

**BACKGROUND DOCUMENT TO THE CONSULTATION
ON THE ACTION PLANS ON
SUSTAINABLE CONSUMPTION AND PRODUCTION
AND
SUSTAINABLE INDUSTRIAL POLICY**

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1. INTRODUCTION

Achieving sustainable consumption and production is a key challenge for the future. Current patterns of consumption and production are causing major environmental degradation, in addition future energy supply and raw materials availability is not guaranteed. The carrying capacity of the planet on which our well-being is based is in jeopardy, with unsustainably high rates of energy and raw material use, soil and habitat degradation. Although advancement of technology has increased the efficiency of products, in many cases this is offset by an even higher consumption level.

This problem has a global dimension. Already many products produced in the EU have components made from resources which are extracted, processed and transported from elsewhere and their use and disposal is felt globally. Furthermore, by 2050, the world may have more than 3 billion more people all of whom have a legitimate claim to a comparable quality of life to that enjoyed in the EU. To meet this challenge, there is a need for advancement in technological development and in innovation. We also need to change our consumption patterns. In the near future, climate change and security of energy supply need to be tackled by rapidly moving towards a low carbon economy at global level.

The EU can foster its contribution to tackle these issues through an ambitious industrial and sustainable consumption and production policy. On one hand, a sustainable industrial policy can aim at turning the environmental challenges into economic opportunities for society. On the other hand, as the EU is one of the biggest consumers at global level and as products are traded globally, European policies standards to foster sustainable consumption and production will tend to become global benchmarks. By developing robust sustainable consumption and production policies, the EU can therefore contribute in a concrete way to sustainability worldwide.

The EU Heads of State and government committed to tackle these challenges in the European Council on 8 and 9 March 2007. They set ambitious targets for greenhouse gas reduction, energy efficiency and an increased share of renewable energy. The mid-term review of the Industrial policy called for actions in the field of a sustainable industrial policy and sustainable production and consumption. The renewed Sustainable Development Strategy identified the promotion of sustainable consumption and production as one of the key challenges. The Council, in June 2007, confirmed that environmental technologies and eco-innovations are one of the strongest pillars of the EU's economy. The EU's economic competitiveness will, to a large extent be based on its energy and resource efficiency and its capability to develop appropriate technological solutions. Key to future jobs, growth and wealth as well as to environmental protection will be efficient eco-innovations and resource and material efficiency.

The Commission will contribute to this political momentum by presenting Action Plans on Sustainable Industrial Policy and on Sustainable Consumption and Production.

Since the envisaged Action Plans cover products, production and consumption, stakeholder engagement is crucial. The purpose of this Background document is to explain to stakeholders and to the public the rationale behind the different possible actions and ask for feed-back on them. Interested parties are invited to participate to the on-line consultation using the following link <http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=SurveySIPSCP>. The consultation closes on September 23, 2007.

2. KEY CHALLENGES

Future policy will aim to achieve economic growth, whilst respecting environmental carrying capacity, find ways to minimise environmental damage and make a sustainable use of the earth's resources. Therefore, a shift in incentives is needed for both producers and consumers, so that firms and individuals acting in their own interest take society towards sustainability. In this way the EU's goals of both continuous prosperity and environmental sustainability can be achieved in synergy.

Policy intends to focus on the following five key challenges:

2.1. Leveraging Innovation: stimulating the development and commercialisation of low carbon, energy and resource efficient technologies, products and services

It is clear that technology will need to play a central role in addressing sustainability challenges through being successfully translated into innovative products and services and could also provide significant competitive strengths. This requires an integrated policy approach that combines a number of tools, such as legal framework conditions, investment in research and development, intellectual property rights (IPR), technology transfer and networking between actors in industry, research, finance, etc.

Therefore, it will be necessary to reflect on how to better use the Communities' instruments, notably the Competitiveness and Innovation Programme, the Framework Programme for Research and structural funds, to provide a more targeted stimulus to finance technology development, innovation and encourage the uptake of environmentally friendlier products and services.

