



# THE IPP GREEN PAPER: LAUNCHING THE STAKEHOLDER DEBATE CONFERENCE REPORT

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## **Thursday 8<sup>th</sup> March – Morning session**

Integrated Product Policy Green Paper  
Otto Linher, DG Environment

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Products are fundamental to the wealth of our society and the quality of life we all enjoy. Rising consumption of products is however, directly or indirectly, also at the origin of most of the pollution and depletion of resources our society causes. Products of the future need to use fewer resources, have lower impacts and risks to the environment and prevent waste generation.

The Integrated Product Policy (IPP) Green Paper proposes a strategy to strengthen and refocus product-related environmental policies to promote the development of a market for greener products. The IPP approach and its focus on the life cycle of products combined with a strong stakeholder co-operation is a major innovative element of the 6<sup>th</sup> Environment Action Programme. Through using the synergies of environmental improvement and business development it can also contribute to sustainable development.

IPP intends to complement existing environmental policies to improve a broad range of products and services throughout their life cycle; from the mining of raw materials through production, distribution, use and disposal. There is no single best instrument to achieve this, so the Green Paper proposes a mix of instruments which needs to be linked and co-ordinated strategically.

IPP has three pillars – the price mechanism, greening consumer demand and stimulating the supply of greener products.

The most powerful instrument to transform the market in favour of more environmentally friendly products and services is to ensure that the true cost of environmental impacts during the life cycle of products is reflected in the product price, i.e. **“to get the prices right”**. Proposed measures include differentiated taxation and the extension of producer responsibility.

Product prices that reflect the true cost to society and the environment may only be possible in the medium to longer term. Until that time, strategies will be developed to give consumers and public authorities the tools to identify and buy more environmentally friendly products and to encourage producers and retailers to use environmental criteria as an integral part of product design and for decisions on purchasing.

**Consumers** need to be given access to easily understandable, relevant and credible information. This could be through a strengthened and refocused strategy on environmental labelling. A new element could be the development of product environmental declarations based on life cycle data.

Purchasing by public authorities represents around 12% of Community GDP. This potential needs to be captured through new initiatives to green public procurement. Practical proposals include the development of a handbook of practical examples for authorities and a green procurement web-site to help public authorities give preference to more environmentally friendly products within the Community framework of public procurement legislation.

Business leadership in **greener production** needs to be supported by encouraging the generation and flow of environmentally related product information within the production chain. Initiatives could focus on the development of life cycle analysis for SMEs and the use of the supply chain to encourage life cycle thinking during all production stages. Eco-design guidelines could be a checklist of key stages in the design of a product where there are potential environmental improvements. “Environmental soundness” could feature in EU standards and New Approach legislation.

The Green Paper sets out for discussion how these instruments can be better used. A new proposal is the establishment of “Product Panels”. These panels will likely be stakeholder groups tackling issues related to the environmental performance of products. If successful, they could resolve problems before regulation is needed or help to prepare the ground for future legislation.

## Examples and expectations of IPP

Stakeholder Involvement – exemplified by Danish product panels  
Preben Christensen, Danish EPA

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Stakeholders play an important role in the development and implementation of IPP (through product panels) in Denmark. In particular, business needs to be involved in order to secure the acceptance of the market-based approach and to ensure that the key players take responsibility. The speaker stressed that IPP does not replace the need for legislation; it is a voluntary approach to help the more pro-active companies move ahead of minimum legislation.

There are presently four product panels in Denmark (textiles, electronics, goods transportation and building and construction). Preben Christensen gave a brief description of each product panel, including their objectives, structure and achievements. The structure and membership of the product panels were based on the main aim of each panel. For example –

- The main aim of the Textile Panel is to market and promote the purchase of cleaner products. The panel's membership includes product chain representatives, retailers and consumer organisations.
- The objective of the Goods Transportation Panel is to develop and test tools to encourage greener goods transportation in the future. The panel includes representatives from transportation providers as well as those purchasing transport.

The success of the Danish product panels is due to a number of factors, such as a dynamic external chairman, a long tradition of consensus building, the involvement of front runners, and a publicly funded secretariat with extra funding for projects.

*For more details on the Danish experience please see the report from Workshop 6 on product panels and stakeholder involvement.*

Tetra Pak AB: Industry Co-operation in Sweden  
Ms Melin, Tetra Pak

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Packaging is a key part of the product. The consumer's choice of product is not only dependent on the product but the packaging as well.

The speaker outlined the life-cycle of a litre of milk in a Tetra Brik package. She gave a brief description of the following tools used to minimise the total environmental impact:

- Sustainable forestry and certification;
- Precautionary principle for chemicals;
- Producer responsibility for packaging; and
- Environmental product declarations and access of environmental data for customers.

The speaker emphasised the importance of the holistic approach of IPP and Life Cycle Analysis (LCA) in improving the environmental performance of products. LCA can help to decide where to focus effort and resources. For example, Tetrapak reduced the amount of wood, water and fuel needed for its Brik package but this resulted in an increase in electricity.

## Greening Public Procurement Bengt Renberg, Council of European Municipalities and Regions

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The speaker summarised the difficulties local authorities face when trying to foster environmentally friendly procurement. He welcomed the introduction of environmental characteristics in the Commission proposal for the revision of the public procurement Directives but noted that there are still difficulties with the EU legal framework.

Local public authorities have limited scope to integrate the environment into procurement decisions. Some types of environmental tools or concerns, such as transport and environmental management systems, cannot be taken into account in the public procurement procedures. Under the existing legislation, local authorities have no right to require EMAS from their suppliers even if they themselves have achieved certification.

The speaker concluded that there needs to be a more liberal interpretation of the restrictions imposed by the EU Procurement legislation or the relevant articles need to be revised.

## Integration of Environment into Standardisation Trevor Vyze, CEN

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The speaker gave a short presentation on the nature of CEN and its tasks, procedures, and organisational structures.

