



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a
COUNCIL REGULATION (EC)
on a revised Community eco-label award scheme

(presented by the Commission)

EXPLANATORY MEMORANDUM

I. Introduction

1. The Council adopted on 23 March 1992 Regulation (EEC) No 880/92¹ establishing a Community eco-label award scheme.

The objectives of the scheme are:

- to promote the design, production, marketing and use of products which have a reduced environmental impact during their entire life cycle; and
- to provide consumers with better information on the environmental impact of products.

The Community eco-label scheme is one element of a wide strategy aimed at promoting sustainable production and consumption. The objective of sustainable consumption is to reduce or contain impact of consumption on the environment. To that end the strategy consists in promoting environmentally aware behaviour patterns, in particular by identifying and promoting "green" products. Better product management is also required in order to promote environmental efficiency of products through the identification and integration of the environmental efficiency characteristics of products.

Promotion of "green" products and encouragement of better product management are fundamental aims of the Community eco-label scheme. Moreover, the Community scheme is based on a life cycle approach and includes criteria related to production processes and re-use, recycling, disposal of waste. Therefore, it can also contribute to promoting sustainable production and improved waste management.

2. The operation of the Community eco-label scheme has recently made substantial progress. Eco-label criteria have now been published for ten product groups and the eco-label has been awarded to 45 products. Moreover, the fundamental objectives of the scheme appear to be still valid and well in line with the most recent principles, goals and priorities of the environmental policy, in particular those of the Fifth Community Environmental Action Programme and its Review, as well as of the Agenda 21.

However, certain difficulties have been encountered in the implementation of the Regulation and there is a need for improving and streamlining the approach, methodologies and working procedures of the scheme, in order to increase its effectiveness, efficiency and transparency. It is therefore proposed to amend the Regulation, in accordance with its Article 18 which provides for the revision of the Community eco-label scheme within five years of its entry into force.

¹ OJ No L 99, 11.4.1992, p. 1.

II. The Community eco-label scheme

3. The present Community scheme for the award of the eco-label consists of three phases: the establishment of criteria, the award of the label to products and the revision of the criteria. Whereas responsibility for establishing and revising the criteria lies mainly with the Commission, the award of the label to products is a matter for the competent national bodies. These competent bodies, which are independent and neutral, have been designated by the Member States to implement the Community eco-label scheme at national level.

The initiative of selecting a group of products is taken either by the Commission, or by the competent bodies. In the initial stage of the operation of the Community scheme, priority was given to the latter possibility. More recently, the Commission has assumed sole responsibility for selecting groups of products. This is in line with the wishes of the Member States and the interest groups for greater consistency in the application of the scheme. The interest groups, i.e. industry, commerce, consumer organizations, environmental protection organizations and trade unions are consulted on the choice of product groups.

4. A feasibility study is carried out to collate data on the following aspects: the market structure, the interests of the parties concerned, the relevance and potential benefits of the label for the environment, the risks of distortion between the various national segments of the internal market and finally international aspects. An ad hoc workshop composed of experts from the Member States and representatives of all the parties concerned evaluates the feasibility study. On the basis of these results, a complete analysis of the life cycle of the group of products is made. This study comprises an inventory and evaluation of the environmental impact of the group of products, a market study and a proposal for criteria.

The proposal for ecological criteria is officially presented to a Forum provided for in the Regulation for consultations with interest groups. The proposal is discussed and voted upon in a Regulatory Committee. A formal decision by the Commission concludes the adoption procedure.

Given the nature of the eco-label, which involves a range of responsibilities, and the internal procedural rules of the Commission's departments, those departments collaborate closely in the various stages of the process of drawing up the criteria. In particular the draft decision to be presented to the Regulatory Committee is the subject of prior interdepartmental consultation.

5. Under the Regulation, the competent bodies are responsible for awarding the label. A summary of each application is circulated to all the competent bodies, whereas the complete dossier on the evaluation of the product is sent only on request.

III. The implementation of Council Regulation (EEC) No 880/92

6. Council Regulation (EEC) No 880/92 entered into force in March 1992. Member States were requested to designate the Competent Bodies for the implementation of the Regulation within six months of its entry into force. The Community eco-label scheme thus became fully applicable in principle in October 1992.

However, the Regulation just sets a framework for the Community eco-label. The scheme can only be applied to products for which ecological criteria have been established by the Commission in accordance with the principles and procedures of the Regulation. The entry into force of the Regulation was therefore only a starting point for the preparatory work for the actual launch of the scheme.

7. The period since the entry into force of the Regulation has mostly been devoted to establishing product groups and the corresponding ecological criteria.

The following Commission decisions establishing ecological criteria have so far been adopted and published:

- Washing machines	OJ No L 198 of 7 August 1993
- Dishwashers	OJ No L 198 of 7 August 1993
- Soil Improvers	OJ No L 364 of 31 December 1994
- Toilet paper	OJ No L 364 of 31 December 1994
- Paper kitchen rolls	OJ No L 364 of 31 December 1994
- Laundry detergents	OJ No L 217 of 13 September 1995
- Single-ended light bulbs	OJ No L 302 of 15 December 1995
- Paints and varnishes	OJ No L 4 of 6 January 1996
- Bed-linen and T-shirts	OJ No L 116 of 11 May 1996
- Double-ended light bulbs	OJ No L 128 of 29 May 1996
- Washing machines (revision)	OJ No L 191 of 1 August 1996
- Copying paper	OJ No L 192 of 2 August 1996

In order to ensure consistency, effectiveness and sufficient quality of the criteria setting process, it has been necessary to define procedural and methodological guidelines which have been agreed between the Commission services and the competent bodies of the Member States. It has also been necessary to draft an operational handbook in order to ensure consistency in the practical operation of the scheme by the competent bodies.

Finally, a "Groupe des Sages" has been appointed by the Commission in order to define guidelines on the use of life cycle analysis for the Community eco-label.

8. The Community eco-label has been awarded so far to 45 products of six manufacturers, in four product categories. The list of awards is given below.

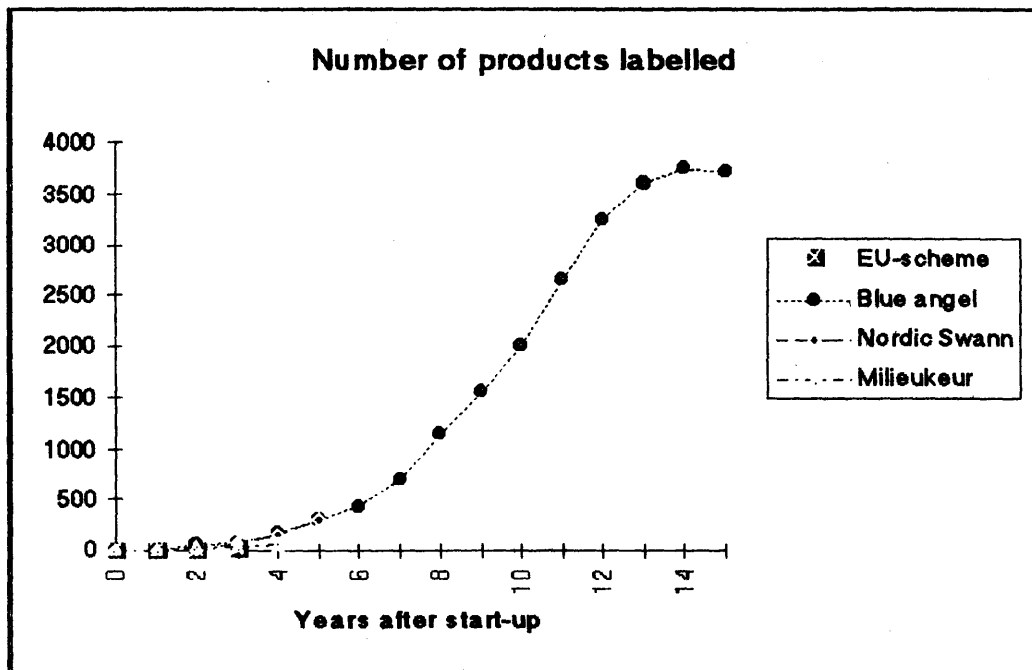
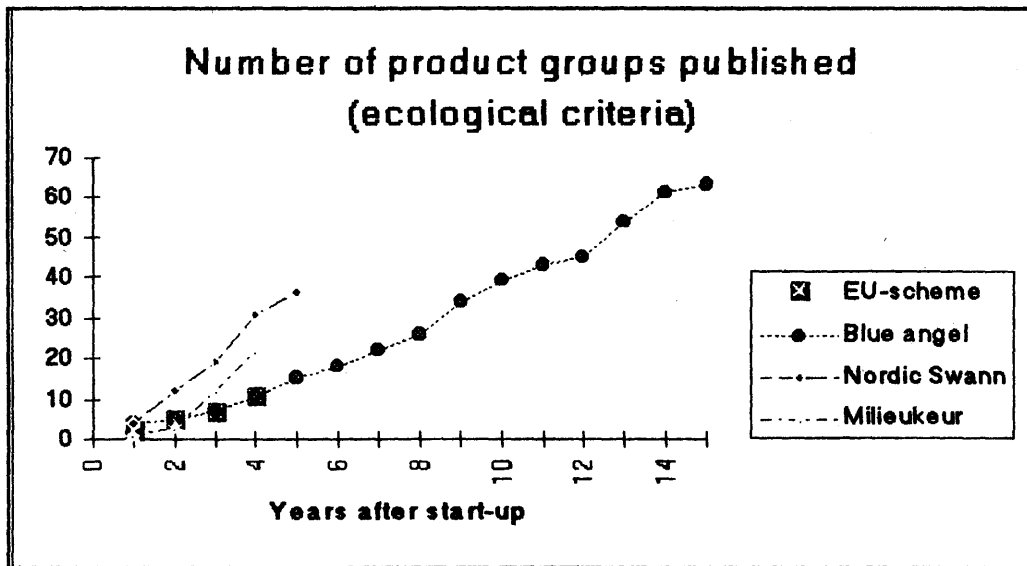
ECO-LABEL AWARDS

