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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Building the Single Market for Green Products

Facilitating better information on the environmental performance of products and organisations

(Text with EEA relevance)

{SWD(2013) 111 final}
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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

Building the Single Market for Green Products

Facilitating better information on the environmental performance of products and organisations

(Text with EEA relevance)

1. INTRODUCTION

The Resource Efficiency Roadmap[1] set an ambitious milestone for 2020: *providing the right incentives for citizens and public authorities to choose the most resource efficient products through appropriate price signals and clear environmental information*. The Roadmap also recognised that the internal market has an important role in rewarding resource-efficient products. This initiative - "Building the Single Market for Green Products" – is an important step in this direction.

The market uptake of resource efficient products is currently low despite the capacity of producers to provide such products and the increasing demand by consumers. There are barriers for both producers and consumers to supply and purchase these products, many of them stemming from the ambiguity of what constitutes truly a 'green' product and a 'green' organisation. This Commission initiative is a step towards removing this ambiguity by improving the way how environmental performance of products and organisations is measured and communicated.

The Commission Communication to the Council and the Parliament introduces two methods for measurement and a set of principles for communicating the environmental performance of products and organisations. It is accompanied by a Commission Recommendation that encourages Member States and the private sector to use these methods, as appropriate, ensuring that the normal functioning of the internal market is enhanced.

This initiative proposes a testing phase during which stakeholders together with the Commission will assess the effectiveness of the methods proposed, and the feasibility of using them throughout the Single Market. The results of the testing phase will be subject to an independent peer review process which will also consider alternative methods. If the test phase is successful, the Commission will consult further with stakeholders on how best to secure the benefits of this initiative. Discussions will also be pursued with international partners on methodological development with a view to ensure the compatibility and synergies with other widely used methods.

The objective of these actions is to allow and facilitate, in the medium term, a higher uptake of green products and of greener practices by companies in the EU market by

[1] COM(2011) 571 final.

contributing to the removal of potential barriers to the free circulation of green products in the Single Market.

2. THE CONTEXT OF THE PROPOSAL

2.1. The environmental and resource efficiency challenges

At the United Nations Conference on Sustainable Development (Rio+20) held in 2012, the international community recognised that "*fundamental changes in the way societies produce and consume are indispensable for achieving sustainable development globally*"[2]. Nearly two-thirds of the world's ecosystems have been classified by the UN as 'in decline'[3], biodiversity is being lost at a rate estimated to be 100 times higher than natural extinction rate, and the risks and trends related to climate change are well documented[4]. The OECD has warned that the continued degradation and erosion of 'natural capital' is bringing about irreversible changes that could endanger two centuries of rising living standards[5].

2.2. The environmental benefits of green products and green organisations

'Green products' can be defined as those that use resources more efficiently and cause less environmental damage along their life cycle, from the extraction of raw materials, to their production, distribution, use, up to the end of life (including reuse, recycling and recovery) compared to other similar products of the same category. 'Green products' exist in any product category regardless of being ecolabelled or marketed as green; it is their environmental performance that defines them as 'green'.

Higher market uptake of such products combines societal benefits of reduced environmental damage with higher satisfaction of consumers as well as potential economic benefits for producers and consumers through more efficient use of natural resources.

Moreover, green companies trigger additional environmental benefits. They improve their own processes, influence their suppliers and others up and down the value chain and generate innovation. A company that integrates what is called 'life-cycle thinking' into its strategies and decision-making is minimising the environmental impact of its activities both directly and indirectly.

2.3. The economic benefits of green products and green organisations

The global market for 'low carbon' and 'environmental' goods and services (which is a subset of the total market of green products) is estimated at €4.2 trillion with an EU share of 21%[6]. This market has been growing at an annual rate averaging 4%, even

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2 A 10-Year Framework of Programmes on sustainable consumption and production patterns. A/CONF.216/5.

3 UN Secretary-General's High-Level Panel on Global Sustainability report 'Resilient People, Resilient Planet: A future worth choosing', 2012.

