



EEB response to the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan

EEB is Europe's largest federation of environmental citizens' organisations. We represent over 150 members in 31 countries, with over 15 million supporters and members. Our work on Sustainable Consumption and Production (SCP) is an extension of our historical involvement in natural resources, products and waste policy. Given our active involvement in some elements of the SCP/Sustainable Industrial Policy (SIP) Action Plan (Action Plan), we have produced separate position papers on the proposal for the revision of the Ecodesign of Energy-using Products Directive, the European Ecolabel Regulation and the European Management and Audit Scheme Regulation¹.

EEB welcomes the publication of the Action Plan, particularly as its arrival was long delayed and followed much resistance from various Directorate Generals. We also welcome the **integrated approach** proposed between the various existing product-focused mechanisms, making steps towards a more **harmonised and coherent policy framework**. The integration of the mechanisms, along with their **regular review**, create a potentially forward-moving agenda, giving industry a clearer signal on the continuous improvement required in product design and performance. These characteristics and the integration of the mechanisms help to work to encourage a 'critical mass' of more ecologically performing products on the market than is currently the case.

The Action Plan's inclusion of a **Communication on Public Procurement for a better environment** is a positive step forward. The Communication develops ongoing work in greening public procurement by providing a target (albeit voluntary) of 50% "green" tendering procedures by 2010, common "core" green public procurement criteria and minimum levels of products' environmental performance below which public authorities could not procure an identified list of products or services. These guiding principles will help create clearer decision-making tools for public authorities, with more likelihood of harmonisation across the EU, thereby potentially pulling more ecologically performing products and services onto the market.

EEB is also supportive of the inclusion of a mechanism addressing a key corporate sector greatly influencing production and particularly consumption patterns: the retail sector. The stated objective of the **Retail Forum** is "that individual large retailers commit to a series of ambitious and concrete actions with clear objectives, timelines, deliverables, and monitoring indicators", to be set with stakeholders including consumer and environmental organisations. Such obligations are key if the Forum is not to end up becoming a "talking shop", and so the end result should be at least sectoral implementation of ambitious objectives addressing a range of key sustainability issues. The Forum provides a small first step towards addressing consumption more directly through EU policy activities. Of course, we expect to see more ambitious steps from the Commission in future.

Too little too late

Despite these positive aspects of the Action Plan, overall EEB considers it to **lack vision, clarity and ambition**. It is not clear what the policy objectives of the sustainable consumption and production nor the sustainable industrial policy are, apart from the vague aim of an "energy and resource efficient economy". As such, the Action Plan does not aim to address the numerous ecological crises being faced right now (apart from climate change), despite their increasing "threat" to current consumption and production patterns in Europe. One such example is of the use of **non-renewable natural resources** relative to supply. According to the UNEP Resource Panel, it is likely that we will reach global limits *in the next decade or two* on some every-day resources such as copper, zinc, silver and the platinum group of metals; on some resources which are not substitutable, such as indium; and on some resources that are energy-intensive in primary production, such as aluminium and titanium. Closely linked to such resource issues is the **loss of biodiversity**. 60% of ecosystem services that have been examined have been degraded in the past 50 years.

¹ These can be found on the EEB website at www.eeb.org.

Such services, once lost, cannot be recovered again. Despite the Commission's rhetoric on resource demand growing in an increasingly resource-constrained world, the Action Plan in no way faces up to the challenge.

Despite products being a central focus of the Action Plan, the proposals generally **represent a watering down of the Integrated Product Policy (IPP)** Communication from the Commission in 2003² and work done since then. IPP was first discussed at EU level 10 years ago, in 1998, but since the Commission's Communication, little effective development has occurred. The Action Plan, with its focus on products, and therefore a presumed follow-up to IPP, does not live up to the 2003 Communication's statement that IPP would establish *"the framework conditions for the continuous environmental improvement of all products throughout the production, use and disposal phases of their life-cycle; and developing a focus on products with the greatest potential for environmental improvement"*. The proposed extension of the Ecodesign of Energy Using Products Directive (EuP) in the Action Plan does not meet these prerequisites for these framework conditions (see more below). Furthermore, the Commission stated that it would identify which products have the greatest potential for environmental improvement, and that once this had been done (which it has - see next paragraph), *"the Commission will seek to address some of the products with the greatest potential for environmental improvement at least socio-economic cost individually"*.

