FTC: 'Eco-Friendly' Isn't Always Consumer-Friendly

Eileen AJ Connelly, AP Business Writer

NEW YORK (AP) — It's an inconvenient truth: Many of the environmental claims in advertisements and packaging are more about raking in the green than being green.

Aiming to clear up confusion for consumers about what various terms mean, the Federal Trade Commission has revised its guidelines for businesses that make claims about so-called "eco-friendly" products.

The proposed new version of the agency's Green Guides was released Wednesday, with recommendations for when to use words like "degradable" and "carbon offset," in advertisements and packaging, and warnings about using certifications and seals of approval that send misleading messages.

"In recent years, businesses have increasingly used 'green' marketing to capture consumers' attention," said FTC Chairman Jon Leibowitz in a statement. "But what companies think green claims mean and what consumers really understand are sometimes two different things."

The last update to the Green Guides was in 1998, so the existing guidelines don't address environmental claims that are common today such as "renewable materials" and "renewable energy." The proposed update says companies should provide specifics about the materials and energy used in manufacturing, to make sure customers aren't confused.

The agency noted that consumers can also be misled by broad generic terms like "environmentally friendly," which are often interpreted to mean the product has specific environmental benefits. So the new guide cautions against making claims with such terms.

Likewise for certifications and seals of approval, which make up a whole section of the proposed revision, versus one page in the older version. Companies should only use these if there's a specific list of criteria used for the certification, the new guidelines say.

The new Green Guides generally advise companies that they will need "competent and reliable scientific evidence" to back up their claims. While the Green Guides are not enforceable as law, the FTC can take action if it deems a particular company's marketing unfair or deceptive.

The lack of specific rules for how companies should make environmental claims shows how complicated some of these issues can be, said Lew Rose, an advertising and marketing attorney with Kelley Drye & Warren in Washington. "There's very, very little area in which there's a lot of concrete guidance," he said, adding that can be viewed as a positive from an industry standpoint. "In a perfect world, they would prefer a clear set of rules, but in this area, what I think these guides reflect is a recognition by the FTC that it's impossible to do that, without creating more problems than you're resolving."

But while the new Green Guides will discourage companies from making thoroughly misleading claims, one concern is that by directing companies to stick with specifics that can be backed up, consumers could become even more confused, said Tom Lyon, director of the Erb Institute for Sustainable Enterprise at the University of Michigan.

"They're trying to be very clear about what's 'greenwash' and what's not," he said. But it will be hard for individuals to make sense out of multiple environmental claims on a product.

"It's going to be too complicated for the average consumer to work through," if there are a dozen different environmental claims on a single package, he said. "What we need is to build trust at the consumer level with well-documented labels." He pointed to the Energy Star label used for appliances as an example that's easier for consumers to understand.

Some relief might come from retailers, who can build reputations for offering green products that their customers can count on, Lyon suggested. "Consumers are just not going to take the time to do the research."

Recent cases in which the FTC took action included three companies charged with making false claims that their products were biodegradable and clothing companies charged with deceptively labeling and advertising products as made of bamboo fiber using an environmentally friendly process.

The three biodegradable cases had to do with companies making claims about paper plates. While a single plate left outside might degrade, the FTC requires such claims reflect normal use, a spokeswoman said. Since most paper plates would end up in trash that is sent to a landfill — where nothing degrades quickly — the agency said companies shouldn't make the claim. Likewise, for the textiles made from bamboo — bamboo can be used to make rayon, the fabric in question — but the manufacturing process is far from environmentally friendly, the spokeswoman said.

In general, the FTC issues a cease and desist order when it takes action against a company, and can step up to levying fines if violations continue. The enforcement

action taken varies by case, the spokeswoman said.

The proposed guides were put together after a lengthy process that included public input from workshops and surveys, but consumers and others have another chance to submit comments through Dec. 10. Comments can be submitted electronically at: public.commentworks.com. [1]

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