PRODUCT GROUP	MANUFACTURER	PRODUCT/MODEL	DATE OF AWARD	EXPIRY DATE
Washing machines	Hoover Limited	New Wave 1100 Electronic, models AC170 and AC172	25.11.93	06/96
Washing machines	Hoover Limited	New Wave 1200 Electronic, models AC174 and AC176	25.11.93	06/96
Washing machines	Hoover Limited	New Wave 1300 Electronic, models AC178 and AC180	25.11.93	06/96
Washing machines	Hoover Limited	New Wave WA 1200 Electronic, model A2848	09.05.94	06/96
Washing machines	Hoover Limited	New Wave WA 1300 Electronic, model A2850	09.05.94	06/96
Washing machines	Hoover Limited	New Wave WA 1400 Electronic, model A2852	09.05.94	06/96
Washing machines	Hoover Limited	New Wave 1500 Plus Electronic, models AC 182 and AC 184 and New Wave WA 1600 Electronic, models A2854 and AB022	09.05.94	06/96
Kitchen towels	Fort Sterling Limited	Nouvelle Kitchen Towel	10.12.95	11/97
Kitchen towels	Fort Sterling Limited	Co-op 70 sheet kitchen towel	10.12.95	11/97
Toilet paper	Fort Sterling Limited	Co-op 280 sheet toilet tissue	10.12.95	11/97
Toilet paper	Fort Sterling Limited	Nouvelle toilet tissue	10.12.95	11/97
Kitchen towels	Dalle Hygiène	Monoprix Vert 3 rolls, plain and decorated	26.02.96	11/97
Toilet paper	Dalle Hygiène	Monoprix Vert rolls and packets (sheets)	26.02.96	11/97
Indoor paints and varnishes	Nordsjö AB (AKZO Nobel)	Innetak 2 and Takfärg 2 indoor paint	12.04.96	12/98
Indoor paints and varnishes	HP Flüger	Flügger Tagfärg 3; Polytex M3; Flügger Væggefärg 7; Polytex M7; Flügger Væggefärg 20; Polytex M20	29.04.96	12/98
Indoor paints and varnishes	Alcro-Beckers AB	Bell I Tack; Bell Sidenmatt; Elegant Takfärg; Elegant Væggefärg matt; Milttex 2; Milttex 2 Plus; Milttex 7 Plus; Milttex 20 Plus; Scotte 3; Scotte 7; Scotte 20; Crème Decor Brillant Neige; Scotte Tak	06.05.96	12/98
Indoor paints and varnishes	ICI Paints	Dulux Quick Drying Gloss	19.07.96	12/98

9. From the examination of the factual situation described above, it appears that the criteria setting process and the awarding of the eco-label have significantly speeded up during the last two years. The initial period was devoted to overcoming procedural and methodological difficulties and to acquire practical experience on how to operate such a complex scheme at Community level.

The experience gained in that "pilot" stage and the guidelines and working arrangements set out should now be incorporated into the Regulation.

It is interesting to note that other eco-label schemes have undergone similar developments in their early stages of life as shown in the figures below.



Whereas the setting of eco-labelling criteria is speeding up, the visibility of the eco-label on the European market is still low. The operation of the scheme should now be done on a more routine and efficient basis and efforts should concentrate on promoting the eco-label vis-à-vis consumers, retailers and manufacturers.

IV. Other eco-label schemes

10. A number of eco-label schemes have been established in the Member States. Some of them are now highly developed.

The "Nordic Swan", the Scandinavian eco-label, was created in 1989. It covers Norway, Sweden, Iceland and Finland. With the Community eco-label, it is the only multinational scheme. A body coordinates the four national councils of the Nordic Swan. By April 1996 this scheme covered 40 groups of products, 287 licences had been awarded and more than 1 000 products were labelled. Most of the licences concern detergents and paper products.

The German eco-label, the Blue Angel, was created in 1977. Three institutions are involved in operating the scheme: the Federal environment authorities, the German Institute for Quality Assurance and Labelling and the jury for the label. Today, the German scheme covers around 80 groups of products. More than 1 000 companies use this label for 4 350 products. Over 15% of these companies are non-German. They represent 16% of labelled products.

The French "NF-Environnement" mark was created in 1992. Its operation involves AFNOR (French Standardization Association), a decision-making committee (the Comité de la Marque NF-environnement) and an advisory body (the Scientific Council). The criteria are established on the basis of complete life cycle analyses, funded jointly by industry and the authorities.

The "Stichting Milieukeur" - the Dutch eco-label - was set up in 1992 at the initiative of the Environment and Economics Ministries. The ecological criteria are determined on the basis of a study carried out by a specialized research institute. This scheme takes only limited account of the "life cycle" aspects of the products. Thirty-two products from 26 companies are labelled. Most of these labels have been awarded to paper products.

The Austrian eco-label ("Umweltzeichen-Bäume") was created in 1991 by the Ministry for the Environment, Youth and the Family. The criteria cover the products and manufacturing processes. The labelling contracts are valid for one year. Thirty-four products from 23 companies bear the label.

The Spanish "AENOR - Medio Ambiente" eco-label was created in 1993 by the Asociacion Española de Normalizacion y certificacion (AENOR). The ecological criteria are established on the basis of a complete analysis of the life cycle of the product. AENOR has stated that future groups of products considered by the AENOR Medio Ambiente should be separate from groups of products covered by the Community eco-label.

11. Eco-label schemes have also been set up in some non-member countries, such as the United States, Canada and Japan.

The "US Green Seal Programme" is a private labelling scheme, but one which cooperates very closely with almost 100 "environmental partners", including many public administrations or agencies. This scheme is sometimes used for public invitations to tender. It was set up in 1989. It covers 50 groups of products and 234 products bear the "Green Seal" mark.

"Canada Environmental Choice" was set up in 1988. Initially, it was administered by the Canadian Environment Ministry. It is gradually being privatized. The Canadian and European schemes are very similar in operation. The "Canada Environmental Choice" covers 46 product groups and has awarded the label to more than 750 products.

The "Japanese Eco Mark" has been administered since 1989 by the Nippon Environment Association, under the aegis of the Environment Agency. In 1992, this system covered 49 groups of products and more than 2 300 labels had been awarded.

V. Assessment of the Community eco-label scheme

12. The assessment of the Community eco-label scheme presented here is established in the light of the objectives of the Regulation, the experience with its implementation and the results achieved so far. It is aimed at identifying the needs and possibilities for improvement. It takes into account certain comments which have been presented by interested parties.

Certain of the issues mentioned here are of general relevance for eco-label schemes while others specifically apply to the Community scheme.

13. The objective of the Community eco-label is to influence the market by guiding consumers toward products with a reduced environmental impact.

It is premature to assess the market effects of the Community scheme, given that the Community eco-label has not yet gained sufficient visibility in the market place because of its still relatively early stage of development.

The potential of eco-labels for market influence has already been demonstrated by national and other schemes. However, the Community scheme has encountered particular obstacles to the full development of its market potential.

Position of Industry

14. Overall, European industry has in general taken a very reserved position vis-à-vis the development of the Community scheme. The only element of the Community eco-label which has been fully supported by industry is its potential for replacing national schemes in the longer term.

Certain industry federations such as the European Association of the Textile Industry and the European Confederation of Paint Manufacturers have fully supported the implementation of the Community eco-label in their sector. For other product categories considered, the relevant industry associations have participated in the preparatory work at some stages alongside other interest groups, but a sufficient consensus has not been reached on solutions meeting their support.

15. The key difficulty of European industrial associations vis-à-vis the Community eco-label is related to its selective nature. Eco-label criteria are established in such a way that only a number of products on the market can qualify for the label. This approach introduces competition between manufacturers on the ground of the environment. Individual companies seeking competitive advantage may well be interested in the eco-label. However, many associations which are bound to represent the interests of the whole or at least the majority of their members do not favour this approach.
16. It should be noted that commerce, environmental and consumer organizations also represent "average" positions under the present consultation structure.

Consumer response

17. The market effectiveness of an eco-label is dependent on its visibility to and credibility with consumers.

The market structure in the EU for many product groups often differs from one Member State to another, as do environmental practices and consumer expectations.

Moreover, the EU scheme is open also to manufacturers of non EU countries. In some cases foreign producers are operating under environmental, regulatory and economic/industrial conditions significantly different from those prevailing within the EU.

18. Under these conditions, it is often difficult to set uniform Community-wide eco-label criteria which must also be applicable to foreign producers without introducing undue discrimination and be able to achieve a sufficient visibility of eco-labelled products in all Member States while preserving the credibility of the Community eco-label to consumers also in the most environmentally advanced Community countries.

For this purpose, it would help to introduce a graded label allowing for greater flexibility in setting the criteria and providing information to consumers on the level of "environmental performance" of each labelled product.

Community and national eco-label schemes

19. When the Community scheme was established by the Council in 1992, only one national scheme, the German Blue Angel, was operating in the Community.

As a consequence of the accession of Sweden, Finland and Austria and the development of new schemes in the other Member States, the Community eco-label co-exists with eight major schemes (the German Blue Angel, the Nordic White Swan, the Swedish Good Environmental Choice, the Dutch Milieukeur, the French NF-Environment, the Spanish Medio Ambiente, the Catalan Medi Ambient, the Austrian UmweltZeichen) operating in seven Member States (Germany, Sweden, Finland, the Netherlands, France, Spain, Austria).

20. Regulation (EEC) No 880/92 states in its preamble that while existing or future independent award schemes can continue to exist, the aim of the Regulation is to create the conditions for ultimately establishing an effective single label in the Community.

The present stage of development of the Community scheme does not make it possible to assert that the Community scheme might automatically supersede national schemes in the long run. The developments in the last few years seem to support the contrary view. In the absence of positive action to stop it, the proliferation of schemes and corresponding eco-label criteria is likely to continue.

