

17 July 2000

UNICE CONTRIBUTION TO THE GREEN PAPER ON INTEGRATED PRODUCT POLICY

IPP – a product policy approach towards sustainable development

UNICE welcomes the Commission's initiative to define a European integrated product-oriented policy to ensure better harmonisation of national product-oriented policies and more consistency between existing (EU and national) product-oriented measures.

UNICE supports the Commission's objective of promoting sustainable development through the development of an integrated product policy integrating economic, social and environmental aspects, while at the same time increasing the competitiveness of European industry.

Setting up a framework for IPP

In UNICE's view, IPP should be a framework allowing the EU to set product-oriented long-term goals and incentives within a sustainable development perspective. Such a framework would help long-term business planning and favour innovation.

This framework should be developed in consultation with all interested stakeholders and should be based on the following principles:

INTEGRATION

Any IPP framework should be based on an integrated approach to ensure that:

- all environmental, social and economic aspects of production and products
- and all characteristics of a product along its lifecycle (performance, safety, material use, logistics, functionality, production, marketing, consumption and disposal), embracing its interaction with public health, environment and consumers

are taken into account.

The lifecycle approach gives a holistic view on the environmental impact of products and thus supports balanced consideration of the three pillars of sustainable development.

With respect to the tool "Life Cycle Assessment", UNICE advocates that further work should be done to develop a common understanding between stakeholders concerning the use and meaning of "Life Cycle Assessment" in the development of IPP.

CONSISTENCY

IPP should aim at improved consistency of EU legislation. It should allow adjustment and /or harmonisation existing measures and instruments to ensure an efficient product policy. Any product policy should be compatible with both internal market and international trade rules and standards.

RESPECT FOR MARKET FORCES

IPP should work with the market and not against it. A key objective of IPP should be the free choice of well informed consumers and commercial customers who make a decision on the desired environmental performance of the product at the moment of purchase.

The level of knowledge and awareness of the consumer is important for a successful product policy and business accepts its responsibility for providing accurate information on the use and disposal of products.

The demand for more environmentally sound products should not be created artificially, in a way that runs contrary to the market's expectations regarding quality, functionality, logistics, etc.

SHARED RESPONSIBILITY

IPP should be based on the principle of shared responsibility. The appropriate allocation of responsibility to every actor involved in the production, consumption and disposal of a product represents an essential incentive to help improve the product's environmental performance throughout its life cycle.

The share of responsibility of every actor in the life cycle of a product needs to be clarified. The producer is responsible for the part of the life cycle chain which is under his management control. For this part the producer is responsible for ensuring that the product meets certain requirements regarding health, safety and environmental impacts. Users should be similarly responsible for use and disposal of products.

UNICE's proposal for an IPP APPROACH

Before setting long-term goals for product-related policy it is first necessary to assess existing policy and instruments in a structured and systematic way.

The following concept to develop the IPP framework further should be applied:

1. Mapping-out of the environmental impacts of products to justify an integrated product policy and to make the later choice of adequate measures to decrease the impacts in question possible.
2. Mapping-out of existing measures: given that a multitude of instruments already exist, all existing measures (mandatory or voluntary) should first be mapped to identify how the existing instruments already contribute to an IPP approach.
3. Analysis of the mapping: to identify whether there are any redundancies or inconsistent measures, whether there are intended and possible unintended consequences of existing measures, whether the use of existing instruments can be rationalised and optimised or whether there is a need to develop new product-related initiatives.

4. Dialogue between stakeholders: if a need for development of such new initiatives is identified, dialogue between interested stakeholders should take place as to which further steps should be undertaken.
5. Goal-setting: clear long-term goals and incentives will make it easier to find an appropriate mix of instruments and cost-effective measures.

Once the overall goals and policies have been defined and agreed upon a sector-oriented implementation may be desirable so as to ensure that cost-effective and target-oriented policies are defined. In this case the same procedure as above should be applied to the given sector while the four steps could aim at identifying the most efficient approach for the given sector.



ANNEX
POTENTIAL IPP TOOLKIT

Most objectives of the IPP approach may well be achieved by careful rearrangement and refocusing of existing measures. If an IPP will need to identify tools necessary for product management, different tools might be needed depending on the goal to be achieved. Any use of these tools should remain flexible and the appropriate mix should be defined on a case-by-case basis.

1. Environmental initiatives by industry and business

Business and industry are committed to producing in an environmentally sound and sustainable manner through continuous improvement in all process' and product-related activities. These different aspects of the life cycle of a product are a permanent concern for business, which develops appropriate instruments for the different aspects of product development and regularly improves its processes and products to achieve environmental objectives.

IPP should recognise and encourage existing business commitments.

2. Communication on environmental aspects

Adequate information to customers or consumers is a major tool for better communication and involvement of all stakeholders with a view to enhance environmental performance along the life cycle. There are several ways to communicate on the environmental aspects of products e.g.:

- Environmental reports: An increasing number of companies are reporting on their environmental performance in a detailed way in annual environmental reports.
- Product-labelling: Industry supports the overall objectives of eco-labelling but considers that the existing EU-scheme is not the best instrument for achieving the schemes fundamental goals. Among other concerns, rigidity of the criteria-setting process, which leads to pre-set parameters and criteria, impedes the quest for environmental-friendly innovation by limiting company's creativity and freedom to formulate. Other schemes could be envisaged and used accordingly.

3. Voluntary business programmes

A number of industries have already defined and apply product-related programmes, which complement existing legislation.

For example product stewardship: management and control of the use of materials in products rely on an analysis taking into account the whole life-cycle of the products, identifying the risks and potential risk management measures. Several instruments are already in place within business as well as in legislation to manage those risks.

4. Eco-management schemes

These constitute foundation systems that help to ensure companies have efficient management, reporting, control and decision-making systems. Eco-management schemes facilitate continuous improvement of company's environmental performance. These schemes are a useful tool to conduct credible IPP approaches.

5. Standardisation

Standards define the common language for management and technical design questions alike, and thus foster communication along the production chain. IPP should take account of experience gained at both international and EU level and avoid any measure that would stifle innovation and/or continuous environmental improvement.

6. Environmental agreements

UNICE has commented in detail on environmental agreements in its position paper (18.March1997) on the Commission's Communication on this subject (COM 96-561).

It is important to leave room for the development of two types of agreements:

- Bilateral agreements between industry and public authorities
- Unilateral industry commitments that are recognised by public authorities

Agreements are effective instruments that can be used at Community level for implementing environmental policies.

7. Regulatory instruments

Any decision of deregulation or development of new legislation should be based on the analysis of existing measures as outlined under "IPP approach". Existing legislation should first be properly implemented as to ensure results of existing actions and measures are made as optimal as possible. Any new instruments introduced should not disturb the functioning of existing measures.

Legislation could influence the development of products by defining clear objectives and innovative principles that companies need to take into account in the design phase. Any future measures should be flexible, goal-seeking and cost-effective.

Given the objectives of the directives under which public procurement is regulated, inter alia non-discrimination and free movement of goods, UNICE has strong objections of principle about the use of such directives as a possible instrument for development of IPP.

Generally speaking, fiscal instruments do not have the flexibility and precision that is necessary to adapt to the great diversity of environmental impacts and to rapid product evolution.

