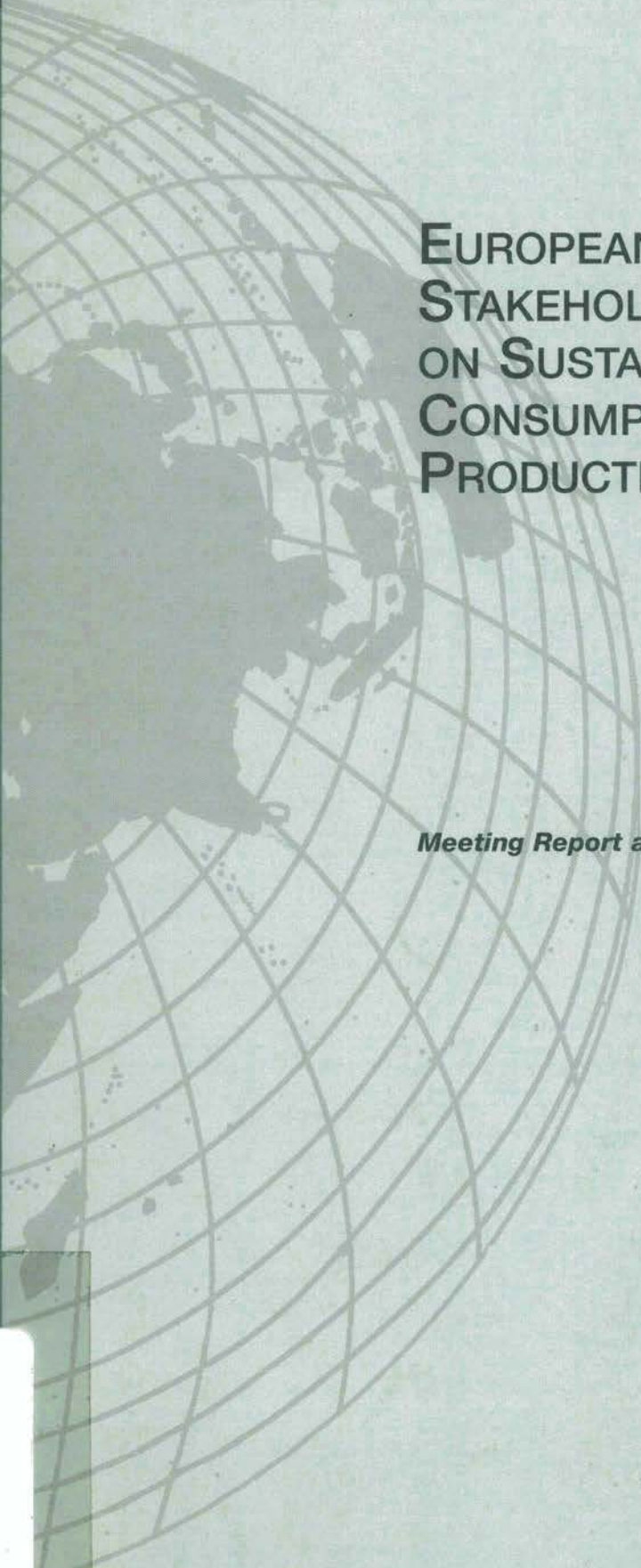




European Commission

A large, faint, light-colored graphic of a globe with latitude and longitude lines, centered on the Atlantic Ocean, serving as a background for the title text.

EUROPEAN STAKEHOLDER MEETING ON SUSTAINABLE CONSUMPTION AND PRODUCTION

Meeting Report and Co-Chairs' Summary

Acknowledgements:

This meeting report was prepared by the United Nations Environment Programme (UNEP), Division of Technology, Industry and Economics (DTIE). It was written by Mr. Bas de Leeuw (UNEP), under guidance of and with contributions from the co-chairs of the meeting, Mr. Claus Sørensen (European Commission) and Mrs. Nadine Gouzée (Federal Government of Belgium).