21. Certain national schemes have been successful and have contributed to environmental improvements. However, co-existence with national schemes limits the market value of the Community eco-label and introduces further complications into its operation. Moreover, the proliferation of uncoordinated national schemes involve considerable risks of distortion of the internal market and of competition.

The bodies in charge of the national schemes are also competent bodies for the Community eco-label. Therefore, they would have to promote two labels, often competing in the same areas. Moreover, criteria set out within national schemes often correspond to purely national views and priorities. The competent bodies concerned tend to influence the development of Community criteria toward the same views and priorities in order not to contradict decisions already taken at national level for a given product group.

National pressure groups play a more important role within a national scheme than at Community level and tend sometimes to present the Community label as a "second choice" because it does not necessarily correspond to their views and because they fail to recognize the potential of a Community-wide approach.

Finally, the co-existence of several labels for the same product reduces its credibility and limits its market effectiveness.

Feasibility

22. Several concepts and requirements in this Regulation have appeared difficult to interpret and implement in the absence of sufficient operational indications.
- *The concept of "reduced environmental impact" during the entire life cycle of a product.* No methodology exists to determine the total environmental impact of a product. Strictly interpreted, this concept cannot be implemented.
 - *The exclusion of products classified as dangerous in accordance with Directives 67/548/EEC and 88/379/EEC.* This provision, if applied in a rigid way, leads to the exclusion of entire categories of products such as compact detergents (classified as irritant) and solvent based paints (flammable).
 - *Mandatory consideration of all the life stages of a product.* Without qualifications, this requirement might imply the development of criteria for all the raw materials used in manufacturing a given product. In most cases such an extensive application of the "cradle-to-grave" approach is not practically feasible.

Implementation procedures

23. The criteria-setting procedure foreseen in the Regulation involves a considerable administrative burden and creates confusion as to the responsibilities of the various actors.

The process is initiated by the Commission on its own initiative or at the request of a competent body. The competent body must hold consultations of interest groups, but it is not specified whether at purely national or at broader level. No procedure is indicated in the Regulation for the selection of product groups. It is unclear what is the status of a formal request by a competent body to the Commission to start the criteria setting process for a product group. No provisions are foreseen for the technical preparatory work. The burden for it falls in practice on the Commission which has needed the support and collaboration of the competent bodies. The Commission has to consult interest groups which meet in a consultation forum. The final decision on the criteria must be taken by the Commission. The Commission must obtain support by a qualified majority of Member States in a Regulatory Committee on the proposed criteria. The final Commission decision is subject to the internal procedural rules of the Commission.

In practice, it has appeared very difficult to coordinate the involvement of the competent bodies, the consultation of interest groups at national and European level, the search for a qualified majority in the Regulatory Committee and the internal procedures of the Commission.

International compatibility

24. Voluntary eco-label schemes are presently under scrutiny in international fora for their potential trade effects. This issue has only arisen recently and was not considered to be relevant in 1992. Discussions are in progress within the Committee on Trade and the Environment of the World Trade Organization (WTO) on the discipline applicable to such schemes.

The applicability of the Technical Barriers to Trade (TBT) Code of Practice is in particular under scrutiny. The development of an ad hoc Code of Practice for eco-label schemes is also being considered as a possible approach. The objective is to ensure transparency and non-discrimination in the implementation of such schemes.

25. Moreover, work is in progress within ISO to develop standards, within the series ISO 14000, for eco-labelling and Life Cycle Analysis. The following relevant international standards are being prepared:

- ISO 14020 Environmental Labels and Declarations - General Principles
- ISO 14021 Environmental Labels and Declarations - Environmental Labelling - Self Declaration Environmental Claims - Terms and Definitions
- ISO 14022 Environmental Labels and Declarations - Environmental Claims - Self Declarations - Symbols
- ISO 14023 Environmental Labelling - Self Declarations - Environmental Claims - Testing and Verification Methodologies
- ISO 14024 Environmental Labels and Declarations - Environmental Labelling Type I - Guiding Principles and Procedures
- ISO 14025 Environmental Labels and Declarations - Environmental labelling Type III - Guiding Principles and Procedures
- ISO 14040 Life Cycle Assessment - Principles and Guidelines
- ISO 14041 Life Cycle Assessment - Life Cycle Inventory Analysis
- ISO 14042 Life Cycle Assessment - Impact Assessment
- ISO 14043 Life Cycle Assessment - Interpretation

ISO 14020 -14024 - 14040 - 14041 - 14042 - 14043 will be particularly relevant for this Regulation.

ISO 14020, 14024, 14040 and 14041 are expected to be adopted in 1997. The other standards could be adopted in 1998-1999.

Those standards will represent, when finalized and adopted, an important reference for ensuring consistency and non-discrimination in the implementation of eco-labelling schemes. The Community scheme will fully take into account the developments in the international standardization in this area.

26. Steps have already been taken in the operation of the Community scheme in order to ensure full access, non-discrimination and transparency for foreign producers.

However, in the absence of an internationally agreed view on the position of and eventually the discipline applicable to voluntary eco-labels some criticisms have been expressed notably by certain third countries regarding the operation of the Community scheme.

VI. Objectives and main features of the proposed revision

Clarifying the approach and introducing a more flexible structure of the eco-label

27. The Community eco-label has been conceived as a selective, independently certified, life cycle based sign of environmental quality. The revised Regulation should clarify the nature of the scheme by stating that it is intended to guide consumers towards products which represent more environment friendly alternatives compared to other products in the same product group. The concept of "product with a reduced environmental impact during its entire life cycle" also needs to be clarified, in particular by stating the methodological principles for establishing the awarding criteria. It should be clear that the methodological approach includes a life cycle analysis applied to the product group concerned, on the basis of which a limited number of key environmental aspects are selected and the improvement and substitution options are identified. The criteria should refer to these aspects and also take into account the practical possibilities for improvement of the product in a life cycle perspective. It should also be clear that the eco-label is an indication of the potential for reducing certain impacts. Eco-label criteria are in fact based on a generic assessment of such impacts, not on a study of the actual environmental effects related to the life cycle of each specific product.
28. The objective of providing consumers with better information on the environmental impact of products is already stated in Regulation (EEC) No 880/92 and should be maintained in the revision. However, the shape of the label itself should correctly reflect this objective by including information on the key aspects which motivate the awarding of a label to a given product.

The present approach is based on a "pass-fail" system. In the case of the EU scheme, which is multi-criteria based and applies to a wide variety of conditions through the Community and internationally, this approach has proven to be insufficiently flexible and to involve substantial difficulties in setting suitable

hurdles for the parameters under consideration. Therefore, it is proposed to introduce a rating for each of the quantitative criteria considered. The hurdles corresponding to the first level (one "flower") would represent the base-line for a product in order to be awarded an eco-label.

Further improvements on one or more of the parameters would be recognized by attributing two or three "flowers". This would provide an incentive to and recognition of producers for such further improvements, and information to consumers on the specific characteristics of each product labelled.

Defining the scope of the Community eco-label scheme

29. At present, the eco-label Regulation does not include criteria for selecting product groups for the Community scheme. Only food, drinks and pharmaceuticals are excluded *a priori*.

It should be clarified that the Community scheme should not apply to products which are of minor interest at Community level in terms of the internal market and the environmental policy. The lack of criteria for the selection of product groups together with the opportunity which is presently offered to a competent body to require the opening of the procedure for setting eco-label criteria, involve a risk of dispersion and waste of resources in the operation of the Community scheme.

The selection criteria should also take account of the suitability of the eco-label as a policy tool for the promotion of improving a specific product sector.

Coordination with other initiatives, in particular in the field of energy saving and energy efficiency should be ensured in order to define the scope of the eco-label scheme in an optimum way and to avoid duplications. The initiatives under the SAVE programme, the cooperation on the energy label "Energy Star" for office equipment, should be taken into account when examining the suitability of an eco-label for the product groups concerned by those initiatives.

In general, when the major environmental impacts are related to energy consumption, the justification of an eco-label in addition to other existing initiatives in the area of energy should be carefully examined.

Defining generic criteria for the selectivity of the eco-label

30. No guidance is given at present in the Regulation on how to establish the selectivity level of eco-label criteria. This has led to great difficulties, in particular when trying to reconcile divergent points of view between Member States where product technology and market structures are substantially different. Certain competent bodies tend to interpret the eco-label as a sign of excellence, whereas others are more interested in broader participation in the scheme and its overall potential for promoting improvements.

Setting the selectivity level of the eco-label will be easier under the proposed graded approach which introduces more flexibility for adaptation to the specific circumstances of the various Member States. However, it is important to introduce certain generic criteria to guide the setting of such selectivity levels.

These criteria should ensure that:

- there is sufficient visibility for eco-labelled products through the EU market;
- a real possibility exists for adapting a significant share of products and production processes to the criteria, therefore achieving the environmental improvements which are the "raison d'être" of the eco-label scheme;
- the potential for overall environmental improvement is privileged instead of the development of niches of environmental excellence.

Streamlining the criteria-setting procedures

31. At present, the procedures applied to the eco-label criteria setting are those established for setting EU legislation under the implementation powers attributed to the Commission. In addition, a Consultation Forum is involved in the process and the competent bodies are associated by attributing to them the faculty of initiating the criteria setting procedure. The Regulation does not specify by whom and how the technical preparatory work should be carried out.

So far experience has shown that this procedure is complex, implies the involvement and responsibility of the Commission in routine highly specialized technical work and overall does not represent a suitable basis for the long-term development of the eco-label scheme.

32. It is therefore proposed to set up a European Eco-label Organization (EEO) which should establish and update the eco-label criteria and the corresponding assessment and verification requirements as well as coordinate the activities of the competent bodies. The EEO would be a private international association of the eco-label Competent Bodies. The Commission would promote the establishment of the EEO. The EEO would act on a mandate by the Commission. The Commission would have to verify that the tasks of the EEO are executed in conformity with the mandates and the Regulation. The criteria and other requirements set out by the EEO would take effect only once their references are published by the Commission in the Official Journal of the European Communities.

