Wal-Mart To Announce Product Eco-rating System Today

NEW YORK (AP) — Wal-Mart Stores Inc., the world's largest retailer, plans to demand that all its suppliers measure the environmental cost of making their products so Wal-Mart can calculate and post an eco-rating for each item.

The ambitious program, to be announced today, is likely to spur companies to redesign products from electronics to jeans, but it presents still more costs to contain as they pinch pennies to tackle the recession.

Shoppers won't see green ratings on products for several years, according to a researcher involved in developing the index Wal-Mart will apply.

In the program's first phrase, Wal-Mart will be asking its suppliers to answer about 12 questions about such topics as water use, according to Jay Golden, a professor in the Global Institute of Sustainability at Arizona State University and co-director of the consortium of about 12 universities working with Wal-Mart on gathering scientific data and setting new design standards.

The next phase involves creating a database and metrics for sustainability, Golden said, and the third is to translate that information into a ratings system consumers can understand.

The move comes amid discussions on Capitol Hill about the possibility of U.S. environmental labeling regulations. But Golden noted that having the world's largest retailer lead the way will "move it so much faster."

Wal-Mart's demand in recent years that suppliers reduce their packaging to reduce their environmental impact has rippled throughout the retail and manufacturing industries.

The consortium will work with suppliers to assess each product's full environmental and social impact, from the use of raw materials through the potential for recycling.

Wal-Mart officials declined to comment on the initiative, saying only that the Bentonville, Ark.-based company will announce details Thursday.

Details about the eco-ratings initiative surfaced on several Web sites this week.

Retail industry consultant Burt P. Flickinger III said he applauds the program but worries how it will affect suppliers. New labeling and product redesign can increase a product's cost by 1 percent to 3 percent, he said.

"Suppliers are going to have to absorb the cost increases," he said.

Flickinger also said the new ratings will add value in environmentally conscious regions like California and New England. But shoppers in other areas who focus more keenly on low prices may not appreciate it as much.

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