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**REPORT FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN
PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND
THE COMMITTEE OF THE REGIONS**

On the State of Implementation of Integrated Product Policy

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On the State of Implementation of Integrated Product Policy

1. INTRODUCTION

On 18 June 2003 the Commission adopted its Communication "Integrated Product Policy – building on environmental Life-Cycle Thinking".¹ The present report summarizes the state of implementation of this policy. A detailed analysis is given in the Commission Staff Working Paper accompanying this report.

The concept of Integrated Product Policy (IPP) aims at coherent action, using the most appropriate policy tools and involving stakeholders, towards "greener" products that combine lower environmental impacts with enhanced service to consumers. It calls for continuous improvement in product manufacturing and design, and for promoting their uptake by consumers.

The IPP concept is based on following observations:

- The production and use of goods and services (i.e. products) are causing the majority of overall negative impacts on the environment. The situation is worsening due to ever increasing numbers of products being consumed in the EU and globally.
- The environmental pressures and impacts of products occur at various stages of their life-cycle (along production chain, during use phase, disposal of end-life products). Remedial actions must be designed in a way to avoid that the environmental burden is simply shifted to other stages of the life-cycle, or to other geographical areas.
- Due to the large variety of products and impacts there is no one single policy tool to address them all. On a case-by-case basis, the appropriate policy instrument or combination of instruments have to be chosen and deployed in a co-ordinated way, often across several policy areas (for example legislation on product design, emission ceilings, labelling, fiscal measures, self-commitments of industry, etc.). To make best use of these instruments, a large variety of stakeholders needs to be involved, including policy makers, business and consumers.

The Communication on IPP in 2003 was preceded by preparatory studies in 1998 and a Green Paper on IPP² in 2001. The Communication elaborated the objective of IPP and established five IPP 'principles': (1) Life-cycle thinking; (2) Working with the market; (3) Wide involvement of stakeholders; (4) Continuous improvement of products; (5) Co-ordinated use of policy instruments. IPP was to be implemented through three strategic actions:

¹ COM (2003) 302.

² COM (2001) 68.

- **Contributing** to overarching policy actions, notably the EU Sustainable Development Strategy³, the EU's 6th Environmental Action Programme⁴ and the Ten-year Framework of programmes on Sustainable Consumption and Production⁵.
- **Supplementing** existing product-related policies by providing a framework in which environmental problems can be considered in view of the life-cycle of products.
- **Strengthening** the co-ordination and coherence of environment-related product policy instruments.

Accordingly, IPP itself would generally refrain from concrete action on specific products⁶ but rather provide the conceptual framework, guidance and tools for a large variety of policies and actors. The Communication highlighted possible areas of action and suggested responsibilities for the main groups of stakeholders.

The Council of Environment Ministers⁷ welcomed this initiative and supported "... *the intention to encourage relevant actors to include in their policies objectives to reduce environmental impacts of all products aiming at continuous improvement of products and services ...*"

Since then, the concept and IPP tools have been turned into practice at all policy levels, with the participation of industry and other stakeholders to varying degrees.

2. STATE OF IMPLEMENTATION

Today, the IPP principles are embedded in many initiatives, and the research done and tools developed as outlined in the Communication are being widely used. However, explicit references to IPP in these initiatives are not common. The uptake of the IPP approach therefore needs to be assessed from the contents of policies rather than on the basis of explicit references. Also, ambitions towards better coherence of product-related policies have since its inception significantly increased, forming part of the "Better Regulation" agenda⁸. Indeed, the IPP principles have been successfully subsumed into the over-arching **Sustainable Consumption and Production/Sustainable Industrial Policy (SCP/SIP)** framework with the **2008 SCP/SIP Action Plan**,⁹ effectively embracing and taking forward the process started with IPP Communication.

Going forward, it seems appropriate to further integrate the two processes and consider IPP as a significant component of the SCP/SIP agenda.

³ Renewed Strategy on Sustainable Development of 9 June 2006 n° 10117/06.