The EEO would act as a coordinating network between the Competent Bodies and would not require the creation of costly new complex structures.

33. The approach proposed is therefore parallel to the "new approach" for the European technical standardization and the role of EEO would be similar to that of the European Standardization Committee (CEN).

The option to attribute the task of setting the eco-label criteria to the European Environmental Agency has been considered. This possibility is explicitly foreseen in Article 20 of Regulation (EEC) No 1210/90 of 7 May 1990 establishing the Agency. However, that option does not appear to be the most appropriate solution for a number of reasons.

34. The Council adopted the Regulation establishing the Agency in 1990. However, when setting the eco-label scheme in 1992 it was clear that, due to the well known difficulties in choosing its seat, the Agency would only become operational after a long delay. Therefore, the Council decided in 1992 to organize the eco-label scheme on a different basis and eliminated every reference to the involvement of the Agency, which had originally been foreseen in the Commission Proposal. The Council has also introduced an higher degree of decentralization of the operation of the scheme, by involving national competent bodies at all the implementation stages.

As a consequence, national Competent Bodies have been established and are now operational in most Member States. These Bodies have been closely involved in the technical work of preparing eco-label criteria. By now, they collectively possess the technical structures and expertise for operating the Community scheme.

35. The Agency does not have any such structure or experience. Moreover, the decision-making procedures of the Agency do not appear to be appropriate for adopting eco-label criteria. Finally, the possibility open by Regulation (EEC) No 1210/90 for the Council to decide on further tasks for the Agency, including setting eco-label criteria, not later than two years after entry into force of the Regulation, has not been used given the delay in the development of the main international activities of the EEA.

Establishing procedural and methodological requirements for setting eco-label criteria

36. The assignment of important tasks to the EEO requires the detailed specification of the methodological and procedural requirements to be complied with in the execution of the tasks foreseen.

Therefore, requirements should be set out on the following subjects:

- the objectives of the eco-label criteria and how to select key environmental aspects to be considered;
- principles and methods of life cycle analysis;
- consultation of stakeholders;
- transparency and non-discrimination;
- independency and neutrality of the process.

Simplifying and clarifying the awarding procedures

37. Under the revised Regulation, the awarding criteria together with requirements applicable to assessment of applications and verification of compliance would be set out by the Competent Bodies acting collectively within the EEO. The EEO would also provide a forum for ensuring consistency in the implementation of the scheme. Under these conditions, it is possible to delegate the awarding of the eco-label to the Competent Body receiving the application. However, it is necessary to clarify to which Competent Body an application has to be presented in the different cases.

Eliminating unjustified rigidity

38. Certain provisions of this Regulation have proved to be too inflexible. In particular, the provision which imposes a fixed three-year validity period of eco-label criteria in all cases should be replaced by a case-by-case decision to be taken by the EEO in view of the specific characteristics of each product group.

Moreover, there is no real need for a legally imposed standard contract as presently foreseen in Article 12 of the Regulation. The coordination between competent bodies could also ensure consistency of the contractual conditions applied.

Adapting the regime applicable to fees

39. The present regime applicable to fees should be adapted in relation to three aspects.

First, a ceiling should be introduced for the annual fees. This is relevant for products sold in large quantities in the EU, for which the fixed percentage of 0.15% could imply transfer of excessive amounts of money from producers to the competent bodies. In fact, fees are justified by the need to finance the functioning of the scheme. It is essential to avoid penalizing by excessive costs manufacturers marketing products with a reduced environmental impact.

Secondly, reduced rates should apply to SMEs and manufacturers of developing countries in order to promote their participation in the scheme.

Thirdly, part of the finance collected through such fees should be devoted to financing the activities of EEO.

Finally, no fee variation between Member States in the level of fees should be allowed since such variations may involve unequal treatment of applicants which would not be justified within the framework of a Community scheme.

Ensuring compatibility with international commitments

40. The Community scheme is applicable to imported as well as products produced in the EU. It is important to ensure that the approach and operation of the scheme is compatible with the principles of the international trade agreements. These principles should therefore be reflected into the provisions of the Regulation.

Procedural principles aimed at guaranteeing access, transparency and non discrimination should be an integral part of the Regulation.

Finally, consistency with internationally recognized standards for eco-labelling and life cycle analysis should be ensured.

Widening the access to the eco-label

41. The possibility for retailers to apply for the eco-label in the case of products sold under their own brand name should be foreseen. This possibility greatly increases the potential of the eco-label given the present trends in retailing and the power of retailers to influence suppliers.

Ensuring coordination between the EU and national eco-label schemes

National schemes have in some cases achieved good results. However, coordination between the Community and national or other eco-label schemes is necessary in order to prevent the potential negative effects related to a proliferation of uncoordinated schemes.

The expectation that the establishment of the Community scheme would have gradually reduced the number and scope of national schemes and in the longer term supersede them, has failed to materialize. Therefore, it is proposed to set provisions in order to ensure that the Community and national schemes become complementary.

VII. Conclusions

42. In view of the contribution which the Community eco-label scheme can give to sustainable consumption in the European Union and taking into account the difficulties which have been encountered in its implementation, it is now essential to revise the scheme. This revision will have to seek to achieve the following objectives:
 - to clarify the nature of the scheme, the principles on which it is based and its methodological approach;
 - to introduce a grading of the eco-label and define what information for consumers has to be included in the label;
 - to set out procedural principles for the operation of the scheme, aimed in particular at ensuring the efficiency and transparency of the eco-label criteria setting process;
 - to attribute the task of establishing eco-label criteria to an appropriate independent organization, the European Eco-label Organization (EEO), which would act on mandate by the Commission;

- to ensure complementarity between the Community scheme and other major eco-label schemes in the EU;
- to introduce a ceiling for the annual fee to be charged for the use of the label and a reduced rate of fee for SMEs and manufacturers of developing countries;
- to streamline other aspects of the operation of the Community scheme;
- to ensure by appropriate substantive provisions continued compatibility with the general principles of international trade agreements and consistency with relevant internationally recognized standards;
- to ensure that the eco-label is a sign of guarantee of reduced environmental impact.

Description of the measures proposed

Article 1: Objectives and principles

This Article defines the objectives and principles of the Community eco-label award scheme.

The scheme is selective and it is intended to providing guidance and information to consumers. The eco-label may be awarded only to products which have the potential to contribute to reduce certain environmental impacts, compared to other products serving the same function.

The eco-label indicates that a product has the potential to reduce certain specified environmental impacts.

The environmental impacts considered are identified on the basis of the life cycle environmental analysis of the products concerned.

Article 1 clarifies that the Community eco-label is not related to any regulatory requirements applicable to products.

Finally, Article 1 requires that consistency is ensured between the eco-label scheme and other Community labelling schemes such as the energy labelling and the organic agriculture certification scheme and duplications are avoided.

Article 2: Environmental requirements

This Article defines the essential environmental requirements which a product must satisfy in order to be awarded an eco-label.

The product must contribute to comparative improvements on key environmental aspects which are identified by applying life cycle analysis to the product group considered.

The balance between the environmental benefits and burdens related to the adaptations considered will have to be evaluated and taken into account.

Article 2 introduces an indicative assessment matrix which completes and revises that in Annex I of Regulation (EEC) No 880/92, and the essential methodological requirements for selecting key environmental aspects (see also Annexes I and II).

Article 3: Eco-label criteria and assessment and verification requirements

Article 3 states that the detailed requirements which a product must satisfy in order to qualify for the eco-label shall be set in the form of criteria for each product group. The criteria should be related to the key environmental aspects identified in accordance to the approach defined in Article 2. They should be selective and their selectivity will be set on the basis of consideration of:

- the possibility to influence environmental improvements through consumer choice;
- the technical and economic feasibility of adaptations; and
- the aim to achieve the maximum potential for overall environmental improvement.

The criteria should define the thresholds related to the rating foreseen for each key environmental aspect in the graded eco-label described in Annex III.

Requirements for the assessment of specific products against the eco-label criteria and verification of compliance with the conditions for the use of the eco-label have to be established by product groups.

Finally, the criteria and the assessment and verification requirements have a limited period of validity, which will be specified case by case for each product group.

Article 4: Scope

Article 4 introduces the concept of product group and the criteria for selecting product groups to be included in the Community scheme.

Eco-label criteria shall be established by product groups. A same product group will include all products equivalent in terms of use and consumer perception.

However, subgroups may be introduced when there are significant differences in the functional characteristics of products serving the same main function and the adaptation of the criteria to the various subgroups can ensure a greater overall improvement potential for the eco-label.

Criteria are set out for the selection of product groups.

Article 5: Procedures for the establishment of eco-label criteria and assessment and verification requirements

Article 5 gives a mandate to the Commission from the entry into force of the Regulation; to encourage the establishment of the European Eco-label Organization (EEO) in the form of an Association among competent bodies. The Regulation will enter into force on the date of its publication in the Official Journal of the European Communities, but will be applicable in its entirety only when the EEO will be able to perform its tasks. The Commission is required to take a decision to that end, and to publish in the Official Journal of the European Communities the date of applicability of the Regulation.

Moreover, Article 5 defines the procedure for setting the criteria and the corresponding assessment and compliance verification requirements.

Article 6: Awarding the eco-label

Article 6 defines the procedure for awarding the eco-label. It extends the right to apply for the label to retailers only in the case of products marketed under their own brand name. It clarifies the possible scope of an application and to which Competent Body it has to be submitted.

Article 7: The eco-label

This article introduces a modified lay out for the eco-label, which includes a logo and information on the product, in particular concerning its rating related to the key environmental aspects considered for the eco-label criteria. The shape of the eco-label is described in Annex III.

Article 8: Use of the eco-label, costs and fees

The provisions of Regulation (EEC) No 880/92 concerning the terms of use of the label are confirmed but no standard contract is foreseen here and a revised regime applicable to the annual fees is set out.

