

# return to sender

producer responsibility and  
product policy

summary report

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## summary report

This summary report analyses the strengths and weaknesses of the concept of producer responsibility, against the background of a new agenda for environmental product policy. It looks particularly at the UK experience, and asks how producer responsibility might fit into a more integrated approach to improving the environmental performance of products, to put the UK at the forefront of new thinking.

### what has producer responsibility done for us?

Producer responsibility has been fairly successful in increasing collection and recycling of materials at the end of products' lives. It has been much less successful in altering the nature of products from the point of design, so that they are easier to recycle, and have less impact throughout their life. It was hoped that producer responsibility would influence manufacturers to change design, but it appears that incentives are not strong enough.

The major issues with producer responsibility as currently implemented or planned in the UK are that:

- The UK has not placed producer responsibility in the context of a wider waste and resources strategy, leading to unclear objectives and lack of industry buy-in.
- The impact of the EU packaging Directive on recovery and recycling of packaging waste could have been greater if responsibility for meeting targets had not been so fragmented between compliance schemes.
- Using tonnage as the basis of recycling targets may be too crude. It does not lead to the best environmental outcomes, and does not allow the whole lifecycle of the product to be considered.
- Re-use has received little emphasis, and little has been done to understand the proper role of re-use.
- Central government's interventions to help market development have not been enough to develop strong, UK-based markets for recycled materials.
- Aspirations towards waste prevention have not been fulfilled, for two main reasons. First, implementation of the recycling provisions of the packaging Directive has not put high enough costs on producers to get them to rethink product design. Second, the 'Essential Requirements', which are meant to drive minimisation of packaging, are vague, self-monitored and poorly enforced. There are few indications that this picture will improve with the next set of producer responsibility obligations.
- Lack of harmonisation of definitions and data collection mean it is hard to make pan-European comparisons and learn lessons from our neighbours.

### what is the emerging agenda?

There are many policy agendas and initiatives that impact on the future of producer responsibility. Our report examines the principal ones and looks particularly at the gap between existing producer responsibility initiatives and Integrated Product Policy (IPP).

The European Commission has issued a Communication urging the development of **Integrated Product Policy**, to consider the whole-life impacts of products, not just impacts at the point at which they become waste. Central to the Commission's approach is that measures to implement IPP will aim at continuous improvement rather than setting precise thresholds. This has already disappointed some commentators, and the Commission thinks that a variety of policy instruments will be needed, although with a strong leaning towards voluntary approaches.

In taking forward IPP, the main tasks for the Commission are getting consensus among stakeholders on a methodology for identifying products with the greatest potential for environmental improvement, and then agreeing how to tackle the products highest up the list. Work has begun on two case studies: mobile phones and teak garden furniture. The European Environment Bureau (EEB) has put forward a more formal approach: an **IPP Directive**, which would enable the setting of environmental product standards, have generic requirements for eco-design, and would require producers to supply standardised product lifecycle information.

In the meantime, in the UK, the **Government's Advisory Committee on Consumer Products and the Environment (ACCPE)** has recommended a more objective-driven approach: identifying issue-based objectives such as climate change, biodiversity, or resource use, which should be clearly linked to product streams with the most potential for improvement. Stakeholders in those product streams should then be engaged in developing the right measures to tackle impacts. ACCPE also recommends a new executive body to oversee product policy.

The ACCPE approach has the merit of being able to move faster and perhaps secure greater industry buy-in, but risks inconsistent or inconsequential approaches emerging. The idea of an executive body is crucial to its success. It is necessary to encourage consistency, and to avoid the problems of the packaging Directive's 'Essential Requirements' where self-monitoring and lack of reporting have made it difficult to detect progress. The EEB approach is politically more difficult to achieve, but has the merits of consistency and certainty in the longer term.

The provisions of the proposed **Energy-Using Products Directive** are a step ahead of the IPP Communication and are more along the lines that the EEB propose. If passed, the measure should provide a framework for setting design requirements for products, initially on energy efficiency, but potentially for a wider range of environmental parameters.

There are also the Commission's draft **Thematic Strategies**, two of which are relevant to producer responsibility: one on the **prevention and recycling of waste** and one on the **sustainable use of natural resources**. The first is a consultation on the setting of targets for waste prevention, and sees as one of its tasks clarification of the role of producer responsibility. The second focuses on decoupling resource use and consumption, and sees a key role for IPP, but makes no mention of producer responsibility.

One of the aims of this project has been to bring all these strands together.

## what could producer responsibility mean for IPP?

At the simplest level, producer responsibility could mean ensuring that producers understand the environmental impacts of their products and take steps - that they define - to reduce them. This approach begs several important questions: how to assess and trade off different environmental impacts, and how to set priorities for action. Also, if measures are voluntary, this risks inconsistency between approaches.

The next level might be to agree specific product standards for whole-life performance on, for instance, energy, water and resource efficiency, as well as on the impacts of final disposal. This could be done on a sectoral level to ensure consistency of approach. It does nothing, however, to address the total number of products, or their total impact.

A possible alternative approach is to set sector-specific targets for energy and resource use, and leave producers to decide how to distribute and trade what is available among their products. So some products might become much better than others, where this is easier to achieve, and some may disappear because they are too costly to change.

