



ANEC/BEUC JOINT POSITION

CONSUMER EXPECTATIONS ON THE ACTION PLANS ON SUSTAINABLE CONSUMPTION AND PRODUCTION AND ON SUSTAINABLE INDUSTRIAL POLICY

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Summary

Today, there is an urgent need for concrete actions at all levels of public policy towards more sustainable consumption and production. ANEC and BEUC therefore welcome the European Commission's announcement to propose a related action plan together with an action plan on sustainable industrial policy before the end of the year.

In this paper, we suggest several principles that ought to be followed to achieve the goal of sustainability. We highlight the importance of integrating the future EU SCP policy framework with other EU policies, particularly consumer policy and product standards. We also insist on the need for the framework to address all aspects of sustainability, not only environmental preservation and protection, as well as to tackle both production and consumption with equal ambition. In this context, we stress that all actors of the society should get involved in SCP. Actions should be coherent and create and make use of synergies between different existing policies.

In general, the future SCP framework should be based on a mix of economic and legal instruments, complemented by voluntary instruments, and combined with ambitious and dynamic target setting. Consumers should not be targeted as the main actors responsible for achieving sustainability. Strong regulatory measures should be developed to ensure leaner and cleaner production as well as the provision of more sustainable products. Information and communication to consumers should only form a part of the overall strategy.

Barriers and opportunities

The main failure of existing and past sustainable consumption and production (SCP) strategies and national action plans has been an unbalanced and often insufficient concentration on the production side. On the other hand, the consumption side is mainly addressed through information and awareness campaigns encouraging consumers to make informed choices. Another drawback of the current strategies is that SCP policies are too often divorced from other policies. A good example of inconsistency of approach is that the European Commission encourages cross-border shopping of goods by individual consumers, without considering the environmental impact related to the transport/air freight of such goods. This is an inconsistency that must be dealt with if SCP strategies are to be successful.

Today, there is an urgent need for concrete actions towards more sustainable consumption and production and sustainable industrial policy at all levels of public policy. We therefore welcome the European Commission's intention to devise two related action plans before the end of 2007. In this context, several principles should be followed.

First, the future EU SCP policy framework should be integrated with other EU policies, particularly consumer policy (e.g. misleading advertising legislation at the EU level) and product standards (e.g. environmental product declarations).

Second, it is important that the framework tackles all aspects of sustainability, not only environmental preservation and protection.

Importantly, to achieve true sustainability, all actors should be involved, including governments, citizens/consumers, and businesses. No one group of actors can lead on sustainable consumption and production alone. A coordinated approach, taking into account the different roles played by the various actors, could lead to profound changes.

Finally, both production and consumption ought to be addressed via a variety of measures and stages. The production side in particular needs to be dealt with at the Community level to ensure the free movement of green products between Member States. Actions should consist of leaning and greening production, better products, and

leveraging innovation. In the long term, creating global markets is necessary to ensure global competition. On the consumption side, the different stages must be focused on more adequately and effectively. This should be achieved by:

- a clever choice and mix of policy instruments, for example through the introduction of smart meters, tax discounts for home insulation, various incentives to recycle, etc.;
- choice editing, i.e. eliminating the most unsustainable products from the market, but leaving enough consumer choice in all price ranges;
- changing behaviour through e.g. targeted use of marketing campaigns. This so-called social marketing means starting where consumers are, not where the policy-makers want them to be. This develops a deeper understanding of consumers, connecting with their concerns, desires and barriers for sustainability. Such an approach would be much more suitable and effective than developing more information campaigns or labels which have proven not to be effective. Taking actual consumer behaviour into account is crucial.
- clear, correct and comparable labelling and other environmental product information, which has been elaborated in collaboration with all stakeholders, not only the industry.