The Commission has produced studies to identify products having greatest potential for environmental improvement³, and these are in **housing, transport and food**. Unfortunately, the Action Plan does not make reference at all to these key impact areas, and where it does address them, it is mostly in indirect, unclear ways (e.g. the proposal to extend the scope of the European Ecolabel to include food). In this way, the Action Plan does not take forward the work begun on product-focused IPP.

The extension of the **Ecodesign of Energy Using Products Directive** to "energy related" products only is insufficient to face the challenge of encouraging the reduction of environmental impacts of products and creating an energy- and resource-efficient economy as the Commission pretends to do with this Action Plan. EEB is of the opinion that **the Directive should be extended to cover all products, backed up by a study to identify non-energy using products for prioritisation** (such studies are already part of the implementation procedure of the EUP Directive). In any case, the Commission has already produced its work plan for implementation of the Directive which runs until 2011. Although a new study might slightly alter the current work plan, in reality the Commission will not totally revise it according to the non-energy-using products to be added. In any case, to run co-decision procedures on the partial and then the full extension of the Directive does not reflect better regulation: the Commission's proposal should clearly establish the Directive's full extension (and not a review on this) from 2012.

As stated early on in this paper, the proposals for **minimum levels of environmental performance for products and services in green public procurement (GPP)** are a very good means of providing clarity to procurers who do not necessarily have the time or resources to research environmental issues during tendering processes and in order to create a certain minimum level playing field. However, **the ambition levels of these "core" criteria need to be carefully set so as not to create confusion in relation to the EuP Directive environmental benchmarks or the European Ecolabel**. As product-related policy mechanisms start to multiply, the setting of ambition levels must be carefully considered and communicated carefully. In particular, the Ecolabel, as a supposed mark of "environmental excellence" is already getting greatly increased interest from companies in the past 12 months due to growing company awareness of public concerns on environmental issues. GPP core criteria set at a level below the Ecolabel will send confusing messages and seriously threaten the attractiveness of that label to companies wishing to use it as the mark of environmental excellence for more easily winning public authority contracts.

² COM(2003) 302 final available at : <http://ec.europa.eu/environment/ipp/ippcommunication.htm>

³ The Commission commissioned two studies, one to identify the products with greatest environmental impacts (EIPRO) and the second to explore the activities for making environmental improvements to these key products (IMPRO). More details on IPP activities and copies of the studies are available at: <http://ec.europa.eu/environment/ipp/identifying.htm>

The Action Plan continues to take as a default the **voluntary approach**, and indeed even the 50% GPP target for public authorities is a voluntary measure. Such an approach is in clear contradiction to the highlights of the results of the Commission's consultation on the Action Plan, where "lack of long-term policy and regulatory direction" was seen as the key barrier to innovation, and where 67% of respondents and 52% of stakeholders called for mandatory instruments over voluntary approaches. A voluntary approach does not give **clear market signals on the development of the policy framework** which is so clearly called for, even by industry. In this way, investment and other business decisions are not made easier, and industry is given the signal that it can make sustainability improvements if it likes, unless a company's product falls within the EuP Directive with its minimum standards. This predominantly voluntary approach serves to worsen the already incoherent nature of the relationships between the different Action Plan mechanisms (see below).