2.2. Better Products: creating a dynamic internal market for better performing products

More than 80% of all product-related environmental impacts are determined by product design. The Commission intends to develop a strong product policy and remove remaining obstacles in the internal market. Promoting "eco-design" for the most significant products will be the cornerstone of this approach¹.

Dynamic incentives for producers are needed to improve the environmental performance of all types of products. For example by fostering lead markets and creating incentives for frontrunners. This may require appropriate financing instruments and the development of market-based instruments that encourage the uptake of environmentally friendlier products and services. Environmental management schemes and energy services for firms and households will also be promoted, supported by a simple, user-friendly framework.

It is paramount that policies which influence the performance of products are coherent and reinforce each other, for the continuous improvement of products' environmental performance. The key challenges of climate change, energy and resource efficiency or carbon profile of products should play an important role in assessing the environmental performance of products.

¹ COM(2007) 374 final

2.3. Leaner and Cleaner Production: increasing the efficiency of EU production

Leaner or more efficient production processes reduce resources intensity, which contributes to cost competitiveness of companies. The future policy will need to assist producers to improve resource efficiency, promote the uptake and development of new eco-efficient technologies along the whole supply chain and close the "resource loop" from manufacture to the use phase and final disposal, through the utilisation of recycled, reused and remanufactured goods and materials and through waste prevention. Also, Information and communication technologies are enablers to improve energy efficiency in various sectors.

2.4. Smarter Consumption: changing behaviours

Households in Europe are major contributors to environmental problems such as climate change, air pollution, water pollution, land use and waste generation² – and household expenditures are projected to double across the EU-25 by 2030. Although the environmental performance of many individual products is improving, increases in total consumption and production often outstrip the progress made. Consumers therefore play a crucial role in moving towards more sustainable consumption patterns by the choices and decisions they make. Accordingly, an ambitious mix of policy measures can enable consumers to make better choices in consuming, owning, and using more sustainable products and services.

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

Faster uptake of environmental technologies and standards for more sustainable technologies, products and services in the EU can pave the way for the development of international standards which better integrate environmental aspects, taking a life-cycle approach. This can give European companies "first-mover" advantages in global competition. International sectoral approaches for energy intensive industries offer a significant potential to set global benchmarks for energy and material efficiency and foster technologies that are meeting these benchmarks. Such sectoral approaches, which must comply with competition rules and meet environmental objectives, should help create export markets for leading European technologies, services and products. They can be complemented through international or bilateral agreements on the diffusion and use of environmental technologies, by facilitating the use of the Kyoto flexible instruments and through trade and development policy.

3. ENVISAGED APPROACH TO FACE THE KEY CHALLENGES

The above key challenges cut across a wide range of policy areas and therefore have economic, social and environmental aspects.

Ambitious but well-focused future policies which clearly prioritise key areas are needed. The Plans should help shift unsustainable consumption and production patterns and use industrial policy as an efficient tool to create market conditions conducive to low carbon and sustainable technologies, products and services. In particular, the scope could concentrate on the following four elements:

² Organisation for Economic Co-operation and Development (OECD), 2002a

3.1 Focusing on key environmental issues

Global climate change and the sustainable use of natural resources are presently among the greatest environmental concerns. To be most effective, the Commission therefore intends to focus on:

- Climate change and a low-carbon economy;
- Sustainable and efficient use of natural resources, energy and materials; and
- The SCP Action Plan could also address the further phasing out hazardous substances and endangered materials³ from production processes and products.

The two Action Plans will fully take into account competitiveness, energy, environmental and social aspects.

3.2 A product-based approach

Recent Commission research confirms that a large portion of environmental impacts in the EU are caused by consumer products throughout their life-cycle, from extraction to production, transportation, consumption and final disposal. A strong product-focus is therefore needed, aiming at those product types where the potential for improving resource and energy efficiency is greatest, where the EU industry could lead the markets worldwide or whose consumption causes most environmental damage. Such a product-based approach would be efficient as it allows addressing competitiveness issues and key environmental impacts of selected products where it is most appropriate in their life-cycles. Thus, it can create a dynamic process of continuous improvement in the environmental performance of products.

