

Report from the NGO Conference

***“From Consumer Society to Sustainable Society -
Towards Sustainable Production and Consumption”***

**Soesterberg, The Netherlands
31 January and 1 February 1999**

Organised by

ANPED, The Northern Alliance for Sustainability, Utrecht, The Netherlands
Alternatieve Konsumenten Bond (AKB), Amsterdam, The Netherlands
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1. STRUCTURE OF THE REPORT

To make this report more readable, it is ordered by subject, and not by the chronological order of the conference. Thus, presentations during the second plenary, the workshops and conclusions have been merged, with the exception of the opening speeches of Jeffrey Barber and Hans van Weenen.

Therefore, the report is ordered as follows: first, an introduction and summary; second, the opening speeches and thirdly, short summaries of the five topics. These are: National Policy Frameworks, Ethics, Government Subsidies, Extended Producer Responsibility and Consumer Information. These are followed by the main conclusions and strategies that were agreed in the workshops. The annexes provide overviews of the presentations given during the workshops.

2. INTRODUCTION

This is the report from the conference on sustainable production and consumption “*From Consumer Society to Sustainable Society: Towards Sustainable Production and Consumption*”, held in Soesterberg, the Netherlands, on 31 January and 1 February 1999.

The conference was organised by The Northern Alliance for Sustainability (ANPED), based in Utrecht, The Netherlands, in partnership with Alternatieve Konsumenten Bond (AKB), based in Amsterdam, The Netherlands, and the Center for Respect of Life and Environment (CRLE), based in Washington DC, USA. This conference brought together 67 representatives of NGOs from 23 countries.

Its objectives were to prepare NGOs for the 7th session of the United Nations Commission on Sustainable Development (CSD) in April 1999, and to strengthen NGO co-operation in the field of changing production and consumption patterns.

The conference was held in parallel to a NGO preparatory conference on Health and the Environment as part of “The Soesterberg Forum”. Both conferences were opened by a common plenary session.

3. SUMMARY AND OUTCOMES OF THE MEETING

The conference examined Sustainable Production and Consumption (SPAC) from both **conceptual and strategic approaches**, the **ethical dimension** of global production and consumption, as well as **the national policy frameworks** being developed since Rio. Other agenda items included the SPAC Watch proposal being developed by NGOs following CSD7 and the revision of the UN Consumer Guidelines.

The workshops considered three major strategies focusing on **the responsibilities of governments, producers and consumers** to promote SPAC. Brief descriptions follow of their key elements and the questions they attempted to answer:

- **Government responsibility for the wrong use of subsidies**

The international perspective on how subsidies have led to unsustainability with case examples from around the world. How subsidies function in the local economy e.g. municipal funding of roads rather than public transport, or tax breaks and lowered environmental standards to lure in companies promising jobs? Why is there no removal of unsustainable subsidies? How could subsidies reinforce local production and consumption?

- **Producer responsibility**

What is producer responsibility? Why has producer responsibility (and not shared product responsibility) become an important tool to reduce waste and design better, cleaner products? Case example: electronic product take-back initiative in Europe and how this could lead to double standards in other countries.

- **Consumer information**

How does marketing influence demand? How can the consumer get a better picture of the material and social life-cycle of a product? What role do the UN Consumer Guidelines play in the promotion of SPAC patterns? What information and education is needed so that people can be truly '*informed*'?

Outcomes from the SPAC Conference

One aspect of the process of achieving sustainability that received a lot of attention during the conference was **access to information**, especially on the issue of subsidies and of course, consumer information. A clear need for improved and broader access to information is considered essential for progress in these areas.

Two specific activities that emerged from this conference were:

- **SPAC Watch**: an inventory of the activities of national governments on moving towards sustainability;
- A campaign for **increasing producer responsibility** by promoting take-back of waste electrical and electronic equipment

SPAC Watch

During the workshop on National Policy Frameworks, Jeffrey Barber (Integrative Strategies Forum) presented a proposal for SPAC Watch, a co-operative of NGOs following the progress of their Government's commitment at the UN Commission for Sustainable Development (CSD). SPAC-Watch would prepare **an inventory of the activities of national governments on moving towards sustainability** and ask governments every year to report to the CSD on what they have done to stimulate SPAC. This would prompt governments to develop National Policy Frameworks. The CSD is a very suitable event, because of the many countries present. Exposing a lack of action on the part of governments in front of many other countries can be very embarrassing and should stimulate countries to be more active.

Emerging Campaign for Take-back of Electronic Waste

In the workshop on Extended Producer Responsibility, a clear need was expressed for more public campaigning and pressure. As a result, participants decided to send a letter to the EU in support of their activities concerning a **draft Directive on Waste from Electrical and Electronic Equipment (WEEE)**. At this workshop, Beverley Thorpe from Clean Production Action (Canada) and Ted Smith from Campaign for Responsible Technology (US) presented the emerging clean computer campaign (CCC) in North America and invited participants from Europe to join the campaign. Its focus is on using producer's responsibility for clean product design (i.e. beyond recycling) and for take-back of computers at the end of their life. The CCC wants to use the opportunities in Europe, created by the forthcoming EU Directive on WEEE which is in danger of being rendered ineffective by heavy industry lobbying.

Several NGOs from Western and Central-Eastern Europe have expressed an interest in taking part in such a campaign. ANPED has taken on the role of co-ordinator, fundraiser and organiser of a strategy meeting with NGOs from Europe and America on an electrical and electronic take-back campaign, which will take place May 13-15 1999 in the Netherlands.

3 OPENING SPEECH

Speaker; Jeffrey Barber, Integrative Strategies Forum, USA

Agenda 21 states that the major cause of continuing deterioration of the global environment is the unsustainable pattern of consumption and production, particularly in industrialised countries. The report goes further to stress that this a matter of grave concern. Considering the language of the text, it is surprising to see the consumption trends of the last seven years. To name just a few: the consumption of fossil fuels, energy, automobile ownership and meat have all increased. The UNDP has estimated that US\$ 40 billion can provide basic education, water, sanitation, health and nutrition for all the world's people. Despite the gravity of the situation, priorities are obviously placed elsewhere: US\$ 435 million are spent annually on advertising, US\$ 780 billion is used for military spending and in Europe, US\$ 50 billion are spent on cigarettes.

However, the goal of this conference is not to talk about the need to take action, but to explore the strategic possibilities of some of the themes. What can we do to build a global movement to create an economy based on principles of sustainable production and consumption? Redefining the topic is essential. In today's world, policy debates are dominated by trade, investment and growth priorities. We need to look at the economy as a cycle, with production and consumption being just part of that cycle. At the centre of that cycle, we need sustainability and improvement in the quality of life for all, not growth. Thus, this theme is not just about changing the pattern of consumption, but changing the system of consumption.

The conference examines SPAC from both **conceptual and strategic approaches**, the **ethical dimension** of global production and consumption, as well as **the national policy frameworks** being developed since Rio. Other agenda items include the **revision of the UN Consumer Guidelines** and the **SPAC Watch** proposal being developed by NGOs following CSD7. This is a 3 year project to monitor the progress of our governments towards sustainable policies. Its goal is to compile national profiles for the ten year review of Agenda 21 and provide a way to link together the work of all the NGOs. The workshops considered three major strategies focusing on the responsibilities of governments, producers (industry) and civil society (consumers).

Enjoy the conference!

4 PLENARY SPEECH: TOWARDS SUSTAINABLE PRODUCTION - THE TRANSITION

Speaker: Hans van Weenen, director of UNEP Working Group on Sustainable Production Development. At the opening plenary, Dr. J.C. van Weenen presented the need for a transition in thinking about production and consumption to achieve sustainable societies.

At the end of this Millennium, our environmental work can be described as end-of-life or end-of-pipe. It is only after the development of products that people begin to worry about their environmental impacts. There is increasing interest in the responsibility of the producer, but this must be greatly intensified.

The Outset

Our environmental activities are determined by **our mind-set** and our **material set**. The mind-set comprises: the set of values that a person has and lives by, his concepts about development and vision of what the future should be like, etc. The material set represents how we feel about resource-use and consists of ideas like: using less resources and using renewable resources. It is extremely important that resources match the function of the product.

It is these two sets that are responsible for the different perceptions of the environment and that drive the environmental activities of people. Many people still feel that there are no environmental limits. For them, having more is more appealing than enjoying life with less. Others feel that we cannot waste more time and especially resources on that kind of behaviour. What we need is a change of the two sets to make the transition to a sustainable economy possible.

How can the Transition be Realised

The starting point should be **identifying essential needs**. Second, identify what resources are available, in what context (the need for sun, warmth, water, etc) and what are the best applications for them. Third, take account of the three elementary goals of sustainable product development: the limits of the earth's resources; social equity and the future population. Only then can resources and essential needs be matched in such a way that respects the resources that are used. This means that the transition should really be from throughput to full time use of our available resources - at the design stage and in the second and third use of a product.

To do this, we must criticise and expose unsustainable development. At the same time, we need to demonstrate and explain the concepts of sustainable development by showing the alternative. Sectors and enterprises that are sustainable must be stimulated and used as examples for other sectors. Local knowledge must be incorporated in production and use of products. Guidance must be provided, especially to NGOs and small and medium-sized enterprises (SMEs) on the dissemination and application of information about sustainable production and consumption. This refers to another important issue, namely providing information

and education, for example through the Internet¹. If this is realised, the transition would result in a sustainable system that includes all levels of society, from the the house-hold, through local and regional to the global level.

Prof. Dr. Hans van Weenen

¹ It must not be forgotten that the Internet is not accessible for every one, especially those in

5 NATIONAL POLICY FRAMEWORKS

5.1 Plenary Speech

Speaker: Catherine Rubbens, United Nations Department for Economic and Social Affairs/ Division for Sustainable Development (CSD). She was asked to speak on the progress that has or has not been made towards sustainable development and how to measure such progress.