Contributions were also received from the facilitators of the working groups (acknowledged in Annex I), and from Ms. Adriana Zacarías Farah (UNEP) and Ms. Marjo Nummelin (European Commission).

This is not an official UN or EC publication.

This document has been produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union. (http://europa.eu.int/comm/environment/wssd/index_en.html)

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European Stakeholder Meeting on Sustainable Consumption and Production

Meeting Report and Co-Chairs' Summary

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European Stakeholder Meeting on Sustainable Consumption and Production

Meeting report and co-chairs summary

1. The European Stakeholder Meeting on Sustainable Consumption and Production (SCP) was held in Ostend, Belgium, 25-26 November 2004. This informal expert meeting was organised by the United Nations Environment Programme (UNEP) together with the European Commission (EC), in consultation with the United Nations Department of Economic and Social Affairs (UN DESA) and hosted by the Federal Government of Belgium. The Governments of Finland, Germany and Sweden also provided financial support.
2. Over 120 experts representing governments, business, small and medium sized enterprises (SMEs), retailers, banks, trade unions, consumer organisations, environmental organisations, local authorities and research institutes from 30 European countries participated in the meeting.
3. The meeting was organised in response to the call of the World Summit on Sustainable Development (WSSD) Plan of Implementation for the development of a 10-year framework of Programmes on Sustainable Consumption and Production, in support of national and regional initiatives. All countries were requested to take action, with developed countries taking the lead. Progress made in developing and promoting the framework, also referred to as the "Marrakech process", will be reviewed in the 2010/2011 sessions of the UN Commission on Sustainable Development (CSD).
4. The co-chairs of the meeting were Mr. Claus Sørensen, Principal Advisor, European Commission, and Mrs. Nadine Gouzée, Representative of Belgium to the CSD. They started by introducing the objectives of the meeting.
5. The objectives of the meeting were to:
 - contribute to the implementation of the Johannesburg commitments on sustainable consumption and production;
 - recognise the crucial roles of each stakeholder and encourage their commitment to sustainable consumption and production;
 - share information on ongoing activities, identify priority areas as well as potential gaps in policies and tools;
 - identify means for implementing policies and activities.
6. H.E. Mrs. Els Van Weert, State Secretary for Sustainable Development and Social Economy, Belgium, opened the meeting, welcomed the participants to Ostend and gave her vision about the objectives of the meeting. She spoke about the need to integrate all three pillars of sustainable development into the concept of SCP. An important question to be addressed was how Europe could assist other regions to achieve SCP. Therefore a SWOT analysis (strengths, weaknesses, opportunities, threats) of the European Union (EU) policies, strategies and instruments is needed, she said. Furthermore, she proposed to charge a European Commissioner explicitly with the

competence of Sustainable Development. She presented Belgium's Federal Plan on Sustainable Development 2004-2008, which includes correct pricing of sustainable products and support for developing countries.

