



EUROPEAN COMMISSION  
Impact Assessment Board

Brussels,  
D(2012)

**Opinion\***

**Title**                    **DG ENV - An EU initiative on a Communication on Building the Single Market for Green Products**  
**(draft version of 17 October 2012)**

**(A) Context**

According to the present impact assessment there is growing pressure on companies to demonstrate that the way they are producing is environmentally friendly, both at the level of individual products and as organisations. Consumers want to be able to better understand the environmental impacts associated with their production and consumption. The provision of this information in a transparent and reliable way has been complicated by the fact that a wide range of different methodologies for the assessment of the environmental footprint of products and organisations have been developed. The fact that there is no single accepted methodology has contributed to a situation where there is distrust (by consumers and by business alike) of environmental claims, both those attached to products and those included in companies environmental reports. The report argues that the multitude of disparate government and private sector schemes at national and/or sector level have generated fragmentation in the Single Market, posing an increased burden on businesses. Businesses active in several Member States or internationally are especially penalised, as fragmentation generates obstacles in cross-border operations. The present Impact Assessment accompanies a Communication to contribute to building the Single Market for Green Products. This package is the first part of an envisaged two-step policy-making process.

**(B) Overall assessment**

**The report requires considerable further work on several important aspects. First, it should more consistently define the problems, by explaining and demonstrating with robust evidence the concrete shortcomings and underlying market failures (i.e. fragmentation, resource inefficiency, consumer confusion) this initiative aims to address, and by describing in a sound way how these would evolve in the absence of further EU action. Second, the report should better demonstrate the necessity, added value and proportionality of EU action. For instance by better substantiating the size of the transnational demand for and supply of green products, and by more convincingly arguing why action is needed now. Third, the report should establish a clear intervention logic, for instance, by clearly showing how the increased reliability of an environmental claims scheme and harmonised assessment methodologies will reduce market fragmentation/consumer irritation and improve resource efficiency. Furthermore, the report should describe in a more focused manner the content of the policy options or combinations thereof. It should provide a more substantiated and differentiated impact analysis across the three pillars, together with an assessment of implementation and administrative costs/burden.**

\* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted

**Finally, the report should compare the options (and possible combinations thereof) in a more concise manner using a clear set of comparison criteria (effectiveness, efficiency, coherence), and be clearer on the advantages and costs/benefits of the (combined) preferred option.**

**Given the nature of these recommendations, the Board asks DG ENV to submit a revised version of the report, on which it will issue a new opinion.**

**(C) Main recommendations for improvements**

**(1) Clarify the policy context, strengthen the problem definition and reinforce the baseline scenario.** The report should present a more comprehensive, consistent and streamlined problem definition, indicating clearly up-front the problem(s) that the initiative will tackle, including the shortcomings of already existing schemes, such as EMAS or Eco-design labels. To this end, it should better show the causalities between the limited uptake for green products and the identified information and regulatory failure, for instance by presenting highly relevant information contained in annexes 3, 5 and 19 up-front. It should indicate where the low uptake of green products stems from, on the one hand, information and regulatory failures and on the other hand, the relatively high prices of these products. In this context the report should better explain how the relation between environmental preferences, product prices and consumer decisions for green products differ from those of other product categories, including an outlook on international markets (e.g. US, Japan). Furthermore, it should provide a more detailed overview of already existing Member States and private schemes for green products. It should further explain the conclusion that these existing schemes lead to fragmentation of the Single Market and to overly high costs for the EU businesses, supported by concrete and robust evidence. Finally, the report should present a more developed baseline scenario by providing a clear description of how the individual problem drivers and the identified market failures would evolve in the absence of further EU measures. This should include an outlook on competitiveness, international/cross-border effects, burden and costs for businesses and impacts on the consumers. The report should also give an overview of the existing policies at the EU, Member State and private level and explain how these would develop vis-à-vis the identified problems and shortcomings.

**(2) Better demonstrate the need for and value added of EU action.** On the basis of a strengthened problem definition and baseline scenario, the report should better demonstrate the necessity, added value and proportionality of EU action by showing why Member States and businesses alone cannot adequately tackle the identified issues. This should be achieved by better substantiating the size of the cross-border demand for and supply of green products, and by showing in a more detailed way how the regulatory and market failures identified would be exacerbated in the absence of EU action for consumers, and how this would lead to an increased burden and cost for business. The report should also discuss whether and why a solution based on mutual recognition of green products would (not) be a possible option to address the problem.

**(3) Establish a clear intervention logic.** The report should strengthen the intervention logic by clearly connecting the identified problems, their drivers, impacts and the objectives. This can be achieved, for instance, by clearly showing how the increased reliability of the environmental claims scheme and the creation of harmonised assessment methodologies will reduce perceived market fragmentation and improve the environmental performance of products and organisations. In this context the report should also explain how some of the envisaged measures (e.g. better enforcement) relate

to the on-going implementation of existing policy instruments under the baseline scenario. The objectives themselves should be presented in "S.M.A.R.T.er" terms, for instance, by clearly setting out concrete (operational) targets so that the success of the initiative can be effectively evaluated. Subsequently, the report should explain in greater detail the content of the different policy options, by making them mutually exclusive, by defining feasible option combinations up-front, and by eventually discarding options immediately because they do not fit within the envisaged time-frame.

**(4) Better assess and compare options.** The report should strengthen the assessment by providing a comprehensive impact analysis across the three pillars, by presenting more figures/magnitudes, and by better substantiating attributed scores. It should present a more thorough assessment of the efficiency and effectiveness of the various options, including a more developed analysis of competitiveness issues, with a particular focus on SME's/micro enterprises, and consumers. In this context, it should offer greater clarity on the methodologies used, underlying assumptions and/or calculations for the different options for all actors involved. Moreover, it should further analyse administrative costs aspects for Member States and compliance costs for the different sector stakeholders. Finally, the report should compare the options in a more concise manner against a fully developed baseline scenario using a clear set of comparison criteria (effectiveness, efficiency, coherence) based upon the redefined problems and objectives. To this end, it should be clearer on the advantages and costs/benefits of the (combined) preferred option, by comparing it to other feasible option combinations.

*Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

#### **(D) Procedure and presentation**

The report should support all arguments presented by concrete evidence and provide clear references to underlying studies and sources. Stakeholder views should be more thoroughly used throughout the main text.

#### **(E) IAB scrutiny process**

Reference number	2012/ENV/019
External expertise used	No
Date of IAB meeting	7 November 2012