4 See for instance CBD Secretariat (2006) Global Biodiversity Outlook 2 and http://unfccc.int/essential_background/items/6031.php

5 Environmental Outlook to 2050 (OECD 2012).

6 Department for Business, Innovations and Skills (2012): Low Carbon Environmental Goods and Services.

during the economic recession[7], this contributing to make of the green economy one of the sectors with the strongest job growth potential[8]. There is an increasing competition between companies to gain market share in this market. Green products can help cut costs to manufacturers during production (less resources used means less production costs) or to consumers during use (i.e. the white goods in the top class of the Energy Labelling Directive[9]). Green products are also in general easier to recycle or reuse, thus contributing to better and less costly waste management for the society as a whole.

However, in relative terms green products still represent a marginal part of the EU consumer good market[10]. Evidence suggests that there is a considerable demand for such products if offered at a competitive price and therefore an untapped potential in the internal market[11]. This would also have a positive employment effect: overall, improving the resource-efficiency of EU economies could lead to the creation of up to 2.8 million jobs by 2020.[12]

Green companies tend to be at the forefront of innovation. Through lower costs, improved productivity, security of supply and less exposure to environmental risks, European companies enjoy a competitive advantage on eco-innovation. Without further action to support this, competitiveness in this sector is at risk[13].

3. THE PROBLEMS THAT THE PROPOSAL INTENDS TO TACKLE

3.1. The lack of a common definition of what a 'green product' is, and what makes a 'green organisation'

There is no widely accepted, science-based definition of what a green product and a green organisation actually are. There are different methods currently used for measuring and benchmarking environmental performance[14], but they vary and give

7 Green Seal (2009): Green Buying Research.

8 In 2012, the number of people projected to work in eco-industries specifically across the EU is expected to be 3.4 million, an increase from 2.7 million in 2008, demonstrating that even in the current economic climate there is job growth potential in the green sector. See "Annual Growth Survey 2013", COM(2012) 750 final, http://ec.europa.eu/europe2020/pdf/ags2013_en.pdf.

9 Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products, OJ L 153, 18.6.2010, p. 1–12.

10 Numerous studies have shown that the market share of products with better environmental performance is relatively small, up to 5% in some product categories in certain Member States. See the Impact Assessment report for more details.

11 See Impact Assessment report.

12 Commission Staff Working Document 'Exploiting the employment potential of green growth', SWD(2012) 92 final, accompanying the Communication "Towards a job-rich recovery".

13 Denmark, Sweden and Finland score among the highest globally in clean technologies but so do important competitors such as the US. China and India are already scoring higher than the Netherlands, Austria, Belgium, France and Spain. See Global Cleantech Innovation Index 2012 report, CleanTech Group and WWF.

14 Methods for measuring environmental performance of products and organisations can be grouped into two main categories: 1) measuring environmental performance through direct impacts (i.e. impacts directly attributable to the product/organisation, such as for instance the hazardous waste resulting from production). Within these methods, some cover a single environment impact (e.g. Scope 1 of the GHG Protocol, covering greenhouse gases), while others cover several environmental impacts (e.g. EMAS Key Performance Indicators). 2) Measuring environmental performance through direct and indirect

different results when applied to the same product or organisation. Indeed, due to the number of methodological choices left to the discretion of the user, even results obtained using the same method are often not comparable. Such comparability is important to allow competition based on environmental performance, and to allow consumers and businesses to take informed decisions.

One of the biggest failings of some methodological approaches for measuring environmental performance is that they are incomplete. They do not look at all the direct and indirect impacts of the product or organisation in question – i.e. the whole life cycle. Many indicators focus on the 'in-use' phase (e.g. water consumption of a washing machine), but ignore the costs of production, disposal, or the potential for re-use and recycling. Some assessments focus on one environmental indicator, which could mean others are ignored, leading to so-called 'burden shifting'. For example, a new low-energy product may require a rare or hazardous material. This might be favourable for energy saving, but may be detrimental from the point of view of resource depletion or impacts at the end of life of the product. Either way it should be accounted for in a full life cycle assessment, so that decisions for improving environmental performance can be taken based on complete information.

