

## **SPEECH BY COMMISSIONER M. WALLSTRÖM**

Ladies and Gentlemen, Mrs Garcia-Orcoyen, Mr Larsson

As you know, yesterday I presented the IPP Green Paper to the Environment Council meeting. Mr Larsson will say more about that in a few minutes so today I want to present to you my thoughts on the shared responsibility aspects of IPP. Let me start by giving you a concrete example of the sort of approach we will need to see much more of if IPP is to succeed.

This month's edition of "Test-Achats", a Belgian consumer magazine, contains an article looking at the problem of excess packaging. We all know that this is a significant environmental problem throughout the whole lifecycle of products. The article demonstrated, for example, that even by buying the same goods it was possible to produce 50 % less packaging by volume and 25 % less by weight, as well as saving money.

But this wasn't what particularly interested me.

What caught my eye was the article's conclusion. It stated that although waste management and packaging were primarily the responsibility of industry and governments, consumers clearly had a role to play. Finally it went on to make a range of positive, practical suggestions of how consumers could use their purchasing power to influence producers and governments.

For me this idea of us **all** – consumers, industry and governments - having a role to play is the essence of what IPP is about. We are **all** involved in the product's life-cycle, so we **all** need to contribute to reducing its environmental impacts.

## **The Green Paper**

The Green Paper puts forward for discussion the particular instruments that could be used and the general principles involved. I know that the instruments have been discussed in detail during the workshops that you had yesterday and I understand that these discussions will continue in the coming months. I will therefore summarise the key principles on which the Commission's Green Paper is based.

## **Getting the Prices Right**

The first principle is to get the prices right.

I think there is broad agreement that market-based instruments are a powerful tool for changing behaviour. The debate is about how to harness these to achieve our environmental aims. For green products we need to look at ways to encourage producers and consumers to change their behaviour. That is why the Green Paper looks at the idea of differentiated taxation to achieve our green aims. Reduced VAT rates for ecolabelled products is an example of this. Nevertheless I am fully aware that progress in this area will be very difficult politically. I am, however, keen to investigate the possibilities that will arise out of the Treaty of Nice in this area for enhanced co-operation if this is the only way forward. To fail

to do so would be to discard a powerful tool from our toolbox before we have even begun.

### **Stimulating Green Design**

The second aim is to encourage green design. Technology can help us in this. We need to make sure that innovation is not stifled by excess regulation and that we are able to respond quickly to new developments. Examining the possibilities for exchanging best practice as suggested in the Green Paper could be one way forward.

### **Encouraging Green Demand**

The third aim is to encourage consumers to buy green. This has to be a combined effort by both consumers and retailers. Consumers need to be presented with the possibility of buying greener products, and take advantage of it. To do this these products must first be available to buy. Secondly credible information sources must be made available so that consumers can tell the difference. This means that producers, retailers and distributors have to make this information available.

But as was illustrated in the packaging example that I gave you at the beginning of my speech, consumers have to be active and take advantage of all information sources available. The Green Paper suggests possible ways forward that could be explored, looking at the issues of product labelling and information flows.

I have just outlined the three central strands in the IPP Green Paper, but there are also two more that are important points.

### **Stakeholder Participation**

The first of these is policy making based on participation and sound knowledge. This is a key commitment in the 6<sup>th</sup> Environmental Action Programme and one on which IPP will have to be based if it is to be successful.

In the case of this Green Paper stakeholders have been involved since the very beginning. A conference was held in December 1998 to begin the discussions and my services have been busy meeting stakeholders ever since. This Conference is another example of the Commission's commitment to this approach. Smaller stakeholder events will also be arranged to address particular issues and I am looking forward to receiving your written comments on the paper too. This will then feed into the Communication that the Commission will produce towards the end of this year.

Exactly what form this Communication will take will depend to a large extent on stakeholder input. But one thing is absolutely clear – IPP is something that we will have to implement and update also into the medium and longer term. It 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. This in turn is an important element in the Community's efforts towards sustainable development.

The second main principle is shared responsibility, and it is to this that I would like to devote the rest of my speech to you today.

### **Shared Responsibility**

I see shared responsibility as being “everybody doing their bit”. We all have something to contribute as the example at the beginning showed. I will now look briefly at each of our stakeholder groups in turn and examine what I see each of them contributing. I’ll start with industry because you are the first step in a product’s life-cycle.

## **Industry**

Since the Green Paper was adopted I have met several of your representatives and they have told me that your main concern is how IPP will affect your competitiveness. This is perfectly legitimate, and without this concern for your bottom line many of you would not be in existence. But there is also another side to IPP, one that is not passive and seeks to reward active companies who are far-sighted. There is a significant and growing market for greener products that is there to be exploited.