Referring to the role environmental considerations play in developing standards, the speaker explained the different approaches. There are CEN groups looking at construction, energy, gas healthcare, information society, occupational health and safety, personal protective equipment, pressure equipment, machinery safety, transport and packaging, and services. These groups have the option to:

- Use and develop environmental guidelines. Two different types of environmental guidelines exist: guidelines for those who write standards and guidelines for those who use standards.
- Set up their own environmental subgroups. This approach allows the specific needs of each sector to be taken into account. The healthcare, gas and construction sectors have environmental groups.
- Contact the CEN Environmental Help Desk. This was set up to address the gap in knowledge and provide service to all parties involved in developing standards. Given

the number of requests it has received to date, it has proven to be a valuable tool in raising environmental awareness.

### A Retailer's Perspective

Jayn Harding, Sainsburys's

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Sainbury's is one of the leading retailers in the UK. As an international retailer selling food and non-food products, environmental measures taken by governments pose a challenge. Given the already diverging environmental measures and regulations in the countries where they operate, one major concern of Sainbury's and its suppliers is the potential increase in costs which might be caused by IPP. Any IPP requirement that increases the supply chain costs will inevitably increase the cost of the product or reduce returns. The speaker explicitly addressed the potentially negative impact on the business sector's ability to keep up its present investment level.

The role of the consumer must be carefully examined. Consumers determine, through their buying patterns, the products retailers put on their shelves. However, ingrained behaviour cannot easily be changed. Certain distrust in environmental labelling exists among consumers. While they want reliable information consumers are hesitant to rely on environmental information provided by companies and governments.

Sainsbury's have embarked on a few initiatives to address the above challenges. Trying to reduce the impact of products, they are using the Forest Stewardship Council (FSC) label for many of its wood products. Marine Stewardship Council (MSC) products have reached the shelves and the company also sources Integrated Crop Management and Farm Biodiversity Action Plan products.

The speaker said that the most powerful instrument contained in the IPP strategy is achieving commitment by the entire chain (i.e. suppliers/manufacturers, retailers, consumer groups, NGOs and the media). There is also support for VAT exemptions for environmentally responsible products, but such exceptions should include other labels in addition to the eco-label, such as FSC and MSC.

### European Industry's expectations of a EU IPP

Dr J.F. Kleibeuker, Campina Melkunie

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The speaker explained that he was speaking on behalf of UNICE, which represents 16 million companies. Welcoming the Commission's initiative to discuss a product orientated environmental strategy, the speaker said that the overall aim should be for a higher quality of life through wealth creation and competitiveness. Such a framework would help long-term business planning, favour innovation and stimulate the continuous improvement of products.

The IPP framework should be built on the principles of integration of environmental, social and economic aspects; shared responsibility by the entire product chain; respect for market forces; and the consistency of legislation.

The speaker highlighted three important IPP tools that support the above principles.

- Environmental management systems - they not only have an effect on the production process and production patterns but also on the design of the product.
- The lifecycle approach - gives a holistic view on the environmental impact of products but should remain a business tool.
- Product panels - could help a better understanding of IPP and of specific products.

## European Environmental Bureau's view of IPP

### Christian Hey

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The speaker examined some of the issues that influence the success of the IPP approach: learning from experience, consensus with business, developing a strategy to create markets for innovative products and the greening of standards. The car sector was used as an example where a targeted life-cycle approach has been used for legislation on waste and emissions from vehicles. There has been continuous improvement but legislation does have its shortcomings.

In addition, the speaker made the following observations:

- While the focus on products is helpful, a change in consumption patterns needs to be tackled since product improvements can be offset by changes in behaviour.
- Markets can be created for innovative products by using economic instruments such as lower VAT and public procurement initiatives. The laggards will still be caught by legislation.
- The standard setting mechanism deserves a deeper analysis. In the past, standards have not adequately taken into account environmental concerns. Consensus based standards are often less environmentally ambitious.

## Question and Answer

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Participants were given the opportunity to address the panel following the morning session. The following substantive points on IPP were raised by the participants.

- The IPP approach must take account of the conclusions from the Cardiff and Lisbon processes.
- The link between IPP and existing environmental legislation (such as waste and chemicals) needs to be clarified.
- Environmental Management systems should be a key and not supporting instrument of IPP.
- Europe needs a common IPP vision because products are distributed across the Internal Market.
- Proposals on getting the prices right should not be overlooked because prices are the main barrier to the take up of greener goods.
- IPP's role with regard to the economic and social strands of sustainable development should be established, in line with the proposed sustainable development strategy.

- Environmental management systems have not been designed to be product oriented. The IPP approach may need to invent new tools, such as product EMSs, as well as co-ordinating existing tools.
- The notion of green products versus non-green should be avoided. The overall objective of IPP is to green all products and not just make 'green' products.
- The IPP approach should also cover services.
- The development of the European Product Panels should take into account the differences in public perception of environmental problems in the different Member States.

## Friday 9<sup>th</sup> March – AM

### The Commission's View of IPP Commissioner Wallström

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The essence of IPP is that all – consumers, industry, retailers and governments – have a role to play because all are involved in the product's life-cycle, so all need to contribute to reduce its environmental impacts.

The Commissioner stressed that IPP is a long-term strategy and that all players must remain actively involved in its continuing development and implementation. IPP will be a key part of the Thematic Strategy on the sustainable use of resources that has been promised in the 6<sup>th</sup> Environmental Action Programme. It will also be an important element in the Community's efforts towards sustainable development.

The Green Paper puts forward for discussion the particular instruments that could be used in the IPP approach and the general principles involved. There are three central strands to the Green Paper; getting the prices right, stimulating green design and encouraging green demand. The Commissioner said that the three strands are based on the fundamental principles of stakeholder participation and shared responsibility.

The Commissioner also issued a challenge to find a new name for IPP. She asked whether the phrase 'Integrated Product Policy' communicates well what we are trying to achieve. Although environmental policy insiders may be clear as to what this means, a new name may be needed which is more easily communicable to the outside world. A bottle of champagne is on offer for the winner.