3.2. Unnecessary costs for business

Environmental considerations are increasingly part of the operations and marketing strategies for a large number of companies, and for their investors. Such companies are increasingly using Life Cycle Assessment (LCA)[15] as a tool to assess their own, or their suppliers' green credentials and to measure (and improve) the environmental performance of their products.

The number of footprint methods (e.g. carbon footprint, water footprint) is rapidly increasing, in parallel with a proliferation of national and private sector initiatives. This fact can generate significant costs for businesses, especially in case they need to use different methods or if they have to comply with labelling and verification requirements for different countries and retailers. The relative costs, and the associated burdens, are much higher for SMEs.

European business is well aware of the situation: respondents to the public consultation linked to this initiative considered the lack of consistency as one of the most important barriers to the display and benchmarking of environmental performance (72.5% agreement). When asked what was the main driver for this, the

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impacts (i.e. including impacts in other phases of the life cycle, e.g. extraction, logistics, use, end of life – Life Cycle Assessment). Within these methods, some cover a single environmental impact (e.g. again Scope 1 of the GHG Protocol), while others cover several environmental impacts (e.g. the EU Ecolabel).

15 Life cycle assessment (LCA) is a well-established methodological tool that applies life cycle thinking in a quantitative way on environmental analysis of activities related to processes or products. A central characteristic of life cycle assessment is the holistic focus on products or processes and their functions, considering upstream and downstream activities. So for instance, the LCA of a product includes all the production processes and services associated with the product through its life cycle, from the extraction of raw materials through production of the materials which are used in the manufacture of the product, over the use of the product, to its recycling and/or ultimate disposal of some of its constituents. Such a complete life cycle is also often named "cradle to grave ".

existence of multiple initiatives in the EU (70.8%) and the multiple ways of reporting (76.3%) obtained the highest score in the replies[16].

3.3. Obstacles to the free movement of products marketed as green

In addition to the extra costs, the proliferation of methods may also reduce the opportunity for producers of green products to trade them, even within the EU. Companies may want to trade across national borders, but find that the requirements related to the environmental information for the products they intend to sell change across those borders.

[16] See http://ec.europa.eu/environment/consultations/sustainable.htm

Box 1 – Concrete obstacles to trade in products marketed as green within the Single Market

The following scenario is becoming the normal (but inefficient) way to market green products in Europe: a given company wishing to market its product as a green product in UK, France, Italy and Switzerland would need to apply different schemes in order to compete based on environmental performance in the different national markets. In France, it would need to carry out an environmental assessment in line with the French method (BP X30-323); in the UK, it would need to apply the PAS 2050 or the WRI GHG Protocol; in Switzerland, it would need to apply the Swiss approach (currently under development); in Italy, it would need to join the governmentally recognised carbon footprint scheme, and carry out yet another analysis. The same company would also need to develop an Environmental Product Declaration (EPD) based on ISO 14025 for the Swedish market. They may then need to undertake multiple EPDs as there are at least six competing EPD systems around the world with their own specificities, even if they are all based on ISO 14025[17].

Assuming a € 10,000 cost for a study necessary to comply with a scheme, the company will have to multiply this cost for each market it intends to enter. In this scenario, the company would incur a cost of up to € 50,000 per product to be able to compete based on environmental performance in 5 European national markets.

In order to be able to compete based on environmental performance, companies are *de facto* obliged to join different private or public schemes dominant in individual markets, based on different methods. In other words, the principle of mutual recognition in the Single Market appears unable to dismantle non-technical hurdles to intra-EU trading: even without legal requirements, exporters still need to use the national communication methods (e.g. national eco-label schemes) familiar to domestic consumers in order not to be disadvantaged vis-à-vis local producers.

3.4. The lack of consumers' trust in green claims

Surveys show that EU consumers would be keen on buying more green products[18]. However, the same surveys tell that there is a 'value-action gap' and a 'trust gap'. For example: while 75% of EU citizens say they are ready to buy green products, only 17% had actually done so in the month before the survey. The reasons given for this vary, including both a lack of trust on the environmental information provided by producers and retailers, and a limited availability of green products at affordable prices. Furthermore, often the environmental performance of products is not communicated in a way that is comparable, thus limiting the ability to make informed choices.