7. Mrs. Catherine Day, Director General Environment, European Commission, observed that Europe – in the concept of eco-footprints – has very big feet. There was a need to take responsibility, with the main challenge being to de-couple economic growth and environmental damage. It was important to engage society as a whole, including ordinary citizens and business. She presented examples of the Commission's work on SCP, including pilot projects with the private sector on the implementation of Integrated Product Policies (IPP), Environment Technology Action Plan, public procurement, labelling, and developing strategies on waste prevention and recycling.
8. Mr. Yong Ren, Deputy Director, Policy Research Center for Environment and Economy, State Environmental Protection Administration, China, presented the Chinese approach to SCP and his expectations for EU co-operation in this area. He stated that China urgently needs to promote SCP in the light of its population growth, urbanisation and its targets for quadrupling economic growth between 2000 and 2020. China has adopted a strategy for a well-off society according to the principles of a circular economy concept. China needed legislation (basic laws and specific laws for eco-industries; agriculture; waste re-use and recycle; and sustainable consumption) and economic instruments.
9. Mrs. Monique Barbut, Director, UNEP Division of Technology, Industry and Economics, stressed the implementation challenge of the Marrakech process, saying that the process should result in more than meetings and documents. She called for poverty eradication through the market by creating public/private partnerships to achieve better access to environmental services for the poor, and investing in leapfrog solutions for developing and transition countries. She stressed that development agencies, banks and investors need to be engaged, and called for renewed action on ecological tax reforms and removal of subsidies. For Europe, SCP was essential for sustainable innovation, and she recommended concrete actions for specific products, such as light bulbs, plastic bags, packaging and stand-by modes of electronic equipment. Communication campaigns need to be mainstreamed and made less moralistic for young people and Europe's growing elderly population. She expected that the meeting would strengthen the EC-UNEP strategic partnership.
10. A **multi-stakeholder panel** discussed commitments for implementation. Mr. Matt Morrell, Generation Europe, spoke about the importance of youth, the need to avoid preaching messages and involving retailers in communication campaigns. Mrs. Nadine Toscani, Union of Industrial and Employers' Confederation in Europe (UNICE), presented existing activities of industry and found companies proactive initiatives and negotiated agreements with public authorities generating greater progress than the conventional command and control approach. Mr. Guido Lena, European Association of Craft Small and Medium sized Enterprises (UEAPME) called for institutional support for SMEs to contribute to SCP, including awareness-raising, education and training, and financial incentives. Mr. Lucien Royer, International Confederation of Free Trade Unions (ICFTU) highlighted the role of trade unions which can include SCP in collective agreements with employers, joint provisions at the workplace and monitoring processes engaging workers and employers. He called for better co-operation between environment and labour ministries at national levels and UNEP and ILO at international level. Mr. Ondrej Velek, ECO-STEP/Eco Forum stressed the importance of developing mechanisms for comparison of SCP

implementation among countries and setting benchmarking. He mentioned the initiatives on SCP already taking place in Europe and the need to strengthen and/or join existing initiatives such as the Aarhus Convention, the UNEP SCOE programme (Sustainable Consumption Opportunities Europe), UN Guidelines on Consumer Protection, the European Environment Agency (EEA), Eurostat, and the EU 6th Environmental Action Plan. Mrs. Priya Bala, Consumers International, referred to consumer rights in both developed and developing countries, including access to basic needs and information, and presented joint work with UNEP on tracking progress of the implementation of the UN Guidelines on Consumer Protection, with training activities on implementing SCP policies in Europe and Asia. Information should be available in shops, and governments should introduce legislation for business to disclose relevant product information to the consumer. Mrs. Margit Vestbjerg, International Council for Local Environmental Initiatives (ICLEI) observed that local governments are responsible for approximately 50% of European public expenditure, and identified a lack of political leadership. The challenge is to mainstream sustainable public procurement in Europe to bring about real change in the market, through presenting cost-effective models. Mr. Frans de Clerck, Triodos Bank & International Network of Social Finance Organisations highlighted the challenge to mainstream social and ethical investments, and to implement mechanisms to influence multinationals management. He mentioned the need to change the scale of sustainable investment increasing risk and seed capital.