### What is the added value from IPP? Mr Larsson, Swedish Environment Minister

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The Minister welcomed the Green Paper and emphasised that it is a new way of thinking and handling and cannot be implemented overnight. Implementation will require co-operation with all sectors and not just the main environmental players.

He said that the purpose of IPP is two-fold; to encourage a general greening of products and the market place and to help the delivery of specific environmental policy objectives. There are a number of 'value-added' benefits to using a strategic approach, such as:

- IPP can fill the gaps in existing environmental legislation, mainly in the areas of resource efficiency and tackling diffuse environmental impacts.
- IPP will promote win-win solutions by not only securing environmental gains but by also improving the function of the single market and giving European industry a competitive advantage.
- Key stakeholders will be brought together to develop solutions.
- Using a life-cycle approach to avoid 'sub-optimisation'.
- Promote the simplification and harmonisation of product requirements.

- Create links between environmental policies and other policies, such as sectoral, health, innovation, etc.
- Encourage pro-active rather than re-active policy.

The Minister finished by summing up why an IPP approach is needed at the European level:

- Environmental aspects should be considered alongside the price, quality and design of a product.
- The challenge of reducing waste cannot be solved by efficient waste management and recycling alone.
- Need to tackle the increasing demand and supply for high-tech products, which require rare elements and substances with unknown environmental properties.

### IPP and the European Parliament: opportunities and concerns Mrs Garcia-Orcoyen, Member of the European Parliament

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The IPP approach is one of the basic pillars of the new Environmental Action Plan and should challenge the market driving forces to offer products and services more environmentally sound than the existing ones.

Mrs Garcia-Orcoyen described how environmental degradation has not been reversed after several decades of policies with the aim of reducing pollution, minimising waste and avoiding hazardous substances. She concluded that these push policies are not enough and that future effort must be focussed on using the real engine of the economy, the market, in order to achieve our goal – defining and creating alternative systems of production and consumption that have significantly lower environmental impacts. Workable solutions would have to include both production and consumption.

Mrs Garcia-Orcoyen analysed the classical tools, such as the eco-label and EMAS and noted that the flow of raw materials is still increasing in relation to GDP per capita. She said that the Lifecycle Assessment (LCA) approach is key to decoupling economic growth from resource consumption and waste generation. LCA should be widened to include the functionality of the product and the entire business cycle (i.e. cover competition rules and WTO limitations). The life cycle approach should also be structured to encourage this shift in focus and offer opportunities for meeting human needs with fewer physical goods.

Although IPP is more of a voluntary approach, Mrs Garcia-Orcoyen pointed out that there needs to be common criteria and guidelines by Member States. Everyone has a role to play. Customers need clear information, publicity, price incentives and availability of new products and services. Producers should consider their social responsibility and improve their reporting. Retailers and media are important channels of information.

## Working Groups

The chair of each working group gave a short presentation on the topic discussed in their working group.

### Workshop 1 – The role of Economic Instruments

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Chair: Manfred Marsmann, German Industry Federation  
Secretary: Manfred Rosenstock

The group examined the scope for using economic instruments as an element of IPP. It was agreed that using economic instruments could be a good way to correct market failures. Typical examples of market failures discussed were mainly concerned with resources (such as fish stocks) or services (e.g. transport and the externalities caused by it) rather than products. More empirical data would be needed to quantify more precisely the environmental impact of products in order to apply economic instruments.

The experience gained so far from the use of such instruments was mixed. While the packaging collection and recycling system in Germany (DSD), which is based on fees, is seen as a success, the UK packaging tax did not achieve its objective as it is based on weight and therefore encourages e.g. the use of lighter carrier bags made from virgin material over recycled bags which are heavier. It was also highlighted that while recycling saves resources and reduces weight it might be highly energy intensive and that this aspect would have to be included in any assessment.

Concerning the possible use of reduced VAT rates to encourage the use of "green products", it was discussed how best to determine the degree of reduction of the VAT rate. This could be based either on a quantification of the environmental impact or on the price elasticities of demand if a target reduction of the use of a certain product is to be achieved. Some participants pointed out that in a highly competitive market, such as retailing, tax reductions would quickly lead to price reductions and thus changed incentives to consumers while tax increases for environmentally harmful products might not lead to price increases. Therefore, they regarded the VAT-based approach as more promising than increased environmental taxes.

It was, however, pointed out that price is not the only criterion that influences consumer choice. Product properties, in particular perceived quality, play a key role, and thus recycled products may not be chosen by consumers even if they are cheaper. The example of paper tissues was given. From this, the conclusion was drawn that on the one hand it is important to inform consumers about environmental qualities of products to improve their image while on the other hand a price difference above a certain threshold may be needed to have an impact on consumer choice.

If eco-labels are used as the selection criterion for the granting of reduced VAT rates, the importance of uniform treatment between Member States was stressed. More generally, most participants insisted that, if economic instruments were to be employed for IPP, the approach should be harmonised at EU level in order to address competitiveness concerns. Representatives of industry also stressed the importance of

longer-term certainty about the path of development of taxes in order to help them plan ahead.

Finally, it has to be remembered that, given the structure and design of a VAT, business to business transactions would not be affected by reduced rates as companies can claim back any VAT on such transaction. Therefore, there would be no environmental incentives for business. ‘

Most of the other examples for the use of market-based instruments are related to production processes (e.g. green electricity), where a clear link between the producer and the environmental impact of his actions can be established rather easily. The group wondered whether the approach could easily be transferred to products. Some options that were suggested included:

- lower VAT rates for products that lead to reduced emissions of greenhouse gases;
- lower VAT rates for repair services to encourage the fixing of broken products rather than replacing them; and
- a car tax that is differentiated along environmental criteria.

The group discussed whether the concept of producer responsibility was the correct approach or whether it would be more effective to put responsibility on the consumer as the final user. On the practical side, it was pointed out that collection and recycling obligations (as examples of producer responsibility) can more easily be organised at producer level. Furthermore, if responsibility was put on producers, this would provide incentives for product improvements at the design stage and a more efficient management of products at the waste stage. Suggested examples for applying producer responsibility were tyres or light bulbs.

