

**SUSTAINABLE PRODUCTS INITIATIVE
- COMMENTS OF INDEPENDENT RETAIL EUROPE -**

7 OCTOBER 2020



GENERAL REMARKS

We welcome the Commission's efforts to create incentives for more a sustainable Single Market. We are confident that a solution can be found that achieves greater sustainability without damaging the interests of consumers or businesses. In this context, we appreciate in particular the attention given to SMEs in the Inception Impact Assessment to the Initiative. Adapting to new legislation, especially on short notice, is more challenging for SMEs which have limited capacities to make rapid changes to their portfolio.

Please note that, in addition to below comments, we responded to the public consultation on the New Consumer Agenda, as well as the surveys by ICF on consumer empowerment, and by Civic Consulting on the General Product Safety Directive.

SUMMARY

In light of the above, we would like to make the following comments on the stated objectives of the Initiative:

- I. Internalising Product-related Externalities**
- II. Addressing Sustainability Aspects in EU Legislation**
- III. Addressing the Lack of Reliable Information on Sustainability**

COMMENTS BY INDEPENDENT RETAIL EUROPE IN DETAIL

I. Internalising Product-related Externalities

The EU has embraced the European Green Deal as its growth strategy, which promotes, inter alia, a more circular consumption system. As retailers, we tailor our services to the demand of our customers. With consumers increasingly conscious of the challenges facing our planet, we are already addressing these new demands by adapting the services we provide.

When it comes to making products sustainable, the bulk of the responsibility for a product's footprint rightly falls to manufacturers, who alone determine the design choices made for the product. Given the great variety of products that exist, we believe that, in a market economy, manufacturers must remain free to determine the degree of durability of their product and to choose whether or not to communicate on this.

Design choices and production methods are not under the control of the retailer. Retailers cannot control the correct use of a product which influences its durability either. Retailers can therefore not be held responsible or liable for the durability of a given product.

Consumers want to be informed about the relation between price, quality and durability. For retailers to be able to compare products and to communicate this information to consumers, manufacturers will need to provide it to them. Repairs should be encouraged wherever possible. However, regarding the regulation of mandatory repair times, it must be noted that products are inherently very different, which makes a one-size-fits-all approach impossible. Different types of failures require more or less complex repairs. Certain repairs can and should only be undertaken by

experts for reasons of complexity, product safety, etc. We, therefore, consider it problematic to legislate on maximum timeframes for repairs.

The Inception Impact Assessment speaks of “increases in consumer prices in the short term.” While further strides towards greater sustainability are necessary, there is a social consequence to the price hike this will entail. While some consumers can and are willing to pay higher prices for premium, more durable products, in the experience of our membership, buying decisions are still largely guided by price, despite surveys that point to the contrary. Furthermore, at a time of near-universal recession, great uncertainty, and low overall consumption levels, the group of affluent informed consumers that can make sustainable choices their top priority is unlikely to grow. It is therefore of great importance that steps that might lead to higher consumer prices are taken with the utmost care and caution.

II. Addressing Sustainability Aspects in EU Legislation

We understand that widening the scope of the Ecodesign Directive beyond energy-related products is the natural next step given the Directive’s success in regulating energy efficiency and certain circularity attributes in high-energy products. We note, however, that sustainability criteria beyond energy consumption are much more difficult to establish.

Setting overarching product sustainability principles and providing a measure of compliance with them for all types of products is complicated. Too many variables make it very hard to calculate the impact, too few variables make it unreliable. Experience with labelling obligations in France has shown that even as few as three indicators (carbon, air and water) proved overwhelmingly complicated.

For the two frameworks that are often mentioned, the Product Environmental Footprint (PEF) and the Organisational Environmental Footprint (OEF), we see more disadvantages than advantages. The PEF is extremely complex, which makes it difficult to measure correctly and comparisons may therefore be incorrect. Besides, there is no control over how it is carried out. As it only focuses on environmental/ecological aspects, the PEF does not give a comprehensive view of sustainability, as sustainability goes beyond environmental concerns. Environmental sustainability can conflict with ethical and social requirements, which can be equally important to consumers.

For the OEF, there is little clarity on what needs to be measured and how it should be measured (data collection). It seems that there would be little comparability of results from company to company depending on the data that would be collected, even within the same sector.

III. Addressing the Lack of Reliable Information on Sustainability

Given these difficulties in measuring the sustainability of products, we believe one should tread carefully when it comes to new mandatory labelling obligations. The multitude of already existing well-known national (e.g. Nordic Swan, Green dot) and EU wide (Ecolabel, Energy Label) logos, labels and claims entails the risk that too much information is provided and messages get lost. In our opinion, therefore, new EU labels, logos or corresponding EU legislation with an environmental objective should be avoided.

Independent Retail Europe was actively involved in the European Commission's multi-stakeholder group on environmental claims that developed a set of "Compliance Criteria on Environmental Claims" commonly also referred to as "Green Claims". These criteria reflect a common cross-sector understanding of the correct application of the Unfair Commercial Practices Directive (UCPD) in this area and has fed into the revision of the updated UCPD Guidance as published in May 2016. These criteria continue to be valid and we still fully support them.

As regards the digitalisation of product information, we are in favour of more flexibility when it comes to applying digital labels. As a member of the Digital Consumer Information Alliance (DCIA), we are actively involved in discussions among industry stakeholders in the light of increasing requirements for mandatory product information across various industry sectors, which is resulting in overcrowded labels on some products. The Initiative seeks to promote a common framework that allows and optimises the use of digital means for product information, with a focus on mandatory consumer information. Digital product passports are an interesting proposal. However, the details and technical possibilities will have to be assessed before legislation is considered.

We are convinced that Europe can chart a path towards a more sustainable Single Market that takes these concerns into account. Independent Retail Europe will be actively engaged in the upcoming discussions to that end.

Summary

- ➔ Responsibility and liability for the durability of products should remain with the suppliers who make the product design choices.
- ➔ In a market economy, manufacturers must remain free to determine the durability of their products and to choose whether or not to communicate on this.
- ➔ Retailers can only inform consumers about the relation between quality, durability and price, when manufacturers provide them with this information.
- ➔ We are opposed to maximum timeframes for repairs.
- ➔ The process of establishing reliable sustainability criteria for a potential expansion in scope of the Ecodesign Directive should be pursued with the greatest care. It should take the concerns of stakeholders about the high complexity of products into account.
- ➔ New requirements for consumer information about sustainability should be based on reliable criteria and should avoid confusion for consumers as well as disproportionate burdens for manufacturers and retailers.

*Established in 1963, **Independent Retail Europe** (formerly UGAL – the Union of groups of independent retailers of Europe) is the European association that acts as an umbrella organisation for the main groups of independent retailers in the food and non-food sectors.*

Independent Retail Europe represents retail groups characterised by the provision of a support network to independent SME retail entrepreneurs, joint purchasing of goods and services to attain efficiencies and economies of scale, as well as respect for the independent character of the individual retailer.

Our members are groups of independent retailers, associations representing them as well as wider service organizations built to support independent retailers.

Independent Retail Europe represents 24 groups and their 380.980 independent retailers, who manage more than 757.000 sales outlets, with a combined retail turnover of more than 971 billion euros and generating a combined wholesale turnover of 291 billion euros. This represents a total employment of more than 6.486.000 persons.

More information about Independent Retail Europe under www.IndependentRetailEurope.eu