In 1995, the CSD agreed to develop an international work programme on sustainable production and consumption (SPAC). Within this programme, governments, NGOs, the business sector and research institutes work together to monitor progress towards sustainability.

In 1997, 5 years after the Rio-conference, the UN held a conference in New York to review the progress made towards SPAC in those 5 years. This review produced a list of issues for governments to focus on in their attempt to further sustainability.

The next session of the CSD, CSD7 will focus on the review of Chapter 4 of Agenda 21. What has been the progress and the achievements so far? Measuring progress is very difficult, because of the large number of sectors involved. Nevertheless, some conclusions on the following areas of the work programme can be made:

Trends: In the last 7 years, although consumption has increased, renewable energy is becoming an important growth market and there are continuing improvements in reducing emissions from new cars.

Policy measures: The report prepared for CSD7 states: “(...) *Economic policy instruments, including taxes, tradeable permits, deposit-refund systems and other market-based instruments are increasingly being used in both developed and developing countries to promote sustainable consumption and production. In many cases, such economic incentives are most effective when combined with regulatory and social instruments.*”

UN Guidelines on Consumer Protection: Extension of the Guidelines to include elements of sustainable consumption was recommended by CSD3 in 1995 and endorsed by the Economic and Social Council in the same year. The process of extending the Guidelines started in January 1998 with an inter-regional expert group meeting in São Paulo, Brazil, which proposed a set of new elements for inclusion in the Guidelines. A draft text of the extended guidelines, based on the report of the Sao Paulo meeting and the informal consultations, will be submitted to the CSD7.

Indicators, Policy Analysis and Evaluation are tools for measuring (i) the extent to which policy measures, frameworks, and commitments have been implemented, (ii) trends in consumption and production patterns, and (iii) the achievement of eco-efficiency and production targets. The CSD has initiated a process to select a core set of **indicators for changing consumption and production patterns**². Two kinds of indicators were considered important:

²More information on this process can be found on the webpage

- Indicators for giving qualitative and quantitative information on resource use and the state of the environment (Indicators for **key resources**)
- Indicators for monitoring consumer and producer behaviour (Indicators for **consumption clusters**)

The CSD has selected indicators for the Key Resources: Energy, Materials, Water, and Land; and for the Consumption Clusters: Mobility, Consumer Goods and Services, Buildings and Housekeeping, Food and Recreation.

Indicators that can be used for monitoring the extent to which policy measures have been implemented are **Response indicators**³. Examples are: Expenditure on waste management, Number of chemicals banned or severely restricted, Energy taxes and subsidies, Programmes to phase out ozone-depleting substances, Water charges/costs of provision, and Stumpage fee/price of timber.

5.2 Workshop

There is need to examine government responsibility in promoting SPAC, especially with respect to the commitment made by the Heads of State at UNCED, in Rio in 1992, to develop national policy frameworks for achieving SPAC. The frameworks should draw upon the list of policy instruments cited in both Agenda 21 and the 1997 programme for Further Implementation of Agenda 21.

Obstacles that stop governments from redirecting their financial resources towards sustainable production necessary to meet the sustainable consumption needs of the planet need to be identified. To do this, NGOs need to develop indicators to measure the development. Examples of such tools are:

- the level of participation in decision-making
- national reports that have to be submitted to the Commission on Sustainable Development
- perverse subsidies - a lot of money is going to unsustainable development
- many investments are in the largest companies, e.g. cars, oil, which have a strong lobby
- global climate action - this is strongly opposed by industry
- energy use data

However, it is impossible for NGOs to monitor progress in every sector. Therefore, NGOs first have to set their own targets with respect to what they want to lobby for and then develop indicators relevant to the targets set. The CSD has developed several useful indicators that are listed above.

Another important tool for NGOs and governments are examples of best practise. Case studies of best practise inspire people, but need to be analysed to learn what has made them successful. The information gained can be applied to new (e.g. government) projects. Case studies of indigenous lifestyles are also examples of best practise, many

³ For more information about the origin of the term "Response Indicators" and for examples, please consult the webpage <http://www.un.org/esa/sustdev/isd.htm> on the

of which could be useful for other countries. However, too often, people think that what comes from the West is the best. But, a lot can be learned from local ideas and techniques. The problem is they are little used, because they have no prestige, are not well known, used only on a small scale and provoke a lot of opposition. This indicates the necessity to collect and disseminate examples of best practise.

Clearly, NGOs have a lot of work. to do. Their priority should be **to increase their ability to monitor governments and industry**, by sharing experience and insights to **re-orient the thinking** i.e. changing the framework, not just getting the good idea implemented and thus, to influence government policies.

5.3 SPAC-WATCH

One way for NGOs to prompt governments to develop National Policy Frameworks is the SPAC-WATCH, a co-operative of NGOs. The idea is to make **an inventory of the activities of national governments on moving towards sustainability** and to ask them every year to report to the CSD on what they have done to stimulate SPAC. The CSD is a very suitable event, because of the many countries present. Exposing a lack of action on the part of governments in front of many other countries can be very embarrassing and should stimulate countries to be more active.

In the workshop on National Policy Frameworks and in the closing plenary session of the conference the SPAC-WATCH project was discussed. In the past years it has become clear that governments do not follow up on their agreements. For example, they did not hold national consultation sessions on the UN Guidelines on Consumer Protection. This resulted in a lot of changes in the Sao Paulo draft. It is a task for NGOs to protest against this kind of government behaviour. It is unacceptable that consumer organisations are left out of discussions on consumer protection. A possibility to address these problems is the SPAC-WATCH project.

The idea of the project is to form a network of NGOs that follows the progress in countries on their commitments made at the CSD. As it is impossible to monitor activities in all government and economic sectors, the CSD is a good guide for issues to focus on, since it discusses different subjects every year. The role for NGOs will be to present their country profiles at the CSD and embarrass those countries that have not really done anything to further the process to sustainability. By confronting them and exposing their laxity should prompt those governments to do better in the coming year. At the following CSD the same ritual is repeated.

6 SUBSIDIES

6.1 Plenary speech: Eliminating Subsidies that Fuel Unsustainability

David Roodman, consultant to Worldwatch Institute. Roodman was asked provide an international perspective on how subsidies have led to unsustainability.

Around the world, roughly US\$ 650 billion are spent on natural resource intensive activities, like mining, live stock raising and farming. Although, these activities would to some extent take place in a sustainable economy, the subsidies they receive tilt the economy to waste resources. Governments claim that through subsidies they stimulate good causes like job creation and helping the poor. However, the reality is often very different. In practice, almost none of the subsidies do any good. The best strategy to work on the elimination of these subsidy-policies is to evaluate their success.

Types of subsidies

The oldest subsidies are those that stimulate resource intensive industries. They are defended as **stimulating economic growth**, but there are ample examples that show that this reasoning does not hold. A second group of subsidies is intended to **boost economic security** by slowing economic change to protect jobs. Again, they do not work very well and fail to protect jobs because of the automation of resource intensive industries. Similarly, subsidies to **protect national security** are often ineffective because they run into another fundamental problem, namely the availability of resources. By subsidising them, production and consumption is stimulated due to the low costs.

A third major group of subsidies are those for infrastructure or products that are delivered by infrastructure, such as water, energy and roads. These are often claimed to **help the poor** with the argument that poor people spend a disproportional large part of their income on these products. However, the weakness in this defence is that in absolute terms, the rich consume more of these products and therefore gain more from the subsidies.

Some good news

In the early 1990s, fossil fuel subsidies in developing countries and the former Eastern bloc fell quite rapidly, overall almost 60% due to the shift to market orientation and the drop in oil prices. In the former Soviet Union, subsidies used to account for almost 10% of GNP, but this is no longer affordable.

The conclusion that can be drawn is that these subsidies should be eliminated because they do no good, hurt the environment and therefore only cost money.

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6.2 WORKSHOP on Subsidies

Speakers: Gwynn Kynka, Friends of the Earth, USA

The most prominent initiative of Friends of the Earth, USA, is the Green Scissors Campaign, a coalition of NGOs that conduct public education campaigns, research, and direct advocacy in the USA against destructive subsidies.

6.2.2 Why Focus on Subsidies?

Promoting environmental protection and a sustainable society will require reform of the underlying economic incentives that motivate businesses and individuals. In almost every area of environmental activism, the underlying economics prevent or slow progress.

6.2.3 Conclusion

FOE-USA has actively engaged in the political debate on budget and tax issues over the last eight years. During this time, FOE-USA has promoted reducing programs and subsidies that cause environmental harm. FOE-USA has used policy reports to promote its agenda. These reports serve as important education and advocacy tools and as a focus for organising coalitions of NGOs to agree upon recommendations to the government. They help to expose the problem of government subsidies to a broader audience of the public, the media and government decision-makers.

6.3 Results of Workshop Discussion

Subsidy concerns differ from country to country. For many industrialised countries, the majority of subsidies are **directed toward protecting existing economic interests**, for example, agriculture subsidies, coal mining subsidies, etc. Subsidies in developing countries tend to focus on creating new economic interests and development, such as tax exemptions for multi-national companies to invest in new facilities.

Getting the information is a crucial factor in working on government subsidies. NGOs must learn more about government tax and budget policies, even though this research can be difficult and time-consuming. In some countries the information may not be available to the public. In the USA, where information is relatively accessible, it took FOE researchers two years to conduct a complete analysis. Therefore, **public access to information on government budgets and spending is essential**. EU accession is helping in some cases, because the EU requires more information.

Knowledge-spreading by other NGOs is very useful too and can lead to coalition-building of NGOs, which can help bring new constituencies together. A subsidy primer would be a good way to introduce the issue to NGOs and the public, because the issue is not well understood. The language is complicated and difficult to understand. When informing the public, it is important to **connect specific economic and/or environmental damage to subsidies** to show the extent of the impact subsidies can have.