Serious gaps

Admittedly, **sustainable consumption** is a difficult area for governments in consumer societies where consumer "sovereignty" has historically been seen as a human right and consumer choice a key objective. Countries have been addressing sustainable consumption to varying degrees over the years, yet despite these activities, governments still struggle to communicate sustainable consumption messages to significant or long-lasting positive effect. At EU level, activities in this area are even more limited than at national level, and this was made obvious in the Action Plan's proposals in this area. Indeed, the Commission does not appear to consider consumption beyond providing information as a means of changing behaviour, proposing incentives to make sustainable products more financially attractive, and Retail Forum aims to provide more ecologically performing products on shop shelves. Although we welcome the Retail Forum initiative, such an "information as a means of behavioural change" approach has been proven not to work in the longer term, at least not on its own. There is a wealth of sustainable consumption research available, and the Action Plan does not make reference to this, nor does it propose any **future studies on how EU-level activities could effectively help to achieve sustainable consumption**. Since many of the activities and messages are better delivered at national and sub-national level, the Commission's role here naturally leads to acting as facilitator between the Member States and as the creator of better understanding of issues through research and studies. Such recognition of this key facilitating role is not evident in the Action Plan. **The further development of a sustainable consumption policy area represents a serious gap in the Action Plan.**

The Action Plan does not propose measures aiming at a **systems approach**, taking a purely case-by-case approach (product by product) using the lifecycle perspective. A systems approach would, for example, address mobility rather than specific forms of transport. This is not to say that the lifecycle approach is incorrect, rather that the case-by-case approach is inappropriate (too slow, too narrow) to achieve the changes in patterns needed to avoid further or deeper ecological crises. Complementary mechanisms are needed which link up to reinforce each other within a **coherent policy framework**. On their own, the mechanisms in the Action Plan do not provide such a framework, despite the Action Plan including **sustainable industrial policy**. SIP, along with the SCP agenda, should necessarily lead to **sustainable product policy** (which it could be argued was what Integrated Product Policy was meant to be). In the Action Plan consultation phase, SIP was mostly restricted to an energy and climate focus, and on maintaining or strengthening market lead for European companies in eco-innovation. Eco-innovation, just as for eco-design, needs to become the mainstream, 'normal' type of business activity and not remain a niche activity or market. The reality is that ecological pressures and the wider recognition that we have gone far beyond carrying capacity in our consumption and production patterns means that any future developments in industrial processes will need to integrate sustainability into the heart of their decisions. **The Action Plan does not establish a framework for either product policy or sustainable industrial policy.**

In order to create such policy frameworks, the Commission needs to come forward with **sustainability objectives on industrial policy and on eco-innovation**, with **product sustainability criteria and ecodesign guidelines**, so that producers can more easily identify what priority improvements they can make to existing products, and can be guided to design more ecological products. Similarly, importers and

retailers could use these same framework conditions and guidelines when choosing which products to provide to European citizens.

Another gap that continues to exist despite indirect mention in the Action Plan is that of the provision of **product information**. The Action Plan mentions consistent data and methods on products, to assess the overall environmental performance of products and to monitor these improvements. The focus remains on the sharing of information between the different tools that exist. This is another example of how the Action Plan has failed to build upon work already undertaken within IPP. The final report of the IPP working group on environmental product information⁴ identified various measures to ensure better product information availability on the market. The Action Plan barely gives a nod to this work in proposing the use of harmonised standards, when possible, but does not go further than this.

Historically, governments' and the EU's role in consumer-related policy areas have focused mostly (if not solely) on consumer protection. Therefore, the policy area of sustainable consumption is potentially a large departure from past activities for authorities at all levels. EEB is therefore surprised not to see any **proposals for further studies on potential policy mechanisms addressing sustainable consumption** more effectively than simply providing information and labelling.

Finally, another significant issue missing from the Action Plan is that of **advertising**. It is difficult to argue that advertising does not have an influence on consumption, yet it does not feature at all in the Action Plan. This is a missed opportunity for activities aiming to curb advertising levels and messages of unsustainable behaviour practices (e.g. encouraging a throw-away society). This is another example of the failure to take up the work delivered within IPP. The IPP working group on environmental product information also identified the potential to use the (then) Misleading Advertising Directive (now replaced by the Unfair Commercial Practices Directive) as the legal framework for setting a minimum standard of quality across all forms of environmental product information placed on the market. In addition to taking forward the recommendations of this working group, EEB proposes that a study be undertaken to identify potential activities which could be undertaken at EU and Member State levels. These could include an Advertising Forum, similar to that of the Retail Forum, and understanding taxation in relation to advertising as much of it appears to be tax-deductible. Removal of such tax deductions, and indeed the creation of advertising taxes (obviously not yet possible at EU level) could be obvious, immediate steps easily encouraged to be taken at Member State level.