3.3 Building on existing policy instruments

The approach would build on several existing EU policies related to products and resources, such as the Industrial Policy (as reviewed in July 2007), Integrated Product Policy⁴, the Eco-design of Energy-Using Products⁵, the Sustainable Use of Natural Resources strategy,⁶ the Energy Policy for Europe⁷, Cohesion policy and other product legislation and labelling schemes.

While all these wide ranging policy instruments already exist in different policy areas to address unsustainable consumption and production the aim is to focus on a selected set of existing policy instruments and choose those which are most appropriate to reinforce each other and ensure coherence. In particular, these instruments should:

- reinforce the EU's competitiveness;
- have a clear sustainability focus; and

³ For example overharvested tropical timber.

⁴ http://eur-lex.europa.eu/LexUriServ/site/en/com/2003/com2003_0302en01.pdf

⁵ http://ec.europa.eu/enterprise/eco_design/index_en.htm

⁶ http://ec.europa.eu/environment/natres/pdf/com_natres_en.pdf

⁷ http://ec.europa.eu/energy/energy_policy/documents_en.htm

- be the most suited to address the key challenges.

A selected number of new instruments might be considered for achieving the objectives and reinforcing the impact of existing policy instruments.

3.4 A contribution to policy coherence

The approach will complement policies that already tackle unsustainable consumption or production. It will focus on strengthening existing and developing new policy instruments, identifying gaps, ensuring policy coherence and avoiding overlaps. It will create a framework for better knowledge and information on products, so as to identify policy priorities and suitable actions.

4. MAIN ACTIONS UNDER CONSIDERATION

This section provides an overview of the policies and instruments being considered:

4.1 Leveraging Innovation

The improvement of the conditions for innovation is a priority in the Lisbon agenda.

The new European Institute for Technology, and instruments like the Competitiveness and innovation programme (with funding of 430 million available for eco-innovation) could provide further financial input to leverage innovation. These instruments should be further focussed onto those few areas where the EU, compared to its competitors could make a difference by providing technologies and the type of products needed by carbon-constrained economies (low energy housing, efficient boilers and motors for industry, renewable energy, renewable raw materials, low emissions cars, etc).

Investment in research through funding programmes like the Framework programme for research, (FP7), the structural funds and policy initiatives like the Strategic Energy Technology plan (SET) and the Environmental Technologies Action Plan (ETAP) should be used also in support of sustainable industrial development.

Joint Technology Initiatives (combining EU and industry funds) and Article 169 measures (for pooling national research funds) such as the Euro Stars initiative, which seeks to support research in small and medium sized companies, were identified as important tools for mobilising private and public funds.

4.1.1 Lead Market Initiative

The “lead markets concept” is about spurring the growth of markets for innovative products and services by creating conducive market conditions. The lead market concept has to align with potential European industrial strengths where the EU may be positioned to lead worldwide markets and increase industrial competitiveness.

The Commission has announced⁸ that it will table in December 2007 a Lead Market Initiative. The initiative will tailor policy instruments to a small number of defined areas with a lead market potential.

⁸ ‘Putting knowledge into practice: A broad-based innovation strategy for the EU’ adopted on 13.09.2006 (COM(2006)502),

The measures could be designed to accelerate deployment, leading to market acceptability of the technology and rapid economies of scale. The selected areas will contribute to broad EU policy objectives, such as environment protection, health or climate change and resource efficiency.

4.1.2 Networking of innovation stakeholders and closer cooperation between research and industry

Supporting networking among innovation actors, including public private partnerships, is part of the innovation policy tools. Cooperation among clusters is particularly addressed by the EU helping enterprises share knowledge and access knowledge intensive services.

Only the successful translation of new technologies and research results into innovative products and services can render the desired return on the research investments, be they of economic, societal or environmental nature. To spur this, the conditions for more and closer cooperation between research, higher education and business are crucial.⁹

4.2 Better Products: creating a strong EU market for sustainable products

Measures for improving the environmental performance of products should include an ambitious and more dynamic framework for benchmarking and establishing requirements for products. It is important that policies enable all producers, including small and medium sized enterprises, to benefit. They should also make it easier for consumers to identify the products with the best environmental performance in the marketplace and increase the demand for such products. In this process, other aspects such as safety performance of products will be considered as appropriate with regard to their contribution to sustainability.