Concerning the impact of the new guidelines on State aid for environmental protection on the use of economic instruments as part of IPP, the general impression was that this was difficult to judge as the guidelines still leave a great deal open to interpretation. It was stressed, however, that one would have to check thoroughly whether any of the rules of the new guidelines might have environmentally perverse effects.

## Workshop 2 – Greening of public procurement

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Chair: Geraldine Plas, The International Council for Local Environmental Initiatives  
Secretary: Paul Speight

### **State of knowledge/product groups on which there will be the most impact**

There was consensus that the impact of greening of public procurement was considerable, and that it was filtering through to firms. The impact varied throughout Europe, largely depending on measures taken to encourage the incorporation of environmental concerns into the public procurement process. For example, obligatory taking into account of environmental considerations in public procurement had enabled quick progress in Austria and Denmark.

In general there was little knowledge around on how to quantify the impact of greening of public procurement, either economically or environmentally. The RELIEF project, funded by DG Research, and co-ordinated by ICLEI, should help to fill some of the gaps in this area.

Product groups which were mentioned as examples of areas on which greening of public procurement would have the most effect were, office supplies, cleaning products and services, hospital equipment, transportation, construction, IT equipment, furniture. In Denmark a voluntary agreement between the public procurement co-ordination group and the sectors concerned has led to a deliberate focus on three product groups: IT, detergents and furniture.

### **What obstacles need to be overcome/what needs to be done in the future**

A range of obstacles were mentioned, including practical obstacles such as lack of **time**, **knowledge** and **money**. The EU public procurement Directives were also considered as obstacles, both in terms of the legal requirements that they set, and the **lack of certainty** about what was permissible. The Directives were originally drafted to give primacy to an economic objective – all agreed that environmental objectives needed to be integrated in to this to some extent, but there was disagreement as to what extent there should be done and some participants were concerned that this would ‘open the Pandora’s Box to other non-economic issues. The need to avoid having too many subsidiary objectives was highlighted. Use of non-product related process and production methods, EMAS and eco-label were highlighted as being both important and difficult under the current legal regime. Discussions on this point could however not constructively take-off due to a lack of transparency and consensus on which environmental criteria may, in practice, be taken into account or not in public purchasing procedures. The majority of speakers thought it should be possible to refer to production processes:

- the business sector wanting to make it possible but not compulsory; and
- the public purchasers’ representatives, insisting on having it clearly mentioned in the procurement Directive.

The representative of small businesses noted that eco-labels, EMAS were expensive, and that they should remain voluntary. If public authorities started asking for them in their contracts, there was a risk that these instruments could become obligatory, or that this would make it more difficult for small businesses to get access to public contracts. He was not in favour of the inclusion of process and production methods. The representative from the French government warned against asking for an environmental management system in calls for tenders – this could end up making EMAS an obligatory system.

There was a consensus amongst the group in looking forward to the clarification that should be brought by the interpretative communication and to the practical tools to be included in the proposed handbook.

### **Environmental impact assessment**

The use of EIA in procurement policy has been experienced by the City of Hannover, Germany. The workshop participants underlined that if considered at all, it should be clear that EIA should not be used to assess the various answers to a call for tender, but to study the various alternatives for the definition of the object of the contract. Most participants however opposed to the idea of using EIA in tendering procedures, alleging that it would incur a heavy procedure difficult to simplify and manage. There was considerable consensus that it might be better to make it obligatory to have a **policy** and an **action plan** on greening of public procurement, and for purchases to be checked against this. Two speakers thought that it should be obligatory to take the results into account when undertaking the call for tender.

### **Exchange of best practice**

Three existing initiatives were mentioned – Firstly the five Nordic countries have a common website on greening of public procurement (mostly in Nordic language). Secondly ICLEI run a network called BIG-NET (buy it green net). This has 37 participants (local authorities) in 18 countries in Europe, who communicate via meetings and an e-mailing list which goes out in three languages. ICLEI's experience was that these networks progress slowly – there is still a considerable disparity between Nordic and Southern European countries. The Danish central public purchasing authorities run a site called Green-net. Their representative noted that the most often used element of this site was the criteria.

The Austrian representative noted that although guidelines for greening of public procurement had been produced in several countries, there was no co-ordinated approach – he thought that a central site was needed to bring the work going on through Europe together, and that the proposed Commission site could fulfil this need. The idea of a helpdesk for greening of public procurement (similar to that operating for EMAS?) was also mooted. It was suggested that a European level campaign of awareness raising, including information to business, SMEs was needed.

### **SMEs and green public procurement**

The representative of small businesses noted that the impact would depend on the sector – in the food sector, many SMEs producing organic food – if green was defined

in this way, then SMEs could have a competitive advantage. Also depends on how you have to prove green – if you need to have a piece of paper, if things move to the point where businesses have to have ISO 14001 or EMAS in order to operate, then in his view that would pose a problem for SMEs. It was suggested that self-declaration or an SME-friendly EMAS might be the way forward on this. SMEs networking or training on how to answer environmental demands in tenders would be welcome. It was noted that micro-businesses virtually never reply to tenders outside of their Member State. Other participants agreed that greening of public procurement could create a **problem** for SMEs, but also noted that it could create **opportunities**.

### **Key points**

ACEA – The key starting point is to define what is green. The greening of public procurement should start with simple products on which clear results could be obtained.

UEAPME – Innovative small businesses should be rewarded, but greening of public procurement should not lead to the imposition of environmental requirements on all businesses.

Greenpeace – It should be made possible for public authorities to buy green.

Norway – The legal framework needs to be clarified. WebPages/guidelines should help to improve awareness.

Belgium – Agrees that clarification of the legislation is needed.

Sweden – The public procurement Directives should be opened to allow adequate taking into account of environmental concerns.

Gothenburg – The legislation and spreading of information needs to be improved.

Danish procurers – EMAS for SMEs should be developed in order for them to use that as evidence of technical competence and allow the use of Eco-labels. It is important to make green procurement easy for the practitioners.