But it must not be forgotten that, although many subsidies encourage polluting and destructive activities, not all subsidies have negative effects. Some can help germinate new sustainable technologies. Others are good in intention, but need stronger

conditions and restrictions. There are examples of communities that have placed **performance requirements on corporations that receive subsidies**. For example, a city requires a corporation to create a specific number of jobs in order to receive tax exemptions. If a corporation fails to do what it promises, it must refund the subsidy. The performance requirement could be both economic (jobs, investment) and environmental (pollution emissions, toxic contamination cleanup, recycling, energy efficiency). To achieve this kind of progress towards sustainable subsidies, allies in the government and legislature can be extremely important.

Ms. Iza Kruszewska, international co-ordinator ANPED

7 CONSUMER INFORMATION

7.1 Plenary Speech

Ineke Zeldenrust SOMO/Clean Clothes Campaign. She was asked to speak on how to make consumer right to know more apparent.

7.1.1 Labels

Although eco-labelling is seen as an important step forward towards consumer information and SPAC, concerns have risen about eco-labelling. Research has shown that consumers tend to associate green qualities with the amount of environmental information available, and not necessarily with its content. An example in the Netherlands is Max Havelaar coffee, which has a recognition of 90% with the consumers, but this is not translated into a large share in the coffee market. Max Havelaar coffee has only 2% of the market. Therefore, the success of labelling as a strategy in itself is doubtful. However, as part of a larger strategy, labelling can be very useful.

Social labels

There are many different types of social labels: self-declared labels, labels created by industry bodies as a reaction against campaigns, those developed by trade-unions, NGOs and industry in partnership, such as the Social Accountability 8000 (SA8000). Another differentiation is between **fair trade** and **ethical labels**. Fair trade labels are used on products made by small producers or co-operatives. They indicate that the producers go further than just observing basic human rights or have a development aim. Ethical labels are meant to create a minimum requirement in the regular market and are used to differentiate between companies that observe basic human rights and those that do not. There is also the obvious difference between Enterprise labelling and product labelling. Enterprise labels are used to provide information to retailers, not consumers, an example being SA8000. Product labels give information to consumers.

7.1.2 The Clean Clothes Campaign

The Clean Clothes Campaign is **a network of NGOs and trade-unions**, whose goal is to improve the labour conditions in the assembly phase of the clothes production chain. The campaign shows how consumer and other NGOs can influence government policy on health and product safety. Sadly, they can only influence legislation when the problems they find are related to the end product. **National laws do not cover the hazardous conditions of production in other countries**. For example, the health problems of workers that dye garments in India cannot be used as arguments for legal enforcement in The Netherlands. In this case, government policy has forced foreign producers to change their production. This was one positive side-effect of the campaign.

Clearly, there is a need for change. Consumer and other organisations should have **the right to force the government to take action on health and product safety, not only at a national level but also internationally**. This means changing the criteria for consumer protection to cover not only product safety, but all aspects of the

product. This issue is closely related to the UN Guidelines on Consumer Protection. New criteria could also be adopted in corporate codes of conduct. If companies claim to protect their workers' health and there is evidence that they do not, they are misleading consumers, and it should be possible to sue them. In the US this has happened. Nike was sued for its misleading code of conduct.

7.2 Workshop

It was agreed that a great deal of change must happen in different areas simultaneously to enable consumers to make significant changes in consumption patterns. Among the changes that are required:

1. **Broad Education** to counter the effect of advertising and marketing on consumer preference and purchasing patterns. There is a serious need for regulations and standards to prevent corporations from manipulating public opinion.
2. **Greater Understanding of Consumer Attitudes and Perceptions** to design education campaigns and public policies to move consumption in a more sustainable direction.
3. **Meaningful Product and Manufacturer-specific Information for Consumers**, even though product labelling alone will not change consumption patterns. NGOs could dispel myths about the feasibility of technology transfer and make multinational corporations more accountable for supporting a shift toward more sustainable production practices.
4. **Comprehensive Technical Information** on product life cycle impacts and manufacturing practices must be publicly available, even though most consumers will not use it themselves.
5. **Consumer Protection Guidelines** provide a policy framework that will help move governments to provide consumers with the right information and the social conditions necessary to make consumption patterns more sustainable.

8 EXTENDED PRODUCER RESPONSIBILITY (EPR)

A paper on EPR was circulated in the Background Pack. This paper is an updated edition of the Greenpeace briefing on EPR, prepared and now updated by Beverley Thorpe and Iza Kruszewska.

8.1 Workshop

The European Union has prepared a draft directive on Waste from Electrical and Electronic Equipment (WEEE) that is currently under discussion. **WEEE is a good example of market failure:**

- The public has to pay final disposal and the social costs of health incidents, whereas the benefits of selling the goods and of consuming them are private;
- the price is not reflecting the costs of final treatment and contributes to the wrong design of products, the use and release of toxic substances to the environment, ever shorter life-cycles of products and components and finally, to over consumption of energy and materials.

Therefore, this market failure has to be addressed either by a market instrument or by regulation. The advantage of a market instrument is that it leaves the freedom of entrepreneurial decision to companies, which provides an important source of innovation.

One such instrument is **Producer Responsibility (PR)**. **PR corrects market failure by shifting the social (public) costs back onto the polluters (private)**. The producer, and hence later the consumer has to pay the full costs for end-of-life electronics. Full producer responsibility will increase costs, but should also be perceived as a tool for innovation. Making producers financially responsible for their products at the end of their lives and throughout the product life-cycle provides an incentive for them to think of the environmental implications of the design of their products. It should give them a financial incentive to design for durability, using non-hazardous capable of being recycled safely.

This idea of producer responsibility is not to let the industry pay more, but to have the society pay less. This is only a zero-sum game in the short run. In the long run, if industry adjusts to the new prices both producers and consumers will win. So, it is a potential instrument for sustainable development creating synergies between economic and environmental objectives.

Take-back responsibility addresses the end of the chain (post-consumer/product waste) and should create incentives for changes further upstream. But a number of crucial conditions have to be met to achieve this:

- the collection rate must be high and incentives provided;
- Strict direct and indirect take-back requirements should be defined;
- Recycling targets should be high and the recycling of high quality;
- Companies or their subcontractors should meet strict requirements for final treatment and disposal. There will be no solution to the environmental problems nor positive impact on the design of products, if everything (mixed waste) is just put into a shredder or is simply burnt, without prior separation of components.

Requirements should be strict so that the **resulting costs make an impact on product design** and the market will provide for sufficient incentives for product innovation. The fundamental goal of producers responsibility is, that the new price structure provides for new information to producers.

Extended Producer Responsibility will not be the only tool to be effective. The liability dimension can be a part of EPR regime. The Integrated Product Policy (IPP) could be another approach. Through IPP the environmental effects of the product during its life cycle are considered. The idea is that the best solutions will be identified and sustainable design and innovation will be promoted and EPR will be part of the IPP. Such a more comprehensive approach to more sustainable products and the need to shift from “end-of-pipe” to more proactive solutions is needed. An integrated product policy must make use of the full range of instruments in order to achieve widely agreed targets and objectives of international environmental conventions and of the EU Environmental Action Programmes.

Several countries have introduced EPR. In the United States, a Campaign for Responsible Technology has been set up to highlight the growing mountains of computer junk in Western Europe and North America. It also focuses on the environmental hazards of computer manufacturing, for the environment as well as the workers. In Sweden, national legislation emerged from the Eco-Cycle Commission recommendations on material flows; in Germany, from the concept of materials loops within society. In the Netherlands, legislation was catalysed by the Dutch NGO Friends of the Earth (Milieu Defensie), who put pressure on Philips, as market leader, via a ‘dumping action’ of old TVs on their headquarters steps and the threat of a shareholders campaign. Philips agreed to support EPR and the government then proceeded with legislation.

Although these are promising examples, there is a clear need for more public campaigning and more pressure. For instance, the draft Directive on WEEE has a lot of positive elements: the producer is financially responsible for the collection, treatment and disposal of the product. Also, the phase out of several toxic substances within 5 years was entered in the directive. Unfortunately, recently the industries, even from the USA, have begun an extensive lobby campaign against this directive. Clearly, there is an urgent need for NGOs to start lobbying in favour of this directive immediately, since the draft is open for debate until May this year.

A model letter has been drafted for sending to the EU Commission in support of the European take-back initiative. The elements of this draft directive which need particular support are: the definition of producer responsibility (not product responsibility whereby local authorities will end up paying for collection and recycling), the mandatory phase out of five heavy metals and brominated flame retardants, and the preference of material recycling over incineration. This letter can be found in Appendix F.

9 WHAT IS “THE GOOD LIFE”? - THE ETHICS OF PRODUCTION AND CONSUMPTION

This is an overview of the presentations made as part of the Ethics and Values track of the SPAC conference. The session was organised and chaired by Thomas Rogers, The Center for Respect of Life and Environment (CRLE), USA. The main presenters were: Ms. Cristina Liamzon, The People-Centred Development Forum, Rome, Italy and Dr. Rick Clugston, CRLE, USA.

Over the past years people have been realising that the current materialistic world view denies the interdependence of all human beings on earth. Today, governments are driven by the market and trade liberalisation, foregoing their previous role of providing for the welfare of their peoples.

The Earth Charter is being developed to present another view, which acknowledges that the modern capitalist model is failing a lot of people. It tries to put together a new value framework to achieve an integrated ethical vision for our common future towards sustainable ways of living. The Charter was originally meant to be a statement on principles for the Earth Summit of 1992, but was not accepted.

Eastern Europe

In Eastern Europe, the value system has been shattered by the collapse of the economic system. Most people are now following the western pattern of consumption if they can. The new values are fed by the elite, which holds the economic and political power, but also controls the educational system and the mass media. In some of the Newly Independent States, meaningful civil participation is being eroded. Traditional regional divisions are changing and we must recognise these shifts.