Article 9: Competent bodies

Article 9 repeats the corresponding provisions of Regulation (EEC) No 880/92 concerning the designation of the competent bodies with three amendments:

- the Member States shall ensure not only that the Competent Bodies are designated but also that they are operational;
- in the case where more than one Competent Body is designated, the Member State concerned must establish the respective competencies and the relevant coordination requirements;

- the procedures and working arrangements of each Competent Body must allow for sufficient transparency and involvement of all stakeholders at national level.

Article 10: Promotion of the eco-label

Article 10 introduces provisions aimed at enhancing the effectiveness of the Community eco-label. Member States and the EEO are required to promote the Community eco-label by information and awareness-raising campaigns.

Article 11: Other eco-label schemes in the Member States

The provisions of this Article are aimed at ensuring complementarity between the Community and national eco-label schemes. In particular, the objective is to prevent duplication or contradiction between the Community and national schemes.

Article 12: Adaptation to technical progress

Article 12 provides for the adaptation to the technical progress of the Annexes.

Article 13: Committee

This Article establishes an Advisory Committee to assist the Commission in setting out the mandates to EEO and adapting the Annexes to technical progress.

Article 14: Transitional provisions

This Article repeals Regulation (EEC) No 880/92 and defines transitional arrangements to ensure continuity between the old and new eco-label Regulations.

Article 15: Revision

Article 15 provides for the review and eventual revision of the Regulation within five years of the date of its full applicability.

Article 16: Final provisions

The Regulation will enter into force on the day of its publication in the Official Journal of the European Communities and will be fully applicable when the EEO is established and the Commission has verified that it is able to perform its tasks.

Proposal for a
COUNCIL REGULATION (EC)
on a revised Community eco-label award scheme

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 130s(1) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the Economic and Social Committee,

Acting in accordance with the procedure laid down in Article 189c of the Treaty in cooperation with the European Parliament,

1. Whereas the aims of Council Regulation (EEC) No 880/92 of 23 March 1992 on a Community eco-label award scheme² were to establish a voluntary Community eco-label scheme intended to promote products with a reduced environmental impact during their entire life cycle and to provide consumers with accurate, non-deceptive and scientifically based information on the environmental impact of products;
2. Whereas Article 18 of Regulation (EEC) No 880/92 provides that within five years from its entry into force the Commission should review the scheme in the light of the experience gained during its operation and should propose any appropriate amendments to the Regulation;
3. Whereas the experience gained during the implementation of the Regulation has shown the need to amend the scheme in order to increase its effectiveness and streamline its operation;
4. Whereas the basic aims for a voluntary and selective Community eco-label award scheme are still valid; whereas in particular such an award scheme should provide guidance to consumers on products with a potential for reducing environmental impact when viewed through its entire life-cycle, and should provide information on the environmental characteristics of labelled products;
5. Whereas it is necessary to explain that the eco-label points out to consumers those products which have the potential to reduce certain environmental impacts, as compared with other products in the same product group, without prejudice to regulatory requirements applicable to products at a Community or a national level;

² OJ No L 99, 11.4.1992, p. 1.

6. Whereas the scope of the scheme should include products and environmental factors which are of supreme Community interest from the point of view both of the internal market and of the environment;
7. Whereas the procedural and methodological approach for setting eco-label criteria should be updated in the light of scientific and technical progress and of the experience gained in this area, to ensure consistency with relevant internationally recognized standards which are evolving in this area;
8. Whereas the principles for establishing the selectivity level of the eco-label should be clarified, in order to facilitate consistent and effective implementation of the scheme;
9. Whereas the eco-label should include simple, accurate, non-deceptive and scientifically based information on the key environmental aspects which are considered in the award of the label, in order to enable consumers to make informed choices;
10. Whereas it is necessary to introduce a grading in the eco-label in order to stimulate and recognize further environmental improvements, over and above the hurdles set for the award of the label;
11. Whereas it is necessary to assign the task of setting eco-label criteria and assessment and verification requirements to an appropriate independent body, in order to achieve an efficient and neutral implementation of the scheme;
12. Whereas such a body should be composed of the competent bodies already designated by the Member States under Article 9 of Regulation (EEC) No 880/92, in order to make full use of the expertise, structures and resources of those bodies and to prevent duplications and waste of resources;
13. Whereas the establishment of such a body in the form of an Association of the competent bodies will take some time, and the full application of this Regulation should be subject to such a body being operational;
14. Whereas it is necessary to ensure that the Community eco-label award scheme is consistent and coordinated with other Community labelling or quality-certification schemes such as those established by Council Directive 92/75/EEC of 22 September 1992 on the indication by labelling and standard product information of the consumption of energy and other resources by household appliances³ and by Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs⁴.

³ OJ No L 297, 13.10.1992, p. 16.

⁴ OJ No L 198, 22.7.1991, p. 1: Regulation as last amended by Regulation (EC) No 418/96 (OJ No L 59, 8.3.1996, p. 10).

15. Whereas provision should be made to ensure consistency and complementarity between the Community eco-label and other eco-label schemes in the Community, in order to avoid confusing consumers and creating potential market and trade distortions, and in order to increase the attractiveness of the eco-label to potential applicants;
16. Whereas it is necessary to guarantee transparency in the implementation of the scheme and to ensure consistency with relevant international standards in order to facilitate access to, and participation in, the scheme by manufacturers and exporters of countries outside the Community;
17. Whereas Regulation (EEC) No 880/92 should be replaced by this Regulation in order to introduce in the most effective way the necessary revised provisions for the reasons mentioned above, while appropriate transitional provisions ensure continuity and smooth transition between the two Regulations,

HAS ADOPTED THIS REGULATION:

Article 1

Objectives and principles

1. The objective of the Community eco-label award scheme (hereinafter "the Scheme") is to provide guidance and accurate, non-deceptive and scientifically based information to consumers on products which have the potential to contribute to the reduction of certain specific environmental impacts as compared with those of other products in the same product group, therefore contributing to the efficient use of resources and better protection of the environment.
2. The environmental impacts are identified on the basis of examination of the interactions with the environment, including use of energy and natural resources, during the entire life cycle of a product.
3. Participation in the scheme shall be without prejudice to environmental or other regulatory requirements of Community or national law applicable to the various life stages of a product.
4. The implementation of the Scheme shall be consistent and coordinated with other relevant Community labelling or quality certification schemes such as, in particular, the Community Energy Labelling Scheme and the Organic Agriculture Scheme.

Article 2

Environmental requirements

1. The eco-label may be awarded to a product possessing characteristics which enable it to contribute significantly to improvements in relation to key environmental aspects identified in the light of the indicative assessment matrix in Annex I.

The pre-production stage of the life-cycle includes extraction or the production and processing of raw materials and energy production. Those aspects shall be taken into account, in accordance with the methodological requirements stated in Annex II, as far as is technically feasible.

2. In evaluating the comparative improvements, consideration shall be given to the net environmental balance between the environmental benefits and burdens associated with the adaptations in the various life stages of the products considered.

The evaluation shall also take into account the eventual environmental benefits related to the utilization of the products considered.

3. The key aspects shall be determined by identifying the categories of impact in which the product under examination provides the most significant contribution within the life cycle perspective, and among them the ones for which a significant potential for improvement exists.

The methodological requirements in Annex II shall apply.

Article 3

Eco-label criteria and assessment and verification requirements

1. Specific eco-label criteria shall be established according to product groups. These criteria will set out the requirements for each of the key environmental aspects mentioned in Article 2, which a product must fulfil in order to be considered for the award of an eco-label.
2. The criteria shall seek to ensure a selectivity basis on the following principles:
 - (a) the product's prospects of market penetration in the Community shall, during the currency of the criteria, be sufficient to effect environmental improvements through consumer choice;
 - (b) the selectivity of a criterion shall take into account the technical and economic feasibility of adaptations needed to comply with it within a reasonable period of time;
 - (c) the selectivity of the criteria shall be determined with a view to achieving the maximum potential for overall environmental improvement.

These principles shall not prevent the promotion of innovative products through appropriate eco-label criteria where such products have significant prospects of market penetration.

3. The criteria and their selectivity level shall be determined in accordance with the eco-label rating set out in Annex III.

4. Requirements for assessing compliance of specific products with the eco-label criteria and for verifying the conditions for the use of the eco-label referred to in Article 8(1), shall be established by product groups together with the eco-label criteria.
5. The period of validity of the criteria, and the assessment and verification requirements, shall be specified within each set of eco-label criteria for each product group.

Article 4

Scope

1. The Community eco-label may be awarded to products manufactured in the Community or imported into it which comply with the essential environmental requirements provided for in Article 2 and the eco-label criteria. The eco-label criteria shall be set out by product group.
 2. In order to be included in this scheme, a product group must fulfil the following conditions:
 - (a) it shall represent a significant overall volume of sales and trade in the internal market;
 - (b) it shall involve, at one or more stages of product life, significant environmental impact on a global or regional scale and/or of a general nature; and
 - (c) it shall present a significant potential for effecting environmental improvements through consumer choice as well as an incentive to manufacturers to seek a competitive advantage by offering products which qualify for the eco-label;
 - (d) a significant part of its sales volume shall be sold to the final consumer.
- Priority shall be granted to product groups on the basis of the scientific and practical feasibility of clear and verifiable eco-label criteria.
3. A product group shall include all products which serve the same purpose and which are equivalent in terms of use and consumer perception. A product group may be subdivided into sub-groups, with a corresponding adaptation of eco-label criteria, when this is required by the characteristics of the products and with a view to ensuring the optimal potential of the eco-label for effecting environmental improvements.

The definition of product groups and sub-groups shall include fitness-for-use requirements.

The eco-label criteria related to the various sub-groups of a single product group shall become applicable at the same time.

4. The eco-label may not be awarded to products which are substances or preparations classified as very toxic, toxic, dangerous to the environment, carcinogenic, toxic for reproduction, or mutagenic, according to Council Directive 67/548/EEC⁵ or Directive 88/379/EEC⁶.
5. This Regulation shall not apply to food, drink or pharmaceuticals.

