1. Background and Context
CUTS is implementing a project entitled 'A Study of Environmental Standards and their Trade Impact: on Indian Textiles and Clothing Sector' (SESTI). It is supported by Norwegian Ministry of Foreign Affairs (MFA) through Royal Norwegian Embassy, New Delhi, India. The objective of the project is to promote dialogue on environmental standards and labels between producers in the South and consumers in the North, especially those associated with India and Europe; generate estimates and ascertain stakeholder perceptions of net welfare benefits from such standards/labels; and thereby recommend changes in associated systems of governance to augment such net welfare levels. Given its vast scope, the study is restricted to the textile sector.

The dissemination meeting under the project was held in collaboration with the project partner National Institute of Consumer Interests (SIFO) in Oslo, Norway on June 14, 2013. The meeting was aimed at disseminating the key findings from the study titled ‘Environmental Standards and Trade: A Study of Indian Textiles & Clothing Sector’, with the relevant stakeholders and discuss future course of action based on its recommendations. The meeting further strived to discuss the ways in which the recommendations from the study could be taken forward.

2. Proceedings
2.1 Introductory Remarks

Arne Dulsrud, Director General, SIFO
Archana Jatkar, Coordinator & Deputy Head, CUTS Centre for International Trade, Economics & Environment

Arne Dulsrud welcomed all the participants and expressed his gratitude to be a partner in the project with CUTS. He informed about the cooperation with CUTS at organisational level and mentioned that both CUTS and SIFO are firming up this partnership by implementing a few other projects on relevant subjects of much contemporary nature in India and Norway. He expressed that this study will be a useful indicator in terms of finding possible solutions by
identifying pressure for consumers or their organisations and to find tendencies to political consumption in these matters among European consumers. It also provides an idea on the degree of common understanding of the environmental problems of the textile production and consumption among stakeholders in Norway and India.

Archana Jatkar in her opening remarks explained the context in which the project is implemented and that the project’s objectives are to understand and facilitate the optimal use of eco-labels in order to:

- enhance environmental sustainability;
- consumer welfare in the North; and
- producer profitability in the South.

While the specific objectives of the study are to ascertain trade impacts of environmental standards/eco-labelling on Indian textiles & clothing (T&C) sector and to recommend policy suggestions on environmental standards to bolster net welfare of stakeholders associated with T&C sector. She thanked consumer organisations and other stakeholders who participated in the field surveys conducted under the project.

### 2.2 Barriers to Success of Eco-labels for T&C: A Stakeholder Approach

_Eivind Sto, Director (Research) SIFO_

Eivind Sto, in his presentation dealt with stakeholders’ survey which looked in two major areas: the degree and level of a common understanding of the environmental problems of the textile production and consumption among stakeholders in Norway; and secondly whether how do stakeholders in Norway perceive and evaluate various eco-labels, and other relevant tools, to meet these challenges. These questions alongside other relevant questions were posed in the survey to Norwegian stakeholders, findings of which are shared in this presentation.

He informed that a strategic selection of informants was made based on existing knowledge about the Norwegian stakeholders in the T&C sector. In total, 17 interviews were conducted with 23 informants, a balanced representation of businesses, design institutions, labelling organisations, political authorities and non-governmental organisations (NGOs). They were all semi-structured, using a detailed interview guide throughout interviews.

The stakeholder interviews revealed that there is a sound agreement among stakeholders in Norway that the T&C industry is facing severe environmental challenges. However, compared with other consumption areas, such as food, paper and household appliances, the environmental understanding of the negative impact of T&C production is limited and has been given limited attention.

He expressed that the survey also suggested that one of the major challenges for the greening of the textile industry is the uncertainty regarding who should take the responsibility for developing and implementing global environmental standards for textiles. Although there is an increased awareness, it has not yet been translated into promising actions and that key actors have been surprisingly passive.
It also came out that the Norwegian government bans production of T&C materials that contain most dangerous chemicals. However, the Norwegian Ministry of Environment cannot regulate the production processes in developing countries. Thus, a government promotes solution to environmental challenges in the textile industry is use of labelling schemes, where the Norwegian government is inclined towards promoting its official eco-labelling schemes, the Nordic Swan and the EU-Flower.