11. The meeting listened to two **keynote presentations**, respectively on “Sustainable Consumption Patterns: Why should Europe care” by Mr. Lars Fogh Mortensen, European Environment Agency (EEA), in his absence presented by one of the co-chairs, and “Elements for European strategies on SCP” by Mr. Peter Hennicke, President, Wuppertal Institute.
12. **EEA** had analysed sustainable consumption patterns in Europe and their impact – building on previous work by the Organisation for Economic Co-operation and Development (OECD) and UNEP and using preliminary results of studies on Europe’s global impact on sustainable use of resources. EEA found that the direct environmental effects of consumption in Europe are continuing to increase and that more needs to be done to put sustainable consumption and production policies in place. Economic instruments should be part of a policy mix, which should also include revision of directives and more quantitative targets. EEA also found that, in Europe, a sound analytical basis in terms of methodologies, data, indicators, models, and assessment frameworks on SCP is lacking. This is clearly needed to provide information to enable more sound and effective policies.
13. The **Wuppertal Institute** recommended technical, social and political innovation. Global product chains need to be looked at. In the European Union, there is a relative de-coupling of GDP and material intensity, but there is evidence for burden shifting to developing countries. There is a need to explore the potential for technical leapfrogging. Technological innovation is about integrating the impacts and opportunities along the consumer product chains and management efforts. The main problems are in the consumption phase, whereas actions in policies and company activities are mainly still in the manufacturing phases. Social innovation calls for utilising local and cultural differences to promote business innovation, in particular for SMEs. Political innovation requires setting of national targets concerning de-coupling in Europe. A European strategy should include stakeholder involvement, transparency and information, effectiveness and efficiency, and motivation and verification

Working Groups

14. There were six **working groups** (WGs) focusing on key issues related to sustainable consumption and production. WG1 discussed how to develop coherent strategies; WG2 discussed how to stimulate business initiatives for SCP; WG3 discussed the role of innovation and how to stimulate the development of sustainable products and services; WG4 discussed leveraging investment for sustainability; WG5 discussed consumption and quality of life, how to re-orient the consumer society; and WG6 discussed the global dimension, how Europe can contribute to SCP world-wide. The respective facilitators presented the findings of the working groups as below (full WG reports are annexed to this report).

15. *WG1: Developing coherent strategies - How can the various strategies aiming at sustainable development contribute to sustainable consumption and production?*

- **Priorities:** Better co-ordination, integration, and coherence are needed between the various strategies. Education and communication should make Sustainable Development and SCP understandable. Different situations in old and new EU member states and wider Europe should be recognised. The efforts to get the prices right should be pursued. There is a need to pay attention to trade rules including the outcomes of recent World Trade Organisation (WTO) disputes, which have provided more clarity on the extent to which trade measures can discriminate between goods on the basis of production methods. Environmental technology and innovation need to be supported.

- **Recommendations:** SCP to be included in the revision of EU's Sustainable Development Strategy, with timelines and concrete goals (e.g. on de-coupling) and coherent follow-up mechanisms, including indicators and institutional set-up. Education for sustainable development (in particular eco-efficiency) to be included in Lisbon target for the knowledge-based economy. Green tax reform – internalise external environmental costs, Vision, goals and actions should be made more understandable to get broader ownership.

- **Concrete actions:** Establish partnerships and expert groups. Make SCP understandable (links to existing processes on education for SD: the Decade on Education for Sustainable Development, UNDESD, and the United Nations Economic Commission for Europe (UN ECE) Strategy for Education for Sustainable Development). More analysis between the environmental and social pillars, the distributional effects of policies, and transition strategies. Carry out SWOT analysis on existing work. National progress reports on SCP/SD to be presented to Spring Council. Workplace to be introduced as new framework for discussion. Arrange meeting on green fiscal reform. All stakeholders to be involved in SCP, including in communication. Long-term business commitment needed, including from workers, employers and trade unions, involvement of the young generation, and more dialogue between trade experts and SCP experts.

16. *WG2: Getting aboard - How to stimulate business initiatives for sustainable consumption and production?*

- **Priorities:** Voluntary agreements including concrete targets and reporting (combined with coherent legislation). Partnerships (including mechanisms for better participation of

stakeholders). Marketing strategies for sustainable products and services and for sustainable lifestyles. Communication and education targeted towards specific groups. Market incentives (fiscal, economic instruments).

- **Recommendations:** governments to create framework for creation of partnerships (fora, networks, and incentives) and engage financial institutions to become drivers for SCP. Voluntary agreements for different product groups including concrete targets and monitoring. Promote partnerships for SCP, such as business-to-business (in particular for SMEs) and workers-to-business. Dialogue with education ministries to integrate SCP in all disciplines. Develop supply-chain management for SCP including concrete targets. Strengthen role of public procurement for SCP.
- **Concrete actions:** EC, UNEP and business associations to start talks on voluntary agreements for specific product groups. Integrate SCP in curricula and job descriptions. Set up panels for specific fields of demand involving all stakeholders. Promote environmental management systems for SMEs. Identify successful marketing strategies and share best practices.

