What is value added from IPP?

Address by Kjell Larsson
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The initiatives with an Integrated Product Policy started several years ago when it became more and more clear that a great deal of the negative impact on environment and health is due to products itself – that is the materials, substances and energy the product requires. Now is a Green Paper on IPP that clarifies and helps us to help us to better understand the IPP-approach. I agree with Margot Wallström that the Integrated Product Policy is a long-term strategy - a strategy that is not accomplished over night but needs a new way of thinking and handling. The IPP-strategy can not be implemented by the environmental sector on its own but requires co-operation with other sectors. For this reason the IPP should also be discussed in other Councils beside the environmental Council.

IPP provides hope for a more consistent and coherent policy framework both within various product-related policies and between these and other policy areas. The IPP focuses on - the growing importance of products as a source of environmental impacts; the challenge of improving resource productivity; and the need for sustainable consumption.

The purpose and goals of an IPP could be expressed as;
1. A general greening of products and the market; and
2. The delivery of specific environmental product policy objectives.

Both purposes are important and there is a need for an overall life-cycle thinking and understanding to be able to fulfil both purposes. The use of measures towards products in general and measures towards specific product groups needs to be balanced. To get away from ad-hoc solutions we need to practice life-cycle thinking in all decisions, thus avoiding transferring environmental problems from one life-cycle phase to another.

The IPP-strategy could, when implemented on European level, bring several added values in order to reduce the impact on environment and health from different activities in our society such as trade, production/products and consumption.

1. IPP will fill the gaps in the environmental agenda, mainly in the areas of resource efficiency and diffuse environmental impacts.

Household consumption and the production sectors of industry, agriculture, energy, transport and tourism, and households are major driving forces of environmental pollution and the depletion of natural resources. The industry accounts for around a third of total energy consumption and a fifth of carbon dioxide release in the Union. Forecasts for transport and tourism in the services sector and in certain industrial sectors are expected to increase. The manufacturing sector shows growth expectations for four of its major sub-sectors: growth in the chemicals, paper and building materials sectors amount to about 40 per cent (of total growth) while growth in the metals industry is modest.

The environmental impacts of steadily growing consumption depends upon the material intensity of consumption, in terms of use of materials and energy, and the 'eco-efficiency' of production. Material inputs can involve a variety of environmental aspects, for example depletion of non-renewable resources, replenishment of renewable sources, exposure of humans and ecological systems to chemicals, emissions to air, water and soil and the generation of waste materials and their accumulation. Energy inputs are required at most stages of a products life cycle. Energy sources include fossil and bio-mass fuels, recovery of waste, nuclear, hydro power, geothermal, solar and wind energy. Each type of energy has identifiable environmental aspects.

Eco-efficiency depends on the attitudes and behaviour of producers, retailers and consumers. However, improvements in eco-efficiency are not sufficient to curb the trends shown.

There are many possibilities for reducing carbon dioxide emissions into the atmosphere. If e.g. households within the Union changed their consumer products and white goods to more energy effective devices already existing on the market, the carbon dioxide emissions would be reduced by one fourth of EU's total share of the Kyoto commitment.

Transportation contributes to a growing share of the total environmental impact from business. A well functioning market requires good prerequisites for transportation of goods. According to EEA, the transport sector accounts for 22 percent of the total emissions of carbon dioxide to the air.

The use of chemicals today is very complex and extensive. There are a large number of chemical substances that are part of an even higher number of chemical products, which in their turn are parts of a very large number of physical goods. However, modern society is greatly dependent on chemicals. Today, more than 30 000 different chemical substances are used all over the world, and the number is increasing. For three-quarter of the chemicals that are used in larger quantities on the market, there is a knowledge gap on their toxicity to the environment and for human beings.

Chemical substances, including hazardous, can enter the environment by being released from the manufacturing industry. However, it is more common for chemicals being part of a product that are traded all around the globe. These substances may leak into the environment when the products are used or disposed of. In the environment, they are circulated even further afield by winds, currents and other natural processes. Many substances are persistent, and some can also be accumulated and circulated in the environment in unpredictable ways.

During the past years there has been a growing insight that many environmental problems are not related to the production or use of the substance itself. Rather, it is the products that contain or are treated with the substance. Even if the risk of exposure by physical contact with the product is small, the large quantity of products represent a potential risk both during use of the product and when the product become waste. Some of the product groups that contain problematic chemicals, like computers, are growing.

Diffuse emissions from human activities, from buildings and from the use of products have an affect on human health.

Allergy is a growing problem in many areas. Knowledge about the connection between our consumption patterns and the development of allergy is to a great extent undeveloped. A product-related problem is that there are no commonly accepted rules on how to inform about health and environmental properties for consumer products. The relation between environmental issues/harmful substances and products and health must be considered to a larger extent.

Waste represents an enormous loss of resources both in the form of materials and energy. Indeed, quantities of waste can be seen as an indicator of the material efficiency of society.

Waste generation is increasing in the European Union. Some of these wastes give rise to new problems, for example sewage sludge and residues from cleaning of flue gases. Moreover, managing waste causes a number of pressures on the environment.