At the highest level, it could mean that producers have responsibility for the impacts of their products at all stages of their lifecycle, not just in manufacture, but impacts in use and in having responsibility for a closed-loop, zero-waste system. Again, this would need to be done on a sectoral level and would require unprecedented buy-in from industry. In a closed-loop economy, it may not matter how many products are in circulation, how much resource they use, or how long they last, provided materials are not lost from the system, and that manufacturing, use and reprocessing, are driven by renewable energy.

## the gap between existing producer responsibility initiatives and IPP

Taking together the lessons from existing producer responsibility initiatives, and looking at the emerging agenda and ideas for what IPP might mean, as set out above, it is clear that there are five major areas of difference:

- Producer responsibility at present deals mainly with the waste phase, not with the whole product lifecycle. Most major impacts will be in manufacturing and in use. The existing approach does not allow trade-offs between impacts in different phases.
- Current approaches assume equal merit of recycling all materials – tonnage is a proxy of environmental impact.
- The influences of producer responsibility initiatives on design for, recycling, re-use and waste minimisation are indirect and weak at present. They could be stronger though if they were more vigorously enforced, or if the cost of end-of-life processing and disposal became higher.
- Current applications of producer responsibility capture materials from products at the end of their life, but there is insufficient market pull for recyclates or re-use options, making a closed-loop system impossible.
- While much effort has been expended on capturing waste, and quite a lot on improving production processes (mostly through measures other than producer responsibility) very little has been expended on encouraging consumers to consume less or better.

The next section sets out how we might attempt to bridge this divide in the UK.

## how can producer responsibility respond to the emerging agenda?

A lack of clear, shared objectives is a recurring theme in the emerging IPP debate and the waste and resources debate more broadly. What would constitute an integrated approach? Which environmental impacts are most important, and which products should be tackled? The uncertainty compares unfavourably to the energy debate, where carbon reduction has become a clear consensus with political backing and concrete mechanisms in place to start to achieve it. Part of the problem is that we do not know, except for energy, how much of a particular resource we can use within its sustainability limits. In response do we just create a requirement for continuous improvement; use a proxy such as energy; or try to quantify the impacts of consuming different resources? The answer is that we probably need to move forward on all of these at once, through a variety of mechanisms.

The reasons for doing so are compelling: **technological**, where there may be significant ‘first mover’ advantages to developing new types of products, as long recognised by the Japanese; **economic**, where sound approaches developed between government and industry here might avoid an over-prescriptive approach developed outside the UK; and not least **political**, where the UK could be cited as a leading light in IPP, alongside countries like Japan and Sweden.

## conclusions and recommendations

We believe the following recommendations are needed to bridge the gap between current end-of-pipe producer responsibility measures and the broader agenda now emerging on products:

- Government must set a clear UK objective to move towards a ‘closed-loop’ economy, underpinned by specific targets, with an ambition to lead other countries in the same direction.
- A new strong institutional base is needed to drive towards this objective, one which is capable of both analysis and implementation.
- Government, in co-operation with business, should sponsor centres of academic excellence on product assessment, to stimulate product innovation.
- Businesses must take responsibility for understanding and reducing impacts, in line with the overall ‘closed-loop’ objective. There are a number of approaches that could underpin this basic strategy, including:
  - A product rating system concentrating on three or four key environmental parameters, perhaps combined with up-front product levies to help internalise environmental costs;
  - Government setting targets for key areas such as waste reduction, water and energy efficiency, to increase motivation;
  - Greater use of codes of practice and benchmarking between companies and products.
- Framework legislation is needed to enable statutory targets to be imposed if voluntary approaches do not deliver.
- Public procurement measures are crucial to getting IPP off the ground, but must be seen as part of a coherent policy package.
- There is an urgent need for fiscal and other instruments, for example, virgin material taxes and minimum recycled content requirements, to provide market pull – producers just cannot do that for themselves.

The full report gives examples of international approaches that could be useful in taking forward these recommendations. These include, Dutch voluntary initiatives backed by regulation, Danish life-cycle analysis tools, and Japanese procurement and product legislation. There are also some areas where combining producer responsibility approaches as currently conceived (ie for recovery and recycling waste) with an approach based on IPP could be a very good near-term strategy. These include construction and demolition waste, household goods like carpets and furniture, and possibly even food. The full report elaborates on these ideas.

### moving the agenda forward

It is clear from this work that if more is to be delivered through producer responsibility it is within the context of a much broader agenda that addresses products' impacts across their whole life-cycle. The ultimate aim is to transform the way we use resources to reduce impacts to within environmental limits. This is a challenging task and will require greater ambition than we currently have for waste and resources policy in the UK. This report is intended to inform this ambition and provide recommendations that will bridge the gap between an end-of-pipe approach and a closed-loop economy. There is an opportunity for the UK to lead on this agenda as an advocate and practitioner. Environmental benefits are obvious, but there are potential economic and health benefits to be derived from acting as well. We hope this report will stimulate thinking, inspire action and assist practical outcomes.

### further information

This is a summary of the full *Return to Sender: producer responsibility and product policy report* which is available to download from Green Alliance's website. The full report contains details of the project that led to these findings and recommendations, and references to sources referred to in this summary. The report is the result of Green Alliance's *Sustainability Through Producer Responsibility* project. We are grateful for the support and funding this project received from DTI's Sustainable Technologies Initiative, Biffa, BRC, BT, Sainsbury's and Unilever.



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