The South

In the South, a key question is not how to achieve sustainable production now, but how to produce goods and services that will meet essential needs of growing populations. The production of non-essential goods to supply the luxury needs of the North must be discouraged.

The deepening problems of poverty and environmental deterioration of developing countries have led to growing responses by civil society to the consequences of globalization, as well as innovations to address development and environmental concerns. Thus, in the agricultural sector, sustainable agricultural practice is expanding because it does not require external inputs which cause farmers to become indebted.

Progress towards sustainability is undermined by three important issues:

- **The debt problem:** Debt has forced many developing countries to restructure their economies at the expense of essential social services and assistance to the poor. It has led to promoting export-led growth and extractive economic policies to pay off the debts to the detriment of the quality of life.

- **Financial and trade liberalisation** have eroded the livelihoods and incomes of small farmers, small entrepreneurs and local economies, not only in the south, but particularly in those countries that do not have so-called comparative economies
- **The control and ownership of productive assets:** Farmers in most developing countries have little access or control over productive resources, such as land and water, which provide the incentives for farmers to increase their productivity and incomes. Control and ownership of resource assets determine to a large extent the degree of poverty. Lack of access to other resources such as credit, extension services, infrastructure support also affect small and marginal farmers world-wide. Farmers are driven from their lands through land speculations and displacements into marginal areas, mountains or forests, undermining their ecological balance. Others migrate to the cities and are forced to join the ranks of the urban unemployed. At the same time, the issue of land reform has disappeared from the international agenda.

All three issues call for economic justice, if true progress is to be made towards sustainable development.

Implications

“One must live simply so that others may simply live” Gandhi

What are the implications of all the above? It is clear that SPAC strategies will be very different in countries of the North and in the South. In the North, the issue is one of reducing waste and consumption; in the South, it has mostly to do with how to increase the consumption levels of the poor to a level where they can meet their most basic human needs.

Northern countries should discourage consumption that demands the use of resources from the South that could otherwise be used for producing for local consumption in the South, such as high value non-traditional agricultural crops – an environmental justice issue.

Trade and economic policies must first and foremost promote basic self-sufficiency and food security, particularly for the poor countries that cannot afford the high prices of imported foods. This is one dilemma raised in the agricultural and food sector. Northern countries, such as the US, have stated that food security does not mean countries have to produce the food that they need domestically, if they can purchase it on the international market at lower prices than what it would take to produce it at home. The argument does not take into account that countries become vulnerable to the unpredictability of the market. It also does not explain that it is the heavy subsidies given to the agricultural sector in the North, that makes the food seem cheaper to produce in the North.

Progress toward sustainability?

Some possible strategies:

- The advocacy of economic justice and equity should definitely be in Agenda 21
- The promotion of trade and economic policies that stimulate local economies instead of destroying them, in the south and elsewhere
- The Earth Charter could be a useful mobilising tool to provide a solid ethical framework on which to base programmes and policies and provide all sectors in the north and south an opportunity to envision their future together.

Initiatives on alliances are emerging, such as Atlantis, from the Netherlands, which tries to form a strategic alliance between government, the private sector and environmental groups.

Conclusion

In both the South and the North, a mind shift is needed to focus concerns first and foremost, on the issue of justice, especially **economic justice to address resource and income distribution**. For instance, the need of farmers who are denied their right to own land to be finally given that right and the necessary support so that they can make these lands productive. Another example, is the need to give indigenous peoples, who number hundreds of millions globally, their just share to the world's resources. And, the need to **protect local economies from globalisation** which is destroying the foundations of these local economies. **Participation of people and civil society** is crucial to ensure that our governments are held accountable for serving the interests of the people and not those of big business.

Those interested in the work of The Center for Respect of Life and Environment (CRLE) or the Earth Charter can contact Tom Rogers or Rick Clugston at: <rogers@crle.org> or visit their websites at: www.crle.org AND www.earthcharterusa.org

10 CONCLUSION AND STRATEGIES

One aspect of the process of achieving sustainability that received a lot of attention during the conference was **access to information**, especially on the issue of subsidies and of course, consumer information. A clear need for improved and broader access to information is considered essential for progress in these areas.

In the workshop on Extended Producer Responsibility, a clear need was expressed for more public campaigning and pressure. As a result participants decided to send a letter to EU to support their activities concerning a directive on waste from electric and electronic equipment. At this workshop, Beverley Thorpe from Clean Production Action (Canada) and Ted Smith from Campaign for Responsible Technology (US) presented the emerging clean computer campaign (CCC) in North America and invited participants from Europe to join the campaign. Its focus is on using producer's responsibility for clean product design (i.e. beyond recycling) and for take-back of computers at the end of their life. The CCC wants to use the opportunities in Europe, created by the forthcoming EU Directive on WEEE which is in danger of being rendered ineffective by heavy industry lobbying. ANPED has taken on the role of fundraiser, co-ordinator and organiser of a strategy meeting on an NGO Trans-Atlantic EPR campaign.

Ms. Erszebet Schmuck, Hungary

Appendices

APPENDIX A: CONFERENCE PROGRAMME

"From consumer society to sustainable society: Towards sustainable production and consumption"

Day 1, January 31

9:00 to 11:00 OPENING PLENARY

Welcome by ANPED and WHO representatives. Explanation of how the two parallel conferences will be structured.

Opening speakers will address the global dimension of health and environment and sustainable production and consumption. The emphasis will be on North-South inter-relationships. Speakers will be asked to outline both the threats and way forward - which will be discussed in detail at the workshops.

(There will be two speakers for the Health and Environment Programme)

Dr. Hans van Weenen, Director of UNEP Working Group on Sustainable Production Development, and University of Amsterdam. What is clean production as it relates to sustainable consumption? What are the current practices in sustainable product design and closed material flows? Can the service economy fulfil the necessary resource reduction in the north? Examples of indigenous southern sustainable products and production.

11:00 to 11:30 Break into two separate conferences

11:30 to 13:30 Plenary Session

"FROM CONSUMER SOCIETY TO SUSTAINABLE SOCIETY: TOWARDS SUSTAINABLE PRODUCTION AND CONSUMPTION"

GOAL: To explore some of the themes and strategic possibilities for building a global movement to create an economy based on the principles of sustainable production and consumption.

Speakers in the plenary and in the following workshops will address the ethical dimension of consumption and production; and the policies needed to promote this with a focus on the responsibilities of Producers, Governments and Consumers. Each speaker will have 25 minutes with 5 mins. (for description of theme, see workshops)

1. National Policy Frameworks Catherine Rubbens (UN Department for Economic and Social Affairs/ Division for Sustainable Development) Which governments are committed post Rio and what has or has not been done? How can we measure progress?

2. Government responsibility and wrong use of subsidies David Roodman, consultant to Worldwatch Institute. The international perspective on how subsidies have led to unsustainability. Case examples from round the world.

3. Consumer responsibility and information Ineke Zeldenrust (SOMO/Clean Clothes Campaign). How consumer right to know must be more apparent. How to identify the life cycle of a product's social and environmental footprint.

13:30 to 15:00 LUNCH

15:00 to 18:30 WORKSHOPS (with break at 16:30 to 17:00)

A series of five workshops will run consecutively. Participants will choose one workshop per day out of five possible themes. The workshop will introduce the issue with case studies, if appropriate, followed by strategies for future work. A set of speakers will open the workshop and then a facilitator will ensure good participation by the group.

1. Ethics Lead off Speakers: Thomas Rogers, Center for Respect of Life and Environment, USA; Rick Clugston, Center for Respect of Life and Environment, Cristina Liamzon, People-Centered Development Forum, Italy; Johannah Bernstein, EU Representative Stockholm Environment Institute, Belgium.

The ethical dimensions...what really is "the good life"? What really are needs? The question of just production and consumption. Ethical dilemmas. Existing ethical and spiritual frameworks. Potential, future ethical frameworks (e.g. The Earth Charter) and their connections to national and international policy frameworks.

2. National Policy Frameworks Lead off Speakers: Jeffrey Barber (USA), Michael Kozeltsev (Moscow).

History of work post Rio. What has been proposed? How these are crucial structures. General overview. Examples of attempts by some countries to draw up plans.

3. Government subsidies Lead off speakers: Gawain Kripke, FoE USA; David Roodman, consultant to Worldwatch Institute.

How subsidies function in the local economy e.g., municipal funding of roads rather than public transport, or tax breaks and lowered environmental standards to lure companies who promise to provide jobs? Why is there no removal of unsustainable subsidies? How could subsidies reinforce local production and consumption?

4. Extended Producer Responsibility Lead off speakers: Manus van Brakel, Milieu Defensie; Ted Smith, Campaign for Responsible Technology; Anna Thomas (Friends of the Earth, EWNI); Elena Limberdi, EEB; and Beverley Thorpe, Clean Production Action.

How clean production of products and services is a crucial complement of sustainable consumption. What is Producer Responsibility? Why has producer responsibility (and not shared product responsibility) become an important tool to reduce waste and design better, cleaner products? Case example: electronic product take-back initiative in Europe and how this could lead to double standards in other countries.

5. Consumers Information Lead off speakers: Rajat Chaudhuri (CUTS); Ineke Zeldenrust (SOMO); Carolyn Nunley (Consumers Union); Jeremy Wates (EcoForum); Margreet Simons (AKB)

Whereas there is a trend to put the large share of responsibility for unsustainable consumption on the consumer (aka citizen), we need to expose the contradictory assumptions within market theory of the "informed consumer" who can make a "rational choice." The struggle against the propaganda system of disinformation through current education and marketing/advertising - creating desires, perceptions, values, and behavior - shaping so-called "demand".

What information and education is needed so that people can be truly "informed"? How can the consumer get a better picture of a product's material and social lifecycle? Case examples to include the politics behind the lack of labelling for genetically modified foods.

