



LETTER SENT TO COREPER

DFH/SR/ne/16.0/1

9 March 1999

Dear Ambassador,

Re: Integrated Product Policy

In the course of the informal Environment Council in Weimar from 7 to 9 May 1999 the political project of an "Integrated Product Policy" (IPP) at present being developed by DG III and DG XI will be discussed. UNICE would like to take this opportunity to outline its views on IPP, thus stressing some major issues that should be taken into account when guidelines are being set for future actions.

UNICE agrees with the fundamental assumption guiding the IPP project, namely that a policy which operates in an integrated manner is to be preferred to isolated measures. As outlined below, the advantages of "integration" as opposed to "isolation" apply to all dimensions that should be taken into account in any IPP project:

- Integration of environmental, social and economic aspects is essential to the achievement of sustainable production and consumption which should be the ultimate aim of an IPP.
- Integration along the product life-cycle is key to avoid ecological burden shifts and economic inefficiencies which often result from isolated policies addressing only one stage of the life-cycle. Instruments addressing this perspective, such as the ISO 14040 series of standards, are of growing importance for business.
- Integration of all environmental media impacts is also an important aspect in designing products. Product development includes decisions about the (relative) importance of environmental aspects depending on individual characteristics of the products.

Notwithstanding the above, UNICE considers that the following principles should guide any further elaboration of a European IPP.

1. Actors willing to provide input for any potential recommendation on IPP

In UNICE's opinion a successful IPP will require the involvement of all stakeholders with a role in improving the environmental performance of society. In that respect, the distinction between product management and IPP is artificial and public authorities should not assume all responsibilities for IPP.

2. Analysis of existing instruments

Though IPP is a new political concept, it necessarily builds on a vast number of legislative instruments already in place. Apart from a number of regulatory instruments directly aimed at the ecological profile of products there are other instruments that affect them indirectly such as eco-management, eco-labels, risk-assessment. With this in mind IPP should start with a careful analysis of existing legislation at international, EU and national level. This analysis should aim at identifying the key factors that influence the success and failure of political instruments in crucial areas such as:

- environmental effectiveness,
- effects at company level, and
- regulatory efficiency.

To date, waste policy is the field where some of the most far-reaching legal action has been taken, and this could usefully serve as the focus for the proposed analysis of existing political instruments.

3. Corporate product management as a basis for policy-making

UNICE believes that the main focus of attention should be directed at ensuring greater involvement of companies in comprehensive management of the environmental effects of their products. This should encourage optimisation in solving identified problems through the mechanism of innovative product competition in the market place.

A whole series of appropriate instruments already exist, many of which were developed on the initiative of industry itself. These include standards on LCA and risk assessment tools, and the spectrum extends to sectoral and company-specific standards aiming specifically at optimising products in terms of their ecological characteristics and with respect to the consumer.

Initiatives such as the ISO Guide 64 for the integration of environmental aspects in product standards, as well as plans for an ISO "Design for the Environment" standard are all aspects where this approach is being developed. The potential that these instruments offer for better co-operation between policy-makers, the public and business should first be fully exploited prior to any additional regulatory, fiscal and other instruments being applied.

The task of fostering enhanced sustainability in new product design and development necessitates innovative tools which go beyond reliance on the traditional legislative interventions by government, and should systematically encompass voluntary action, flexibility and dialogue among stakeholders.

4. Coherence and functioning of the internal market

In UNICE's opinion, IPP should be positively used to simplify and harmonise legislative measures in this field. However, any product-related legislative measures should not hinder the functioning of the internal market and should be compatible with international trade rules. Any IPP will have to be balanced with WTO rules, which provide for product-related regulation and standards allowing for environmental protection.

For the benefit of the orientation to be given to IPP by the informal Environment Council meeting, I ask that you take the above points into consideration so that the decisions taken at Weimar can provide positive impetus for all stakeholders in the continuing discussions on IPP.

Yours sincerely,

(original signed by)

Dirk F. Hudig
Secretary General