Article 5

Procedures for the establishment of eco-label criteria and assessment and verification requirements

1. The Commission shall encourage the creation of an Association of the competent Bodies referred to in Article 9, having legal personality, under the title of European Eco-label Organization, hereinafter referred to as "the EEO".
2. The Commission, acting according to the procedure provided for in Article 13, shall give mandates to the EEO to establish and to review periodically, at intervals of no longer than three years, the eco-label criteria as well as the assessment and compliance verification requirements related to those criteria, for the product groups within the scope of this Regulation.

The Commission shall act on its own initiative or at the request of the EEO. Interested parties may submit to the Commission or the EEO suggestions concerning the product groups to be considered.

Before selecting a product group and giving the corresponding mandate to the EEO, the Commission shall undertake to open consultations of all the interested parties in accordance with the principles of Annex IV, paragraphs a and b.

Such a mandate will specify the procedure for the establishment of eco-label criteria in accordance with the principles of Annex IV. The procedure shall in particular ensure transparency and access to consultation for all interested parties as provided for in Annex IV.

3. The Commission will publish the references to those criteria and requirements and their updatings in the Official Journal of the European Communities, C Series, when it is satisfied that the terms of the relevant mandate have been complied with.

⁵ OJ No L 196, 16.8.1967, p. 1; Directive as last amended by Directive 96/56/EC of the European Parliament and the Council (OJ No L 236, 18.9.1996, p. 35).

⁶ OJ No L 187, 16.7.1988, p. 14; Directive as last amended by Commission Directive 96/65/EC (OJ No L 265, 18.10.1996, p. 15).

Article 6

Awarding the eco-label

1. Applications for the eco-label may be submitted by manufacturers, importers and retailers. The last-named may submit applications only for products put on the market under their own brand name.
2. The application may refer to a product put on the market under one or more brand names. No new application will be required for modifications in the characteristics of products which do not affect compliance with the criteria.
3. The application shall be presented to the Competent Body of the Member State in which the product is manufactured or imported. Manufacturers established in third countries and importers may apply to a competent body in any of the Member States in which they have put, or intend to put, on the market the product concerned. In the case of products manufactured in several Member States, the application shall be presented to the competent body in any of the Member States where the product is manufactured.
4. The eco-label may be awarded to products which comply with the eco-label criteria established by the EEO, the references to which have been published under Article 5(3). The decision to award the label shall be taken by the competent body receiving the application, after verifying that the application is in conformity with the assessment and compliance verification requirements established by the EEO. To this end, the competent bodies shall recognize tests and verifications performed by bodies which are accredited under the standards of EN 45000 series or equivalent international standards.
5. The competent bodies shall collaborate in order to ensure the effective and consistent implementation of the assessment and verification procedures.

Article 7

The eco-label

The eco-label shall consist of the logo and information set out in Annex III. Specifications concerning the information to be included and its presentation shall be part of the criteria established by the EEO. The Commission shall consult national consumer associations represented in the Consumer Committee established by Commission Decision 95/260/EC⁷, within five years of the date referred to in the second subparagraph of Article 16(2) of this Regulation, in order to assess how effectively the graded eco-label meets the information needs of consumers. On the basis of this assessment, the Commission shall introduce any appropriate modifications as to the information to be included in the eco-label, according to the procedure set out in Article 13.

⁷ OJ No L 162, 13.7.1995, p. 37.

Article 8

Use of the eco-label, costs and fees

1. The competent body shall conclude a contract with the applicant, covering the terms of use of the label. The terms of use shall include provisions for withdrawing the authorization to use the label. The authorization shall be reconsidered and the contract revised or terminated, as appropriate, following any revision of the eco-label criteria applicable to a given product.
2. The eco-label may not be used, and references to the eco-label in advertising may not be made, until a label has been awarded and then only in relation to the specific product for which it was awarded.

Any false or misleading advertising or the use of any label or logo which may lead to confusion with the Community eco-label as introduced by this Regulation is prohibited.

3. Every application for the award of a label shall be subject to payment of the costs of processing the application.

Use of the label shall entail payment of a fee by the applicant.

The level of fees is set out in Annex V.

Article 9

Competent bodies

1. Each Member State shall ensure that the body or bodies, hereinafter referred to as the "competent body (bodies)", responsible for carrying out the tasks provided for in this Regulation, is/are designated and operational. Where more than one competent body is designated, the Member State shall set those bodies' respective powers and the coordination requirements applicable to them.
2. Member States shall ensure that:
 - (a) the composition of the competent bodies is such as to guarantee their independence and neutrality;
 - (b) the rules of procedure of the competent bodies ensure, at national level, the involvement of all interested parties and an appropriate level of transparency;
 - (c) the competent bodies shall apply correctly the provisions of this Regulation.

Article 10

Promotion of the eco-label

Member States and the EEO shall accompany the development of the scheme by promoting awareness raising actions and information campaigns for consumers, producers, retailers and the general public, specifically aimed at promoting the use of the Community eco-label.

Article 11

Other eco-label schemes in the Member States

1. Within five years of the date referred to in the second subparagraph of Article 16(2), existing and new public and private eco-label schemes in the Member States shall be organized in such a way as to apply to product groups for which no specific Community eco-label criteria are established, ensuring complementarity between such schemes and the Community eco-label.
2. The Commission shall encourage collaboration between the Community scheme and schemes in the Member States in order to ensure the necessary coordination.

Article 12

Adaptation to technical progress

The Annexes to this Regulation may be adapted to technical progress including progress in the relevant international standardization activities, according to the procedure provided for under Article 13.

Article 13

Committee

The Commission shall be assisted by a Committee of an advisory nature composed of the representatives of the Member States and chaired by the representative of the Commission.

The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft, within a time-limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.

The opinion shall be recorded in the minutes; in addition, each Member State shall have the right to ask to have its position recorded in the minutes.

The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

Article 14

Transitional provisions

Regulation (EEC) No 880/92 is hereby repealed.

It shall continue to apply to contracts concluded under Article 12(1) thereof.

Article 15

Revision

1. Within five years of the date referred to in the second subparagraph of Article 16(2), the Commission shall review the scheme in the light of the experience gained during its operation.
2. The Commission shall propose any appropriate amendments to this Regulation.

Article 16

Final provisions

1. This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Communities.
2. Apart from Article 5(1), the provisions of this Regulation shall apply as from the day following that on which the Commission decides that the EEO is in a position to perform its tasks.

That date shall be published in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

ANNEX I

INDICATIVE ASSESSMENT MATRIX

Environmental aspects	Product life-cycle				
	Pre-production	Production	Distribution (including packaging)	Use	Re-use/ Recycling/ Disposal
Air quality					
Water quality					
Soil protection					
Waste reduction					
Energy savings					
Natural resource management					
Global warming prevention					
Ozone layer protection					
Environmental safety					
Noise					
Eco-system protection					

Methodological Requirements for Selecting Key Environmental Aspects

Introduction

The process for identifying and selecting the key environmental aspects will include the following steps:

- market study;
- life cycle analysis;
- technical, economic and market analysis of the potential for environmental improvements corresponding to the various options available.

Market study

The market study will consider the various types of products belonging to the product group studied on the Community market, the quantities produced, imported and sold, the structure of the market in the Member States. Internal and external trade will also be considered.

Consumer perceptions, functional differences between types of products and the need for identifying subgroups will be assessed.

A sample of reference products representative of the product group for the Community market will be provided via the market study.

Life Cycle Analysis (LCA)

The Life-Cycle Analysis shall be performed in accordance to internationally recognized methods and standards. It shall include the following steps:

- (a) **Goal definition and scoping** which includes establishing:
 - (i) the functional unit;
 - (ii) the definition of the product system boundary;
 - (iii) the level of detail of LCA for the definition of eco-labelling criteria;
 - (iv) the procedure to be followed in order to ensure the quality of the study.

- (b) The inventory analysis which identifies and where possible quantifies the inputs and outputs between the product system under investigation and the environment. This leads to an inventory table.
- (c) The impact assessment which identifies, characterizes and assesses the effects on the environment of the interactions identified in the inventory analysis. It includes, in particular, the following steps:
 - (i) classification of the impacts;
 - (ii) characterization of the impacts;
 - (iii) valuation of the impacts;
 - (iv) improvement assessment;
 - (v) validation procedure.

Classification and characterization of the impacts will be made with reference to the impact categories identified in the Society of Environmental Toxicology and Chemistry (SETAC) Code of Practice (1993).

For the purpose of this Regulation the approach to be adopted will be determined with a view to identifying the categories of impact for which the product under examination will in a life cycle perspective, be able to provide most significant contribution and with a view to providing quantified information on the ranges of such impacts corresponding to the various types of products in the product group under examination.

The LCA study will be applied to the representative sample provided by the market study.

Improvement analysis

The improvement analysis will take into account in particular the following aspects:

- the theoretical potential for environmental improvement in conjunction with possible changes induced in the market structures. This will be based on the improvement assessment from the LCA;
- the technical, industrial and economic feasibility of production and market modifications, under the various hypotheses;
- consumer attitudes, perceptions and preferences, which may influence the effectiveness of the eco-label.

Description of the eco-label

Shape of the eco-label

The eco-label is awarded to products which complies with at least the minimum level of the criteria, for all the selected key environmental aspects. It includes information for consumers according to the following scheme:

This label guarantees a reduced environmental impact  EUROPEAN UNION ECO-LABEL	Key environmental aspects	Environmental score ⁽¹⁾
	X	  
	Y	
	Z	 

(1) This is an example. One, two or three "flowers" may be attributed, for each key aspect

Contents

The label will include those aspects for which there are quantified eco-label criteria. These aspects will be described in non-technical and unambiguous terms.

The label will also include generic information on qualitative criteria.