Better products

A strong and ambitious EU product policy with various policy tools, such as dynamic design obligations, green public procurement and eco-labelling schemes, covering most products, needs to be further developed at the EU level¹. Regulatory mechanisms must play a central role in product policy to effectively achieve strong and ambitious objectives. The recent work of the European Commission regarding Integrated Product Policy (IPP) has not led to ambitious recommendations since the Commission opted for a voluntary approach, using voluntary agreements by industry rather than setting targets and requirements via legislation.

¹ See for example comments made by ANEC and BEUC on the Green Paper on Energy Efficiency “Doing more with less”, April 2006.

Dynamic performance requirements and EuP

To support the development, supply and use of better performing products, a European horizontal regulatory framework, based on the Eco-design of Energy-using Products (EuP) Directive model is needed. This must be followed by ambitious sectoral legislation to outline more specific performance requirements.

Objectives ought to be based on realistic baseline scenarios, resulting in significant improvements compared to the 'business-as-usual' scenario. In particular, it would be important to establish criteria for the EU eco-label in parallel to these baseline and information requirements to ensure compatibility between the sets of rules. On the other hand, it should be recognised that minimum standards alone tend to only take the 'worst' products out of the market rather than moving the market up towards more sustainable products. The latter could be done via the use of various tools such as best practice benchmarking and providing incentives to drive innovation in the sustainability field.

An important step to achieve the above is the need to reinforce the EU eco-label and position it as a tool of environmental excellence beyond minimum standards and legislation. A stronger ambition level for the EU eco-label needs to be supported and elaborated in the relevant regulation by making the precautionary approach more central and ensuring formal involvement of front-runner companies.

Also, mechanisms to evaluate environmental effectiveness and improve environmental performance should be guaranteed in the legislation and related standards. The regulatory framework should be dynamic and address all products, not just the best performing ones. Regular reviews of all requirements should be undertaken to ensure that product performance is in line with the latest available technology. Finally, it is crucial that the regulatory framework specifies the timeframes for these reviews.

Moreover, eco-design regulation should not only include minimum requirements for energy-efficiency but, where possible, also for the use of natural resources and materials, the use of hazardous chemical substances, and waste management (including recycling, reparability and re-use). The scope should be extended to cover consumer electronics and cars, but also non-energy-using products.

Voluntary instruments

The use of mere voluntary instruments is an insufficient, non-dynamic and inefficient way of enhancing the environmental performance of products². Such instruments lack transparency and balanced stakeholder participation. They should therefore only be used if carefully combined and managed with effective regulation and other policy incentives. For example, in the UK, domestic appliances rated below class 'A' of the EU energy labelling scheme have been practically eliminated from the market through a combination of legislation (compulsory energy labelling), government energy efficiency incentives and voluntary action by retailers.

Labelling

Whilst we do not endorse the use of labels as the main tool to achieve sustainable consumption, third party or compulsory labelling schemes, such as the EU energy labelling scheme, are of importance. They are useful not only for motivating consumers to make informed choices but, more importantly, for raising the stakes for industry by pulling the market up. Such schemes can help to edit out unsustainable products and provide policy-makers information on how the market is broken down. However, all labels should be correct, verifiable, relevant and harmonised at the EU level. They should also be understandable, visible, comparable and not misleading to consumers.

As shown by an ANEC study on energy-labelling³, in order for labelling schemes to deliver benefits, monitoring and enforcement of such schemes and related standards ought to be ensured at the national level. In the case of the EU energy labelling scheme, market surveillance by the Member States should be considerably strengthened through collective European action supervised by the European Commission. Synergies and coherence between approaches such as the EU eco-label and energy-labelling schemes and the EuP approach (and any future EU directive on product eco-design) should be ensured.

Product information

A legislative framework for the standardised provision of environmental product information should be envisaged. Such a framework ought to cover the existing EU eco-label and energy-

² ANEC / BEUC position on 'Voluntary environmental agreements', October 2006.

³ ANEC study 'A review of the range of Member State activity related to compliance with the EU Energy Label regulations', May 2007.

labelling schemes and other environmental information such as Type III eco-labels ('environmental product declarations', EPDs). The final report of the EU Commission's IPP Working Group on Product Information Needs refers to an 'improved legal framework' based on existing European legal instruments. This recommendation is certainly an important step in the right direction in that it includes the possibility to specify detailed, compulsory requirements for certain product groups of high environmental concern via implementing measures.