⁴ COM (2001) 31.

⁵ See http://www.un.org/esa/dsd/dsd_aofw_scpp/scpp_tenyearframprog.shtml

⁶ However, two pilot projects were carried out to test the validity of the approach and gain experience in its implementation. Mobile phones and garden chairs made from tropical wood were selected, without prejudice to the significance of the environmental impacts of the chosen products or the expected degrees of improvement. See <http://ec.europa.eu/environment/ipp/pilot.htm>.

⁷ Council conclusions of 12 November 2003 on Integrated Product Policy.

⁸ COM (2005) 97.

⁹ COM (2008) 397

2.1. EXAMPLES OF IMPLEMENTING IPP AT COMMUNITY LEVEL

Several policy initiatives developed subsequently to the IPP Communication reflect the IPP approach towards "greener" products in view of the whole life-cycle.

The **Action Plan on Sustainable Consumption and Production/Sustainable Industrial Policy (SCP/SIP)** combines IPP instruments into a coherent policy package towards "greener" products and smarter consumption patterns. It is therefore a major contribution to implementing IPP instruments at Community level, including among others: legislation for the **continuous improvement of product design**, combined with revised **labelling** schemes to support consumer demand for environmentally highly performing products, a framework for **Green Public Procurement** of goods and services and the possibility of financial incentives to stimulate uptake of such products.. Furthermore the "**Retail Forum**" established under the SCP/SIP Action Plan implements the IPP instrument of **greener corporate purchasing** and ensures cooperation between different stakeholders to provide consumers with better information on sustainability.¹⁰

The **Eco-design for energy-using products Directive** was a direct transposition of IPP principles into product design legislation. Its scope has been widened in 2009 to more product groups (energy related products) in the context of the SCP/SIP Action plan.¹¹

The new **Waste Framework Directive**¹² makes several IPP elements legally binding, notably the requirement for waste policy to consider the whole life-cycle of materials in waste policy development. Life-cycle thinking also guided a provision of the **Batteries Directive**¹³ that allows disposal, instead of recycling, only if environmentally advantageous in view of the whole life-cycle.

The **Thematic Strategies** on the Sustainable Use of Natural Resources¹⁴ and on the Prevention and Recycling of Waste¹⁵ have endorsed the life-cycle thinking and the call for continuous improvement, as well as the principle of working with the market. The waste strategy's call for strong recycling markets in the EU is an example of this.

Immediately after adoption of the IPP Communication, the Commission started to develop the **European Life Cycle Assessment (LCA) Platform**, a quality-controlled European Reference Life Cycle data base and an LCA handbook. Work is continuing towards specific guidance for the application of life-cycle thinking in specific policy areas, as well as fully embracing the international dimension. Furthermore, two voluntary **Pilot Projects** have explored the practicalities of the IPP concept and notably life-cycle thinking¹⁶, and resulted in industry self-commitments in this respect.

¹⁰ Since they are the crucial intermediary between producers and consumers, the Retailers in cooperation with the producers will need to ensure adequate labeling and information on products so as to contribute to a shift towards more sustainable products. The presented environmental information should be understandable, not ambiguous and not likely to mislead or confuse the consumers.

¹¹ Directive 2009/125/EC of the European Parliament and the Council establishing a framework for the setting of ecodesign requirements for energy-related products

¹² Directive 2008/98/EC of the European Parliament and the Council on waste

¹³ Directive 2008/12/EC of the European Parliament and the Council on batteries and accumulators and waste batteries and accumulators

¹⁴ COM (2005) 670

¹⁵ COM (2005) 666

¹⁶ See <http://ec.europa.eu/environment/ipp/pilot.htm>.