To this end, the following actions could be considered:

4.2.1 Dynamic Performance Requirements

Product policy could be better used as a competitiveness and sustainability tool. Products entering the Internal Market could be subject to demanding but realistic requirements. This may require a more strategic approach.

Advanced performance benchmarks (describing the best performing products in the market) could be coupled with minimum requirements already foreseen in Community legislation (notably in the Eco-design of energy using products Directive) and market incentives so as to reward frontrunners and drive performance upwards. This approach would be dynamic and predictable, driving performance upwards.

An essential incentive could be to enhance product labelling, by giving information to consumers on the performance of the product, so as to facilitate a shift of demand towards the

⁹ See the Communication from the Commission on [‘Delivering on the Modernisation Agenda for Universities: Education, Research, Innovation’](#) (COM(2006)0208) as well as the Communication from the Commission on [‘Improving knowledge transfer between research institutions and industry across Europe: embracing open innovation’](#) (COM(2007)182).

most sustainable products. Categorization of environmental performance and labelling requirements can be established for each product group in the different implementing measures being developed within the "Eco-design of energy using products" Directive¹⁰. A similar approach could be considered for non-energy using products.

Incentives could be of economic nature, such as taxation policy, or subsidies for consumers buying better performing products from a sustainability point of view. Public procurement, which is an instrument that could be geared towards purchasing the most performing products and innovative services, could accelerate market development for the highest performing products. For this to happen, common priorities and approaches for taxation and public procurement might be developed and agreed between Member States, through increased cooperation within the existing networks. Moreover, dialogue between users, industry and procurers should be encouraged to increase the awareness of procurers, notably local on the existence of the most innovative products¹¹

EU standards should also be taken to the international level. This should build on the advantages Europe has in terms of its regulatory influence. There are several examples of EU environmental regulation put in place in other parts of the world. This can give European companies a first mover advantage in global competition.

The reinforcement of market surveillance should also be considered as a way to ensure not only a level playing field within the EU, but also between imported and domestically manufactured products.

4.2.2. Environmental product declarations, sustainability labels and data collection

Further developing instruments with the view of informing both producers and consumers on the environmental performance of products could be considered.

It is envisaged to integrate and expand the existing European Platform for Life-Cycle Assessment into a Data Centre for the environmental performance of products, technologies and services. This Data Centre would pool the relevant knowledge on the best performance products on the market and the environmental impacts of products in general.

More standardized European Environment Product Declarations would have multiple benefits. In addition to having direct consumer benefits, manufacturers could sell their products more easily to other producers on the EU market and the purchases would not have to track the environmental performance of product on a case by case basis. A more robust European system of product declarations could also prevent false claims and control efficiently self-certified declarations.

European product labelling rules could be streamlined and reinforced with the objective to improve the synergies and coherence between labelling schemes. This analysis will look at the existing labelling schemes such as energy labelling and eco-labels as well as possible new labelling such as carbon labelling and sustainability labelling for key raw materials (e.g. fish). The outcome of the ongoing revision of the Energy Labelling Directive 92/75/EEC could be

¹⁰ 2005/32/EC

¹¹ see COMMISSION STAFF WORKING DOCUMENT Procurement: "Guide on dealing with innovative solutions in public procurement."; SEC (2007) 280

considered in this context. The objective should be to inform consumers of the best performing products, thereby rewarding producers of the best performing products in the marketplace.

It will also be examined whether additional actions are needed to limit further false environmental claims.

Tackling the international impacts of unsustainable production could include options such as extending the application of the Forest Law Enforcement, Governance and Trade (FLEGT) model to other products, or conceiving similar approaches. This could improve the environmental sustainability of the commodities production and trading process and enhance access to technology in developing economies, especially for the poorest countries.