On the other hand, it should be noted that we do not believe it is sufficient to specify principles using e.g. current ISO standards, or to solely encourage voluntary industry initiatives. Whilst the ISO 14020 series on environmental declarations and labels⁴ could serve as a partial basis, it is important to stress that these standards are insufficient in their current form. The ISO 14020 series of standards currently omits marks of high relevance to consumers in the current classification scheme (types I – III). For example, the EU energy label is entirely outside the ISO classification. The problem could be solved either by defining additional labelling/declaration types, or by broadening the scopes of the existing types (e.g. by incorporating type I like labels in the ISO 14024 (type I) scope. As has been mentioned above, voluntary initiatives suffer from a lack of democratic decision-making structures involving all stakeholders – if such initiatives were to be used, balanced stakeholder involvement would need to be ensured by Member States.

Product taxation

At national level, fiscal policy, such as taxation reflecting the energy and resource efficiency of products, should be developed as an incentive to push producers in the direction of more sustainable production methods and to promote sustainable products. For example in the UK, taxation has been proven to be effective for phasing out cars that run on leaded petrol.

Leaner and cleaner production

Achieving product environmental improvements resulting in concrete environmental benefits would demonstrate the shared responsibility of all stakeholders, specifically the industry. Today, there is no lack of awareness on sustainability and environmental protection on the

⁴ The ISO 14020 series contains ISO 14021 on self-declared environmental claims (type II), ISO 14024 on type I environmental labeling and ISO 14025 on type III environmental declarations.

industry side. Nevertheless, manufacturers often consider consumer demand as the main factor driving environmental improvements and put most of the responsibility on other parties, namely consumers and recyclers. From the business point of view, they are also under the constraints of competitive markets. Therefore, future market certainty should be provided via strong regulation setting clear and ambitious targets (e.g. for CO₂ emissions) as well as taxation and fiscal incentives. Only this will help to efficiently increase industry involvement and commitment in SCP and ensure cleaner and leaner production. Green (or sustainable) private procurement should also be encouraged.

The costs related to (un)sustainable aspects of production chains and full life-cycle impacts of products are often not taken into account by industry itself. Yet incorporating sustainability concerns, via environmental management schemes, into product designing and delivering services may lead to a reduction in the use of raw materials, water and energy and minimisation of waste and toxic dispersion as well as risks to human health and safety. It is therefore important to highlight that greening supply chains or making them more sustainable by applying an integrated preventive environmental strategy can initiate significant cost savings. However, ANEC and BEUC question the usefulness of environmental management schemes, such as the European eco-management and audit scheme (EMAS) and ISO 14001, in their present form⁵. An ambitious review of the schemes is necessary in order to achieve environmental benefits.

In conclusion, sustainability is affordable and represents both a competitive and an innovation opportunity for EU producers and businesses. It should no longer be seen as merely complying with legislation but, rather, as a tool for pursuing new market opportunities and future growth.

Smarter consumption: changing behaviour

Consumers play a crucial role in sustainability by the choices and decisions they make. A coherent SCP policy framework is needed.

⁵ ANEC/BEUC/ECOS/EEB Position 'Making EMAS a system of excellence – Going beyond EMS', October 2006.

Choice editing

Choice editing for quality and sustainability is a critical driver towards SCP, as shown in a 2006 UK research report⁶. Choice editing is achieved when industry (including retailers) removes from the retail stream, voluntarily or in response to regulations, unsustainable or less sustainable products, in favour of a large choice of sustainable products and services in all price ranges. This directly shifts the field of choice for consumers towards real sustainable products. An example of effective choice editing has been the progressive removal of the lowest energy efficiency rated appliances from shops. In our view, the future EU product policy should introduce product roadmaps for elimination of unsustainable products from the market to deliver market transformation in priority products. In this context, working with, and 'greening', retailers (e.g. supermarkets) is key and can easily be done at the European level, since many of them are multinational and trade across several countries.

