Opinion of the European Economic and Social Committee on the ‘Report from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions on the State of Implementation of Integrated Product Policy’

COM(2009) 693 final
(2011/C 51/15)

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The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 7 July 2010.

At its 466th plenary session, held on 21 October 2010, the European Economic and Social Committee adopted the following opinion unanimously.

1. Conclusions and recommendations

1.1 The EESC welcomes the European Commission’s report on the implementation of integrated product policy with an in-depth presentation of the process of implementing the principles of IPP. The report is appropriately embedded in the broader concept of the Action Plan on Sustainable Consumption and Production/Sustainable Industrial Policy (SCP/SIP Action Plan).

1.2 The strategy based on an integrated approach takes due account of the principle of subsidiarity and the specific features of each Member State. The EESC wishes to draw attention to the fact that practical action is carried out primarily at the subsidiary levels and as a result of the market interaction between supplier and consumer.

1.3 Whilst the IPP includes the issue of market forces, the EESC thinks there is still a lot of work to be done when it comes to the use of market instruments, such as environmental taxation and incentives, in order to improve their applicability, in a coordinated fashion. The EESC proposes that closer attention be paid to the exchange of experience between Member States and a particular focus placed on incentives, their implementation and the role of long-term voluntary agreements.

1.4 The EESC is convinced that standardisation could benefit a large number of products, as it could, for example, have a positive effect on their recyclability, effectiveness and environmental performance and on other factors. In the implementation of the Eco-Design Directive, standardisation plays a crucial role and should be strengthened for the future.

1.5 The EESC considers that a closer alignment of the two EMS schemes (EMAS should get closer to ISO 14001) could help to ensure EMAS’s more systematic implementation as part of the SCP/SIP Action Plan.

1.6 Any provision, policy or instrument, even for the implementation of the SCP/SIP Action Plan, should be drawn up and adopted in such a way that it does not damage the competitive environment or the workings of the internal market and fully respects the principle of better regulation and the goal of sustainability. There is a critical need to ensure that new policies that were adopted for practical reasons do not overlap or clash with the EU instruments and policies already in place.

1.7 Cost-effectiveness is also essential to the success of the SCP/SIP Action Plan. The initial impact analysis should be complemented by analyses of macro- and micro-economic effects which are often very different in real economic life.

1.8 The assessment procedure should also take account of the main value chains at the earliest possible stage and with the utmost transparency. The legislation in force on eco-design and labelling must not become a barrier to European products, but should instead help European products to succeed both on the internal and international markets. Any initiative, especially those for product labelling and those aimed at boosting a change in consumption, should have a solid and proven scientific basis and should only be used in areas where a change in consumption pattern can be achieved.
1.9 The Committee wishes to express its support for the IPP concept and for the SCP/SIP Action Plan aimed at supporting the development of more sustainable products and production processes, in line with previous opinions the Committee has issued in this area (1). This approach will lead to greater added value both for the environment and for the competitiveness of the European economy.

1.10 The EESC is convinced that priority should therefore be given to existing Community programmes such as the SET plan (European Strategic Energy Technology Plan), the ETAP plan (Environmental Technologies Action Plan) or technological platform activities. Particular attention should be paid to good coordination and a sufficient level of ambition.

1.11 Better cooperation between the players involved in research and development in the field of eco-innovation, the economic sphere and businesses, research centres and higher education should provide for innovations in the sector, which are absolutely crucial.

1.12 Pursuing the IPP concept isolated from the SCP/SIP Action Plan in the future would risk unnecessary legal inconsistencies and uncertainties. Therefore, the EESC fully agrees that any further IPP activities should now be assessed and undertaken under the umbrella of the SCP/SIP Action Plan.

1.13 The implementation of the IPP and the SCP/SIP Action Plan must be a dynamic process, based on ongoing dialogue and cooperation between the various stakeholders (from businesses and politicians to consumer organisations and NGOs committed to the environment), in order to strengthen the tools for communication with consumers, organic production and the promotion of sustainable public procurement and purchasing.

2. Commission document

2.1 On 18 June 2003 the Commission adopted its Communication ‘Integrated Product Policy – building on environmental Life-Cycle Thinking’ (2). The IPP concept is based on the following observations:

— The production and use of goods and services (i.e. products) are causing the majority of overall negative impacts on the environment. The situation is worsening due to ever increasing numbers of products being consumed in the EU and globally.