18:30-19:30 Free space; Poster session

19:30- 21:00 Dinner

21:00 POSTER PRESENTATION and feedback of group

DAY 2 February 1

9:30 - 13:00 Workshops

Repeat five workshops of 3 hours duration including break midway. Participants attend different issue.

13:00 - 14:30 LUNCH

14:30 to 16:15 OPEN SPACE

Participants will be asked for input on this before the conference.

16:15-16:30 Break

16:30 to 18:30 CLOSING PLENARY.

Each working group will present their summary for 5-7 minutes. Discussion on how to move forward and presentation on what will be presented to CSD, progress on SPAC Watch and other outcomes of this conference.

18:30 EVENING.

Dinner and PARTY for those who remain behind

APPENDIX B: PLENARY SPEECH ON NATIONAL POLICY FRAMEWORKS

Speaker: Catherine Rubbens, United Nations Department of Economic and Social Affairs (DESA), Division for Sustainable Development (DSD)⁴.

1 “Changing Consumption and Production Patterns”: History Post-Rio

Chapter 4 of Agenda 21: Changing Consumption Patterns and the role of the CSD

At the Earth Summit in Rio de Janeiro in 1992, one of the important documents adopted was Agenda 21, a global plan of action to promote sustainable development. Agenda 21 includes 40 chapters related to sustainable development, of which Chapter 4 addresses unsustainable consumption patterns, particularly those in industrialised countries. It includes concerns about environmental effects of current consumption patterns and lifestyles, and about the inequitable distribution of these patterns, both among and within countries. To address these concerns, Chapter 4 proposes the promotion of efficiency in production processes, the development of policy frameworks encouraging shifts towards more sustainable consumption and production patterns, and the reinforcement of values promoting these shifts.

The Rio Conference also resulted in the establishment of the Commission on Sustainable Development (CSD) by the United Nations General Assembly, with the task to monitor the implementation of Agenda 21. The CSD meets on a yearly basis in New York. The mission of the Division for Sustainable Development, as the Secretariat of the CSD, is to support the Commission in encouraging and monitoring action by governments, UN agencies and major groups such as business and industry, NGOs, and other sectors of civil society, to implement the agreements reached in Rio, including Agenda 21.

The International Work Programme

In 1995, at the third session of the CSD, agreement was reached on an International Work Programme on Changing Consumption and Production Patterns. In the context of this programme, governments, NGOs, the business community and research institutes work together to monitor progress towards more sustainable consumption and production patterns.

The programme focuses on 5 areas:

- Trends in consumption and production patterns
- Impacts on developing countries of changes in consumption patterns in developed countries
(An example is the study “Unlocking Trade Opportunities”, written by the International Institute for Environment and Development for DESA in 1997)
- Policy measures for changing consumption and production patterns

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Details on elements of this presentation can be found on the webpage of the Division for Sustainable Development: <http://www.un.org/esa/sustdev/conprod>.

- Time-bound voluntary commitment from countries to make measurable progress on those sustainable development goals that have a high priority at the national level (for example, quantitative emission reduction targets)
- Revision of the United Nations Guidelines for Consumer Protection

UN General Assembly Special Session (UNGASS)

In 1997, 5 years after the Rio Conference, the United Nations General Assembly held a Special Session in New York to review the progress made towards achieving sustainable development in those 5 years (UNGASS). With regard to Chapter 4, UNGASS stressed that governments needed to emphasise the following:

- Green tax reform/internalising environmental costs and benefits
- Reduction and elimination of unsustainable subsidies
- Government procurement policies (i.e. governments take the lead in purchasing more sustainable goods and services)
- Promotion of eco-efficiency
- Development of indicators to monitor changes in production and consumption patterns at the national level
- Sustainable urbanisation

2 CSD7: “Progress achieved?”

The next session of the CSD, CSD7 in 1999, will focus on the review of Chapter 4 of Agenda 21. What progress has been achieved so far? Measuring progress made towards reaching more SPAC patterns is a complicated task, because of the large number of sectors and environmental considerations involved. Nevertheless, some clear conclusions can be drawn. Examples from 3 elements of the International Work Programme; Trends, Policy Measures, and the Revision of the UN Guidelines for Consumer Protection, follow below⁵:

TRENDS

Some “positive” trends are the following:

- In most industrialised countries, continued progress has been achieved in reducing energy and material consumption per unit of production
- Renewable energy, though still providing only a small share of commercial energy, is becoming an important growth market, particularly in developing countries
- Improvements in reducing pollution emissions from new cars are continuing

However, some other trends have “ambiguous” effects on sustainable development:

5

For more detailed information: see the Comprehensive Review of Changing Consumption and Production Patterns, Report of the Secretary General, 13 January 1999 (E/CN.17/1999/2), and the UN guidelines for consumer protection and sustainable consumption; available at <http://www.un.org/esa/sustdev/cpp13.htm>.

- Consumption of energy and natural resources is growing steadily, since the improvement in efficiency per unit of production has been offset by increases in the volume of production and consumption, leading to continued increases in total energy and materials consumed
- Current growth in energy consumption is driven in part by declining oil prices (which fell to about \$10 per barrel in December 1998, down from about \$20 per barrel earlier in 1998)
- Consumers are driving more and are tending to buy less fuel-efficient and more polluting cars
- The area of cropland per capita in the world has declined steadily from about 0.43 hectares in 1961 to about 0.26 hectares in 1996
- Since the 1970s, the global car fleet has been growing by 16 million cars per year
- Global food production and consumption grew faster than population growth as a result of improved crop varieties and production techniques and increased use of fertilisers
- Meat consumption per capita has increased, as has the world's livestock population
- Global fish production has increased from about 18 kg per capita in 1985 to about 21 kg per capita in 1996, though the growth rates of fish production and consumption of recent decades will probably not be sustained, because of over-fishing, pollution, and disturbance of marine habitats

POLICY MEASURES

Some highlights from the report prepared for CSD7 are:

“(…) Economic policy instruments including taxes, tradable permits, deposit-refund systems and other market-based instruments are increasingly being used in both developed and developing countries to promote SPAC. In many cases, such economic incentives are most effective when combined with regulatory and social instruments. A variety of material and waste taxes have been implemented in a number of countries to encourage more efficient use of resources, discourage the use of certain substances and disposable products. In many cases, however, the taxes have been too low to have a significant impact on producer and consumer behaviour, and have served mainly as revenue raising measures. Consumption patterns in the transportation sector have been particularly difficult to address through taxation.

Major obstacles to the implementation of a tax regime favouring SPAC are political opposition to taxes and concerns about international competitiveness. In some cases, these issues can be addressed by explicitly linking new or increased environmental taxes with equivalent tax reductions in other areas. Some countries, such as Germany, the Netherlands, Norway and Sweden, are shifting taxes from labour to natural resources to promote employment while improving resource efficiency and reducing pollution. Tradable emissions quotas, within a regulatory ceiling on total emissions, have proven quite successful in the United States in reducing SO₂ emissions while allowing power plants flexibility in adapting to the new requirements. Tradable water

rights have been used in the United States and Chile to promote efficient use of water resources.

Among the major obstacles to SPAC are subsidies for environmentally harmful practices, providing economic incentives for inefficient and unsustainable use of energy and natural resources. Estimates of such subsidies world-wide have ranged from about \$650 billion to about \$1.5 trillion per year, even after the reductions in such subsidies in recent years. It should be noted that this is substantially greater than the \$600 billion per year estimated as the total cost of implementing Agenda 21. Examples include subsidies for energy consumption, coal production, water, fishing, fertiliser, agricultural production and motor vehicle transportation. There is growing recognition that such subsidies are undesirable and should be eliminated (...)."

UNITED NATIONS GUIDELINES FOR CONSUMER PROTECTION

According to the report prepared for CSD7:

" (...) In 1985, the United Nations General Assembly adopted the UN Guidelines for Consumer Protection. The Guidelines provide an internationally accepted framework for the development of national consumer protection policies, covering consumer health and safety, product standards, education, information, labelling and redress. Extension of the Guidelines to include elements of sustainable consumption was recommended by the CSD in 1995 at its third session and endorsed by the Economic and Social Council in the same year.

The process of extending the Guidelines started in January 1998 with an inter-regional expert group meeting in São Paulo, Brazil, which proposed a set of new elements for inclusion in the Guidelines. In late 1998, a series of informal inter-governmental consultations were held at the UN in preparation for consideration of the issue by the Commission at its seventh session. A draft text of the extended guidelines, based on the report of the Sao Paulo meeting and the informal consultations, will be submitted to the CSD for consideration at its seventh session. The Commission will report to ECOSOC at its substantive session in 1999 on its conclusions on the question. If the extended guidelines are adopted, this element of the Commission's work programme on changing consumption and production patterns will have been completed (...)."

3 *Tools for Measuring Progress!*

Indicators and Policy Analysis and Evaluation are tools for measuring:

- (i) the extent to which policy measures, frameworks, and commitments have been implemented,
- (ii) trends in consumption and production patterns, and
- (iii) the achievement of eco-efficiency and production targets.

Indicators

Indicators can be used to measure trends, but also to measure progress in the implementation of policy measures. Indicators can help answer the following questions:

- Which sustainable development issues need to be addressed (for example, greenhouse gas emissions emitted in the transport sector)?
- Where and with whom should the policy measure(s) be implemented?
- Have these policy measures been implemented?
- Has the policy measure been effective and/or efficient?

The DSD has initiated a process aiming at the selection of a core set of **indicators for changing consumption and production patterns**⁶. Two kinds of indicators were considered important:

- Indicators for giving qualitative and quantitative information on resource use and the state of the environment (Indicators for KEY RESOURCES)
- Indicators for monitoring consumer and producer behaviour (Indicators for CONSUMPTION CLUSTERS)

The DSD has selected indicators for the Key Resources: Energy, Materials, Water, and Land; and for the Consumption Clusters: Mobility, Consumer Goods and Services, Buildings and Housekeeping, Food, and Recreation.