[17] Germany, Sweden, Norway, Japan, South-Korea and Taiwan.

[18] Special Eurobarometer 295 "Attitudes of European citizens towards the environment", 2008, p. 27; Eurobarometer Europeans' attitudes towards the issue of sustainable consumption and production, 2009.

The number of green claims is growing, but they are, at the same time, becoming more superficial and vague in their use of terminology[19]. This contributes to deteriorating consumer trust: 48% of consumers do not trust the environmental performance information communicated on products[20]. Increasingly, the perception is that companies are competing on the basis of their claims rather than on the basis of the underlying environmental performance.

4. THE EU POLICY RESPONSE

4.1. The objective of EU action

The general objective of the EU action in this area is to contribute to improving the availability of clear, reliable and comparable information on the environmental performance of products and organisations to all relevant stakeholders, including to players along the entire supply chain. To achieve this objective, the Commission, on the basis of many years' work with stakeholders and the scientific community, is providing two methods to assess and benchmark environmental performance. These methods are robust (science-based), comprehensive (in that they will cover the whole life cycle of products or organisations and a range of environmental aspects) and eventually will support the comparability of performances. These methods have been consulted and tested with industry involvement in 2011/2012 and will be further tested and improved, notably by the development of simplified rules for specific product groups and sectors, and assessed to define to what extent they can be readily applied by companies, in particular by SMEs, or by policy-makers.

The EU action aims to reduce the current uncertainty on what constitutes a green product and a green organisation. It is a step towards a more integrated internal market, where products and organisations that are genuinely green are recognised by consumers. It is anticipated that an increase in the uptake of green products will contribute to economic recovery and will further strengthen the competitive advantage of EU companies in eco-innovation[21].

The generic concept of green product as the product that has a reduced environmental impact over the life cycle compared to an alternative product will thus be operationalized by two elements: 1) the method to measure life cycle environmental impacts; and 2) the product category-specific rules which will provide the benchmark necessary to define a truly green product. The same approach will also be implemented for organisations.

4.2. Methodological work to measure the environmental impact of products and organisations

For a number of years, the Commission, together with a range of stakeholders, has been working in this area: in 2003 the Integrated Product Policy (IPP)

19 OECD (2011); Environmental Claims - Findings and Conclusions of the OECD Committee on Consumer Policy. - DEFRA (2010); Assessment of Green Claims on Product Packaging.

20 Flash Eurobarometer 256 on Europeans' attitude towards SCP, 2009. Moreover, the Flash Eurobarometer 332 of 2012, p. 11, showed that almost 1/3 of EU consumers encountered misleading information about the environmental impacts of a product. See the Impact Assessment report for more evidence.

21 For a more detailed analysis of this relationship, please refer to the Impact Assessment Report.

Communication[22] introduced the concept of Life Cycle Thinking in EU policy making. It was followed in 2008 by the Sustainable Consumption and Production/Sustainable Industry Policy Action Plan[23], leading the publication in 2010 of the International Reference Life Cycle Data System (ILCD) Handbook[24], which provided technical guidance for detailed LCA studies and the technical basis to derive product category-specific criteria, guides, and simplified tools.

In 2010, the Council of the European Union called on the Commission to develop a harmonised method for the calculation of the environmental footprint of products[25]. Since then, the Commission has been working on the basis of existing LCA approaches and international standards[26], introducing further methodological specifications necessary to achieve more consistent, comparable and accurate results. This work, supported by a consultation process as well as by a road-testing exercise in collaboration with industry[27], has culminated in the development of the Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF) methods[28].

These two methods introduce several important improvements compared to other existing methods, among others:

- a clear identification of the potential environmental impact categories[29] to be looked at in order to perform a comprehensive LCA;
- the requirement to quantify data quality;
- setting minimum data quality requirements;
- clearer technical instructions for addressing some critical aspects of a LCA study (such as allocation, recycling)[30].

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22 Communication from the Commission to the Council and the European Parliament on Integrated Product Policy - Building on Environmental Life-Cycle Thinking. COM/2003/0302 final.

23 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan. COM/2008/0397 final.