Austria – A clear legal framework, intensified training and an information exchange are needed.

DG Internal Market – Information exchange is important. Need to start thinking about greening of public procurement **before** the Directives apply (the principle of freedom of contract allows purchasers to define the object of the contract according to their environmental policy) and focus on transparency, objectivity, non-discrimination.

France – Do not want too much standardisation – labels could stop innovation. Need to know what we want to do before changing legislation. Avoid distorting the market. Concentrate on energy/resource efficiency.

Iclei –Greening of public procurement is not just a technical issue – it is about real impact, real environmental improvement. It should positively be considered as an opportunity for improvements for the environment, the purchasers, the firms and the end-users of the products and services.

## Workshop 3 – The New Approach and Standardisation

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Chair: Christian Hey, European Environment Bureau  
Secretary: Otto Linher

### **Standardisation in general**

Until recently, product standards were not aimed at environmental characteristics. The views within the working group differed whether they have been simply neutral towards environmental issues or whether they actually had negative impacts on the environment.

However, standards have become more and more important by indirectly determining the environmental characteristics of products. This is so because legislation has tended to use standardisation more and more as a tool to deal with details of technical regulations in the field of health and safety of equipment. Standardising bodies have very strong industry participation, although they are in principle open to all interested parties, provided they mobilise resources for participation. This raised the question whether an appropriate balance of all societal interests, including the environment, can be guaranteed in this way.

The first main question raised in this context was how an appropriate representation of environmental interests can be ensured. Some participants stated that the representation of environmental interests could not possibly be guaranteed without a substantial increase in funding for NGOs, e.g. along the Danish model which was generally felt to be a positive example. Other participants underlined that this was also a matter of priority setting within NGOs and that there are several possibilities for participation, inter alia via the delegations of national standardisation bodies and via the representation of consumer organisations (nevertheless, according to some participants, this might not be an answer to the resource question).

A related issue is how it can be ensured that the views of minority groups within standardisation are not simply overruled. A frequently occurring weakness seems to be the fact that environmental interests are only raised once a draft standard has been finalised and has entered the enquiry stage. At this stage, it is difficult to reopen the debate on more fundamental issues. There were suggestions that environmental interests should be brought in at an earlier stage and at a higher level of decision making within the standardisation bodies. This raises the question of the constitution of standardising bodies and how safeguards can be introduced in case of fundamental disagreements although views differed on the feasibility and urgency of changes in this respect.

The second main question was how an appropriate co-operation and co-ordination between the political level and standardisation could be ensured. There was a broad consensus that if standardisation is used as a complement to legislation, this has to be done under a clear political “chapeau”. This means that standardisation should operate on the basis of clear environmental mandates. Some suggested that this chapeau should be horizontal following the model of product and workers safety. Furthermore, the distinction between political issues and technical details should be clearly

elaborated. Political issues should be decided on a political level and technical details should rather be left to standardisation. An idea that was raised was to develop mechanisms to refer issues back to the political level in case they are identified as critical in the framework of standardisation. There was also a suggestion to increase the use of legislation in analogy to decrees on a national level.

The environmental help desk (EHD) was generally seen positively though insufficient to guarantee the integration of environmental aspects into standardisation. The plans to extend the mandate of the EHD, especially to have the right for own initiatives and comments, was generally welcomed. Participants were informed that the help desk is now being financed directly by the European Committee for Standardisation (CEN) budget and has been transformed into a permanent body. Nevertheless, the limitation of staff to two experts makes it virtually impossible to guarantee sufficient input for the wide range of standards with environmental implications. The ideas of a network of experts with appropriate training and a “screening unit” to act early in the standardisation process were raised.

### **The New Approach**

The Commission’s analysis on the lessons to draw from the application of the New Approach on the Packaging Directive was supported as regards the need for a clearer definition of essential requirements and the need to keep political questions on a political level. Most participants also agreed that it is more difficult in the field of environmental design than the classical New Approach fields of health and safety to define clear standards giving a yes/no decision as regards the conformity of a product with essential requirements. Nevertheless, several participants thought that in spite of these difficulties such standards could be drafted with a reasonable quality and that the absence of such standards/rules would potentially lead to confusion.

Generally, the views of the participants as regards the application of the New Approach for environmental purposes varied substantially. For some it was useful only under certain important conditions, others saw no fundamental problem of applying it in a similar way as in the more classical fields of New Approach where this legislating technique works without major frictions (except Packaging and Construction Products Directives).

The drafting of mandates was seen as a critical stage during which stakeholders should be consulted. Mandates need to be clear. In applying the New Approach technique, only technical details should be left to standardisation. There should be an early warning mechanism if political problems arise during the preparation of standards, e.g. safeguards should be implemented to refer such issues for institutional decision-making.

As harmonised standards can give presumption of conformity, they need to be clear enough and put the challenge to companies to withdraw the least performing products every now and then, based on continuous progress. According to some participants, this may need generic formulation to avoid blocking innovation. Several participants underlined that the use of harmonised standards was not the only way of demonstrating compliance with essential requirements though other ways might be considerably heavier to perform for companies.

Eco-labelling was discussed as a comparable process for the top end of the scale of environmental performance, though views diverged as regards transparency, effectiveness and need for harmonisation on an EU or higher level. There was, however, little disagreement that the use of the EU eco-label could be one of several ways of demonstrating compliance with essential requirements.

“New Deliverables” such as workshop agreements were seen by some participants as useful developments in rapidly evolving sectors within the general framework of standardisation. There was broad agreement, though, that New Deliverables should not be used as options to give presumption of conformity within the New Approach as they are not sufficiently legitimised by an appropriate consultation of all stakeholders.

A critical issue with respect to the use of the New Approach is the guarantee for free circulation of goods on the one side and the degree of allowing Member States to take further measures to protect the environment on the other side. Several participants expressed their concern that innovative action by the most advanced Member States could be hampered if the New Approach on the basis of Art. 95 of the Treaty were used widely as a basis for legislation on the environmental performance of products. Other participants underlined the need for a harmonised framework for the free movement of goods within the EU. They drew the attention to the fact that Member States could notify their intention to introduce national provisions under Art. 95 (5)-(9), and the Commission would then decide whether such measures were justified.