Hazardous substances in waste, even in small quantities, can have a very negative impact on the environment. An increasing part of resources contained in waste is recovered as materials or as energy in incinerator or biogas plants, but more than half is still permanently lost in landfills.

Recycling of materials may reduce the environmental impact of waste but is not necessarily without environmental impact. The main challenge is to de-link material use and waste generation from economic growth. It is significant that where the rate of waste generation from production has declined – supposedly due to better use of cleaner technology – this has not been sufficient to neutralise the increase in total material and waste amounts due to the growth in the quantity of goods produced and consumed.

2. Another added value with IPP is that IPP will promote a win-win situation by not only give environmental advantages but also improve the function of the single market, give European enterprises competitive advantages and lower barriers to trade world-wide.

The global market for products and services is forecasted to grow by 50% by the year 2010 and the complexity of products and services is continuously increasing, particularly in the area of electronics and telecommunication. Most goods produced today only represent a small part of the final product, e.g. in cars and medical equipment, and very few supply-chains and product stakeholders' are located in a single country. Trade is a prerequisite for economic growth and increased well being. However, the negative environmental characteristics of products and services may spread beyond national boundaries when goods, materials and services are traded.
Therefore, it is important to recognise the qualitative dimension of economic growth in terms of impacts on the environment and natural resources; the danger that accelerated economic growth would have negative environmental consequences in terms of higher energy demand, international transport, waste generation, and spatial problems.

3. IPP would also promote simplifying and harmonising product requirements, and integration of environmental requirements within the Internal Market product regulation.

If environmental considerations were integrated into policies related to the function of the Single Market, the Single Market could become a driving force for sustainable production and consumption. Very few chains of products are located in on country. International co-operation within this field is therefore crucial. If clear, uniform guidelines and principles were in place, an integrated product policy could stimulate trade and improve the competitive position of European industry.

4. Bringing important stakeholders together to work towards common goals

IPP offers new ways of working closer with the market via business and consumers leading to a common understanding between stakeholders. This enables more effective policy and business planning.

IPP offers a framework for the conditions in which stakeholders share responsibility and can co-operate to make markets (both national and international) more sustainable.

5. Creating links between and giving support to other environmental policies and other sector policies

IPP should be seen as a product focused complement to other environmental, product-oriented and other strategies such as the Sixth Environmental Action Programme, the Strategy for Sustainable Development, the Cardiff process, the Chemicals- and Waste policies – as Margot Wallström already pointed out.

An IPP will make important contributions to address several of the issues in the SD Strategy related to products principally public health, climate change and depletion of natural resources but issues of relevance might also be mobility and land use.

The IPP will contribute to the intentions of the four focus areas of the 6th Environmental Action Programme. The action programme also stresses the importance of working with the market and encouraging business to assess its environmental performance and to investigate incentives like taxes to increase green demand and encourage front runners. Helping people to make environmentally friendly choices by improving consumers access to information is also an

important part of the programme. IPP could be the framework for product focused actions in this field.

6. Using a life-cycle approach to avoid "sub-optimisation"

In order to achieve the objectives of an IPP there is a need for a comprehensive view and lifecycle thinking. The impact of products on the environment varies during the various phases of their lifecycles. In order to make meaningful priorities between measures, the environmental impact of those products throughout their lifecycle must be known. An IPP helps to avoid contradictory environmental requirements on products by analytical integration and co-ordination of existing environmental policies on products.

7. Being "proactive" instead of "reactive"

Whereas in the past most environmental policy have been based on prohibitions and commandments, IPP is - as a supplement- intended to set in motion active, creative, self-sustaining processes, particularly in innovation of new products and services. By taking the total environmental impact into account when designing a product, environmental problems can be prevented at an early stage and not being moved to another part of the life-cycle.

To conclude, there is a need for an integrated approach such as the IPP for several reasons, for instance:

Environmental aspects should constitute a market competition factor in line with prize, quality, design etc. The introduction of “environment” as a market factor call for an integrated approach in relation to the various aspects of environmental loads (lifecycle assessment framework), the stakeholders (integrated information and dialog systems) and the authorities (sector integration, legislative frame work).

The challenge of reducing waste quantities cannot be solved in a sustainable way by efficient waste management and recycling alone. There is an urgent need for integration of waste management into a strategy for sustainable development, where waste prevention, reduction of resource depletion and energy consumption and minimisation of emissions at the source is given high priority. Waste must be analysed and handled as an integrated part of total material flow

through the society. This calls for consideration of the total lifecycle of products and services, emphasising preventive measures at source and re-use of products and components.

There is an increasing demand for high product multi-functionality, which leads to new complex, miniaturised products, (e.g. electronics, information and communication technology) in which a lot of rare elements and substances with unknown environmental properties are used. The beginning of a shift from products to services is also noticeable within the manufacturing sector itself as producers assume responsibility for material re-use and recovery (e.g. for cars and office equipment) partly due to producer-responsibility legislation. Purchase of goods sometimes includes services for maintenance and recycling.

The complexity of tools and instruments leads to the difficulty of implementing and measuring the effectiveness of different policies and approaches, along with the lack of efforts to find out whether environmental policies and expenditures have the desired results.