Information campaigns

Experience shows that information and awareness raising campaigns, although important, are not sufficient policy tools by themselves and do not bring about the desired results. Such campaigns should become active marketing campaigns for the good of the environment, using behavioural segmentation techniques and promoting the right messages to the right audience (for example distinguishing between consumers who are already green and e.g. those who have not yet started recycling). Such campaigns should also be combined with other policy instruments using 'carrots and sticks' to bring about permanent behaviour changes.

In addition, consumers should be better informed of their responsibilities and the impact of their everyday choices, and of how SCP can affect their quality of life also in practical terms (e.g. cost savings by using energy-efficient light bulbs). Furthermore, consumers should be informed about the responsibilities and commitments of other actors, such as governments.

Marketing and advertising

The advertising and marketing of products, especially unsustainable products, plays an important role in consumer choice. The increasing

⁶ 'Looking back, looking forward: lessons in choice editing for sustainability'. Research report from the UK Sustainable Development Commission and the National Consumer Council, May 2006.

number of labels, as well as misleading/incorrect labels and misleading advertising, is confusing consumers. The use of the adjective '*recyclable*' for products in comparison with the use of the word '*recycled*' is a common example of misleading information⁷. More 'ethical' marketing of products is urgently needed.

Public procurement

Sustainable public procurement, addressing considerations other than only environmental ones, should be given an important role in the EU SCP policy. Today governments should lead efforts to buy and use more sustainable products and services, thereby encouraging businesses and consumers to follow the same trends and change their production and consumption behaviours. Clear recommendations, such as those given in the UK report "I will if you will"⁸, could be made in other Member States. For example, the direct impact of all central government actions should be carbon neutral by 2012. Again, to achieve this aim, a wide range of green and sustainable products should be made widely available on the EU market.

Tax incentives for consumers

At national level, ecological tax reform, such as tax differentiation (e.g. reduced VAT on eco-friendly products) and enhanced use of fiscal incentives (e.g. local tax rebates on households that recycle more than x% of their waste, or if consumers insulate their homes), could be envisaged. Other market based instruments (e.g. pricing of energy, elevated electricity costs) could encourage consumers to both buy and use more efficient products and reduce their personal energy consumption.

Conclusions

In the SCP frame, soft measures such as voluntary instruments, labelling and information campaigns should only be used together with strong regulatory measures and product standards. Measures should set quantified, staged objectives and benchmarks, and should include openness of participation for all stakeholders, as well as regular monitoring and reporting. The process, as well as the

⁷ Consumers often believe that the Green Point on product packaging means that the product will be recycled, even though this is not necessarily the case.

⁸ 'I will if you will: towards sustainable consumption'. Sustainable consumption roundtable, a joint initiative from Sustainable Development Commission (SDC) and the UK National Consumer Council (NCC), May 2006.



outcome, should be transparent. In the long term, these regulatory measures should consist of mandatory requirements for all stages of the product life cycle.

Tax incentives and fiscal instruments applied to industry should be part of the framework. Such measures can equally effectively apply to consumers by, for example, increasing taxes on unsustainable products, introducing 'congestion charges', offering subsidies for buying home insulation products, or reducing costs of energy saving light bulbs, etc.

In general, the future SCP framework should be based on the right balance of economic and legal instruments, complemented by voluntary instruments, and combined with target setting, as well as prioritising the consumption stages with more than mere 'information' campaigns.

Furthermore, rather than be considered in a policy vacuum, SCP should function as an umbrella policy and be integrated with other EU policies, in particular consumer policy, such as for misleading advertising regulations, and industrial and trade policy.

Finally, a more sustainable economy should be built, with producers and consumers alike opting for quality over quantity. This could be seen through producers benefiting from tax incentives while consumers would be offered more cost-efficient, green products.

END.