## Workshop 4 – Environmental labelling

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Chair: Bernard Mazijn, Belgian Federal Environment Ministry  
Secretary: Nicola Breier

The working group first addressed the question of how environmental labelling can best contribute to the strategy on IPP, which ISO Types of labels are most appropriate, what should be the objectives of each Type of label and whether they can be complementary.

There was general agreement that the use of environmental labelling systems (ISO Type I – III) is feasible to stimulate consumer demand for green products. Some participants, however, stressed that other forms of information should also be taken into account. It was also emphasised that labels should be seen as just one tool to achieve explicit environmental policy objectives and therefore complementary to other instruments. To improve decisions on the correct ISO Type label for a specific product group and a specific target (one type is not the best solution for all the product groups and targets), a framework should be set up. Within this framework the different target groups have to be identified. Consumers are not a homogenous mass.

In general it was felt necessary to consider establishing a framework (targets, indicators) to define the most appropriate label to be used.

On the question of how to improve the impact of existing Type I labels, the view was expressed that products with heavy environmental burdens should be concentrated upon, where significant improvements could be achieved. There was also some feeling to reduce the number of labels to avoid consumer confusion. In any case the need for more harmonisation amongst existing labels was expressed. This means as a first step more systematic and comprehensive co-ordination and co-operation between the different schemes to reinforce their contribution to stimulate consumer demand for green products.

When Type II and III environmental labels and their contribution to the overall objective of IPP were discussed participants identified a lack of experience with these categories of labels. Participants were nevertheless open minded to look at different possibilities in the decision-making framework. Participants stressed the need for guidelines for ISO Type II labels or other instruments to prevent misleading advertising. One participant referred to project “*Vectis*” to assess the feasibility, costs and benefits of a national scheme for verifying self-declared environmental claims. With regard to ISO Type III labelling its appropriateness for business to business communication was stressed but some participants also felt that there was some potential to use this information for consumer information. These options have to be thoroughly investigated and more information is needed. In any case if the development of Type III labels is going to increase early harmonisation is required.

Turning to the role for other types of label, such as energy labelling and single-issue labels within IPP participants stressed that these only make sense when addressing major environmental issues such as climate change. Priority areas should be selected very carefully and the best solutions should be examined. Minimising the number of

these labels was also considered important because many already exist. Another concern was not to forget the life cycle approach of IPP. If single issue labels are applied e.g. for hazardous substances, the label should inform about the content of the substance and not that it is “free from....”.

On how consumers can be encouraged through product information to make their use of products more environmental it was felt that this definitely depends on the type of product. Again the point was raised that there is already a lot of information on the products available (quality, safety...) and that one should carefully consider whether there is added value in supplying additional information. At this point of the discussion some participants made the link to the volume problem of consumption, the concept of basic needs and targets such as factor 4 and 10.

On the question of how other instruments within IPP can promote the benefits of environmental labelling participants saw the need for an optimal mix of instruments. There was a general feeling that more clarification on the overall framework was needed to be able to identify the right instruments. Some participants on the other hand expressed a strong preference for instruments, such as reduced VAT, public procurement and consumer education.

Two other matters were put forward by participants. First they recommended considering the inclusion of food products in IPP. Second they advocated for more co-ordination and co-operation within the Commission, a long-term perspective on IPP and more resources for IPP and already existing instruments like the European eco-label.

## Workshop 5 – Eco-Design and LCA

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Chair: Professor Chris Ryan, International Institute for Industrial Environmental Economics, Lund University, Sweden

Secretary: Thomas Heynisch

### **Life Cycle Analysis**

The group raised the following points in regard to LCA information.

Presently, it is not possible to have a clear overview of already existing LCA data. Data on certain aspects e.g. on consumer behaviour is still missing or not available in a form considered sufficient. Furthermore existing data has to be made available to the public and the business community. Transparency of data is a precondition for an increase of public awareness. The role of consumers is pivotal since the greening of the economy is mainly a demand side driven process and consumers including public authorities in their role as consumers should be considered a driving force for change. If those parties are provided with the necessary information, including LCA data or selected indicators they will be able to make more informed choices and influence the type, quality and availability of products.

There was general agreement that a deeper understanding of LCA issues was necessary. This observation was considered valid for consumers as well as for the business community. Life cycle analysis data should not be used as a standard or as a justification to ban products but rather as a benchmark against which continuous improvement could be measured. In addition it was stated that LCA data has its limitations since they depend on certain premises.

### **The Role of SMEs**

Another major focus of the discussion was the issue of LCA data and their implications for SMEs. The group identified the danger in excluding SMEs. Given their economic and social importance, the peculiarities of this sector have to be duly addressed. This also raised questions about how to create an environment more conducive for SMEs.

SMEs have - by definition - only limited human resources at their disposal. Thus the question of how SMEs can adopt an LCA-approach has to be studied in more detail. The group felt strongly that SMEs should not be forced into a framework limiting their economic viability and stifling their contribution to European economic prosperity. Consequently, complementary measures should be considered. These might include fostering co-operation between SMEs and/or larger enterprises/public research facilities on creating LCA data and/or developing a less sophisticated set of core LCA data for SMEs.

In this context another issue was raised. Businesses, especially SMEs, need clearly defined environmental priorities and a long-term political decision on the most important environmental challenges. The resources which are the focus of

environmental political concerns (e.g. water, soil, etc) have to be clearly stated. A mere all-comprehensive enumeration of resources is not acceptable to business. A predictable political environment and clearly defined political objectives are preconditions for a successful sustainability policy which requires the involvement of the business community.

One particular area of concern identified was the adequacy of the managerial skills and organisational capabilities. In this context the group considered it important that the European research programmes should address the problems that SMEs are facing and provide assistance to implement a more holistic approach.

### **Eco-Design**

There was general agreement that to date traditional reengineering of products has been a priority and that design improvement is a necessity to achieve a more sustainable development. Hence environmental aspects have to be incorporated in the process from the beginning.