— The environmental pressures and impacts of products occur at various stages of their life-cycle (along the production chain, during the use phase, and at disposal of end-life products). Remedial actions must be designed in a way to avoid the environmental burden being simply shifted to other stages of the life-cycle, or to other geographical areas.

— Due to a large variety of products and their impacts there is no one single policy tool to address them all. On a case-by-case basis, the appropriate policy instrument or combination of instruments has to be chosen and deployed in a coordinated way, often across several policy areas.

2.2 The Communication defines the objective of IPP and establishes five IPP ‘principles’: (1) Life-cycle thinking; (2) Working with the market; (3) Wide involvement of stakeholders; (4) Continuous improvement of products; (5) Coordinated use of policy instruments. IPP was to be implemented through three strategic actions:

— Contributing to overarching policy actions, notably the EU Sustainable Development Strategy (3), the EU’s 6th Environmental Action Programme (4) and the Ten-year Framework of Programmes on Sustainable Consumption and Production (5).

— Supplementing existing product-related policies by providing a framework in which environmental problems can be considered in view of the life-cycle of products.

— Strengthening the coordination and coherence of environment-related product policy instruments.

2.3 The IPP principles have been subsumed into the overarching Sustainable Consumption and Production/Sustainable Industrial Policy (SCP/SIP) framework with the 2008 SCP/SIP Action Plan (6), effectively embracing and taking forward the process started with the IPP Communication.

2.4 The Eco-design for energy-using products Directive integrates the IPP principles into product design legislation. Its scope was widened in 2009 to more product groups (energy-related products) in the context of the SCP/SIP Action Plan (7).

(3) The EU’s Renewed Strategy on Sustainable Development of 9 June 2006 no 10117/06.
2.5 The new **Waste Framework Directive** (8) makes several IPP elements legally binding, notably the requirement for waste policy to consider the whole life-cycle of materials in waste policy development.

2.6 The **Thematic Strategies** on the Sustainable Use of Natural Resources and on the Prevention and Recycling of Waste have endorsed the life-cycle thinking and the call for continuous improvement (9), as well as the principle of working with the market (10). The waste strategy’s call for strong recycling markets in the EU is an example of this.

2.7 Immediately after adoption of the IPP Communication, the Commission started to develop the **European Life Cycle Assessment (LCA) Platform**, a quality-controlled European Reference Life Cycle database and an LCA handbook.

2.8 Altogether, significant progress has been made in the EU towards environmentally driven product policies. Nevertheless, with IPP being a process rather than a final status, there continues to be ample room for further activities.

2.9 The concept can also be applied to the environmental improvement of non-industrial products and to services. The ‘IPP instruments’ of taxation and subsidies have not yet been applied at Community level.

2.10 The implementation of IPP in terms of policy integration is difficult to document as new policies seldom make explicit reference to IPP. However, overall significant progress has been made in the uptake of life-cycle thinking by key industries and policy makers, and the availability of life-cycle data and consensus on methodology have greatly advanced. Good progress has also been made in identifying products with the greatest potential for improvement and possible measures for improvement.

2.11 Consumer information, eco-design legislation, clean production and ‘green’ public procurement/purchasing are now at the core of the SCP/SIP Action Plan. The SCP/SIP Action Plan is carrying forward the process initiated with the IPP Communication with the aim of further unlocking market potentials for more sustainable products and promoting smarter consumption. The Communication concludes that the review of the Action Plan foreseen in 2012 will provide an excellent opportunity to further assess the development of IPP.

3. **General comments**

3.1 The EESC welcomes the European Commission’s report on the implementation of integrated product policy and the accompanying working document, in which Commission staff give an in-depth presentation of the process of implementing the principles of IPP. This presentation covers not only the initiatives and the tangible form they take at Commission level, but also includes a useful comparison of the situations in the different Member States and their specific features. The report is appropriately embedded in the broader concept of the Action Plan Sustainable Consumption and Production (SCP/SIP Action Plan).

3.2 The original communication on IPP published by the European Commission in 2003 was clearly helpful in opening a fruitful debate. It assessed the role of the EU’s institutions, the Member States as well as the different interested parties, with a view to achieving a maximum reduction in the impact of products on the environment. Furthermore, the debate has changed perceptions of the issue in its entirety. It has contributed to sustained efforts to develop appropriate political and legal instruments through which the impact of products on the environment can be reduced across the board.