17. *WG3: Role of innovation - How to stimulate the development of sustainable products and services?*

- **Priorities:** More research and development for sustainable products and services including strategic research, in public/private partnerships, to be promoted jointly with industry. Encourage demand for sustainable products and services. Consider economic instruments to foster innovation and acceptance and dissemination of sustainable products. Networking and working together with developing countries, where innovative spirit exists as well as a pressing need for leapfrogging. Set targets to promote absolute de-coupling, this would require high-level commitment at both EU level and national government level.
- **Concrete actions:** Significantly increase budget for SCP projects in the seventh Framework Programme for Research (FP7). Meet Barcelona target (3% of Gross Domestic Product, GDP, to be spent on R&D). Research financing must stimulate frontier between social and technological research. Remove bureaucracy from European funding mechanisms. Adopt sustainable procurement targets at EU, national, regional and local level by 2006. Review existing product and service-related legislation with a view to deregulating measures that hinder more sustainable innovation. Adopt framework directives to integrate environmental aspects into product design (e.g. like European Parliament discussions indicated) including information flow in product chain. Elimination of environmentally harmful subsidies by 2010. Establish fora to exchange information on best practice in the internalisation of economic costs at EU and national level. Establish national funds financed by environmental and social taxes to support the development of new sustainable products and services. Interaction with developing countries: establish channels to share information, and benchmarking with our partners in developing countries, and recruiting expertise from these countries. Adopt overall objective for EU and national governments of absolute de-coupling. All plans at all levels should set up targets, eg. on eco-efficiency, factor 4, greenhouse gas reduction) and systems to monitor.

18. *WG4: Leveraging investment for sustainability - How can investments from government and development banks best stimulate private financing for sustainable infrastructure?*

- **Key priorities and actions:** stimulate the involvement of campaigning citizens in sustainable saving and investment. Disseminate best practices for the stimulation of social investment eg. fiscal regulation. Promote the setting-up of dedicated seed and growth risk capital funds and networks to support them. Establish 'funds of funds' and networks targeted to the respective sectors. Establish European micro-credit guarantee fund. Develop codes of conduct and set up training on sustainable investment for entrepreneurs, banker and project developers. Harmonisation of rules of sustainability funds to facilitate internationalisation. Support the work of the Council of Europe fostering dialogue between governments and stakeholders on sustainable and responsible investment. Improve analysis of environmental and social sustainability of national and EU level investment programmes and plans. Identified sector priorities for investments are waste management, water and sanitation, urban transport and energy.

19. *WG5: Consumption and quality of life - How to re-orient the consumer society?*

- **Priorities:** Education and awareness to produce behavioural change. Communicating or selling SC by positive not guilt-laden approach. Integrating SC in other policy areas, especially consumer policies. Encourage understanding of quality of life. Getting price signals right.

- **Actions:** Strategic approach to communications at relevant levels. Define what messages should be, to whom and using what channels (education, information). Make messages practical and personal – what's in it for me – and provide feedback. Smarter communications – communication clusters by business and NGOs – “viral communication” instead of mass media. Eliminate perverse subsidies and internalise externalities and fiscal incentives for more sustainable goods and services. Need to deal with distributive effects of tax measures to prevent harm to poorest and vulnerable groups. Need for institutional integration with focal points of SCP in various DG's of EC. Quality of life: GDP and consumption as such are not good measures, much work needed to better measure and understand. Appoint “ombudsperson” in interest of future generation to see whether these are being taken into account in present policy making. Mechanism for feedback to participants of the Ostend meeting on follow-up of recommendations by UNEP and EC recommended.

