

26 September 2003

**PRELIMINARY UNICE STATEMENT ON THE EU IPP COMMUNICATION**

The European Commission<sup>1</sup> issued a Communication outlining its revised position in June on the Integrated Product Policy. This paper clearly defines some long-term orientations as well as the main specific objectives of the European Commission in that domain. It recognises:

- The strategic importance the IPP approach should play in complementing the existing environmental policies or instruments by promoting life-cycle thinking as a key issue towards sustainable development.
- The major role each stakeholder plays in implementing the IPP strategy along the product life-cycle

European industry generally notes the positive evolution of the revised EU IPP strategy. Indeed in its general introduction the IPP Communication recognises the need for a market driven approach as well as the potential of voluntary initiatives and the share of best practices. The challenge is now to transpose these general principles into practice and European industry seeks actively to support IPP and further contribute to its progressive development and consistent implementation.

**To make IPP a successful strategy...**

The development of an IPP framework offers the opportunity to foster harmonisation of national policies and improve consistency between existing product-oriented measures. If firmly embedded in a Sustainable Development framework that balances environmental, social and economic aspects and solidly linked to the Lisbon process, IPP could offer a holistic alternative within long-term scope to what has so far often been a piecemeal approach to environmental policy-making.

However UNICE recalls that there is not an absolute method of evaluation which enables assessment of products performances. Therefore various appropriate methodologies need to be developed and efficiently implemented to address the specificities of each sector and product. It is thus of major importance that IPP does not turn into legislation, but remains a strategy.

Such a framework would allow the definition of tailor-made objectives for overall improvements to products, and long-term pro-active business planning, as well as favouring innovation and increasing the competitiveness of European industry.

---

<sup>1</sup> Communication from the European Commission COM(2003) 302 final – 18th June : Integrated Product Policy – Building an Environmental Life-Cycle Thinking

**...IPP should avoid focusing only on environment aspects...**

IPP is not a tool to differentiate products. The proposals for development of an IPP strategy should not be based and focused on the very imprecise assumption that “green” products can reliably be distinguished from other products. In industry it is widely known that it is not possible to define criteria for systematic and objective differentiation of “green” products (on an individual basis) from other products.

Experience shows that an eco-label often represents an artificial stamp of approval relating to a limited number of characteristics and aspects of a product’s environmental performance. Hence, this instrument opens the door to an incomplete and/or unfair assessment of products from the ecological angle. A green label scheme does not necessarily ensure that labelled products are more environment-friendly than products not carrying the label.

These considerations are also true for lifecycle rationale. These are due notably to the fact that, in the large internal market, the environmental impact linked to use of products by consumers varies very significantly as a function of local environmental conditions, the abundance or scarcity of available natural resources, etc. Environmental priorities can also differ enormously (e.g. the water issue may be more acute in the south than in the north of Europe). It is therefore impossible to establish valid differentiations using lifecycle analysis.

**...and truly give balanced attention to all characteristics of a product throughout its lifecycle.**

Truly integrated approach means:

- *Integration of the interrelated pillars of sustainable development:*  
Environmentally effective, economically efficient and socially acceptable
- *Integration along the product lifecycle:*  
IPP focuses mainly on the design, production and supply phases. IPP should however also strongly address consumption patterns in order to progress towards sustainable consumption.
- *Integration of all characteristics of a product:*  
Environmental performance, safety, material use, logistics, functionality, production, marketing, consumer choice and safe disposal
- *Integration of all stakeholders:*  
So far IPP lacks clarity regarding the role of consumers and how the consumption pattern will affect the results of the whole performance of the product
- *Integration in IPP of EU international trade commitments:*  
IPP should be based on internationally agreed, effective, simple and reliable instruments

The success of IPP as a framework that outlines clear objectives and promotes the continuous improvement of products throughout their life-cycle ultimately depends on the expertise, competence and innovative capacity of industry. Industry’s involvement in the further development of a policy framework for IPP is therefore indispensable.

## **ANNEX: Considerations for developing an efficient IPP strategy**

Industry experience shows that to contribute to Sustainable Development any product policy has to be based on the following principles:

### **Industry's Ownership and experience**

Product Policy should be driven by industry and business. The development, design, production and marketing of products are core activities for companies. Industry is committed to designing and producing products in an environmentally sound and sustainable manner and has the competence for continuous improvement of a whole set of product characteristics, including environmental performance. In fact, IPP is already being widely applied by industry since environmental considerations are commonly integrated into corporate product policy. Any framework for IPP must respect the fact that product policy is primarily a corporate affair and should take advantage of industry's competence and innovative capacity.

### **Supporting Innovation**

IPP should be a framework encouraging innovation in environmental-friendly products. It must be borne in mind that interventionist product differentiation approaches could have the adverse effect of hampering innovation and not giving enough incentives for ongoing product improvement. Indeed, the sectors or products for which the environmental information is incomplete or not yet existing would be seriously disadvantaged. This would lead to continuous use of known products and thus seriously limit innovation.

### **Flexibility**

The IPP framework should not prescribe the means for achieving improvements. Therefore, the framework must not pre-empt the choice of the best instrument but should be flexible enough to allow companies to choose the appropriate tools according to the respective circumstances on a case-by-case basis. This also includes due regard to the time needed to achieve goals for different types of products.

### **Market forces should be respected**

Supporting market forces will in the end provide the best solutions. Therefore, a key objective of IPP should be the free choice of customers. Customers make their decisions taking into account a whole set of performance criteria, such as price, safety, quality, environmental performance, etc. To focus on only one of those components by artificially creating markets for "greener products" disregards customers' needs. The product should be marketable: if the market does not take up the product, then the product is not useful.

### **Life Cycle Assessment (LCA) must remain an internal and voluntary tool for companies**

LCA refers to the lifecycle of a specific product at a particular point of time in a particular market. LCA can be a useful tool to help identify and prioritise the lifecycle attributes. The series of International Standards Organization (ISO) standards 14040 to 14043 can be used here on a voluntary basis. However, LCA is not designed to serve as an instrument for public policy-making because it is not sufficiently robust. Furthermore carrying out a comprehensive LCA is costly, time-consuming and complex; this makes it virtually impossible for SMEs to use it on a regular basis.

### **Public Procurement**

The consideration of environmental criteria which are not directly linked to the subject of the contract would adversely affect a market that represents some 16% of the EU's GDP. It would undermine the core principle of public procurement - to provide public entities with goods and services according to the principle "best value for taxpayer's money" - and would

open the door to arbitrary and unfair decisions. It would make it particularly difficult for SMEs to participate in the European Public Procurement market.

Public Procurement legislation should therefore not be designed in a way that renders voluntary schemes such as the European eco-label or EMAS quasi-obligatory.

### **Shared Responsibility**

IPP must 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 in contributing to improve the product's environmental performance throughout its lifecycle. Only if all stakeholders assume responsibility, progress can be made in the long term. The producer should bear responsibility for the part of the lifecycle chain, which is under his management control but not be made responsible for decisions over which he has had no influence. It is therefore an essential component of the IPP strategy to educate the consumer in order for consumers to take their responsibilities regarding the use and end of life phase of the product.

*IPP must be **built on improved co-operation and communication**. Industry is willing to promote the systematic flow of information along supply chains and to enhance the communication of environmental improvements already accomplished through existing management systems. It should be ensured that information is provided in accordance with broadly accepted standards. The identification and communication of success factors for IPP should be important elements of the strategy.*