



**Friends of
the Earth
Europe**

**Consultation on the European
Commission's action plans on
*Sustainable Consumption and
Production and Sustainable
Industrial Policy***

**A response from Friends of the
Earth Europe.**

September 2007

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Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment

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- The European arm of Friends of the Earth International, the world's largest grassroots environmental network uniting more than 70 national member organisations and thousands of local activist groups around the world.
- The people's voice at the heart of the European Union and around Europe, united in strong grassroots activism and effective advocacy
- The largest grassroots environmental network in Europe, campaigning for the planet, for people and for our future

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1. Introduction

Friends of the Earth Europe welcomes this opportunity to comment on the Commission's proposals for a Sustainable Consumption and Production Action Plan, and for a Sustainable Industrial Policy [1].

It is clear that Europe's consumption of resources is not sustainable, particularly as other parts of the world are attempting to reach our quality of life. Climate change is the most immediate threat, but the world's ever-increasing consumption of resources must also be addressed, as must the continued emission of pollutants and the use of hazardous chemicals.

The European Union, as the world's most effective trans-national environmental regulator, has a clear global responsibility to develop effective and robust methods of creating Sustainable Consumption and production.

We also strongly believe that innovation and competitiveness can be promoted through environmental legislation [2], so we welcome the integration of discussions on a sustainable industrial policy with those on sustainable consumption and production. However, it must be made clear that the top priority is to address the environmental challenges, as if we fail to do this we will not be in any position to have a sustainable industrial policy.

If the EU becomes a world leader in sustainable consumption and production ('the economy of the future') this will clearly lead to innovation within EU industries, and increased competitiveness. However, it is vital that this EU process also focuses on how to transfer new technologies and approaches to other parts of the world, particularly poorer countries. It must be made clear that we in the EU should be assisting poorer countries with their efforts to become more sustainable. European competitiveness should not come at the expense of the poorest countries in the world – in fact we need to move to more equitable resource use, and improved quality of life, around the world.

We also strongly believe that the EU is at its most effective and influential when it is adopting new regulatory approaches, rather than when it is exhorting Member States to take action. Such approaches ensure an integrated approach, are very effective at moving markets and are more likely to influence other countries and regions.

This process should therefore focus in particular on new EU-level binding measures, such as 'top runner', ecodesign legislation, compulsory green procurement by the public sector, resource use targets and measures to ensure that commodities are produced sustainably. Ideally, fiscal measures would also be part of this focus, though the EU's current limited competence in taxation means that such measures may not always have a big enough impact. In addition, we consider that it is important that the EU commits itself to modifying World Trade Organisation rules to enable control of imports based on the environmental and social sustainability of their extraction and processing (though this should not be used as an excuse for protectionism against imports from poorer countries).

We think that great care should be taken not to load too much responsibility on to consumers, as there is a limit to their capacity (and willingness) to address these complex issues. Where possible there should be regulatory methods to ensure most efficient, least damaging products are on the market. In addition, we are very sceptical about the suggestion of a system for labelling certain large retailers as greener – this will heavily discriminate against SMEs, and the environmental performance of any one retailer is likely to vary across their product lines and activities.

Finally, we believe that it is vital that the Sustainable Consumption and Production Action Plan expresses a clear sense of direction, with strong messages, so industry can start to respond. It will take time to put in place new legislation, so these advance signals are vital to maximise the speed of response by the economy. One clear message should be that EU consumption of resources needs to stabilise in real terms and then fall.

The rest of this document is a brief response to the consultation paper, and complements the on-line consultation tool that we have also completed. This document is brief, due to the short time available for the consultation. We would be happy to discuss our comments in more depth.

2. Brief response to the Consultation paper

- **NB: This complements the on-line consultation tool, which we have also completed**

2.1 Key challenges

We do not consider that ‘smarter consumption’ will be sufficient to make the EU’s consumption sustainable. In our view it is clear that we will need to establish limits to our consumption of resources, which may lead to reductions in some areas of consumption. This is particularly true if you accept (as we do) that poorer areas of the world have the right to improve their standards of living.

2.2 Envisaged approach

One key element in this section is not repeated in the following more detailed policy section - measures to phase out endangered materials from products (e.g. over-harvested tropical timber). We would support such measures.

2.3 Leveraging innovation

Whilst we would agree that research funding and incentives for research and development can contribute to leveraging innovation, we consider that the most effective driver is innovation-forcing regulation. Such regulation provides clear direction for innovation, and helps guarantee future markets and therefore return on investment.