3.3 The aim was to establish a conceptual framework based on the principle of assessing a product’s life-cycle, which can help improve coordination and consistency between the different policy instruments that address the environmental impact of products.

3.4 Broadly speaking, the five principles underpinning the IPP have been successfully incorporated into the work of the administrative and legislative bodies and of the parties concerned. These principles also form the basis of the SCP/SIP Action Plan, which has become the logical extension of the process started by the IPP Communication.

3.5 The EESC welcomes the fact that the five basic principles have all been formalised in EU directives and policy documents: (1) life-cycle thinking has been the basis for the directive on eco-design; (2) the SCP/SIP Action Plan and incentives have been proposed to seek increased cooperation with the market at national and European level; (3) involvement of stakeholders, both at European and national levels, takes place through a series of initiatives; (4) continuous improvement of product functionality is also an integral part of the SCP/SIP Action Plan; and, finally, (5) coordination and consistency of the instruments have improved to ensure full use of potential synergies provided by the SCP/SIP Action Plan’s integrated approach.

3.6 The strategy based on an integrated approach takes due account of the principle of subsidiarity and the specific features of each Member State and strives not to damage the competitive environment of the internal market. The EESC wishes to draw attention to the fact that the actual implementation of the principles and policy instruments is carried out primarily at the subsidiary levels, as a result of the market interaction between supplier and consumer. This should be reflected in the use of effective instruments, which are broadly accepted by all interested parties.

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3.7 Although the integrated product policy has borne fruit, and has been implemented by a number of tangible policy instruments, the EESC considers that it is now time to pay closer attention to the effectiveness of implementation of the IPP. In particular, it should be assessed how successful implementation has been, as well as the obstacles and failures, so that in the 2012 assessment of the SCP/SIP Action Plan any necessary corrective measures can be adopted to guarantee the required level of effectiveness.

3.8 In addition, the EESC is convinced that the full effects of such product-oriented policy can be achieved only if the measures are implemented at a global level, taking into account all economic and cultural differences. The Generalised System of Preferences (GSP), which focuses on regional trade agreements as well as efforts of developing countries towards sustainable development, provides a good example of a mechanism for effectively implementing the five principles of the IPP on a global scale.

4. Specific comments

4.1 Whilst the IPP includes the issue of market forces, which is crucial to the success of the IPP and of the other instruments, the EESC thinks there is still a lot of work to be done when it comes to the use of market instruments, such as environmental taxation and incentives, in order to improve their applicability, in a coordinated fashion. The EU, however, will undeniably play less of a role in this matter than the Member States. The Green Paper adopted by the Commission in 2007 and the broad consultation of relevant stakeholders, have to some extent highlighted the role of market instruments. However, the EESC proposes that closer attention be paid to the exchange of experience between Member States, with a particular focus on incentives, their implementation and the role of long-term voluntary agreements.

4.2 Products and their environmental impact are also closely linked to the issue of standardisation. The EESC is convinced that standardisation could benefit not only emissions standards for motor vehicles but also a large number of other products. For example, it could have a positive effect on their recyclability and environmental performance, as well as many other environmental factors. Also, for the implementation of the Eco-Design Directive, standardisation plays a crucial role and should be strengthened in the future. Standardisation offers the advantage of allowing the involvement of all interested parties.

4.3 The EMAS and ISO 14001 environmental management schemes are optional instruments that support the concept of IPP and related policies. Clearly, EMAS’s stricter administrative and auditing requirements do not encourage its more widespread use and they are prohibitive for small and medium-sized businesses. ISO 14001 is more widely used, partly because of its broad scope, but especially since it is the more appropriate tool for companies that act globally. The EESC considers that a closer alignment of the two schemes could help to ensure EMAS’s more systematic implementation as part of the SCP/SIP Action Plan.

4.4 Any provision, policy or instrument, even for the implementation of the SCP/SIP Action Plan, should be drawn up and adopted in such a way that it does not damage the competitive environment or the workings of the internal market and fully respects the principle of better regulation and the goal of sustainability.

4.5 A number of policy instruments have already been implemented and are producing results that represent a positive step towards sustainable consumption and production in the EU. Therefore there is a need to ensure that new policies do not overlap or clash with existing EU policies and instruments. Otherwise, the EU’s economic competitiveness could suffer significantly; the final decision should always fall to the informed consumer.