20. *WG6: Global dimension - How can Europe contribute to sustainable consumption and production world-wide?*

- **Key priorities:** Integrate SCP and poverty alleviation, integrate international dimension into European programmes, promote eco-efficiency, eco-design and waste management, promote SCP through international supply chains, support common research activities involving developing countries.

- **Actions:** Encourage integration of Sustainable Development (SD) and SCP into National Sustainable Development Strategies and Poverty Reduction Strategy Papers (PRSPs). Emphasise importance of SCP in thematic cycles of the UN Commission on Sustainable Development (CSD). Identify SCP contribution to poverty reduction and Millennium

Development Goals. Support education and information, including through Internet. Adopt SCP in EU activities. Develop a dialogue with the World Bank on the need to integrate SCP into Poverty Reduction Strategies, pointing at SCP as a tool to leapfrog from less to more sustainable methods. Use sustainability impact assessments for developing strategies on SD and technology. Support National Cleaner Production Centres. (NCPCs). Assist developing countries and countries in transition with issues such as eco-efficiency, eco-design and waste management. Co-ordination among donors is necessary. Communication of best practices on SCP. Examine impacts of EU consumption patterns through international supply chains. Encourage Corporate Social Responsibility (CSR). Support eco-labelling, fair trade labelling and sustainability labelling. Support SCOE project with other regions. Develop co-operative links among research institutions and knowledge centres, assist developing country institutions in adapting science and technology. Apply FLEGT (Forest Law Enforcement, Governance and Trade) model on other imports.

21. In a plenary **facilitators panel discussion** comments were made by participants, who highlighted the following issues:

- A circular economy approach, such as developed in China, is not included in Europe's Innovation Strategy, but needs also to be explored as model for Europe.
- A permanent Implementation Platform should be established to ensure continuity and co-ordination of actions on SCP. This permanent task force or expert group could be established before the Costa Rica meeting. It should be multi-stakeholder, and could organise biannual events to check progress made, including benchmarks and indicators to watchdog the process. Other participants called for existing fora to be improved rather than setting up new ones.
- New strategies on workplaces were welcomed, and trade unions are looking for partnerships with business.
- It was felt that more business input was needed. Rather than organising a two-day forum, new innovative ways to get business inputs need to be developed.
- To influence lifestyles, it was proposed to develop and organise highly visible and concrete events such as car free days, no shopping days, as well as humorous anti-advertising campaigns such as Adbuster.
- One participant asked to use the Aarhus Convention to establish a task force to prepare instruments for the UN ECE Conference "Environment for Europe", to be held in Belgrade in 2007, and recommended to revisit the Convention to monitor consumption of energy, water and natural resources.
- The European Union should aim in its SCP policies at staying within the carrying capacity of eco-systems.
- A strategic multi-year communication plan should be linked to CSD thematic cycles. SCP strategies should be "social inclusive".
- Sustainability impact assessments of policies to encourage researchers from developing countries to study and work in developed countries should be introduced in Europe. This would include the impacts of a resulting "brain drain" in developing countries.

Co-chairs summary

22. The co-chairs presented their **summary of the meeting**, which includes key challenges, suggested policy recommendations and concrete actions for implementation:

KEY CHALLENGES

23. **Key challenges are:**

- *Coherent strategic framework for sustainable development and SCP*
 - Embedding growth, competitiveness and jobs creation in a framework of sustainable development.
 - Mobilising public support for the Lisbon process by social and environmental deliverables such as sustainable consumption and production.
- *Consumers' and producers' decisions*
 - Paving the way for sustainable consumption and production decisions by individuals, by promoting a change in mindset and behaviour. To this end, a comprehensive communication, education and information strategy is urgently required at local, national and European level.
 - Encouraging continuous stakeholder involvement and commitment.
- *Policy integration*
 - Demonstrating the mutual reinforcement and value added by addressing in a balanced way the 3 pillars of sustainable consumption and production.
 - De-coupling economic growth from environmental degradation.
 - Coupling economic growth to decent job creation and improved livelihood.
 - Ensuring coherence by integrating sustainable development concerns into sector policies, such as agriculture, fisheries, transport, trade, etc.
- *Making the market work for SCP*
 - Addressing market failures and getting prices right (tax reform in support of sustainability, i.e. shifting tax burden from labour to material input).
 - Building a clean, clever and competitive Europe and ensuring that companies can exploit the first mover benefits.
- *SCP on the global market*
 - Supporting other regions, especially developing countries, in achieving sustainable development including SCP.
 - Maintaining a level playing field globally by lifting norms in support of sustainability.