One of the problems that was clearly visible in the debate on REACH was that most companies and lobby groups were focussed on trying to delay or weaken the proposal, when in the view of environmental NGOs REACH would actually assist innovation within the EU [2]. European industry needs to move towards a more ‘can do’ approach with environmental innovation – the ‘won’t do’ approach will not help EU industry respond to future challenges.

2.4 Better products

2.4.1 Dynamic Performance requirements

We support the creation of a regulatory mechanism that would put in place dynamic performance requirements (with aspects borrowed from the Japanese ‘Top Runner’ approach).

Advantages of such an approach include:

- Rewards for those companies that produce the best products.
- Improving efficiency of the sector as a whole.
- Encouragement of new technologies.
- Removal of older or inefficient approaches from the market through steadily increasing minimum standards.

2.4.2 Framework for Eco-design of products

We support the creation of a legislative framework for eco-design of products.

We think that this legislation should be able to address all products (or all products not covered by the Energy Using Products (EUP) Directive). Prioritisation would clearly be important, but this should be done within this framework (as happens with EUP), rather than by creating limits on the scope of products that the framework can cover.

Within this framework, it is important that, where appropriate, analyses start with the service provided (e.g. creating coloured walls, refreshment etc.), and examine the products that can deliver this service. For example, it makes more sense to analyse how to give people drinking water when they are outside their homes than to carry out an analysis of the environmental performance of different water bottles.

2.4.3 Revision of the EUP-Directive

We support the incorporation of wider environmental issues within the EUP Directive. However, we believe that a system must be put in place to deal with eco-design of non –EUP, as discussed in the previous point.

2.4.4 Environmental product declarations (EPD), sustainability labels and data collection

Data collection

It is clear that data collection is a particular challenge in analysing the environmental performance of products. We would suggest that the Commission should investigate creating a compulsory scheme for delivery of data to a European body. To maximise efficiency, this data should be submitted electronically and then placed in a database that can be examined by regulators (including at Member State level), and which has maximum public accessibility.

Environmental product declarations and sustainability labels

It is clear that industry is making increasing use of environmental product declarations, some of which are well regulated, such as the various ecolabel schemes, whilst others are completely unregulated (e.g. “Carbon Neutral”).

Clearly labelling schemes can be important, but we view regulatory measures as a higher priority, as these require less effort and commitment from consumers and create more reliable outcomes.

Where labelling schemes exist, it is clearly important that a mechanism is put in place to ensure enforcement of compliance of imports with claimed environmental requirements and labels.

On specific labelling schemes:

- Carbon labelling: We consider that such labelling presents a major challenge because of the simplification necessary to create a single carbon figure from a complex (and controversial) life cycle assessment. There is also a risk that such schemes will benefit large companies who have substantial in-house life cycle assessment capabilities, and who will therefore be able to massage their carbon labels.
- Sustainability labelling for key raw materials: This could be useful in some circumstances, but if there is a real problem then regulatory measures will provide more reliable control.
- Sustainability labelling of food products: There is a particular need for clarity on ‘sustainability labelling’ of food products. A number of different schemes are under development, addressing carbon labelling and sometimes other environment impacts. Given that a range of schemes are already under development there could be merit in an EU-level process to examine this issue.

Addressing trade in unsustainable commodities

The EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT) has been important in highlighting the role of the EU in the illegal logging trade and putting in place steps to tackle this issue. However, 4 years after the Action Plan was adopted it is now clear that, as well as further efforts to roll out and strengthen the Voluntary Partnership Agreements between the EU and partner timber-producing countries, further regulatory measures are needed in order to curtail the import of illegally logged timber into Europe. New legislation at the EU level to completely exclude illegal timber from entering the European market is essential, and this must be coupled with urgent action to establish mandatory traceability labelling for timber products.

The EU must also examine the possibility of extending a similar approach to tackling our role in the trade and consumption of other highly destructive commodities, including unsustainably produced agrofuels, fossil fuels, meat and animal feed. A growing body of research points to significant negative environmental and social impacts associated with the production of agrofuels in the global South, including displacement of subsistence communities, human rights abuses, and the significant environmental damage associated with the establishment of plantation agriculture and livestock farming. The EU’s current drive to dramatically increase our use of agrofuels threatens to massively

exacerbate these problems. Instead we need legislation to tackle the EU's consumption of these and other unsustainable commodities. This would help to make a major dent in our global environmental footprint.

As a wider issue, we consider that there is a need for a modification of the World Trade Organisation rules to enable control of imports based on the environmental and social sustainability of their extraction and processing. There is no environmental logic for only controlling imports based on the direct nature of a product (e.g. its toxicity), rather than being able to also incorporate a consideration of the environmental impact of the extraction and production of the product. This should not, however, be used as an excuse for protectionism against imports from poorer countries.