4.2.3. Enhanced use of eco-design instruments at EU level

A range of EU legislation on the environmental performance of products and eco-design requirements is already in place. The future policy could consider the need for an enhanced use of the EU's eco-design policy instruments, including broadening their scope, in order to ensure coherence and reinforce synergies with existing legislation, which would reduce the administrative burden for industry. The Action Plans could therefore contain an assessment of the need for and content of a new policy for the eco-design of non energy using products.

4.2.4 Standardisation

The future policy could assess possibilities for developing new standards on resource-efficiency and will ask standardisation bodies to address the environmental dimension of European standards, to make best use of tools for standardisation and to report on progress ('greening of standards'). It would be necessary to mobilise funding for this.

4.3 *Leaner and Cleaner Production: increasing the efficiency of EU production*

Actions to support leaner production at EU level should promote more efficient and environmentally sound production and cleaner and greener technologies. They should also aim at improving the provision of information about the environmental impacts of the components or materials used in production and at providing incentives to promote more efficient production. All manufacturers should comply with the production requirements, irrespective of their location.

The following actions could be considered:

4.3.1 Resource and material efficiency targets

Progress towards more sustainable consumption and production needs to be measured against the right indicators. The Commission has been and will be working on developing these indicators.

Resource productivity (€/kg) of the EU-15 economy has developed favourably over the past decades. In the period 1980-2000 it increased by 52%, which is 2.2% per year. On the basis of this trend, and assuming even a modest further increase in resource productivity, it is reasonable to expect a rate of 3% resource productivity improvements annually for the period

2000-2030. Assuming an average economic growth of 3% per year as well, resource use in absolute quantities will be more or less stable. It could be considered to set an overall target of around 3% annual resource productivity gains for the EU to underpin this development.

4.3.2 Reinforcement of eco-innovation and environmental technologies

The future policy could help maximise the impact of the Commission's support to promoting environmental technologies and eco-innovation. This could be done through the EU Environmental Technologies Action Plan (ETAP) and with the support of funding of the EU Competitiveness and Innovation Programme by doing more to increase demand in particularly promising areas such as construction, food and drink, transport, recycling, and waste water.¹² Further initiatives could include a technology verification scheme, providing reliable information on the environmental performance of new technologies, which will further market confidence in environmental technologies.

Consideration should be given to further develop ETAP to give guidance on decision making regarding the financing of market introduction of eco-technology.

There is also room to examine in more detail how environmental regulation could promote even more the uptake and the development eco-innovation and eco-technologies, for instance by developing synergies between reviews of relevant environmental regulation and ETAP objectives; specific measures will be proposed in this regard.

4.3.3 Setting targets for eco-innovation and the uptake on environmental technologies

The work underway on developing indicators for eco-innovation can provide the basis for setting measurable targets for eco-innovation and the uptake of environmental technologies in the EU. Indicators could be based on a number of aspects such as: uptake levels, public procurement levels, investments and financing, patent submissions, selected company performance, etc. The setting of targets could further enhance, in the longer term, the EU's share of eco-friendly products and technologies in the global market.

4.3.4 Review of the legislation on eco-management and audit schemes/pollution from big industrial installation

The Eco-Management and Audit Scheme (EMAS) Regulation is a powerful tool for managing and reducing the environmental impacts of industrial plants and institutions. This instrument is currently under review and could be further reinforced to increase and strengthen their focus on the energy and resource efficiency and on the reduction of the use of hazardous and endangered material and their discharges.

It will also be crucial that the Directive on Integrated Pollution Prevention and Control (IPPC) ensures the uptake of Best Available Techniques (BAT) in a more homogeneous way. Furthermore, for innovative techniques, beyond BAT, incentives both financially and regulatory, should be provided. Market-based instruments could also play a role in this context.

¹² For more background information see the ETAP Report 2005-2006: http://ec.europa.eu/environment/etap/pdfs/comm_pdf_com_2007_0162_f_en_acte.pdf

4.3.5 *Small and medium size enterprises (SMEs)*

Specific actions should target the particular situation of small and medium sized enterprises, which are often not sufficiently aware of new energy efficient and environmentally friendly solutions or do not always have the financial resources required for acquiring new technologies. At the same time SMEs are an important source of eco-innovation and new energy and resource saving technologies and need support in bringing their innovations to the market.