POLICY RECOMMENDATIONS

24. Policy recommendations are:

- *Coherent strategies including SCP*

- Provide in sustainable development strategies at national and EU level the overall framework for growth and integration strategies (such as Lisbon and Cardiff) including a strong sustainable consumption and production component. This will ensure coherence and a better balance of the internal and external aspects of the various strategies.
- For the EU, take advantage of the Spring 2005 European Council to integrate SCP into the strategies and to ensure endorsement and guidance from the highest political level.

- *Governance structures and analytical tools*

- Anchor sustainable development at a high political level (a designated minister/Commissioner with a clear and broad horizontal mandate) in national and EU governance structures, in view of ensuring forceful co-ordination and coherence among sector ministries. The SCP agenda will benefit from such a governance structure.
- Agree at the level of Heads of State and Government on indicators, timetables, benchmarks, and alarm bells to monitor progress on SCP, including concrete and sector specific de-coupling targets. Put in place regular peer reviews.

- *Policy mix and synergies*

- Establish a judicious policy mix of legally binding as well as economic and voluntary instruments, and education and information.
- Launch dialogues between stakeholders and government involving employment, consumer, and environment Ministers on synergies between their policies, and education Ministers in integrating SCP in curricula, as well as finance and environment Ministers on green tax reform etc.

- *Framework for consumers' and producers' decisions*

- Promote the market provision of public and private goods so that consumers have a real choice.
- Promote workplace based sustainable production assessment so that all producers, including employers and workers, really participate in the production processes.
- Improve consumer rights instruments, in both developed and developing countries, including those regarding access to basic needs and information.

- *Framework for sustainable finance*

- Involve the financial sector in the SCP agenda and increase the investment on sustainable infrastructure so that financial institutions become a driver for SCP. For example by promoting dedicated public or private fund mechanisms to enable bundling of small-scale enterprises and projects.
- Ensure a free European market for sustainable finance including prudential rules compatible for sustainable development.

- *Policy integration*

- Better integration of employment and environment policies, which would concretely link the Lisbon process and the EU sustainable development strategy.
- Increase research and development for sustainable consumption and production and better integrate it into policy making. At the EU level, links should be made with the quantitative Lisbon objective on R&D.

- *Business SCP strategies*

- Strengthen CSR activities by use of economic incentives, improved transparency and accountability.
- Address the specific needs for support from SMEs, in particular in developing countries and transition countries, to help them better integrate the global dimension in supply chain management.
- Promote business-marketing strategies in support of sustainable lifestyle, inter alia through specific sectors dialogues between business, governments and stakeholders.
- Promote sustainable development labelling and other product information tools (using the life cycle perspective) in co-operation with business, including the retail sector.

- *Policies at the global level*

- Co-operate with transition countries in setting up sustainable infrastructure in areas such as waste, housing, energy, and promote public-private partnerships to increase investments in these areas.
- European countries should collaborate with other donors (including international financial institutes) and beneficiaries to promote sustainable development, including sustainable consumption and production, through national development strategies (NSSDs, PRSPs).

CONCRETE ACTIONS FOR IMPLEMENTATION

25. Concrete actions for implementation are :

- *Follow-up and monitoring*

- Create a forum or board of governments and stakeholders to monitor progress on SCP towards 2010 (CSD policy cycle on SCP) as well as other Johannesburg commitments, including the EU Gothenburg commitments.
- Establish a fund to support the activities launched, open to contributions by interested institutions (governments/EU) and stakeholders.