Procedural principles for establishing eco-label criteria

For the development of eco-label criteria, the following procedural requirements shall apply:

Interested parties' involvement

- (a) The involvement of the parties directly or indirectly concerned by the mandate and a balanced participation of all the relevant interest groups, such as industry, including SMEs and hand crafts through their business organizations, trade unions, retailers, importers, environmental protection groups, consumer organizations, shall be actively pursued.
- (b) Interested parties inside or outside the Community shall be treated on an equal footing.
- (c) A specific ad hoc working group involving the interested parties mentioned above shall be established for the development of eco-label criteria for each product group.
- (d) A specific work programme and a corresponding time-table shall be established including, in particular, the following phases:
 - (i) market study;
 - (ii) life-cycle analysis (which includes the following steps: goal and scope definition, inventory analysis and impact assessment) and Improvement Analysis;
 - (iii) proposal of the criteria.

Each phase and step shall be concluded by at least a meeting of the ad hoc working group in order to consider the results and indicate further orientations.

All reasonable efforts shall be made to achieve a consensus throughout the process, while aiming at high levels of environmental protection. However, the EEO shall apply decision-making procedures in conformity with practice of European standardization bodies

A working paper summarizing the main findings of each phase shall be issued and distributed in due time to the participants before the meetings of the ad hoc working group.

Open consultation and transparency

- (e) A final report containing the main results shall be issued and published. Interim documents reflecting the results of the different stages of work shall be made available to those interested and comments on them shall be considered.
- (f) A draft version of the report including also the draft eco-label criteria shall be published. An open consultation on the content of this draft report shall be carried out. A period of at least 60 days for the submission of comments on the draft criteria will be allowed before adoption of the criteria. Any observations shall be considered. On request, information on the follow-up to the comments will be provided.
- (g) The report shall include an executive summary and annexes with detailed inventory computations.

Confidentiality

- (h) The protection of confidential information provided by individuals, public organizations, private companies, interest groups, interested parties or other sources shall be ensured.

Planning

- (i) A deadline for completion of work shall be provided in the mandate. An indicative planning of work and its up-datings will be published every six months by EEO.

Fees

1. An application for the award of an eco-label shall be subject to payment of the costs of processing the application.

The application fee shall be ECU 500, in general, and ECU 250 for SMEs⁸ and manufacturers of developing countries..

2. Each applicant who has been awarded an eco-label shall pay an annual fee for the use of the label to the Competent Body which has awarded the label.
3. The annual fee shall cover a period of 12 months, beginning with the date of the award of the eco-label to the applicant.
4. The annual fee shall be calculated as a percentage of the annual volume of sales within the European Union of the product awarded the eco-label.
5. The percentage figure of the annual volume of sales shall be 0.15% with a ceiling of ECU 40 000.
6. The minimum figure shall be ECU 500.
7. In the case of SMEs and manufacturers of developing countries, the percentage figure of the annual volume of sales shall be 0.10%.
8. On the request of the EEO, 50% of the annual fees collected shall be made available to it for financing EEO activities related to the Community eco-label scheme including information campaigns.

ADDITIONAL PROVISIONS

- (i) Figures for the annual volume of product sales should be based on ex-factory prices.
- (ii) Neither the application fee nor the annual fee shall include any cost towards testing and verification which may be necessary for products which are the subject of applications. Applicants will meet the cost of such testing and verification themselves.

⁸ SMEs as defined in Commission Recommendation 96/280/EC of 3 April 1996 (OJ No L 107, 30.4.1996, p. 4).

Testing requirements shall be established taking also into account the objective to minimize their costs, in particular in view of facilitating participation of SMEs and manufacturers of developing countries in the scheme.

- (iii) Community review of the fee structure for the eco-label award scheme may lead to a revision of the figures. This should not alter the fees payable in respect of any application which resulted in the award of a label prior to the date of the Community decision to revise the figures, until the end of the period of validity of the criteria relating to the label concerned.

FINANCIAL STATEMENT

1. Title of operation

Revised Regulation on a Community eco-label award scheme (Regulation (EEC) No 880/92)

2. Budget heading involved

B4-3040

3. Legal basis

Article 130s
Regulation (EEC) No 880/92, as amended.

4. Description of operation

4.1. General Objective:

The general objective of this initiative is to improve the effectiveness of the Community eco-label award scheme with a view to promoting sustainable consumption patterns in the EC.

For this aim it is proposed to revise the eco-label scheme established by Regulation (EEC) No 880/92, in particular by transferring its operation to an independent body within that framework, to establish a European Eco-label Organization.

This demarche corresponds to the principle of action at the most appropriate level. National competent Bodies collaborating within the framework of a European association are in the best position to set eco-label criteria corresponding to expectations and perceptions of consumers in the Member States.

Moreover, the national competent bodies possess collectively the expertise and competence necessary for operating the eco-label scheme in the most effective way. Finally, they are in the best position to ensure participation of the interested parties in the operation of the scheme and ensure transparency.

4.2. Period covered and arrangements for renewal:

Four years, from the entry into force of the revised Regulation.

5. Classification of expenditure or revenue

5.1. Non-compulsory expenditure

5.2. Differentiated appropriations

5.3. Type of revenue involved

Not applicable.

6. Type of expenditure or revenue

- *Subsidy for joint financing with other sources in the public sector*
- *Should the operation prove an economic success, is there provision for all part of the Community contribution to be reimbursed ?*

No. The objective of the operation is to promote the establishment of a no-profit organization.

7. Financial impact

7.1. Method of calculating total cost of operation (relation between individual and total costs)

The operation consists in establishing the European Eco-label Organization, as foreseen in the revised eco-label Regulation, and launching its activities.

This organization would be an international association of the national eco-label competent bodies set out by Member States under Article 9 of Regulation (EEC) No 880/92.

The costs of this operation would be financed on the Community budget at the following rates:

- 70% for the first year (1998)
- 70% for the second year (1999)
- 50% for the third year (2000)
- 30% for the fourth year (2001).

The complementary financing will be provided by the eco-label competent bodies.

No further Community financing is foreseen after the fourth year of operation.

The EEO is expected to become in the longer term self-financing on the fees resulting from the eco-label awards. Execution of the mandates which will be given by the Commission and the general costs of the EEO should be financed by the 50% of eco-label award annual fees which the EEO is entitled to obtain from the competent bodies.

The competent bodies should ensure any external need for further complementary finance after the fourth year.

The calculation is based on the following assumptions. The EEO will move to coordinate the activities of setting eco-label criteria and testing requirements by establishing and managing ad hoc working groups for the various product groups considered and organizing and promoting life cycle studies. Moreover, in the first period the EEO will have to set its methodological and procedural rules. Coordination will have to take place in Brussels where the EEO should establish its seat and secretariat.

7.2. Itemized breakdown of cost

Breakdown	Year 1 1998	Year 2 1999	Year 3 2000	Year 4 2001	TOTAL
Establishment and operation costs of the EEO	1.800.000	1.500.000	1.500.000	1.500.000	6.300.000
Life cycle analysis and assessment/testing requirements activities	800.000	800.000	500.000	500.000	2.600.000
TOTAL	2.600.000	2.300.000	2.000.000	2.000.000	8.900.000
Community contribution	1.820.000 (70%)	1.610.000 (70%)	1.000.000 (50%)	600.000 (30%)	5.030.000 (56.5%)

Expressed in current constant ecus (1996).

7.3. Schedule of commitment and payment appropriations

	1998	1999	2000	2001	TOTAL
Commitment appropriations	1.820.000	1.610.000	1.000.000	600.000	5.030.000
Payment appropriations					
1998	1.290.00				
1999	1.510.00				
2000	1.215.00				
2001	790.00				
2002	190.00				
2003	35.00				
TOTAL	5.030.00				

Current constant ecus (1996).

8. Fraud prevention measures

- *Specific control measures envisaged*

The financing of the EEO considered, shall be subject to all the verification requirements and other contractual conditions applied to Community financial contributions.

In addition, the following specific measures will be applied:

all study, service, consultant and purchasing contracts of the EEO exceeding ECU 10 000 will be subject to call for tender;

- open calls for tender to be published in the Official Journal of the European Communities, for contracts above ECU 50 000;
- restricted calls for tender based on lists resulting from "appel à manifestation d'intérêt", in the other cases;

reimbursements for attendance to meetings should only be accepted on presentation of appropriate documentation. This documentation will be kept at the disposal of the Commission;

an annual detailed financial report shall be submitted by the EEO to the Commission. The Commission will make systematic checks on the basis of this report at the premises of the EEO. Approval of the report by the Commission will be a condition for payments.

9. Elements of cost-effectiveness analysis

9.1. Specific and quantifiable objectives; target population

- Specific objectives

The objective is to ensure the proper functioning of the EC eco-label award scheme.

The final objective is the improvement of the environment. The eco-label is based on a market approach. Results will depend on market response to the increased visibility of the eco-label.

As reference for evaluating this action, the numbering of product groups for which criteria are established or revised, can be used. The following targets are therefore set out:

<u>Year</u>	Number of product groups for which eco-label criteria are set out or revised (per year)
1998	5
1999	10
2000	15
, 2001	15

The indicative number of five product groups per year represents an average figure mainly based on the general result so far developed within the EC eco-label award scheme. In fact, within the last three years of functioning (1993-96) eleven new product groups were established and one was renewed for the second time. To this critical mass of product groups already in place one should add possible new product groups derived by the eleven technical studies currently carried on by the Commission and the competent bodies. Moreover, all the product groups will be subject to periodical revisions according to the different validity of criteria.

- Target population

The direct targets of this action are the eco-label competent bodies. These are neutral and independent bodies through which interest groups have access through the Community scheme. Consumer and environmental NGOs, industry associations, retailers and trade unions will benefit from the establishment of the EEO by being able to contribute through it to define the patterns of sustainable consumption.

The end-beneficiaries will be EC citizens at large, through better quality of their environment.

9.2. Grounds for the operation

- Need for Community financial aid

The Community eco-label scheme is one element of a wide strategy aimed at promoting sustainable production and consumption. The objective of sustainable consumption is to reduce or contain impact of consumption on the environment. To that aim the strategy consists in promoting environmentally aware behaviour patterns, in particular by identifying and promoting "green" products.

