVITIES OF THE ENVIRONMENTAL PROTECTION AGENCY

Over the past several years the Environmental Protection Agency has become increasingly interested in the public policy value of environmental information and labeling. We are convinced that consumer information is one of the most potent tools available to us for protecting the environment, and we already are working under different legislative authorities to ensure that such information is made available to the public.

For example, under the newly-reauthorized Clean Air Act, EPA's Office of Air and Radiation is developing regulations that would require warning labels on products that contain or are made with ozone-depleting compounds. Under the Marine Plastic Pollution Prevention Act we are defining the term "degradable" as it applies to plastic six-pack rings; our intention is to reduce risks to marine life from ingestion or entanglement. EPA's Office of Pesticide Programs is developing criteria to identify less toxic pesticides; pesticides that meet those criteria might eventually be able to claim on their labels that they are less toxic than the alternatives. Through a grant program EPA helped the Coalition of Northeastern Governors (CONEG) develop packaging guidelines that established a hierarchy of preference for reduced, reusable, recycled, and recyclable packaging.

EPA also is working to build markets for recycled products by developing and implementing Federal procurement guidelines. These guidelines establish criteria for Federal purchases of five different commodities: cement and concrete containing flyash, retread tires, lubricating oil, paper, and insulation products. In addition, we are developing guidelines for several construction products, including pipes made from recycled plastic, and we are studying the feasibility of establishing Federal procurement guidelines for rubberized asphalt and compost.

As you can see, EPA already is deeply involved in providing environmental information to the marketplace. And it is in the context of this historical involvement that EPA intends to develop options for guidance on the use of certain environmental terms, and to make recommendations to the FTC on Federal guidance later this year.

## V. SPECIFIC RECOMMENDATIONS

I'd like to share with you some of EPA's views on specific issues raised in the petitions and in the Green Report. These views reflect our concern that general, vague, or conflicting messages could severely undermine the growth of an environmentally-conscious marketplace.

First, regarding recycled content, while we are still examining various options, we currently favor a recommendation



that products making "recycled" claims clearly disclose the percentage of recycled content in the product or packaging. Thus consumers will have the specific information they need to make meaningful product comparisons on the basis of recycled content. If consumers act on this information, it will stimulate competition to increase the recycled content in products. Companies making products with a higher percentage of recycled material will benefit, resources will be conserved, and the useful life of landfills will be extended.

Second, I want to address unqualified claims of environmental "friendliness" or "safety." We've all seen these claims, which often are unsupported by more specific information. We want to encourage "green" marketing, but these unqualified claims do not provide a meaningful basis for comparing products, and may mislead consumers into purchasing products that offer no significant environmental benefits. Producers should take care not to give the impression that one or two positive environmental benefits signify overall environmental "goodness."

Similarly, claims such as "safe for disposal" may be irrelevant, because most consumer products may pose little environmental risk if disposed in properly designed and operated municipal solid waste landfills or incinerators. Disposal safety is more a function of solid waste facility management rather than the characteristics of any given product. On the other hand, reducing the quantity of the solid waste stream is very desirable from a cost as well as environmental perspective, since

communities in many parts of the country are facing rapidly escalating solid waste disposal costs.

Third, EPA believes it is premature for a company to use the results of lifecycle analysis to promote its product as better for the environment than another. Lifecycle analysis simply is not well enough developed as a technical tool to allow such kinds of specific comparisons. EPA does not want to see products chased out of the marketplace on the basis of inaccurate information or unjustifiable comparisons.

At the same time I want to encourage the private sector to continue working to develop lifecycle analyses, because they are very promising analytical tools. EPA is conducting research to make such analyses better, and I want to encourage the private sector to invest in this area, too.

I also want to strongly endorse the "in-house" use of lifecycle analysis by companies that want to reduce the adverse environmental impacts from their own processes and products. EPA believes it is appropriate for companies to share information with consumers on the specific steps they have taken to reduce such impacts, both to generate goodwill for the company and its products and to further educate consumers.

What does EPA want to encourage? Making environmental claims as specific as possible will help educate consumers and promote competition in the marketplace. Specific claims such as "50 percent less packaging than our earlier container" and "contains 60 percent recycled paper" give consumers a clear and

accurate basis for comparing products. Specific claims also avoid the confusion and cynicism that may result from public saturation with "environmentally friendly" claims.

#### VI. CONCLUSION

I appreciate the opportunity to share EPA's perspective with you today. I think we are fortunate to be working together at a critical time on an issue that could bring substantial benefits to the American people and the environment. EPA looks forward to continuing its cooperative efforts with FTC, OCA, states, and other interested groups to develop a consistent, coordinated Federal position on environmental labeling. Thank you for your time, and I'd be pleased to answer any questions you may have.