However, although the issue of eco-design has already been looked into for years, discrepancies between theoretical knowledge and the actual implementation at the work place remain.

Furthermore it was clearly stated that eco-design needs a long-term perspective. Therefore clearly defined targets have to be set. As already referred to in the section on LCA, general statements like increases in resource efficiency are not sufficient to give concrete guidance for producers. Shifts in political priorities might undermine efforts taken by business.

The group agreed that eco-design guidelines might be a valuable tool to foster environmental products. However, the desire to have simple solutions coincides with the complexity of the issues and products. Simplistic solutions cannot be expected. In many cases the longevity of a product is considered a positive feature, even LCA data might lead consumers to that conclusion, however - depending on the circumstances and the nature of the product itself and its use - such an approach might be counterproductive to the environmental cause when more carefully scrutinised. If longevity imposes barriers to innovation and technological change it can hardly be called environmentally friendly and/or resource-efficient. Hence design guidelines have to be specifically targeted. The group felt that guidelines formulated for specific sectors/product groups might offer a solution as they take into account the peculiarities of each sector/product group.

However, technical solutions can not be expected to give a final answer since in many cases the use of products causes more environmental damage than the actual production process. The group agreed that the role of consumers/users should be given further consideration. Changes in behavioural patterns through information should be a major focus. Given the fact that producers supply what consumers demand, a shift in consumer preferences towards environmentally friendlier products would constitute a major incentive for companies to consider environmental issues more closely while designing and producing products.

Taking a long-term perspective, the group also addressed the tendency that modern economies become increasingly service driven. Thus the focus on manufacturing should be modified. Human needs are increasingly met through the performance provided by products rather than by the product itself. This places new demands on human and organisational capabilities available to producers. It changes the nature of products, as manufacturers focus on the needs of customers and other actors.

One aspect which is worth investigating is that producers, while retaining ownership of the product, might become more concerned about product durability, maintenance costs, and potential liability costs in the future.

## Workshop 6 – Stakeholder participation and product panels

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Chair: Bjarne Pedersen, Danish Consumer Council  
Secretary: Paula Higgins

The group discussed two topics, how to ensure effective participation and the Commission's proposal of pilot product panels.

### **Stakeholder involvement**

The group raised the following points.

#### *Defining the stakeholders*

- It is not possible to have a pre-defined set of stakeholders. Stakeholders should be decided in relation to the product, policy objectives, etc but there was general agreement that the definition in the Green Paper (consumers, non-governmental organisations, industry and retailers) is probably too narrow. For example, municipalities, researchers and scientists should be involved since the former are responsible for waste management and are an important link to SMEs and the latter for collecting data and setting environmental limits.
- Stakeholders should be selected on their ability to solve a given problem. This might make it necessary to include suppliers not directly involved in the product chain.
- It is important to have input from all parts of the product chain, including front runners, and not just industry or trade associations.
- Consumers should play an important part in IPP because they are the users of the product information generated at the different stages of the product life-cycle. Consumers should, through consumer organisations, be able to influence the type, quality and presentation of the information in order to encourage consumers to make informed purchasing decisions.

#### *The role of public authorities and democratic institutions.*

- Public authorities are not 'ordinary' stakeholders. The Commission and Parliament should set the overall priorities and framework; build confidence and commitment; link IPP to other strategies, such as waste and chemicals; and develop a better understanding of the IPP proposed instruments, such as public procurement. They must be accountable for delivery of IPP.
- To build confidence and commitment in IPP, the Commission and Parliament needs to provide a long-term commitment for industry to act and to ensure an open, fair and transparent consultation process with stakeholders.
- Public authorities should represent society's interest, especially future generations and those people less able to contribute to the development of IPP themselves.

### *Regional dimension*

- The group also considered the regional dimension of IPP. In particular, whether the EU can make an impact on products available on the world market.
- IPP at the EU level could create significant barriers for SMEs. National or regional approaches may be more suitable in attracting a wider range of stakeholders, such as the local communities that have to deal with the consequences of waste from products (e.g. landfill sites).

### *How should the stakeholders be chosen?*

- The group felt strongly that general rules could not govern this. Stakeholders need to be considered on a case-by-case basis. For example, a wider group of stakeholders are needed to help develop the IPP approach, but fewer may be necessary to develop solutions for a particular product or problem.
- There are different stakeholders that need to be involved during the different stages of the product life cycle. Thus at different stages of the IPP process the list of stakeholders may need to be adapted. It was suggested that in some situations only businesses should be involved (e.g. intermediate products supplied to business). But it was also suggested that if an impact could be foreseen further up or down the product cycle, then other stakeholders should be involved (e.g. consumers or waste handling organisations).

### *Inequality of stakeholders*

- Stakeholder inequality exists only because of lack of resources, robust networks and communication. Less able stakeholders may need some help financially to encourage them to participate. Big business already has the motivation and resources to be involved (to prepare for legislation, regulation, etc.) but the benefits are not so visible for other stakeholders.

## **Product Panels**

The second half of the discussion focused on the Green Paper's proposal to use product panels to deliver IPP. Preben Kristensen, Danish EPA, gave a short presentation on product panels in Denmark.

Preben Kristensen stressed that the product panels did not replace, but rather built on existing legislation and regulations. The main objective of product panels was to help environmentally friendly goods enter the market and break the circle of business/retailers waiting for consumers to demand greener goods and consumers waiting for greener products on the shelves.

Preben Kristensen described in more detail the successful textile product panel. Its success was attributed to a very committed and effective chairman – a director of a textile production company - and the participation of front runner producers and retailers. There had not been a similar breakthrough in the electronics sector although some achievements had been made.

Members of the textile panel set themselves two goals - to launch the EU eco-label for textiles in Denmark and to set up a knowledge centre to increase the availability of relevant environmental information and to develop better tools for the design of products. To help launch the eco-label, the panel forged an agreement with government and a number of retailers and producers. The government agreed to launch an awareness raising public campaign, the producers agreed to apply for the eco-label and the retailers agreed to stock items with the label.