Indicators that can be used for monitoring the extent to which policy measures have been implemented are **Response indicators**⁷. Examples of response indicators are: Expenditure on waste management, Number of chemicals banned or severely restricted, Energy taxes and subsidies, Programmes to phase out ozone-depleting substances, Water charges/costs of provision, and Stumpage fee/price of timber.

Policy Analysis and Evaluation

Criteria frequently used for selecting and evaluating policy instruments are:

- Environmental effectiveness (has the environmental objective been achieved?)
- Economic efficiency (at what cost has the environmental objective been achieved, and/or would the use of another policy instrument have been less costly?)
- Dynamic efficiency (what are the long-term effects of the policy instrument on technological developments?)
- Administrative ease of application
- Political feasibility

⁶ More information on this process can be found on the webpage <http://www.un.org/esa/sustdev/cpp1224.htm>.

⁷ For more information about the origin of the term "Response Indicators" and for examples thereof, please consult the webpage <http://www.un.org/esa/sustdev/isd.htm> on the riving-Force-State-Response-Framework.

Other important questions that need to be raising while selecting or evaluating specific policy instruments are:

- What are the implications and influence of existing policies (e.g. legal framework or macroeconomic policy framework)?
- What are the wider economic effects of the policy measure (e.g. on income distribution or employment)?
- Are there any important “overriding” environmental considerations (e.g. risk and uncertainty or serious health effects related to an environmental problem)?

Some characteristics strongly affect the choice of policy instruments. The extent to which the effect of certain activities and their impacts can be measured is one of them. Other characteristics are related to the structure and resistance of, and the costs for the specific policy target group the policy measure seeks to address.

Examples of policy instruments that need to be studied carefully in light of the above are performance standards, environmental taxes and charges, subsidies, emissions trading, and voluntary and negotiated agreements.

APPENDIX C: SUBSIDIES

prepared by Gawain Kripke of Friends of the Earth-USA.

- 1. Introduction**
- 2. Why Focus on Subsidies?**
- 3. Green Scissors and subsidy reduction campaigns**
- 4. Impact of subsidy reduction campaign**
- 5. Conclusion**

1. Introduction

Government spending policies often undermine the goals of environmental protection and sustainable development. In particular, governments provide tax benefits, direct spending, and undervalued services for many industries and economic activities that do harm. These subsidies can create powerful incentives for corporations and individuals to make decisions that result in increased pollution, damaged landscapes and social inequities.

Friends of the Earth - USA has made reforming destructive subsidies a major focus of its research and advocacy programs. This effort has grown over several years as FOE has extended the scope of the program and experimented with a variety of strategies. The most prominent initiative is the Green Scissors Campaign, a coalition of NGOs that conducts public education campaigns, research and direct advocacy in the USA.

Friends of the Earth - USA (FOE-USA) is an NGO primarily concerned with advocacy and policy development on environmental issues in the United States. It was created in 1969 and has a tradition of promoting “cutting edge” environmental policies that integrate environmental concerns with societal, economic, and political concerns. FOE - USA is member of the Friends of the Earth International network with affiliates in 58 countries.

2. Why Focus on Subsidies?

Promoting environmental protection and a sustainable society will require reform of the underlying economic incentives that motivate businesses and individuals. In almost every area of environmental activism, the underlying economics prevent or slow progress. A few examples:

- artificially low prices for fossil fuels impede efforts to improve air pollution and address global climate change. Cheap gasoline reduces consumer incentive to buy efficient automobiles and leads to increased driving while more sustainable alternatives such as mass transit decline;
- archaic mining policies give valuable mineral resources to private corporations for free but the government must pay the vast costs of cleaning up abandoned mines, polluted rivers, and contaminated groundwater;

- the US tax structure increases the cost of labour, encouraging the substitution of environmentally damaging techniques and products -- like pesticides in agriculture -- rather than people in producing goods and services.

Solving problems such as these will require a variety of strategies. But, a clear focus on government policies and spending is needed. Economic policies of the government have an enormous impact in creating the economic incentives which promote

One major focus for reform is government policies and spending. The vast budget, taxing power, and regulatory role of the government has an enormous impact in creating the economic incentives which guide unsustainable behaviour.

unsustainable behaviour. Overall, the US government spends \$1,600,000,000 each year. This is about one-quarter of the total \$6,000,000,000 US economy. Clearly, the way that the government collects and spends this money makes a huge difference. Far too often, government spending policies reward environmentally damaging activities and punish responsible behaviour. Friends of the Earth's 1993 report, *The Earth Budget: Making Our Tax Dollars Work for the Environment*, estimates that the federal government spends only two percent of every dollar on environmental programs while spending more on programs and subsidies that harm the environment.

3. Green Scissors and subsidy reduction campaigns

Friends of the Earth's efforts to reform government spending have grown incrementally over several years. The effort started small.

- In 1990, Friends of the Earth - USA hired a single staff person to analyse US federal spending and conduct advocacy campaigns to increase spending on environmental programs.
- In 1991, Friends of the Earth - USA created a companion project - the Green Tax Reform Project to focus on tax policy reforms to improve environmental quality.
- In 1993, Friends of the Earth initiated a campaign to reduce government subsidies that exacerbate environmental degradation: the Green Scissors Campaign.
- A similar effort to reduce tax concessions given to polluting industries was initiated in 1995.
- Another related effort, the Road to Ruin campaign, was created in 1996 to terminate road-building projects across America.

In these activities, FOE - USA utilises a variety of tools to promote reform. The projects conduct detailed analysis of government policies, produce advocacy-oriented reports designed to encourage political action, create coalitions to promote reforms, and engage in public education efforts to disseminate information to the public, decision-makers, and the media.

A key component of FOE-USA's campaigns to reduce subsidies is a detailed understanding of government budgets. In 1993, FOE-USA conducted a comprehensive survey of US government spending on the environment, which took two years to complete. The research included interviews with dozens of environmental advocates, analysts, government officials, Congressional staff, and others. The research was primarily based upon budget information and documents provided by government agencies and by the US Congress. The result was the 1993 report, *Earth Budget: Making Our Tax Dollars Work for the Environment*. Overall, the report identified \$32.1 billion in annual federal spending on the environment. This amount was approximately 2.3 percent of the overall federal budget of \$1,500 billion.

The spending was divided among many government agencies and programs:

Department/ Agency	1992 Budget (in millions of \$)	% of total
Environmental Protection Agency	\$6,645	21%
Energy Department	\$5,194	16%
Transportation Department	\$5,027	16%
Agriculture Department	\$4,221	13%
Defense Department	\$3,996	12%
Interior Department	\$2,940	9%
National Aeronautics and Space Administration	\$ 883	3%
International Environmental Assistance	\$ 872	3%
National Oceanic and Atmospheric Administration	\$ 523	2%
Health & Human Services	\$ 478	1%
Housing & Urban Development Department	\$ 359	1%
National Science Foundation	\$ 355	1%
Army Corps of Engineers	\$ 362	1%
General Services Administration	\$ 30	0%
Justice Department	\$ 28	0%
Labor Department	\$ 100	0%
State Department	\$ 39	0%
Smithsonian Institution	\$ 45	0%
Federal Emergency Management Agency	\$ 5	0%
Miscellaneous others	\$ 5	0%
Total	\$32.107	100%

Program categories that were considered as environmental spending:

- pollution prevention, control and cleanup
- natural resources conservation and management
- renewable energy and energy efficiency research and promotion
- family planning
- public transit, railroads, and bicycling/walking
- agricultural conservation and sustainable agriculture
- foreign assistance for environmental protection

- many workplace environment programs
- environmental research
- research on human health impacts of pollution

Categories that were excluded include:

- preservation of cultural resources
- historic preservation
- some recreation programs
- most workplace safety programs
- research on geological phenomena (such as earthquakes and volcanoes)
- research primarily for weapons purposes
- coal research
- nuclear power research including fusion
- nuclear weapons waste management

The research showed that a large portion of federal spending on the environment was to remediate contamination and existing environmental problems. In 1992, approximately \$8.4 billion was dedicated to remediation activities. More than half this amount was for the Departments of Defense and Energy to clean up military facilities and nuclear contamination from the nuclear weapons programs. This clearly shows the expensive environmental legacy of the Cold War. Other remediation spending occurred in the Environmental Protection Agency to clean up high-risk contamination mostly on privately-owned properties, the Interior Department to clean up abandoned mine sites and the Department of Housing and Urban Development to remove lead-based paint in publicly-owned housing for the poor.

The high cost of cleaning up past mistakes clearly demonstrates the importance of prevention and precaution in regards to environmental resources.

In 1994, the American voters elected conservative Republican majorities in the U.S. Senate and the U.S. House of Representatives. This election shifted the political situation in Washington, D.C. Although the Republican Congress was reluctant to support environmental protection policies and programs, there was strong interest in reducing government spending. FOE-USA decided to use this opportunity to work with the conservatives to cut government programs that hurt the environment.

In January 1995, Friends of the Earth and the National Taxpayers Union created the Green Scissors Campaign. The central document of this campaign is the annual Green Scissors report, produced by Friends of the Earth in collaboration with dozens of environmental, public policy, economic policy, and conservative NGOs. Friends of the Earth has updated and expanded the report every year. The report is a compilation of dozens of spending programs, projects, and programmatic subsidies that hurt the environment. The criteria for inclusion of items in the report include:

- subsidies for practices that wreak damage to the environment or public health,
- economic distortions that encourage exploitative and environmentally destructive activity,

- programs that fail to provide a fair return on government investments or that undervalue taxpayer-owned resources,
- programs or policies that directly conflict with other federal policies,
- pollution cleanups or other liabilities left to the government,
- programs that benefit unintended parties,
- subsidies that encourage corporate, community or individual irresponsibility.