The example of Electrolux, which was cited in the Green Paper, shows this well. They have identified those products which are best from an environmental point of view, and called this the “Green Range”. By 1998 this range accounted for 16 % of total sales and 24 % of gross margins.

Industry also has a responsibility to work with its supply chain to green their products. The example of Tetra Pak about which you heard yesterday shows you the potential in this area.

Another area where industry can contribute is by providing product information to consumers. Clear instructions to minimise the impact during normal use are required. In addition companies should take

advantage of credible environmental labels to inform consumers of products that have less environmental impacts.

The Green Paper also suggests new ways of working – such as product panels – which allow progressive firms to work in partnership with other stakeholders. We are also looking at ways to incorporate voluntary agreements into IPP and will look to learn from experiences in this sector.

### **Retailers and Distributors**

Retailers, as the next step in the supply chain, also have an important role to play. You have the opportunity to work with your suppliers to make less environmentally damaging products available to the consumer. Let me give you an example. Over the last ten years B and Q, a British do-it-yourself retailer, has worked with its timber suppliers to make sure that the timber they stock only comes from forests certified by the Forestry Stewardship Council or the Finnish Forestry Certification Scheme. This timber comes from more than 145 suppliers in over 40 countries. They have now got to the stage where 99 % of their timber comes from these sources.

Secondly an important contribution is the range of products you stock. You can take advantage of credible eco-labelling schemes, such as the EU ecolabel, to provide your customer with a choice. Promoting these products – or even aiming for eco-labels for your own brand goods – is also part of this. The consumer requires information on what they are buying and you are in the best place to provide it.

IPP provides you with an opportunity to prove your environmental credentials and be the store of choice for environmentally aware consumers. And it allows you to assume your share of the responsibility for the goods you sell.

Nevertheless, I am not under any illusions that fundamental changes are possible without consumers also doing their bit.

## **Consumers**

When I talk about consumers I am talking about all of us. We all consume, both through our lives at home and at work. And as I see it, we can make our contribution in three main ways.

First, we need to make our purchasing decisions count. Where we have the opportunity to buy green we need to use it. Where we don't have the opportunity we need to voice our concerns. This can be through direct contact with the retailers, the producers or with the politicians who set the policy agenda. The recent dramatic drop in beef consumption in some countries following the BSE crisis has shown the power that we can have. We need to translate such momentum from health issues to environmental ones.

Governments are also significant consumers. Public procurement accounts for around 12 % of Community GDP, with some countries reaching as much as 19 %. We need to find ways that we can use this to provide a stimulus to greener products. The suggestion for a Handbook for Green Public Procurement in the Green Paper, could potentially have an important role to play.

Secondly, consumers need to be aware that how they use and maintain a product makes a difference. A good example of this is how you drive a car. Driving your car like Michael Schumacher on a racetrack is probably not the best way to improve your fuel economy.

Thirdly, consumers need to be aware of the need to dispose of the products properly. Many countries now have elaborate systems for domestic waste which involve waste separation before disposal.

### **Governments**

So far I have concentrated on what stakeholders can do along the supply chain. Governments, I believe, have an important role in setting the framework for such action.

Politicians need to set the objectives of environmental policy and define the tools that are permitted to arrive at these. The tasks will be defined by our objectives – reductions in greenhouse gases or the amount of waste used in certain areas for example.

IPP is where we talk about the tools to do the job. Some will best be implemented at the European level – market based instruments and public procurement rules for example, whereas others may be more appropriate nearer to the citizen, such as consumer information schemes.

IPP for governments also involves co-ordination and information. With so many different tools available it is essential to avoid duplicating efforts. Information exchanges and databases will be crucial in this. For example the Italian Environment Agency has recently developed a



database containing all the LCA studies conducted in Italy. Governments need to capitalise on this sort of initiative, and in so doing we may also give our enterprises a competitive advantage.

IPP for governments must also involve monitoring to assess progress. Once we have developed our tools, we must continually assess whether they are up to the job.

## **Conclusion**

To conclude, my message to you is that IPP is based on shared responsibility, but also shared opportunity. We all, as stakeholders, have a significant role to play. Together we need to capitalise on the possibilities it presents and use these to take us forward in the medium to long term. In this, this Conference is a good beginning.

Let me lay a challenge on the table before I finish. Are we really sure that the phrase “Integrated Product Policy” communicates well what we are trying to achieve ? As environmental policy “insiders” we are clear what this means. But, having spoken to others outside the circle of insiders, I am beginning to think that perhaps we need a new name for this policy approach. It should be a new name which is more easily communicable to the outside world. I am open to your suggestions – either today or in writing after this event.

I encourage you to remain actively involved in IPP’s development and implementation: submit your comments and participate in future events. Only through this can we develop the policy tools that are so important to achieve our environmental goals.

Thank you very much for your attention.