24 http://lct.jrc.ec.europa.eu/pdf-directory/ILCD-Handbook-General-guide-for-LCA-DETAIL-online-12March2010.pdf

25 See the Council conclusions of 20 December 2010 inviting the Commission "to develop a common method on the quantitative assessment of environmental impacts of products, throughout their life-cycle".

26 Analysis of Existing Environmental Footprint Methods for Products and Organizations: Recommendations, Rationale, and Alignment, JRC, 2011, http://ec.europa.eu/environment/eussd/pdf/Deliverable.pdf

27 The road-testing was conducted in 2011-2012. The methodologies were tested for 10 products (agriculture, retail, construction, chemicals, ICT, food, manufacturing - footwear, televisions, paper), and for 10 organisations (retail, food, energy production, water supply, feed, public sector, ICT, mining, chemicals and paper manufacturing). See Annex 9 of the Impact Assessment report for details.

28 The final draft methods and details about the process of developing PEF and OEF: http://ec.europa.eu/environment/eussd/product_footprint.htm

29 Climate change; ozone depletion; human toxicity - cancer effects; human toxicity - non-cancer effects; particulate matter/respiratory inorganics; ionising radiation; photochemical ozone formation; acidification; eutrophication – terrestrial; eutrophication – aquatic; ecotoxicity - freshwater aquatic; land use; resource depletion - water; resource depletion – mineral and fossil fuel.

30 See the Impact Assessment report for a detailed explanation of the technical elements of PEF and OEF.

The PEF and OEF methods require that for making comparisons, Product Environmental Footprint Category Rules (PEFCR) and Organisation Environmental Footprint Sector Rules (OEFSR)[31] are developed. These will tailor the general provisions of the PEF and OEF methods into product category or sector specific rules that will allow to focus on the 3 or 4 most relevant environmental impacts amongst the 14 key environmental impacts indicators and the most relevant processes or life cycle stages for a given product category or sector. In this way the results of separate assessments will be comparable within a given product category or sector, independently of who carries them out.

For example, in the case PEFCR is developed for detergents the category rules will define a 'model product' that is seen as representative for the detergents product category in the EU market, and calculate the model's life cycle environmental performance. The environmental performance of this representative product becomes the benchmark (which will then have to be continuously adapted and reviewed in line with technological developments) to which the performances of other detergents sold on the market will be compared to. These performances are communicated to the consumer, who can therefore easily compare alterative products while shopping.

In the future, these crucial developments should allow the environmental footprint methods to be applied in the market and in policies as a reliable tool to differentiate products or organisations at a reduced cost.

The Commission is also supporting specific activities aimed at the development of sector and product category specific methods[32]. The Commission will continue working on and promoting compatibility between these methods, as appropriate.

4.3. The current package of proposals as a first phase of a new policy development

This Communication will guide the activities of the Commission in the next three years.

The Commission, in consultation with stakeholders, will gradually incorporate the methods as appropriate in its Eco-Management and Audit Scheme (EMAS), Green Public Procurement (GPP) and in the EU Ecolabel[33].

4.3.1. The Commission Recommendation

Together with this Communication, the Commission adopts a Recommendation on the use of the PEF and OEF methods to measure and communicate the environmental performance of products and organisations The Commission invites Member States and stakeholders to use PEF and OEF methods in relevant voluntary policies and initiatives involving the measurement and communication of the life cycle

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31 PEFCRs are a set of rules that complement general methodological guidance for PEF studies by providing further specification at the level of a specific product category. OEFSRs are a set of rules that complement general methodological guidance for OEF studies by providing further specification at the sectorial level.

32 ICT carbon footprint method developed under COM(2010)245 final *A Digital Agenda for Europe,* Envifood Protocol developed by the Food SCP Roundtable; standardisation work related to "Sustainability of construction works" under CEN Technical Committee 350.

33 E.g. use of PEF studies as a means to identify relevant environmental impacts in the development of Ecolabel or GPP criteria; the use of OEFSRs in EMAS Sectoral Reference Documents.

environmental performance of products and organisations. The methods are integral part of the Recommendation.