In the context of the future policy, it could be envisaged to enhance existing policy instruments to provide market incentives for SMEs to improve environmental performance and energy efficiency. The Commission already provides specific financial support for research and innovation in SMEs (FP7, CIP, structural funds), in particular the Euro-info Centres and Innovation Relay Centres. It could also be envisaged to fund a new programme providing free advice to SMEs to help them to sustain their competitiveness, become more resource and energy efficient and generate less environmental impacts. This could be done by making available to SMEs a free helpline, organising on-site visits by expert advisors, and building on successful models in Member States. A specific environmental compliance assistance programme for SMEs is also envisaged.

4.4 *Smarter Consumption: Changing behaviour*

EU actions for promoting smarter and more sustainable consumption could introduce and reinforce measures to internalise environmental cost into product prices, to improve consumer access to information on the environmental performance of products, and to stimulate markets for best performing products and the sustainable use of products. The following actions could be envisaged:

4.4.1 Environmental Performance Agreements with retailers

The policies and practices of large retailers in the EU could become an important element in moving towards more sustainable consumption. Sales of greener products very much depend on their availability and promotion at retail outlets. Large retailers can also influence the environmental performance of their supply chains, passing on incentives for green production and product design.

Therefore, in addition to existing initiatives¹³ it could be explored with large retailers how to promote and purchase better products and how to green supply chains with a view to establishing EU-wide guidelines to assess the environmental performance of products

In order to facilitate these developments, an EU logo of “environmental commitment” for retailers could be created. It would reward companies or/and retailers for demonstrating the use of energy and material efficient products or services or selling a given share of highly performing products. Therefore, the logo would become an additional incentive for the production and use of environmentally better products, including for SMEs.

¹³ Such as the Energy Labelling Directive 92/75/EEC, eco-label, or other voluntary initiatives

4.4.2 Enhanced use of market-based instruments

As price is one of the main determinants of purchasing choices, market-based instruments can help get prices right and internalise environmental costs. EU proposals to link purchase taxes on cars to their climate impact are a step in this direction. Market-based instruments could be used to address the consumption of natural resources and the production of waste. It is considered to facilitate further discussion and implementation by coordination of experiences in Member States in a Forum on Market-based Instruments.

At the moment, 47,7% of EU government tax revenue comes from labour and only 7,5% from taxes on resource use and pollution.¹⁴ Therefore, future policy could set out the potential for further fiscal reform, particularly of consumption taxes based on the recent Green Paper on the Use of Market-Based Instruments in Environment Policy.

4.4.3 Differentiation of value-added tax rates

The Commission will examine the opportunity and efficiency of differentiating VAT rates according to the environmental performance of products.

4.4.4 Revision of the EU Eco-label Regulation

Eco-label could further contribute to shift demand to better performing products. The revision of the EU Eco-label Regulation will extend the scheme to cover all important product groups, increase uptake by producers, and link it to other policy instruments. The key elements of the revision are: a mechanism for selecting priority product groups, more efficient process for developing Eco-label criteria, a flexible decision-making process involving stakeholders and simplification of the operation of the scheme. It will be analysed how the Eco-label Regulation links with other EU eco-design policies and how synergies could be further reinforced.

4.4.5 Misleading advertising/false environmental claims

The provision of clear, understandable and correct information on the environmental performance of products should stimulate public and private purchases of greener products.

In this context, there is a need to further protect consumers against misleading advertising practices. The Directive 2005/29/EC on Unfair Commercial Practices¹⁵, applicable as of December 2007 aims to protect consumers against a broad range of misleading practices and claims. It could be explored how the application of this legislation can be supported by supporting environmental product data in order to determine the existence of unfair commercial practices.

4.4.6 Green Procurement

In 2007, the Commission will propose further guidance to strengthen Green Public Procurement (GPP) in the EU. Public procurement could be used to accelerate the market uptake of the most performing products. The future policy could explore whether it would be

¹⁴ Of which only approximately 0.3% come from pollution taxes.