The operation of the Community eco-label scheme has recently made substantial progress. Eco-label criteria have now been published for 11 product groups and the eco-label has been awarded to 45 products.

However, certain difficulties have been encountered in the implementation of the Regulation and there is a need for improving and streamlining the approach, methodologies and working procedures of the scheme, in order to increase its effectiveness and efficiency.

Whereas the setting of eco-labelling criteria is speeding up, the visibility of the eco-label on the European market is still low. The operation of the scheme should now be done on a more routine and efficient basis and efforts should concentrate on promoting the eco-label vis-à-vis consumers, retailers and manufacturers.

It is premature to assess the market effect of the Community scheme, given that the Community eco-label has not yet gained sufficient visibility in the market place because of its still relatively early stage of development.

At present, the procedures applied to the eco-label criteria setting are those established for setting EU legislation under the implementation powers attributed to the Commission. In addition, a Consultation Forum is involved in the process and the competent bodies are associated by attributing to them the faculty of initiating the criteria setting procedure.

So far experience has shown that this procedure is complex, implies the involvement and responsibility of the Commission in routine highly specialized technical work and overall does not represent a suitable basis for the long-term development of the eco-label scheme.

Under the revised eco-label Regulation, the responsibility for establishing eco-label criteria would be transferred from the Commission to an independent body, the EEO. The EEO would take the form of an international association of the competent bodies. The launch of the EEO depends on the initiative of the bodies which should be members of that association.

The financing of the establishment and first years of operation of the EEO is a stumbling block for its launch. It is anticipated that in its initial period of existence, the EEO could not get a significant income from fees related to eco-label awards. The Community relevance of the EEO in order to set out a revised eco-label scheme justifies an EC co-financing for the first four years of operation. The competent bodies would have to ensure the complementary financing.

- *Choice of ways and means*

It is therefore proposed to set up a European Eco-label Organization (EEO) which should establish and update the eco-label criteria and the corresponding assessment and verification requirements as well as coordinate the activities of the competent bodies. The EEO would be a private international association of the eco-label Competent Bodies. The Commission would promote the establishment of the EEO. The EEO would act on mandate by the Commission.

The EEO would act as a coordinating network between the competent bodies and would not require the creation of costly new complex structures.

The approach proposed is therefore parallel to the "new approach" for the European technical standardization and the role of the EEO would be similar to that of the European Standardization Committee (CEN).

The specific technical tasks attributed to the EEO will regard mainly the management and coordination of the studies in order to develop or to renew the ecological criteria for the different product groups. The studies will be carried on following a mandate from the Commission and with the assistance of technical consultants.

A specific ad hoc working group will be established for the development of eco-label criteria for each product group. The EEO will actively involve at different stages of the studies the different stakeholders (parties directly or indirectly concerned by the mandate) ensuring a balanced participation of all the relevant interest groups, such as industry, including SMEs and hand crafts through their business organizations, trade unions, retailers, importers, environmental protection groups and consumers.

A specific work programme and a corresponding time-table shall be established including, in particular, the following phases:

- (a) market study;
- (b) life cycle analysis (which includes the following steps: goal and scope definition, inventory analysis and impact assessment) and improvement analysis;
- (c) proposal of the criteria.

Each phase and step shall be concluded by at least a meeting of the ad hoc working group in order to consider the results and indicate further orientations. A working paper summarizing the main findings of each phase shall be issued and distributed in due time to the participants before the meetings of the ad hoc working group.

The present experience of running the eco-label scheme clearly indicates that the timing for the development of one full life cycle assessment study is twelve to fourteen months. For each study, it is necessary to foresee at least four meetings of the ad hoc working group, followed by two plenary sessions of the EEO to discuss and eventually approve the ecological criteria. As a term of reference for the cost of performing a full LCA study, we can assume an average of ECU 100 000.

The operative costs of running the system should take into account the fact that the EEO should meet at least four times per year in plenary sessions. The organization should be assisted by a permanent secretariat constituted at least by a director, an assistant, a communication officer and a secretary.

Given the institutional and practical constraints, no alternative can be identified in order to achieve the aims of the revision of Regulation (EEC) No 880/92.

The option to attribute the task of setting the eco-label criteria to the European Environmental Agency has been considered. This possibility is explicitly foreseen in Article 20 of Regulation (EEC) No 1210/90 of 7 May 1990 establishing the Agency. However, that option does not appear to be the most appropriate solution for a number of reasons.

The Council adopted the Regulation establishing the Agency in 1990. However, when setting the eco-label scheme in 1992 it was clear that, due to the well known difficulties in choosing its seat, the Agency would only become operational after a long delay. Therefore, the Council decided in 1992 to organize the eco-label scheme on a different basis and eliminated every reference to the involvement of the Agency, which had originally been foreseen in the Commission Proposal. The Council has also introduced an higher degree of decentralization of the operation of the scheme, by involving national competent bodies at all the implementation stages.

As a consequence, national competent bodies have been established and are now operational in most Member States. These bodies have been closely involved in the technical work of preparing eco-label criteria. By now they collectively possess the technical structures and expertise for operating the Community scheme.

The Agency does not have any such structure or experience. Moreover, the decision-making procedures of the Agency do not appear to be appropriate for adopting eco-label criteria. Finally, the possibility open by Regulation (EEC) No 1210/90 for the Council to decide on further tasks for the Agency, including setting eco-label criteria, not later than two years after entry into force of the Regulation, has not been used given the delay in the development of the main international activities of the EEA.

Finally, no other suitable body is available for operating this Community scheme. The nature of the eco-label scheme does not allow for solutions based on simple mutual recognition (the criteria would in fact have to be identical in the 15 Member States in order not to mislead consumers) or complete privatization (the label would not prevent a proliferation of similar national and/or private schemes).

- Main factors of uncertainty which could affect the specific results of the operation

The uncertainty is related to the success of the EC eco-label and the amount of fees perceived. However, the EEO members should be associated to managing the risks of the operation by contributing financially. In fact, they have a major role to play for the success of the operation by establishing eco-label criteria and promoting the EC eco-label with the stakeholders (consumers, retailers, industry, etc.)

9.3. Monitoring and evaluation of the operation

Given the nature of the operation, monitoring will take the form of a supervision by the Commission on the functioning of the EEO and its ability to perform the tasks defined in the Regulation. The Commission will examine and evaluate, together with the EEO, the success of the operation within three years of the entry into force of the Regulation.

In particular the monitoring of the operation will have important quantitative aspects. In fact, the success of the new system will be judged on the basis of the growing number of product groups established by the EEO. Another element to assess the efficiency of the system will be the visibility of the eco-label products available to the public on the market. The growing involvement of retailers and distributors within the system will be another indicator of the overall success.

The evaluation of the qualitative aspects will refer to the impact assessment of the operation. The main elements that will be taken into consideration will be the European "consumer behaviour change" and the European "manufacturer behaviour change". In particular, the consumer awareness and understanding of the EU eco-label programme will be investigated. The manufacturers' potentiality in terms of change due to the growing acceptance of the system will be further analysed.

10. Administrative expenditure (Section III, Part A of the Budget)

10.1. Effect on the number of posts

No increase is expected in the number of Commission Staff necessary for the eco-label activity. On the contrary, a redeployment toward awareness-raising and other promotion activities, which have not been conducted so far due to lack of human resources, will be possible. In fact, the present situation in terms of resources (five A officials full time, one A official part time, one A auxiliaire, one B and two C officials) will no longer be necessary under the new system for the direct tasks related to the implementation of the Regulation.

Therefore, after a transitional period, part of the staff presently working on the operation of the eco-label system could be redeployed towards activities related to the promotion and extension of the scheme, as well as monitoring the activities of the new organization, the EEO. Two A officials and one C official will be required in order to follow the revised EU eco-label Regulation.

Type of post		Staff to be assigned to managing the operation		Source		Duration
		Permanent posts	Temporary posts	Existing resources in the DG or department concerned	Additional resources	
Officials or temporary staff	A	2		6 + 1		12 months
	B			1		
	C	1		2		
Other resources						
Total		3		9 + 1		

10.2 Overall financial impact of additional human resources

and

10.3 Increase in other administrative expenditure as a result of the operation

No financial impact related to additional human resources or other administrative expenditure is expected.

IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)

Title of proposal

Revision of the Council Regulation concerning a Community eco-label award scheme.

Reference number

(Not yet allocated)

The proposal

1. *Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?*

The purpose of this proposal is to improve a Regulation already in force. The objective is to revise and consolidate the Community eco-label scheme.

The reasons for such a scheme at Community level are as follows:

- The need to restrict and in the longer term eliminate the proliferation of national schemes which may distort the internal market.
- The potential of a Community scheme to steer consumers towards more ecological products through market forces and consequently the positive impact on the design, production and marketing of such products.

The impact on business

2. *Who will be affected by the proposal?*

All firms manufacturing products covered by the Regulation may be affected by the proposal. However, the scheme is voluntary and does not therefore place any direct and rigid constraints on firms.

There are no areas which are particularly affected.

3. *What will business have to do to comply with the proposal?*

The measures will depend on specific criteria to be drawn up for each product group.

4. *What economic effects is the proposal likely to have?*

The eco-label is intended to promote and harness the efforts made by firms to market products which have less impact on the environment. Accordingly, the eco-label could facilitate the development of new technological niches and allow the costs of developing and producing more environmentally friendly products to be recovered more easily.

5. *Does the proposal contain measures to take account of the specific situation of small and medium-sized enterprises (reduced or different requirements, etc.)?*

Specific measures will encourage SMEs to take part in this voluntary scheme:

- reduced charges;
- consultation procedures open to SMEs;
- testing and verification requirements adapted to SMEs' capabilities.

Consultation

6. *List the organizations which have been consulted about the proposal and outline their main views.*

As regards industry at European level, UNICE and UEAPME have been consulted about the guidelines for the revision of Regulation (EEC) No 880/92.

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