4.3.2. The pilot phase: testing the implementation of the environmental footprint methods

The Commission will organise a three-year testing with the participation of volunteering stakeholders. The objectives of this pilot phase are to:

- set up and validate the process of the development of PEFCRs and OEFSRs, including the development of environmental benchmarks[34] for each of them. Where product category or sector-specific rules already exist and are used by stakeholders, the Commission will use these as a basis for the development of PEFCRs and OEFSRs;

- make the application of the environmental footprint methods easier, especially for SMEs, by testing innovative ways of managing the process and through the development of tools;

- test different compliance and verification systems for PEF and OEF, including *ex-ante* verification (i.e. conformity assessment) and *ex-post* verification (i.e. market surveillance), in order to set up and validate proportionate, effective and efficient compliance and verification systems;

- test different approaches for business-to-consumer and business-to-business communication in collaboration with stakeholders.

The Commission will issue a call for volunteers in 2013, inviting stakeholders (also from third countries) to participate in or lead the process of developing PEFCRs and OEFSRs. The selection of the product categories and sectors participating in the pilot will be based on considerations such as the magnitude of environmental impacts; the willingness of stakeholders to contribute or lead; the need to ensure that diverse products (including complex products) and sectors (with dynamic supply chain) are included; the availability of existing work[35]; and the availability of information in terms of life cycle data. The success of this pilot phase will be assessed on the basis of the diversity and representativeness of the products and sectors selected as well as the number and relevance of the stakeholders involved, including proper representation of SMEs and NGOs, and also considering the costs, benefits and time involved in implementing the methods. The Commission will regularly report to Member States and other stakeholders on progresses, using the IPP/SCP Regular Meeting[36].

The Commission is open to evaluate alternative approaches to PEF and OEF able to achieve objectives comparable to those listed above. To that respect, the Commission intends to submit the final results of the pilot phase to an independent peer-review process, assessing these results against those of possible alternative methods

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34 Setting a benchmark involves the identification of the average model available in the market, and the definition classes of environmental performance based on this analysis.

35 E.g. product category rules developed in the framework of the French Grenelle II experimentation or developed by other international schemes like the Swedish EPD or the Japanese Eco-leaf, EMAS Sectoral Reference Documents.

36 http://ec.europa.eu/environment/ipp/ipp_wg.htm

proposed by stakeholders. In order to be eligible for this peer-review comparative analysis the alternative methods should have been tested by the proponent stakeholders under similar testing conditions. This independent peer-review analysis will help the Commission to select the most promising and feasible option to deliver the policy objectives identified in this Communication.

4.3.3. 'Green claims' and the improvement of guidance on the Unfair Commercial Practices Directive

There is no EU legislation specifically harmonising all green claims and marketing. The EU has regulated the use of claims by either requirements in specific legislation regulating different types of products performance (such as for example the Energy Star Regulation[37]); or by setting general rules for preventing misleading environmental claims, leaving to national authorities the task to interpret and enforce them on a case-by-case basis[38] as provided for by the Unfair Commercial Practices Directive (UCPD)[39]

In the context of the implementation of the UCPD, in 2009 the Commission has issued specific guidance to promote the use of clear, accurate and relevant environmental claims in marketing and advertising. The Commission intends to provide further guidance in this respect, to ensure an adequate and uniform enforcement in Member States. To do so, in the context of the implementation of the Consumer Agenda[40], the Commission has already started a dialogue with relevant stakeholders in order to identify the challenges and best practices, and to agree on key recommendations for future action[41].

4.3.4. Communicating the environmental performance of products and organisations

Inadequate communication can confuse or mislead recipients, obstruct decision-making and undermine the trust in environmental claims. For this reason, and based on the experience of the multi-stakeholder dialogue, the Commission recommends a set of principles to be applied when communicating the environmental performance of products and organisations.

(1) Transparency. Economic operators should release information not only on the environmental performance of the products and organizations concerned, but also on the way the information has been generated, namely on the assessment procedure, method, data source, criteria, etc.

(2) Availability and accessibility. Economic operators should display the information concerning environmental performance of the product in relation to the most relevant

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37 Regulation 106/2008 of the European Parliament and of Council of 15 January 2008 on a Community energy-efficiency labelling programme for office equipment.