To help **focussing policies**, the Commission has assessed which products cause most environmental impact and what options exist for improving them¹⁷. The resulting focus on housing, transport and food products is taken forward, among others in the multi-stakeholder **European Food SCP Round Table** that has been set up recently (2009)¹⁸ as well as the BUILD-UP website.¹⁹

The **Recycling Lead Market** initiative aims at encouraging demand for products with recycled materials that provide a life-cycle environmental benefit. The **Bio-based Products Lead Market** aims to promote the development of sustainable products from renewable raw materials, e.g. bio-based chemicals and plastic.²⁰

The 6th and 7th Research Framework Programmes have been funding a number of research projects aiming at supporting the implementation of IPP policies, notably in the areas of Life Cycle Assessment methodology improvement, eco-design, industrial ecology, waste prevention, recycling, bio-refineries and sustainable consumption.

2.2. EXAMPLES OF IMPLEMENTING IPP AT MEMBER STATES' LEVEL

The IPP concept has been well established in activities of Member States, often in close relation to Community level activities.

Transposing and **implementing Community legislation** with IPP elements is an essential contribution of Member States to IPP. Some examples include product design and labelling legislation, and the **internalization of environmental costs** through producer responsibility schemes. National initiatives to internalize environmental costs are certain eco-tax schemes in various Member States.

Member States have taken action to **strengthen the demand for better products** notably in the area of Green Public Procurement. Action by the seven best performing Member States has brought the EU average to 45% green public procurement in terms of value, resulting for example in 25% less CO₂ emissions and yet lowering the life-time costs by 1%. The Netherlands aim at 100% sustainable procurement of the national government by 2010.

The objective of better information for consumers is pursued by many Member States. In addition to the European Ecolabel, around half of them have national ecolabel schemes – in the most successful cases reaching 10,000 licensed products in a single country. **Policy co-ordination and integration** at national level has progressed in many areas: the regular exchange of views and experience provided by the Commission-chaired **IPP Regular**

¹⁷ See: http://ipts.jrc.ec.europa.eu/activities/sustainable_development/susproc.cfm

¹⁸ The European Food SCP Round Table is a multi-stakeholder process aiming at: i) identifying scientifically reliable and uniform environmental assessment methodologies for food and drink products across the entire products life-cycle; ii) identifying the suitable communication tools to consumers and other stakeholders; iii) promoting the continuous environmental improvement of food and drink products along the supply chain.

¹⁹ In the Build-up website building professionals, local authorities and building occupants can share their experience on how to cut energy consumption in buildings, see <http://www.buildup.eu/>. The European Commission has also set a Concerted Action with representatives of the Member States to exchange best practices on the implementation of the Directive on Energy Performance of Buildings (Directive 2002/91/EC of the European parliament and of the Council of 16 December 2002, on the energy performance of buildings. O.J. L 1/65 of 4.1.2003).

²⁰ COM (2007) 860

Meetings is complemented by inter-ministerial working groups for example in the Nordic countries, national IPP co-ordination bodies and dedicated departments for sustainable products and consumption, for example in France and the UK, or the specific department in the state government of Bavaria (Germany).

Member States have also carried forward **product specific actions**. Denmark, Finland, Sweden and the United Kingdom have arranged **product panels** involving stakeholders from the whole life cycle. Bavaria has supported a number of eco-design projects on specific products. Notably Italy, Denmark, the Netherlands, Germany, Sweden and France have also actively pursued **voluntary agreements** with industry on specific targets and actions.

These initiatives are often supported by active work on **life-cycle data and methodologies**. At least one third of the Member States have been developing tools and promoting life-cycle thinking very actively; some of them have established LCA research centres.

With regards to integrating life-cycle thinking within the operations of organisations, all Member States have measures in place to promote the EU **environmental management scheme EMAS**.

2.3. EXAMPLES OF IMPLEMENTING IPP AT BUSINESS AND OTHER STAKEHOLDERS

Industry associations, individual companies and NGOs have co-operated with authorities and researchers at Community, national and local levels. Most **product-specific activities**, including the Commission's own pilot projects, were only possible with the proactive involvement of industry and NGOs. Industry has also been, and is being, instrumental in **making life-cycle information available**, notably by contributing to the European Life-Cycle Database.