4.6 The EESC is convinced that only coherent and consistent policies, which are free from pointless bureaucratic and administrative red tape can provide a positive legal framework for investment in the EU. Only within such a framework can new jobs be created and existing ones maintained, and pressure on the environment systematically reduced. The legal framework for chemical substances and building materials, as well as the rules covering electrical and electronic goods, bring the risk of conflicting measures. The legal uncertainty and incoherence in these cases is significant and should be dealt with carefully. The next review of REACH (11) provides an excellent opportunity to strive for better consistency and to consider merging a number of sectoral measures into the newly adopted EU’s horizontal legal framework for chemicals.

4.7 Cost-effectiveness is also essential to the success of the SCP/SIP Action Plan. The initial analysis of the impact and benefits should be complemented by studies on the potential of both the entire economic sector as well as of individual businesses, since the results of macro- and micro-economic analyses are often very different in real economic life.

4.8 The assessment procedure should also take account of the main value chains at the earliest possible stage and with the utmost transparency. The legislation in force on eco-design and labelling must not become a barrier to European products in terms of competition from other economic regions or insufficient market response for more sustainable products. Instead, it should help European products to succeed on the internal and the international markets. Any initiative, especially those for product labelling, as well as those aimed at boosting a change in consumption, should have a solid and proven scientific basis. Labelling is of limited benefit in the area of business-to-business products. Also, product labelling represents one instrument of providing information on the environmental performance of products to consumers. Other information tools, including international standards, should also be explored.

(11) Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals. The Commission has the possibility to review and amend Annexes of REACH in line with Article 131, whereas several reviews were specifically mandated by Article 138 or other provisions in REACH.
4.9 The economic sphere must be kept flexible enough to ensure that product development is geared to better meeting consumer needs in a clearly defined market environment. The implementation of sustainable development principles throughout the EU basically rests on a voluntary approach from the economic sector.

4.10 The Committee therefore wishes to express its support for the IPP and for the SCP/SIP Action Plan aimed at supporting the development of more sustainable products and production processes. This approach will lead to greater added value both for the environment and for the competitiveness of the European economy. New markets could also open up as a result, both within the EU and worldwide. These new markets should be both favourable to eco-innovation and effective, which will require Community funds in addition to national public investment, in order to support the research and development in the field of sustainable technologies. It should be considered to direct revenues coming from the CO₂-related financial instruments to investments in sustainable technologies.

4.11 The EESC is convinced that priority should therefore be given to existing Community programmes such as the SET plan (European Strategic Energy Technology Plan), the ETAP plan (Environmental Technologies Action Plan) or technological platform activities. However, more financial efforts will be needed to drive the necessary change in the market. Particular attention should be paid to good coordination and ensuring a sufficient level of ambition, especially where it concerns measures financed from public funds provided by local/regional authorities as well as by the EU.

4.12 The European Food SCP Round Table is a successful initiative, co-chaired by the European Commission and supported by the UN Environment Programme (UNEP) and the European Environment Agency. The participation of stakeholders at European level enables it to take a harmonised, life-cycle approach and facilitates an open and results-driven dialogue along the food chain. The aim is to promote a science-based, coherent approach and establish the food chain as a major contributor towards sustainable consumption and production in Europe, also taking into account the global SCP agenda (12).

4.13 The implementation of the IPP and the SCP/SIP Action Plan must be a dynamic process, based on ongoing dialogue and cooperation between the various stakeholders (from businesses and politicians to consumer organisations and NGOs committed to the environment), in order to strengthen tools for communication with consumers, organic production and the promotion of sustainable public procurement and purchasing.

4.14 Better cooperation between the players involved in research and development in the field of eco-innovation, the economic sphere and businesses, research centres and higher education should not only provide for the necessary innovations in the sector. It should also help to ensure the transfer of know-how with respect to the intellectual property rights, the development of knowledge and new skills, without which the IPP would remain a pipe-dream.

4.15 Pursuing the IPP concept isolated from the SCP/SIP Action Plan would risk unnecessary legal inconsistencies and uncertainties. Therefore, the EESC fully agrees that any further IPP activities should now be assessed and undertaken under the umbrella of the SCP/SIP Action Plan.

Brussels, 21 October 2010.

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