



INTEGRATED PRODUCT POLICY Orgalime comments on EP ENVI Committee Draft Report

Brussels, 31 March 2004

1. The issue: Towards an Integrated Product Policy

On 6 April 2004, the ENVI committee of the European Parliament will be voting the draft report on the Communication from the Commission on “Integrated Product Policy – Building on Environmental Life Cycle Thinking”.

While Orgalime¹ welcomes several proposed amendments that aim at improving coherence between legislative initiatives, Orgalime is increasingly concerned about a number of amendments that would clearly run against the strategy of IPP, namely to promote the integration of environmental aspects into product related policy following a life cycle perspective and to avoid conflicting incentives.

These amendments are directed towards specific design solutions and life cycle phases (e.g. biodegradable packaging or repairable products). Such a narrow focus coupled with a call for more command and control type of legislation to enforce it, is in contradiction with core principles of IPP, namely to use market forces for promoting environmentally sound products. The proposed solutions may or may not make sense in improving environmental performance of product systems over the entire life cycle, but this analysis should be the responsibility of product developers. It is not an issue that should be addressed with the present report or further fragmented product related environmental legislation.

Other amendments aim at providing VAT relief to products bearing the eco label. To our mind, such an approach is based on the misguided assumptions that “green” and “not green” products can be reliably distinguished from each other and that an “eco labelled” product represents the “most green” product available on the market. Considering the voluntary character of the eco label, it is probable that products, which offer a similar or even better environmental performance will exist on the market, however, not enjoy VAT relief as they are simply not certified or bearing another label than the eco label. Such amendments if introduced, would as a consequence not only lead to market distortion and discrimination, but would also offer no incentive for further improving environmental performances for those products, which enjoy VAT relief.

Some amendments also concentrate on reinforcing the recourse to life cycle assessment. From a practical point of view, however, given its complexity LCA cannot be applied by companies in general. We therefore cannot support these amendments.

In order to ensure that the framework conditions that exist in the EU will ensure the competitiveness of our industry and encourage companies to go on investing in the EU, we appeal to members of the European Parliament to consider **Orgalime’s recommendations for vote on the draft report** annexed to this document, which follow Orgalime’s key principles for IPP to work in practice spelled out in the following section.

¹ *Orgalime speaks for 33 trade federations representing some 130,000 companies in the mechanical, electrical, electronic and metalworking industries of 23 European countries. These industries employ some 7 million people and account for 1175 billion euros of annual output, which is a quarter of the EU’s output of manufactured products and a third of the manufactured exports of the European Union. The engineering industry manufactures both consumer products and capital goods.*

2. Orgalime's key principles for IPP to work in practice

Orgalime industries that have been contributing pro-actively to the whole legislative process of developing a EU "Integrated Product Policy" as a vehicle for intelligent integration of existing instruments and measures, share the objective of improving the environmental performance of a product over its life cycle. We have therefore for a number of years been significantly active in improving the environmental performance of the products that we produce in many ways and will continue along this path without compromising their functionality, fitness for purpose or other important aspects, such as safety.

In addition, our industries are currently faced with a series of legislative initiatives (e.g.: Thematic Strategies of Waste Prevention and Recycling, Thematic Strategy on Sustainable Use of Resources, REACH, WEEE and RoHS to name but a few), and are particularly challenged by the legislative proposal for a framework directive on eco design of energy using products (EUP), which is stated to be a model directive under IPP.

It is for these reasons that Orgalime considers it important that the further developments on IPP aim at arriving at a consistent, well-balanced and workable approach that will show added value in the future for our industries. We consider it important to realise the following key principles for a EU strategy towards an Integrated Product Policy:

- IPP should enable a **balanced mix of measures** to ensure adequate response to the diverse nature of challenges and should particularly not rely on new extended legislation. It should rather tie in with the objective of achieving environmental improvement by integrating and using business experience leaving sufficient room for industry driven action.
- **Market orientation:** The market driven change towards products with a lower environmental impact is mainly powered by the business community itself but may benefit from well-planned encouragement by an Integrated Product Policy.
- **Priority to self-regulation:** Modern quality-, safety- and environmental management are business driven and process oriented. Industry is used to think in these terms and considers itself to be the primary owner of the product development process. If IPP were to work in practice, it should be an instrument that encourages **voluntary efforts** to improve the environmental performance of products, thus, considering their potential for a rapid and efficient move on arising environmental challenges.
- Where legislation is proved to be necessary, IPP should form a convincing strategy, which would achieve the ambition to serve as a **guiding tool for better coordination and prioritisation of product related environmental policies**, thus, providing coherence. For our industries, the EUP proposal, which is claimed to be a model under IPP, is already under way and aims at providing a framework for further legislative action on environmental product policy on our products. To our mind, it is, however, still unclear, how IPP will link up with other legislative proposals currently in the legislative pipeline, which will have further impact on the competitiveness of our industries (e.g.: Thematic Strategies on Waste Prevention and Recycling and Sustainable Use of Resources).
- In line with the Better regulation principles, **stakeholder involvement** should become the norm in order to guarantee transparent and inclusive process of decision and policy making.
- **Life cycle thinking** constitutes one of the core concepts that we support involving all actors in product chains.
- We support the **spread of information and development of tools** aimed at helping especially SMEs.

Thank you for taking Orgalime's recommendation for vote into account.