There has been a significant increase of **awareness of life-cycle thinking**. Increasingly, industry sectors apply life-cycle thinking to inform their approaches towards product policy and communication with customers and authorities. One typical example is the Eco-profiles initiative of the plastics industry in Europe. Another example is the active participation of industry associations, through the Consultation Forum, in developing implementing measures of the **Ecodesign Directive**. There is also increasing participation of business in initiatives towards life-cycle based **policy development**, for example in the Retailers Forum, the European Food SCP Round Table and the BUILD-UP initiative.

3. ROOM FOR FURTHER ACTION

Altogether significant progress has been made in the EU towards environmentally driven product policies. Nevertheless, with IPP being a process rather than a final status there continues to be ample room for further activities. Some evident options would include:

Further **enhancing the role of IPP in national policies**. Some Member States have exemplary measures in place but many are still lagging behind. As IPP is an ongoing process, different degrees of progress can also be seen due to wider developments during the reporting period, such as the enlargement of the EU. However, several new Member States have made good progress while several of the EU-15 Member States could step up their efforts.

For environmental **NGOs, consumer organizations and SMEs** participation in IPP processes and application of its instruments could be further encouraged and facilitated. As a general

observation, it seems that more support and dialogue is needed to strengthen awareness of the environmental benefits that life-cycle thinking can bring to reducing the overall negative impacts of products. Many product panels and the pilot projects have demonstrated that this can be achieved particularly well by co-operation on concrete cases.

As already indicated in the IPP Communication, the concept can also be applied to the environmental improvement of **non-industrial products and to services**. Initiatives in this direction have been launched in the context of the SCP/SIP Action Plan, such as the already mentioned Retail Forum and European Food SCP Round Table.

The 'IPP instruments' of taxation and subsidies have not yet been applied at Community level.

4. POLICY INITIATIVES FROM IPP TO THE SCP/SIP ACTION PLAN

The IPP concept has been elaborated by the Commission at a time of new major initiatives in environmental policy, marking a shift from end-of-pipe to preventive action. At Community level the 6th EAP called for its application to natural resources and waste policy. On the international level, the Johannesburg Summit brought action on sustainable production and consumption patterns to the attention of policy makers.

Recognizing that many environmental problems are caused by the ever increasing numbers and varieties of globally traded products and materials, IPP was seen to supplement sectoral environmental policies on waste, water, air or chemicals.

Two years after the Council had endorsed the IPP Communication, the Commission presented the Thematic Strategies on natural resources and waste that built upon IPP principles in their respective domains. Yet another two years on, the Commission issued its consultation document on a future SCP/SIP Action Plan and adopted the plan in the following year.

The SCP/SIP Action Plan foresees a review of some of its elements, as well as of the plan itself, by 2012, thereby keeping the call for concrete measures for implementing IPP instruments high on the political agenda.

5. CONCLUSIONS

IPP aims at using the most suitable policy instruments for the continuous improvement of products. It is an ongoing process rather than a finite state. It requires a high level of awareness among policy makers and other stakeholders, and the will to translate awareness into concrete action on a daily basis.

The IPP approach has contributed significantly to the development of several environmental policies in the areas of product design, use of natural resources and management of waste. Member States, industry and other stakeholders have actively advanced its implementation by direct involvement at Community level, transposition of Community legislation, economically motivated actions and other own initiatives.

The implementation of IPP in terms of policy integration is difficult to document as new policies seldom make explicit reference to IPP. However, overall significant progress has been made in the uptake of life-cycle thinking by key industries and policy makers, and the

availability of life-cycle data and consensus on methodology have greatly advanced. Good progress has also been made in identifying products with the greatest potential for improvement and possible measures for improvement.

Consumer information, eco-design legislation, clean production and "green" public procurement/purchasing are now at the core of the SCP/SIP Action Plan. The SCP/SIP Action Plan is carrying forward the process initiated with the IPP Communication with the aim of further unlocking market potentials for more sustainable products and promoting smarter consumption. The review of the Action Plan foreseen in 2012 will provide an excellent opportunity to further assess the development of IPP.