In Norway, stakeholders pointed at the crucial role of consumers in the market for sustainable clothing. There is an agreement that the pressure from consumers is lacking, and that it really will make a difference if consumers act upon their responsibility. There are, however, disagreements about the potential impact of such pressure, but consumers’ practices in other sectors have shown potentials.

Eivind Sto expressed that despite this lack of pressure from consumers, government and NGOs within EU, the T&C businesses are to a varying degree taking measures to enhance the environmental standards in their value chain. He pointed at important findings that the environmental aspect of textile products will increase substantially and recent changes in strategy and activities of textile retail chains in European countries. The findings suggest that there is a growing need to strengthen the comparative advantage of countries from producers’ perspective and they would need to prepare for stronger pressure from consumers, NGOs and political authorities on the subject of sustainability in T&C sector. He concluded by saying that this might be a way to prepare themselves for future stakeholder pressure and avoid stricter regulating regimes.
2.3 Indian Stakeholder Perspectives towards Sustainable Textile Standards

Archana Jatkar, Centre Coordinator & Deputy Head, CUTS Centre for International Trade, Economics & Environment

Archana Jatkar while opening the presentation said that for a sustainable economic growth, environmental protection is of utmost importance. But unfortunately, in many rapidly developing countries, industrialisation is occurring at the expense of environmental degradation. There is a growing concern about the need for compliance to environmental standards by industries to minimise their environmental impacts. This concern was expressed during the presentation while sharing with participants the objectives and findings of the project that emanated during the research and survey in India. She apprised the process of field surveys which comprised of a total sample of 105 manufacturing and exporting firms consisting of small, medium, and large scales surveyed from following major production clusters: NCR (Delhi, Gurgaon, and NOIDA), Ludhiana, Panipat, Coimbatore, Tirupur, Ahmedabad, Mumbai, and Surat. The selection of these clusters is a purposive one as they are the major centres of T&C production. The firms’ owners/managers are interviewed face to face regarding firms’ adoption of environmental standards, their trade impacts, and others. All T&C firms surveyed are both manufacturers and exporters.

The findings from producer survey show that Indian T&C firms face non-tariff barriers in the absence of compliance to global environmental standards. They also face significant cost of compliance to environmental standards. Nonetheless, findings show that if T&C firms comply with environmental standards their export volume increases.

Jatkar further shared the findings from capacity building programmes conducted in the major textile production centres in India during October-December 2012. The findings from these programmes indicate a clear awareness of environment-related impact on T&C sector. She said that in India, major challenges identified are:

- There is a jungle of eco-labels that exists making Indian T&C manufacturers bewildered as to which eco-label to adopt
- The SMEs need substantial cost for upgrading their level of technology in order to meet foreign environmental standards
- Lastly, the cost of compliance is considerably high for Indian firms

While concluding the presentation of key findings from producers’ survey, Jatkar underlined some of major suggestions and conclusion that can be drawn from this study. She said that compliance with environmental standards positively impact the trade of T&C sector and for this, it is critical and urgent for Indian T&C firms to adopt foreign environmental standards in order to have increased market access in export destinations especially in EU. However, it is also clear from the study that the required credit for acquiring green technology is lacking in India, very few T&C firms have an access to subsidised credit, which is essential for upgrading their level of technologies. It is also true that increasing understanding of the environmental impact of textile production and consumption so far has not been materialised in effective policy tools to meet these challenges. Finally, the study suggest that Indian producers will need to prepare themselves for new environmental standards and labelling regimes as large global textile players are taking initiatives to enhance the environmental standards in their supply chain.
2.4 Consumer Perspectives on Eco-labelling of T&C: Results from Five European Countries

Marthe Austgulen, SIFO

Marthe Austgulen shared the perspectives and findings from consumer survey conducted in five countries of UK, France, Germany, Norway and Sweden. She said that eco-labels now are presented as a solution to environmental challenges in the textile industry and eco-labelling presupposes a relatively rational actor, able to seek and process information and willing to act upon that information. Also, consumers are ascribed roles as acting and morally responsible persons. It is, therefore, important to understand if European consumers are ready to take this responsibility.