The following points were made in the discussion.

#### *Other models of product panels*

- Netherlands is currently using the product panel approach for clothing and indoor furniture. The agenda for each product panel is based on a study that pinpointed the main environmental impacts and problems. The main difference to the Danish experience is that the panels are chaired by the government and they include industry representatives rather than frontrunners.
- Local Community Panels were set up to look at production sites of chemicals as part of the Chemicals Responsible care programme in Sweden. Discussions with the inhabitants are now moving on to considering what chemicals are being produced.
- The group agreed that a more in-depth analysis is needed of existing product panels and to take on board the experiences of other consultative forums, such as the previous Commission working groups dealing with priority waste streams.

#### *Europe-wide product panels*

- There were mixed reactions to the potential effectiveness of product panels at the European level. Product panels would have to tackle national and cultural differences. Success could be limited because of the wide variation of products offered in Europe. It was pointed out the same product, manufactured by one company, could vary from one country to the next (e.g. detergents).
- A European product panel would have to tackle products with similar markets across Europe. National product panels could be more effective for product chains linked to the local markets.

#### *Product panel membership*

- Stakeholders should be identified after the product has been chosen. Could have two types of participants, essential ones (product chain players) and others. Too many stakeholders on the product panels should be avoided.
- The analogy of a football match cropped up a number of times during the discussion. On product panels, public authorities would be both the player in the match and the referee. It was suggested that an independent and neutral facilitator could chair product panels to help reduce this conflict of interest but others felt that this was not necessary.

- There was strong agreement that the product chain and front-runners must be involved. It is important to have direct dialogue with manufacturers, especially players committed to the IPP process, and not only industry or trade associations.
- The group identified the danger in excluding SMEs. In many cases, it is the SMEs that are developing new products and innovative approaches.
- It was suggested that funds would have to be made available to secure NGO participation.

#### *Product panels products*

- Products need to be carefully chosen and based on specific policy objectives and potential for success. The Commission needs to identify those areas where the benefits are large, but should not make the final decision alone. Potential stakeholders need to be involved in the final selection in order to encourage them to take responsibility and play an active part on the product panels.
- The pilots could tackle different types of products. For instance, one could look at a product already on the market and another could look at a product in development.
- Clothes and electronics were suggested as possible contenders for product panels. Several experiences exist in Europe, notably Denmark, Germany and Switzerland for 'green' cotton textiles with mixed success.

#### *Product panels – aims, objectives and other issues*

- The issue, with clear objectives or questions to be answered must be set for the product panels. The political bodies would be best placed to do this and to fix targets. Adequate measures need to be put in place in case of failure of the product panel process in order to encourage stakeholders to deliver.
- Product panels should also consider production processes (i.e. environmental management systems)
- Product panels should help and not hamper innovation. They should help innovative products break on the market and help them reach the scale of production to make them economically efficient.
- Health and ethical issues should be integrated not only in the work of the product panels but in the overall IPP approach. This could boost consumer interest for products produced under the IPP framework.
- Product panels should complement and not replace economic instruments and legislation. They should be used to instil producer responsibility and to identify the correct instruments needed.
- It will take a long time (i.e. more than one year) to get the pilot product panels up and running and delivering results. It will take time to raise awareness of IPP, especially in the beginning.

## Question and Answer

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Participants were given the opportunity to address the panel and made the following points on IPP.

- It is difficult to understand the emphasis on EMAS and eco-label since these two instruments have shown only limited success to date. Hopefully IPP will help refine these two instruments in the future.
- The increased focus on eco-label and EMAS could be a barrier for SMEs. They may need help.
- Will IPP cover international policies?
- Industry supports the life-cycle approach but would like the IPP strategy to set out the long-term priorities. (i.e. Balance between climate change, waste prevention, etc).
- Political priorities concerning resources have to be clearly stated especially since the balance between the environment, economic and social issues needs to be sought.
- To improve the functionality of products, industry needs to think about the rationale behind the product. Industry should come up with ways to better orient their activities to produce services rather than products.
- The IPP Communication should make use of examples to illustrate IPP in action.
- IPP's relationship with SMEs needs to be clarified, especially since they are the front-runners in certain sectors.
- IPP should not replace legislation, especially legislation that applies to different sectors and that which tries to integrate environmental concerns. IPP could be considered a strategy to raise the responsibility and awareness of all players in order to prepare them for possible legislation.
- Need to properly analyse the effect of existing legislation, the gaps and overlapping action.
- Consumer needs credible and 3<sup>rd</sup> party verified information in order to make an educated choice. Limiting the freedom of choice of products does not seem to be acceptable to either the consumers or the producers.
- EMSs can help by generating the proper information needed for consumers.
- There was some discussion as to whether food should be included in the IPP framework. IPP should be linked to an issue of consumer concern but may not offer much 'value-added' since there are many controls and separate labels in place on food.
- Any greening of public procurement has to take into account the functioning of the internal market and international obligations under the WTO regime.

Where do we go from here?

Grant Lawrence, Director, DG Environment

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To wrap up the conference, Grant Lawrence encouraged participants to write, phone or e-mail their ideas and comments on the Green Paper. Interventions from the Southern European Countries would be particularly welcomed. He noted a number of issues he personally thought would need to be thought about in the coming months.

- The relationship between IPP, current legislation and proposed instruments. Some of the measures proposed in the Green Paper are not the responsibility of DG ENV. Other DGs have been represented and have heard many of the comments made today.
- Environmental management systems need to be better integrated under the IPP umbrella.
- The relationship between IPP and the resource thematic strategy as announced in the 6<sup>th</sup> Environmental Action Programme needs to be better developed and communicated, especially with respect to targets.
- Consumer behaviour is a major driving force that needs to be addressed.
- The role of media and education needs to be taken into account.
- The relationship between IPP and international trade requires an in-depth analysis, in particular IPP's role in developing countries and the WTO.
- Food, which was raised a number of times by speakers, and its relationship to IPP needs further examination.