38 SEC(2009) 1666 – Chapter 2.5 Misleading Environmental Claims in Guidance on the implementation/application of Directive 2005/29/EC on unfair commercial practices.

39 Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market ('Unfair Commercial Practices Directive'), OJ L 149, 11.6.2005, p. 22.

40 A European Consumer Agenda – Boosting Confidence and Growth, COM(2012) 225 Final.

41 The Multi-stakeholder Dialogue on Environmental Claims (MDEC), chaired by DG SANCO, JUST, and ENV. A report presenting the main findings and conclusions of the MDEC were presented on 18th of March at the 2013 European Consumer Summit, http://www.european-consumer-summit.eu.

environmental impacts in a simple and immediately understandable format. The essential information should be complemented by making available for consultation detailed information through additional channels, such as websites, smartphone applications, etc.

(3) Reliability. The information communicated should be scientifically accurate and verifiable to ensure users' confidence in the green claim.

(4) Completeness. Economic operators should provide information on all environmental impact categories that are relevant for the product and the organisation concerned in a cost-effective way.

(5) Comparability. Economic operators should make consistent methodological choices in order to guarantee the comparability of environmental performance information related to a specific product category or to sector over time. Whenever possible, they should use methods that enable the comparison of environmental performance between products belonging to the same product category and between organisations operating in the same sector.

(6) Clarity. Economic operators should present the information in a way that is clear, precise and fully understandable for the users. The content of the information should be clear as well: its range and complexity should be adjusted to the target audience, to the characteristics of the product and to the purpose of the communication.

The use of existing and common approaches, standards and methods, such as the PEF and OEF, would greatly help ensuring that these principles are met.

4.4. The second phase: evaluation and future policy

After the pilot phase, the Commission will evaluate progress before deciding on the way forward (the "second phase"). As part of this, it will assess whether the methods, product and sector performance benchmarks, and incentives were successful so that they can be applied in policy tools. In particular, the Commission will assess whether they can be further integrated in a wider range of already existing or new instruments to improve the environmental performance of products on the EU market, having regard to the use of possible appropriate tools, including European standards. Based on the results of this assessment the Commission will produce appropriate proposals, as indicated in the Commission proposal for a new EU Environmental Action Programme to 2020[42].

5. THE GLOBAL CONTEXT AND THE INTERNATIONAL COOPERATION

The world is moving fast in the area of measurement and communication of environmental performance, similarly to what is happening at Member States level. For example, Switzerland is considering presenting in 2013 a legislation introducing multi-criteria life cycle assessment for products and its communication to consumers. Japan, South Korea, Australia, and Canada are also using LCA approaches in policy making. The US Environmental Protection Agency is leading the development of a guidance document on how to develop Product Category Rules. The Sustainability

[42] COM(2012) 710 Final.

Consortium is one of the biggest private initiatives related to the determination and communication of the environmental footprint of products; new initiatives, such as the Sustainability Accounting Standards Board are also emerging.

These on-going efforts are positive but there is concern that the majority of these initiatives are being developed in relative isolation, while the increasingly globalised and complex supply chains would require a more coordinated approach that, for example, could bring in more exchangeability and inter-operability of existing tools and platforms. It can be expected that some methodological development at international level will take place. However, more focussed and ambitious actions and improved consensus building would be required.

The EU intends to cooperate actively with key trading partners to encourage a more coordinated approach to methodological developments at international level, through an open and transparent consultation process accessible to all interested stakeholders, among other avenues in the context of the 10-Year Framework of Programmes on Sustainable Consumption and Production which was adopted at the Rio+20 summit. Progress will be reported to Member States and other stakeholders in the context of the IPP/SCP Regular meetings.

The EU is also providing financial support to UNEP for its capacity building activities in developing countries and emerging economies on issues like environmental footprint, life cycle assessment methods and data gathering.

The progressive application of PEF and OEF methods across the EU will generate benefits also to business outside the EU, because it will provide two single references for companies desiring to enter the EU market, compared to the current patchwork of schemes applied at national level. This would reduce the administrative costs for exporters and further expand the offer of green products in the Single Market.