2.4.5 Standardisation

We consider that it is important that environmental considerations are incorporated into the standardisation process. However, we are opposed to further extension of the use of standardisation.

2.5 Leaner and cleaner production

2.5.1 Resource and material efficiency targets

We consider that it is essential that the SCP Action Plan includes a commitment to create indicators and set targets for resource and material efficiency. It is also important that these targets go beyond stabilisation towards an absolute reduction in European resource use. The analysis used to derive these targets must consider the importance of global equity, i.e. it should ensure that poorer countries are given an opportunity to develop.

One sector that is a particularly high priority for resource and material efficiency targets is food production, a sector that has already been shown to have significant environmental impacts. Technological advances (new feeding regimes, breeds etc) will only achieve a small percentage change, so targets are needed to reduce production and consumption to sustainable levels.

2.5.2 Reinforcement of eco-innovation & eco-technologies (ETAP)

It is clear that the main driver for development and implementation of eco-innovation and eco-technologies will be regulation, so this is where we would suggest that the Commission puts most of its attention.

Technology verification schemes can be useful methods of providing reliable information on environmental performance of new technologies. However such assessment must be fully independent and the criteria for such assessment should be agreed in an open manner.

2.5.3 Targets for eco-innovation and uptake of environmental technologies

One potential target would be the percentage of installations using true BAT under IPPC, rather than opting for lower standards. In too many cases IPPC is not resulting in the application of the best available technique, which is a failure for both the EU environment and EU eco-innovation.

2.5.4 Review of EMAS and IPPC

As mentioned above, there is a key problem with IPPC in that BAT is not being applied properly. For example, in the UK waste incinerators are still being built without heat recovery, even though this is clearly BAT.

One important tool that is not mentioned in this section is mandatory reporting requirements. Currently, companies only have very limited responsibility to report on their environmental impacts. Company reporting requirements should be strengthened to ensure that all large and medium sized public and private companies (as a minimum) must report on environmental policies and impacts, including procurement policies, sustainability of raw materials, carbon dioxide emissions etc.

2.5.5 SMEs support and advice

Assistance to SMEs through support programmes is valuable, as SMEs can be an important source of innovation and employment. However, it is important that environmental requirements are not weakened for SMEs.

We are, however, concerned that a number of proposals in this consultation document could negatively impact SMEs, including “Environmental Performance Agreements” for big retailers, and potentially carbon labels.

2.6 Smarter consumption: changing behaviours

2.6.1 Environmental performance agreements with big retailers

We do not support the creation of environmental performance agreements with big retailers, for the following reasons:

- Such a scheme will be a push in favour of big operators and against SMEs. EU Environmental policy should not be used as a tool to remove smaller retailers from the market.
- The most effective way to shift supply chains is through regulatory change (second method through pricing). Even if there are a few better retailers (e.g. with customers from more concerned groups), the activities of the others (e.g. those going exclusively for low prices) can outweigh their impact.
- Retailers will always be selling a mix of products, some with a more positive environmental impact, and some with more negative one.
- It is not a good use of time for regulators or experts, when more effective policy options need to be implemented

2.6.2 Enhanced use of market-based instruments/shifting tax burden (explore VAT reductions)

In Friends of the Earth’s view, the first priority should be regulatory controls, not market based instruments.

We would make the following points on market based instruments and shifting the tax burden:

- We are supportive of tax reductions for green products, where appropriate (e.g. cuts on VAT for energy-saving products). This is clearly within current EU competence.
- We are very supportive of green taxes, however, the EU still does not have a strong competence in this area. We therefore believe that it is important not to depend too much on this route unless it is possible to create more effective EU-level action on taxation. The EU’s main power lies in regulation; the SCP action plan should not just be a list of things that the Commission wishes Member States to do.

The EU has a very significant role in subsidising activities around the EU and beyond. In particular:

- The Common Agriculture policy and Structural funds represent a significant proportion of the total EU budget, and therefore present a huge opportunity for supporting a change in production and consumption patterns:
 - We would propose that there should be a specific target within the action plan to use these funds to support food production with lower climate and other environmental impacts.
 - As meat and dairy is one of the most damaging product areas (according to the EIPRO report) this sector must be a priority area for action.

2.6.3 Revision of the EU Eco-label Regulation

It is important that the EU Eco-label is not diluted. In addition, it is clear that in certain Member States (e.g. the UK) there is little public knowledge of the eco-label, which means that it has a limited impact.