Little primary research is conducted in preparing the report. Instead, the Green Scissors Report is primarily an advocacy document designed to inform the public, the media and policy makers.

Each year, new programs and subsidies are added to the annual Green Scissors Report. The budgetary value of the reforms proposed has also grown. In 1995, 34 programs and subsidies were targeted in the report with a value of \$33 billion. In the most recent report, Green Scissors '99, 71 programs and subsidies were targeted with a value of nearly \$50 billion over five years.

Number Overall of Subsidies	projected	budget
	savings	
The Green Scissors Report (1995)	34	\$33 billion
Green Scissors '96 (1996)	47	\$39 billion
Green Scissors '97 (1997)	57	\$36 billion
Green Scissors '98 (1998)	71	\$49 billion
Green Scissors '99 (1999)	72	\$51 billion

For each subsidy or program identified in the report, Friends of the Earth provides an estimate of the costs to the government. The budget estimate is given for a five-year period, a standard time-frame for government budget policy.

Although the methodology of the Green Scissors reports is irregular, it serves as an important public education and advocacy tool. Each time the report is released, newspapers, radio and television provide extensive coverage of the recommendations. Dozens of articles and editorials are written and many smaller organizations across the country gain exposure by endorsing the report.

Due to the success of the Green Scissors report, Friends of the Earth initiated similar campaigns in other areas. In 1995, FOE also produced a report focused on tax subsidies entitled, *Dirty Little Secrets*. FOE identified tax policies that hurt the environment through interviews with environmental analysts and with tax experts. In general, provisions in U.S. tax laws are much more difficult to identify and understand than direct spending. Many of the special tax provisions are indirect and, rather than directly providing money to a beneficiary, result in reduced taxes. However, the general effect is equivalent to a direct expenditure of government money.

In researching tax provisions that hurt the environment, Friends of the Earth identified industries that are notorious for their poor environmental performance including the mining industry, the oil and gas industry, large agricultural businesses, and others. FOE then identified tax law provisions that are targeted to help these industries. Most of the estimates were based on analyses by official government sources.

Dirty Little Secrets (1995)	5-Year	Budget
Cost	in millions of \$	
Mining		
Percentage Depletion Allowance		\$1,500
Expensing Exploration & Development		\$375
Reclamation Deduction		\$300
Oil & Gas		
Percentage Depletion Allowance		\$2,400
Enhanced Oil Recovery		\$500
Intangible Drilling Costs		\$1,000
Passive Loss		\$665
Nonconventional Fuel Production Credit		\$4,500
Timber		
Special Tax Treatment of Timber		\$2,875
Ozone-Depletion		
Untaxed Ozone-Killing Chemicals		\$1,600
Agribusiness		
Cash Accounting		\$1,100
Dairy and Livestock Expensing		\$800
Polluting Industries		
Tax Exempt Bonds for Incinerators		\$900
Publicly-Traded Limited Partnerships		n/a
Pollution Deduction		\$1,500
TOTAL SAVINGS		\$20,015

An important characteristic of tax provisions is that most of them are permanent. While most direct spending programs must go through annual review as part of the Congressional budget and appropriations process, tax provisions apply until they are revoked by law. Reforming tax policies is legislatively difficult and requires pro-active measures.

To complement these reports, FOE-USA has produced a number of other reports and papers to bring more attention to destructive subsidies. In 1997, FOE-USA produced *Road To Ruin* exposing dozens of expensive highway construction projects that would hurt the environment and undermine existing communities. For many of these proposed highways, less expensive alternatives exist to use public transit, rail, or other options. FOE-USA has led efforts to reduce spending on highway construction and shift funding toward public transit and rail service.

Another report FOE-USA produced was *Cool It!* which attacked subsidies for fossil fuel industries. The report was released just prior to the Kyoto climate treaty negotiations and was designed to bring attention to the \$10 billion in government subsidies that contribute to the problem of climate change. *Cool It!* recommends shifting those subsidies toward promotion of sustainable energy technologies and for helping workers and communities dependent on fossil fuel industries (like coal mining) to make transitions to cleaner industries.

4. **Impact of subsidy-reduction campaigns**

The Green Scissors campaign has become very influential. The campaign has been covered by dozens of U.S. newspapers including the Washington Post, the New York Times, San Francisco Examiner, Wall Street Journal, Boston Globe, and many smaller papers. The annual Green Scissors reports serve as a core campaign document

Over the last several years, FOE-USA has succeeded in eliminating more than \$24 billion in harmful government subsidies and spending. A few examples:

- Advanced Light Water Nuclear Reactor - subsidized commercial nuclear power research and development program, for a new generation of nuclear reactors conducted by some of the largest companies in the U.S., including General Electric and Westinghouse. Budget savings: \$200 million.
- Red River Chloride Control Water Irrigation Project - could have destroyed a unique inland salt-based ecosystem and adversely affected the \$22.7 million Lake Texoma fishery. Budget savings: \$300 million.
- Passaic River Tunnel - would have wreaked havoc on the ecosystems of the Passaic River in New Jersey. Construction of the tunnel would have negatively affected groundwater reserves, surface water and wetlands. Budget savings: \$1.5 billion.
- Auburn Dam - the dam would have damaged up to 48 miles and 10,000 acres of the scenic American River. Budget savings: \$711 million.
- Gas Turbine-Modular Helium Nuclear Reactor - technology already cost taxpayers more than \$900 million over 20 years. Budget savings: \$2.6 billion.
- TPX Nuclear Fusion Reactor - an expensive energy experiment. Budget savings: \$2.2 billion.
- Advanced Neutron Source - an expensive civilian research reactor designed to employ highly-enriched uranium as fuel. The reactor would have created more radioactive wastes with no safe storage or disposal plan. Using highly-enriched uranium (HEU) fuel in a research reactor posed a nuclear non-proliferation problem. Budget savings: \$9.1 billion.
- Advanced Liquid Metal Nuclear Reactor - an environmental hazard and a nuclear weapons proliferation risk, as well as a waste of money. Budget savings: \$3 billion.
- NASA Advanced Solid Rocket Motor - This unneeded and polluting program. Budget savings: \$1.6 billion.
- Oil Shale Research - extracting oil from shale rock was wildly uneconomical and would have created massive water pollution. Budget savings: \$100 million.
- SP-100 Space Nuclear Reactor - a technology in search of a mission. A

launch failure could have spread radioactivity into the atmosphere over a large area. Budget savings: \$1.6 billion.

- Voice Of America Radio Tower - a vast "nest" of 22 radio relay towers proposed by the U.S. Information Agency in Israel's Negev Desert that would have disturbed an important migratory bird flyway. Budget savings: \$173 million.

Battles to cut wasteful government programs are rarely won in a single year and often require several years and repeated debates before success.

5. Conclusion

FOE-USA has actively engaged in the political debate on budget and tax issues over the last eight years. During these years, FOE-USA has promoted reducing programs and subsidies that cause environmental harm, using policy reports to promote its agenda. These reports serve as important education and advocacy tools. They serve as a focus for organizing coalitions of NGOs to agree upon recommendations to the government. They help to expose the problem of government subsidies to a broader audience of the public, the media, and government decision-makers.

APPENDIX D: HOW FAR AWAY FROM SUSTAINABILITY ARE PRODUCTION AND CONSUMPTION PATTERNS IN RUSSIA?

Overview of presentation by Michael Kozeltzev, ECO-Accord, Russia, given at the Workshop on National Policy Frameworks, SPAC Conference

It is extremely difficult to determine what type of economic growth the economies in transition, and especially the Newly Independent States (NIS), are trying to follow. Is it possible to take into consideration sustainability restrictions on the “quality” of economic growth? Or, will this region just copy the path of the developed countries?

Macroeconomic Background

GDP in Russia seen a drastic drop, by 32.8% between 1992 and in 1996. However, while expenditures on national defence, education, health care reflect this drop, the proportion of household consumption in the GDP increased by 50% over the last three years. A similar increase in spending can be seen in the service sector, including municipal expenditures. This reflects the general direction of Russia’s financial policy which aims to shift budgetary costs onto the final consumers (except for national defence where the government is trying to cut military spending). Thus, the logic of creating new consumption patterns in Russia - with the State escaping its past social obligations - follows the classic recommendations of the free market.

Today, the Russian economy is characterised by a very low level of savings, which undermines all efforts to increase investment. This low rate of savings is typical not only for different societal groups, but also for the State and private business. The drop in investments has resulted in a shortage of working capital for modernisation. For example, in 1997, the average age of industrial machinery in Russia was over 15 years, with most production capacities working at not more than 20% of their initial potential. Only some 8.4% of the stock of machinery is five years old or younger. Although it may be an exaggeration, some experts insist that this 8.4% of machinery is the only working capital producing anything in Russia today.

The word “stagnation” best describes the current situation in production. Limited growth takes place in those sectors where foreign investors play an active role, namely: natural resources extraction, transport and communications.

Trends in Government Production and Consumption Policies

Although many believed that the opening of Russia to foreign investors would lead to massive resource exploitation, this has not happened. Physical, political and institutional restrictions hamper the process of investment. Statistics on natural resource exploitation do not reveal radical tendencies to growth and over-exploitation (See Table 1). However, this does not make them sustainable.

Table 1. Natural Resource Extraction in Russia

Resource	1980	1993	1994	1995	1996	1997
Coal (mln tons)	391	306	272	263	256	244
Oil (mln tons)	547	354	318	307	301	306
Gas (bln cubic m)	254	618	607	595	601	571

Another constraint on the export of natural resources is the huge budget deficit. As a major source of income for the federal budget, this sector has since January 1999, been subject to a special export tax, which covers timber, leather, crude oil and oil products, gas, coal and some other resources. In addition, exporters are required to sell 75% of the income derived from exports in hard currency to the State for roubles. This creates disincentives for export growth.