She then elaborated on research questions and the methodology adopted in conducting the consumer survey in mentioned five countries. The survey includes data from five European countries: France, the UK, Norway, Sweden and Germany. The data was collected through TNS’ web panels (CAWI) in the respective countries. The panels consist of pre-recruited selection of respondents who are willing to participate in surveys and who have access to computers with internet. The respondents’ background characteristics are already known, and are used to target the survey to the existing target group. The panel samples are pre-stratified by age, gender and residence, and the respondents are randomly selected within these groups. The sample includes approximately 1000 respondents from each country. The final selections are weighed by age and gender per country. The data were collected in the period from 14th to 21st of March 2012. The research questions posed in the survey are as follows:

- How do consumers consider the relevant labelling schemes for textiles?
- What are the consumers’ attitudes and practices regarding eco-labelling of textiles?
- Who do the consumers consider to be the responsible actors?

Findings from the consumer survey demonstrate significant variation in the consumers’ awareness about the relevant labels for textiles and a significant variation in the consumers’ attitudes and practices related to eco-labelling of textiles. A large share of the respondents agree that eco-labelling schemes help them make better choices while shopping and that they trust the information presented to the them by the eco-labels. While the respondents are more aware of their respective national eco-labelling schemes, they are less aware of regional eco-labels such as the EU-Flower and international eco-labels such as GOTS and Oeko-Tex. The results also show that a few respondents have seen the relevant eco-labels on textiles, demonstrating that the current use of eco-labels on textiles is limited. The respondents from Norway seem to be the least knowledgeable about the global labels, while German respondents seem to be the most knowledgeable. This indicates differences within the European market for eco-labelled textiles.

She elaborated that consumer sensitivities differ from country to country when asked about environmental concerns while buying clothes. The Norwegian respondents state to be the least concerned about the environment when buying clothes when compared to respondents from Germany, France, Sweden and England. However, despite of the limited awareness of especially global ecolabels and the varying stated environmental concerns, approximately 50 percent of the respondents in all countries agree to a statement claiming that they have a responsibility as...
consumers to buy environmentally friendly products. This indicates that there is a market for eco-labelled products in all countries studied.

While concluding, Marthe Austgulen said that there exists a general support towards eco-labels though there is varying consumer knowledge about the relevant labels for textiles – (global vs. regional/national labels). While on the one hand, German and Swedish respondents are found to be most concerned and knowledgeable, on the other hand women are reported to be more concerned than men. Importantly, environment is only one of several important considerations. A majority of the respondents in all countries argue that they have very much or quite a lot responsibility to buy products that is as environmentally friendly as possible. Further consumers place a significant share of the responsibility on the governments even though they are ready to take action themselves. Consumers also suggest that they wish the textile and clothing industry to take environmental considerations into account when producing their goods. Lastly, the consumer survey indicate that there is a need for regulation, either through traditional regulations policies which stipulate mandatory products or process standards, or through new environmental policy instruments like eco-labels.

2.5 Discussions
The stakeholders were generally curious to understand how the Indian producers and manufacturers perceive eco-labelling process. Jatkar answered that Indian T&C manufacturers are aware of foreign environmental standards; however, the cost of compliance is too high for many of the producers particularly for small and medium enterprises (SMEs). The SMEs lack needed capital for greening their technologies. At present, the level of acquiring certification is low among Indian T&C firms. Nonetheless, there is a persisting desire among Indian T&C manufacturers to penetrate the European market by complying with foreign environmental standards. She said, hence, incentive mechanism needs to be built in order to cope with their situation in regards to increased cost of compliance.

The discussion also revolved around the complexity of the supply chain as a barrier for the Norwegian retailers and how to navigate through the jungle of eco-labels which act as a barrier due to limited knowledge to global labels. It was brought to table that manufacturers find it difficult to cope up with demands from different labels and the requirements thereof. The stakeholders also discussed at length about harmonisation of labelling initiatives in Europe. The stakeholders also mulled over whether eco-labels is a preferred solution to the environmental problems in the textile supply chain and if there is a need for consumer mobilisation. In this context, they pondered whether an information campaign directed towards consumers is a good solution. Most of them opined that consumer mobilisation is extremely crucial and need is to build their capacities on this issue. However, this problem needs a holistic approach which means other stakeholders also need to share the responsibility to bring about sustainable development.

3. Conclusion
In conclusion, SIFO and CUTS thanked participants for their lively discussion on the subject. CUTS assured that it will certainly look into consumer mobilisation on the topic and do the relevant advocacy with other stakeholders to find solution to the issue of environmental concerns in the T&C supply chain.