Recommendations:

- **Sustainable consumption and production needs to politically rise above the product policy level, to have a political placement between sustainable development and individual policies such as agriculture, waste, products, biodiversity, etc.** SCP policy is a means of delivering sustainable development objectives, rather than being a separate policy area on its own or restricted to products. It therefore needs the political "height" to more easily address or influence key policy areas such as agriculture, industrial policy, etc.
- **Despite the Action Plan's stronger focus on climate and energy, it does not directly address issues of consumption or production except through product design and production. Business models, supply chains, distribution systems, etc. need to be addressed, not just efficiency.**
- **Clear overarching objectives for both sustainable consumption and production and sustainable industrial policy are needed. These should include sustainability objectives on industrial policy and on eco-innovation, with product sustainability criteria and ecodesign guidelines, to help set out the path towards One Planet Living.** At the moment, the narrow product mechanisms and the strong focus on climate and energy fall far too short of "sustainability" and do not provide industry even an spotty path towards sustainability. If a manufacturer's product does not fall within the scope

⁴ See the Commission webpages on Integrated Product Policy at <http://ec.europa.eu/environment/ipp/>. See the recommendations in this document for proposals on how to strengthen the provision and use of product information in delivering better environmental performance of products. This working group was created as part of the IPP implementation process with no official status beyond providing expert opinion on development of IPP.

of EuP, the Ecolabel or the GPP key products, the Action Plan does not provide any pressure to improve or give indications of priority areas for improvement.

- **Product information requirements need to be developed beyond “consistent data and methods on products”, to include minimum data to be provided to the Joint Research Council’s Product Data Centre.** The working group on Environmental Product Information identified a strong case for an EU-level policy on this topic. According to the working group, product information can be used in powerful combination with other tools to deliver environmental improvement. This would enable and stimulate the market to operate efficiently and competitively to deliver SCP goals. On its own, the market is unlikely to deliver such quality information, so leadership and action are required at both Member State and EU levels. Such a product information mechanism is an important element of the broader objectives for SCP/SIP mentioned in the third bullet point in this list of recommendations.
- **The relationship between SCP/SIP and other areas of policy where key impacts are made - agriculture, housing and transport - needs to be strengthened, as SCP/SIP should act as a link between the individual policy areas and sustainable development.** The Action Plan mostly ignores these major environmental impact areas because policy measures addressing them exist already, rather than incorporating these policies into the SCP agenda. Product policy studies - most notably, EIPRO and IMPRO - have identified the key environmental impacts of these three areas of activity, and suggested policy actions for making effective improvements. Such studies should not be ignored.
- **Economic and fiscal policies and mechanisms need to be studied further by the Commission within the context of SCP/SIP, and Member States need to discuss the systematic use of informal harmonisation in these areas via the Open Method of Coordination.** The Action Plan is weak on proposals for better internalising currently external costs, to facilitate SCP/SIP. First steps for the Commission are to deliver its roadmap for the elimination of environmentally hazardous subsidies, promised in 2008; and to ensure that the reviewed Energy Tax Directive substantially increases the minimum rates of taxation for energy and dramatically reduces existing exemptions. Harmonisation of levels of product performance for “bonus-malus” schemes need to be strengthened through support for differentiated VAT according to production and use of energy and natural resources.
- **Studies on sustainable consumption need to be undertaken to help identify effective activities for different players to deliver, particularly to give the Commission a clearer idea of its role and to help Member States in delivering good practice.** Sustainable consumption policy is a departure from historical consumer policy which has focused purely on consumer safety and protection. Sustainable consumption activities are more effective at levels closer to the public, therefore at sub-national and national levels. The Commission’s role in this area is not necessarily automatically that of proposing legislation but rather as facilitator. Studies are therefore needed to identify good practice on sustainable consumption activities (beyond communication, and including regulatory and fiscal mechanisms), in order for the Commission to take up an active role as facilitator in developing EU sustainable consumption policy.
- **Natural resources issues need to rise up the political agenda, to create the political will to develop forward-looking, progressive and ambitious natural resources policy.** Since the publication of the Thematic Strategy on the Sustainable Use of Natural Resources in 2005, policy developments have advanced at a snail’s pace. The Commission has focused most efforts on the creation of the UNEP Resource Panel, overlooking political developments at EU level (e.g., the EU High Level Forum mentioned in the Thematic Strategy has not materialised yet). The Action Plan mentions tools to “monitor, benchmark and promote resource efficiency” rather than actual targets themselves. Parliament and Council have called for efficiency targets since 2006, to no avail. The Commission needs to devote resources to natural resources policy to be able to deliver resource efficiency targets by 2010, within a coherent and integrated framework linking to biodiversity, product, water, recycling and waste prevention policies at a minimum.
- **Advertising needs to be more directly addressed in the SCP agenda.** A strong factor in influencing consumption, advertising needs to be considered for its effective and appropriate inclusion in SCP work. The aim of course is not to restrict freedom of speech, but rather to bring about changes in advertising practices that promote unsustainable consumption behaviour and a throw-away society.