With respect to the development of the internal market, the government conducts a dual policy. On the one hand, it could be considered “sustainable” as it is aimed at supporting the local market and creating local employment. Typical examples include: soft loans to local chicken producers to enable them to compete with foreign frozen food suppliers, or developing a network of small bistros with traditional Russian food and beverages as a counterweight to the MacDonalds empire.

On the other hand, government policy is directed towards the creation of joint ventures with foreign companies in energy intensive sectors, such as machinery construction and the car industry.

Contradictions in Government Policies

The transition period with its many surprises on both macro and micro-economic levels generates very contradictory policy responses. Some could be considered shy steps towards a sustainable direction. Some are traditional, in the sense of the past Soviet model of development. Other measures are emergency-type actions which are difficult to characterise using sustainability criteria.

This large variety of policy choices dictates a need for public monitoring and analysis of the policy framework which ideally should encourage a shift towards SPAC patterns. The SPAC watch initiative, announced at this workshop, which connects “civil society groups from around the world to share experience and insights on efforts being made within their respective countries” looks like a useful and urgently needed international action.

Individual Production and Consumption Patterns

Statistics reveal that the consumption preferences of Russians, for food, goods and services are along the lines of the Western misguided model. Perhaps the most impressive example of this is the way Russians “voted” for private cars and “against” public transport (See Table 2).

Table 2. Number of Vehicles (thousand. units)

Type of Vehicle	1985	1994
lorries	358	203
buses	154	123
private cars	6378	12 387
taxis	64	18

Increasingly, Russians are rejecting communal (collective) services in favour of individual consumption, e.g. video instead of cinema. Thus, in conclusion,

consumption patterns in Russia are trying to copy the Western model, which relies on private consumption and thus moves away from the sustainable model.

APPENDIX E: THE TAX-SYSTEM

Prepared by David Roodman

Common sense tells us that taxes discourage behaviour. The obvious thing to do is tax behaviour we do not want. Strangely, in practise 95% of the taxes is raised on **payrolls, investment**, etc. Thus, they are penalties for work and investment. Less than 3% is raised on **what we do not want**.

It is important to stop paying the polluter, but it is even more important to make the polluter pay. Even if we cut all subsidies, the problem is not solved. The basic issue is that people ignore the effects their behaviour has on the environment. People consider driving cheap because they do not include the costs of the polluting of the environment in their calculation. But, when a person breathes the fumes of your car, he or she is subsidising your driving. The person is absorbing some of the pollution.

Solving this problem will take a variety of policies. One of the most important ones is taxes on environment harms. A tax shift is when a government raises taxes on an environmental harm and uses it to cut taxes on labour. Already this is practised in several countries, for example Sweden, Denmark and The Netherlands. This is a promising start, but if we really want to tackle big environmental problems, we need tax shifts 10 times as big. Yet, taxes are fiercely political and sceptics fear that it will never happen.

APPENDIX F: MODEL LETTER TO THE EU DIRECTIVE ON THE DRAFT WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

Ms Ritt Bjerregaard
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Director General DG XI
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Mr. Martin Bangemann
EU Commissioner for Industrial Affairs
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Dear Ms Bjerregaard, Mr Currie, and Mr Bangemann

We, of _____ support the European Union initiatives on Producer Responsibility, particularly the current proposed draft Directive on Waste from Electrical and Electronic Equipment. A good final directive will have international benefits since it will encourage similar Clean Production initiatives outside Europe, particularly within the United States.

We understand the EU is finalising the draft text this Spring and we want to particularly emphasise the need to uphold the following three main points:

First, we are in complete agreement with you that the producer or distributor of all electronic products and electrical equipment must be financially responsible for managing the product at the end of its life. This is because only the producer has control over the design of a product. We do not believe local authorities or the public at large should have to pay for waste management costs of electrical and electronic

equipment because we as consumers have no participation in the decision making process at the product design stage. Proposals that place the costs of waste management on local authorities require that local taxpayers have to pay not only for the product but also for the costs of managing the hazardous materials that producers choose to use within their products such as PVC plastics, flame retardants, lead, and other hazardous materials. We believe that placing the financial responsibility for take-back on the producer will encourage better product design such as durability, repairability and cleaner material use.

Second, we strongly support the current requirement of the European Commission to ensure, as a minimum, the phase out of brominated flame retardants, cadmium, lead, mercury and hexavalent chromium within electronic products. These chemicals are highly hazardous and persistent in the environment, are a known health danger and some are even acknowledged hormone disrupting chemicals. The use of these chemicals in domestic products must be phased out as a priority. Only this will help to clean up the entire product chain and help to alleviate worker health problems within the electronic industry as well as to reduce these hazardous emissions to the environment upon disposal. However this is only a beginning and we ask that the Commission include PVC plastic and all halogenated materials for phase out as well. The goal of this directive should be the elimination of all carcinogenic, toxic and endocrine disrupting chemicals in electronic and electrical equipment.

Third, we agree with the draft text that incineration or energy recovery from incineration is not considered reuse or recycling. We oppose the use of incineration as a possible disposal route for end of life electrical and electronic waste. We believe that producers should first design products for durability and upgradability, thus reducing the flow of materials from resource use to final end of life. Recycling of materials at the end of a product's life must eventually cause no harm to worker health or the environment, hence the need for toxic-free materials within the product. We note that the first draft directive had no inclusion of incineration as a possible disposal route but now this has been reinstated as a possibility for 10 to 30 percent of electronic scrap for some products. We urge the Commission to re-instate the previous exclusion of all incineration.

Yours sincerely

APPENDIX G: TOWARDS SUSTAINABLE PRODUCTION: THE TRANSITION

By Dr. J.C. van Weenen, UNEP Working Group on Sustainable Product Development

Towards Sustainable Production and Consumption

Design, in a broad sense, is essential to the envisioned change towards sustainable production and consumption patterns. It is a significant element in the important role of industry in this transition, in particular that of the small and medium-sized enterprises (SMEs). To plan changes in the natural resource base or to reformulate the composition of the natural resource input as a whole are becoming serious strategic activities for many businesses. Already a growing interest is emerging in environmental and socially responsible investment. This is increasingly being expressed in the preferences of private and institutional investors and in the investment portfolios and the financial products of banks. Complete reorientation may result, for example towards locally available resources, skills and experience, which are embedded in the existing environmental conditions, as part of the process of change that will occur. This change will engage all relevant groups such as the employees, customers, consumers, suppliers and shareholders. The participation of consumers, international exchange and cooperation, and access to new information sources through international communication, are ingredients of the first steps towards sustainable industrial development.

Sustainable management concepts and systems aim for the integration or participation of workers, customers and consumers, providing new, pleasant, healthy and safe jobs. They also take into account ethical implications of industrial relations, labour conditions, human rights and current and future environmental effects. Old and traditional technologies which possess inherently sustainable characteristics are being rediscovered and revived. While new processes, products, structures and services need to be developed in striving for a sustainable future. Stimulated by international policies (Local Agenda 21, EU-policies) and by national strategies (eco-efficiency; closing of material cycles), various new initiatives, programmes and projects have been initiated, especially in European Union member countries, but also in countries such as Canada and Australia, and in some developing countries such as Brazil and Costa Rica.

SMEs and Sustainability

SMEs differ in their business concepts, their core and their objectives. Criteria for sustainability have been or are expressed in different levels of commitment and realisation of SME-sustainability. Some of the distinguishing features of sustainable SMEs are:

- Focus on elementary needs. The SME presents original or new, more sustainable solutions than those that prevail in the market.
- Resources are sustainably used. The SME is based on sustainable use of resources and has a long tradition.

- Integration of concepts. Within the SME, social, economic, health, safety and environmental aspects are integrated.
- Local adoption of sustainability. The SME in its local context aims for sustainability by incorporation of sustainable development as a holistic concept.
- Local or regional initiative. More general sustainable SME practice exists or is in development as part of a local or regional initiative. It marks the beginning of local or regional sustainable industrial development.

Perhaps some types of sustainable SMEs have been or are still all around us, but we have forgotten all about them or they are so obvious that we fail to notice them. Some SMEs can achieve sustainability relatively easily. Other types of enterprise might be difficult to bring into existence and require much preparatory work. Whatever the limitations, it is still worthwhile to start exploring and looking for best practice, even if, after all, examples appear to be very few. An international, future and development oriented focus is required, which goes beyond traditional geographic boundaries or mental barriers. If unsustainable systems, patterns and lifestyles must be corrected or abandoned and new more sustainable ways are to be found, then it is inevitable that some of their roots, basic elements or design codes must be critically reassessed and new ones explored, with an open mind.

One of the starting points is that creativity and ideas can be found and are stimulated by respecting and acknowledging different local, regional and cultural conditions. It is in this global diversity that the qualities essential to the much longed-for sustainable industrial development are most likely to be found. It is also where sustainable enterprises are present, where they will emerge and have to be developed.

In recent years, much attention has already been given to the role and importance of the industrial practice of SMEs. Examples of relevant initiatives are: activities of UNEP-IE/PAC and or EUREKA-PREPARE, Eco-design projects in the Netherlands and in Sweden, local initiatives reported by ICLEI, and a special EU-workshop on SMEs and the environment in The Hague, February 1997. This was also one of the main themes of the Informal Council of Ministers of the European Union, April 1997.

Much debate is still going on about the definition of sustainable development and its practical implementation. Sustainable development is a complex and holistic concept and therefore it is not easy (if not impossible) to find perfect examples of sustainable SMEs. What is possible, however, is to indicate the factors that make an enterprise a sustainable one. One major criterion is that within a sustainable enterprise one would expect to find the practice of sustainable product development - strategic product development practised on the basis of clear criteria for sustainability.

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