2.6.4 Misleading advertising / false environmental claims

We feel that Directive 2005/29/EC falls short of protecting consumers from misleading environmental claims. Although the Directive calls for maximum harmonisation, it leaves Member States free to enforce environmental claims through self-regulation, while doing nothing to standardise the way self-regulatory organisations are run. This results in a level of protection that is much lower in some Member States than in others. These varying standards do not help to further the single market cause, which is one of the principal stated aims of the Directive.

We would favour a system by which common enforcement standards are adopted throughout the EU. One example of an effective approach is that taken in Denmark, Sweden and Finland, where an independent Ombudsman is combined with a Market court to ensure the establishment of jurisprudence and give legal certainty.

However, it is also important to acknowledge that advertising is one of the tools that is used to promote ever-increasing consumption of products. This is particularly obvious with advertising to children, which has been restricted in some Member States. More work needs to be done on the connections between advertising and sustainable consumption.

2.6.5 Green public and private procurement

We would support compulsory green public procurement. This measure would provide substantial markets for green products. We would support compulsion, as we do not believe that a non-compulsory approach would add much to the current situation.

As for green private procurement, it is important that this is encouraged, which could be partially achieved through stronger reporting requirements (as mentioned above), for example an obligation to report on procurement policy. It could also be made a compulsory part of EMAS.

2.6.6 Communication / education/ awareness raising campaigns

In our view it is important not to put the main responsibility on consumers to create more sustainable consumption and production. There must be effective regulatory and fiscal systems in place to take responsibility away from consumers where possible. Where consumer decisions are important, clear and accurate labelling systems must be in place to support these decisions.

We should all be aware of limits of publicity campaigns on sustainable consumption. The pro-consumption industry spends massive resources on advertising and promotion; it is difficult to counter this.

Any awareness raising campaigns that are undertaken must be carefully tailored to different national circumstances.

2.7 Global markets: exploiting first mover advantages and levelling the playing field for industry worldwide

As mentioned above, we consider that the EU has an opportunity to create an innovative and competitive EU industry by implementing policies to promote Sustainable Consumption and Production.

However, we are concerned at the tone of some of the proposals in this section. We certainly support the need to spread resource-efficient and low carbon technologies around the world. However, it is also important that we consider the real situations in developing countries, where there is a need to develop local capacity to deal with these issues, and where we should be assisting in this.

2.7.1 Adapt EU Trade and Development policies to fostering energy and resource efficiency

Friends of the Earth Europe believes that the needs of poorer countries must be properly considered when considering trade and development policies, and that these policies should be based on the equity principle.

If not managed in a cooperative fashion, tariff elimination for 'climate-friendly' goods can be a false solution to the challenge of green technology transfer, serving EU business interests but not the developing countries.

Lowering tariffs on environmental goods and services, whilst keeping high intellectual property rights on these technologies, is unlikely to bring about real technology transfer and appropriation to poor countries. It is likely to mainly serve the license-holders and companies of rich (such as the EU) and middle-income countries (such as India, China), who are currently market leaders in 'green technologies'. In contrast, it will be detrimental to poor countries who will lose government revenue (from import tariffs) and see their endogenous industrial policy efforts jeopardized.

Any trade agreement intended to promote or facilitate the transfer of 'green technologies' should contain development-oriented provisions based on the principle of environmental justice, and tackle the problem of the barrier presented by intellectual property rights. Only through such an approach can we truly build more sustainable consumption and production across the world – which is what we need to do.

In addition, we need to consider the sustainability of EU exports. In particular, we should not be exporting unsustainably produced foodstuffs, and should be eliminating subsidies attached to exports of foodstuffs. Reducing surpluses and international dumping are already EU goals, but action needs to be accelerated. This would have the twin benefits of tackling unsustainable consumption and production and reducing our adverse trade impact on developing nations.

2.7.2 Global sectoral approaches

We do not support global sectoral approaches. We believe that the priorities for international action are:

- Creation of strong and effective EU legislation and targets.
- Assistance to poorer countries (see above) to enable them to become more sustainable.
- Strengthening of international environmental governance.

2.7.3 Strengthened international co-operation on sustainable consumption and production

We support strengthening of international co-operation on the sustainable use of natural resources. We would also suggest that this should include modification of international agreements – such as the WTO (see above) – so that they are able to contribute towards sustainable consumption and production.

3. References

1. See http://ec.europa.eu/environment/eussd/escp_en.htm
2. '*A new chemicals policy in Europe - New opportunities for industry*'. WWF and EEB, February 2003: Brussels, Belgium:
<http://www.panda.org/downloads/europe/wwfeebreachnewopforindustry.pdf>