We have proposed the creation of an Advertising Forum, such as the one created for the retail sector, although the aim is not to pre-suppose purely voluntary activity. The Unfair Commercial Practices Directive and advertising bans can also be considered within the context of SCP.

- **The Ecodesign for Energy-using Products Directive needs to be fully extended now to be able to address all products, a review is needed of the “lifecycle” methodology it uses for preparing product-specific measures improving key environmental impacts, and environmental benchmark levels should automatically become legally binding unless they can be improved through review.** The partial extension to “energy-related” products proposed by the Commission continues to ignore key environmental issues which could easily start to be addressed now before more details on, for example, natural resources policies are developed. For instance, measures relating to the phasing out of hazardous substances, more efficient use or avoidance of some raw materials (including water and endangered species) and the need to use recycled materials in production, could already be included. Also, the Commission’s proposal to set voluntary forward benchmarks as part of a product’s implementing measures should automatically become legally binding after a set period of time, to give industry longer-term regulatory certainty.
- **More focus needs to be given to the harmonisation of the separate policy mechanisms (notably EuP, the Ecolabel and GPP) to ensure effective environmental improvements and to safeguard each mechanism’s role and objectives.** The Action Plan assumes solid integration of these mechanisms which have separate objectives, lead Directorate-Generals, timelines and decision-making processes. It is not clear how these mechanisms will be integrated, apart from through timing decision-making processes more strategically. The importance of maintaining the Ecolabel as a mark of “environmental excellence” and ensuring market attractiveness needs to be considered carefully when setting GPP criteria levels, and in relation to EuP environmental benchmarks.
- **EMAS needs to become a system of excellence based on substantive performance requirements and meaningful sector-specific indicators.** Although environmental management systems (EMSs) are not generally given great importance by environmental organisations, EMAS has more credibility than ISO14001 amongst these groups due to the need to have independent verification and annual reporting. For EMSs to be truly useful, they should create easier performance comparisons and benchmarking. The Commission’s proposal appears to leave it to organisations (companies, authorities, etc) to determine performance levels, and even heavy polluters may qualify for registration under the Scheme. It therefore remains doubtful whether EMAS compliance can be taken as proof of better than average environmental performance.
- **The Retail Forum should not be a “talking shop” and should result in the setting of clear objectives, agreed with stakeholders, to be monitored and publicly reported on annually.** Stakeholders such as consumer and environmental groups have not been included in the development of objectives or the activities to be delivered by retailers, so it appears that stakeholder involvement is welcome once these parameters have been clearly set by the retail sector and the Commission. Such exclusion does not create empowerment, ownership or trust. The Retail Forum needs to result in more sustainable behaviour by retail companies internally, in identification of more sustainable products (where clearer policy objectives by the Commission are indispensable), and for sustainable consumption to not only be made easier but also to become the mainstream type of public behaviour.

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