

## SUMMARY

Eco-labels and certification are one of the many environmental policy tools that have been under scrutiny in recent years. This is because the damages of environmental degradation are becoming more apparent over time. Hence there is a pressure to come up with tools that help solve even small parts of the problem. Eco-labels have been around for over 30 years. However the market, the environment and eco-labels have changed drastically during this period. Moreover, in the last 5 years there has been a sudden increase in eco-labels making them more visible in the market and to the average consumer. All this has made evident that little is known about the effectiveness of eco-labels as environmental policy tools. Hence, there is a call to find answers regarding the actual effects of eco-labels on the market and on the environment. While this work cannot address whether eco-labels have an environmental impact it addresses the effects of eco-labels on the markets. Moreover, this work aimed to find the role of law in eco-labelling. In addition, it aims to find a legal solution that would improve the performance of eco-labelling and certification.

Eco-labels are on-pack, independently-verified marks that communicate to the market that a product has certain environmental or social attributes. This simple mark is intended to trigger a mechanism called eco-labelling that will ultimately lead to environmental improvements. It was seen that in the eco-labelling mechanism there are three main actors: consumers, producers and the eco-labelling or accreditation entity. Consumers are the trigger of the eco-labelling mechanism, they are the demand side of the eco-label market. Each time a consumer chooses an eco-labelled good it signals his pro-environmental preferences to the market. Producers will take note of consumer's signals and if it is within its private interests it will adjust his production processes to comply with the eco-label's criteria. Once this is done it seeks certification from an accredited certification body. This accreditation entity or eco-label organization is in charge of setting the criteria, accrediting independent certifiers, and monitoring compliance. The firm and the eco-label will sign a license agreement for a specific time. It is up to the eco-label to keep the credibility and reputation of the eco-label, which is why it is in charge of monitoring and sanctioning the use of the eco-label both by its members and third parties.

As all tools, eco-labels have advantages and disadvantages. Among its advantages, is that is capable of capitalizing on the pro-environmental attitudes of market actors. Additionally, because they are normally privately run, their reach goes beyond jurisdictions. Thus, for international trade,

they might level the playing field by assuring that the quality of the eco-labelled good is constant in the different geographic markets. However, if the eco-label is publicly owned this might become a disadvantage as it can be regarded as a technical regulation, which is considered a protectionist measure. However, the largest disadvantage is that due to the nature of environmental and social attributes it is extremely easy to cheat the market. The market is plagued with opportunistic behaviour. This is because the law is simply too lax or inexistent. Hence there needs to be a law to stop this opportunistic behaviour because it has the capacity to completely discredit eco-labels. Eco-labels and certification depend on their credibility.

This work provides a complete regulatory strategy for eco-labelling. This comprehensive strategy is based on the 'smart regulation' principles. Therefore it takes into consideration the roles of each actor as well as their interactions. Above all it focuses on the role of the government in the optimal eco-labelling regulatory strategy. In this optimal setting, government has a behind-the-scenes role where it provides the system with legal underpinning. This legal underpinning consists of the recognition of eco-labels as intellectual property rights as well as a structured liability system that allows eco-label owners to vindicate their rights when these are affected. In addition, certain specific reforms are proposed to the current systems that are likely to improve the performance of eco-labels.