¹⁵ OJ L 149, 11/06/2005, replacing with respect to business-consumer relations an earlier Directive from 1984 on misleading advertising.

more effective to focus on the most impacting products belonging to lead markets or whether it is better to raise the proportion of “green” products overall in public purchases. Another issue is whether such priorities should be compulsory for public procurement or remain indicative.

Additionally, initiatives to stimulate large private sector purchasers to green their procurement could also be considered.

4.4.7 Consumer information/ education and /training campaigns

In order to develop smarter consumption, raising awareness, education and training of consumers is important for them to be able to make sustainable consumer choices. In cooperation with consumer organisations and Member States, future policy could explore further appropriate ways, for example through information campaigns, or through education and training initiatives, to promote sustainable lifestyle choices and to ensure consumers are adequately informed about the products with the best environmental performance. In this context, it could be explored, for instance, to further develop 'on line consumer education tools' focusing on sustainable consumption.

4.5. Global markets: exploiting first mover advantages and levelling the playing field worldwide for sustainable technologies and products

4.5.1 Adapt EU policies to fostering energy and resource efficiency

There is little doubt that over time the world will have to evolve towards a low carbon and resource-efficient economy. The momentum created by adopting climate change policies within the EU and the renewed Sustainable Development Strategy should be used to drive efforts to achieving similar commitments internationally. This is a prerequisite for succeeding in both, containing climate change, a sustainable use of natural resources and preserving the EU industrial competitiveness. It requires coherence across policy areas and in particular a more pro-active use of the EUs trade and development policies.

Several studies are showing that eco-technology is a fast-growing market. European companies have so far succeeded in taking advantage of these opportunities.

In the future, low carbon and resource-efficient technologies, products and services will dominate the markets. Internally, a faster development and uptake of ambitious standards in the EU can pave the way to the adoption of international standards, notably if the standards are developed with international participation and can in turn help open foreign markets for the benefit of leading European companies as well as the global environment.

Trade policy can also contribute to this process, by working towards the elimination of trade tariffs for low carbon and resource-efficient products and through the creation of a global trading scheme for carbon. An increased industrial dialogue with major emitting countries could also facilitate this task. The enforcement of the compliance of imports with claimed environmental requirements and labels need also be improved.

EU development policy can proactively promote the uptake of low carbon, resource efficient technologies, processes and products, in particular by fostering investment in clean energy

and resource technologies. This process will need to be accompanied with decisions on the issue of intellectual property rights in technology diffusion to safeguard the protection of rights belonging to EU companies.

4.5.2 Global Sectoral Approaches

The impetus in adopting climate change and resource efficient policies within the EU should be matched by an equal deployment of efforts to achieve similar commitments internationally, which is a prerequisite for succeeding in both containing climate change, a sustainable use of natural resources and preserving our industrial competitiveness.

Different industrial sectors have started working on global sectoral approaches, with a view to agreeing on and committing to specific targets (energy efficiency of the process of production or CO₂ content of the product). Sectoral approaches could constitute an effective tool both to reduce the environmental impact of industry and to create a level playing field for industry sectors internationally, thus addressing the current competitive disadvantage for EU energy intensive industries exposed to international competition. At the same time, this provides an effective way to engage developing countries in action that will help mitigate climate change but without placing a constraint on growth.

Public authorities have to play a role in creating an appropriate institutional and legal framework to underpin these approaches, in particular by providing a credible monitoring and enforcement system and ensuring that targets defined by industry are sufficiently ambitious. The compatibility of global sectoral approaches and the EU Emissions Trading Scheme should be ensured.

The European Union could negotiate bilateral industrial agreements between governments to provide industry sectors with such framework. The launching of a pilot project in 2008, working with advanced sectors exposed to international competition and the main relevant international partners, is being considered.

4.5.3 Strengthened international cooperation on sustainable consumption and production

International cooperation on sustainable consumption and production, particularly on work and initiatives led by the United Nations under the Marrakech process, and international co-operation on the sustainable use of natural resources could be further strengthened.