- *Concrete initiatives*

- Initiate more partnerships and pilot projects involving the private sector and other stakeholders to translate SCP policies such as IPP towards wide implementation.

- Use such partnerships to establish panels to advise on new sustainable development demand and supply in specific areas.
- Establish a partnership with stakeholders to develop a coherent communication strategy on SCP based on, inter alia, EC's publication "Sustainable consumption and production in the European Union" and the European Environment Agency's upcoming report about household consumption "Why should Europe Care?"
- Launch task forces on specific issues on SCP with champions/lead countries or stakeholders.
- Set up specific targets and timetables for sustainable public procurement at local, sub-national, national and EU levels.
- Promote SCP at the global level by strengthening co-operation between EU member states and other European countries, involving also key stakeholders. Teams of European experts could pool resources to work with key partner countries, such as China and India on circular economy and SCP.
- Transform workplaces into sustainable development forerunners in the application of SCP.
- Focus consumers' attention to SCP through annual European events on sustainable lifestyles, such as car free days.
- Discourage traffic congestion, with governments and local authorities making use of economic instruments such as road pricing, car free zones and congestion charges.
- Encourage institutional investors to offer "green" or "sustainable" financial savings instruments. Percentage targets, i.e. 20% of the total portfolio should be reserved for such purposes.
- Adopt comprehensive policies for specific products, such as phasing out obsolete light bulbs, stand-by modes of electronic equipment, and eliminating double packaging and plastic bags.

Closing Session and how to move forward

26. The meeting concluded with a session on how to move forward, identifying priorities for further work and next steps. The co-chairs were requested to present the outcomes of the meeting to the 13th session of the CSD, to UNEP's 23rd Governing Council and to the 2nd international review meeting of the Marrakech Process, to be held in Costa Rica, September 2005, as well as to other relevant international meetings and processes.
27. Participants recommended to follow-up the implementation of the above recommendations and implementation of JPOI chapter 3 in due time to give a comprehensive input from Europe to the CSD 2010-11 session ("Ostend+2").
28. Mr. Ralph Chipman (UN DESA) presented some of the joint work of UNEP and UN DESA on the Marrakech process, including a joint website, leading the regional process, facilitating technical task forces on SCP issues, linkages with CSD themes and organising biannual review meetings. He expected that the regional work would be taken over by regional organisations such as the European Commission.
29. Mrs. Cinthia Soto (Mission of Costa Rica to the United Nations) spoke about the preparations for the Costa Rica meeting, to be organised by UN DESA and UNEP and hosted by Costa Rica.

She referred to the Ostend meeting as the first one being held for developed countries, and hoped that North America would soon join the regional process. The Costa Rica meeting would be timely to review progress made and identify needs and opportunities. The meeting would include co-operation roundtables, training programmes and field trips. A steering committee was currently organising logistic details, with the support of the NCPC in Costa Rica. The governments of Austria, Belgium and Sweden had already pledged financial support.

30. Mr. Paul van Snick, Head of Cabinet of H.E. Mr. Bruno Tobback, Minister for the Environment of Belgium, thanked the organisers in his closing remarks. He stressed the mutual support of the Minister for Sustainable Development and the Minister for Environment in co-organising this meeting and their common benefit, as the three pillars of sustainable development are gradually evolving towards integration in federal policies. In Belgium, concrete activities in the field of SCP included product standards, eco-taxes and other financial instruments. He called for economic instruments to go hand-in-hand with information and awareness-raising instruments.
31. Mr. Frits Schlingemann, Director, Regional Office for Europe, UNEP, thanked the participants and donor countries on behalf of the United Nations Environment Programme, and said that the meeting provides a promising sign that SCP is being put on the map of the strategic partnership between the EC and UNEP. He found it important to also see co-operation in this field developing between EU members and non-EU members, in particular in countries to the East of Europe, where dialogue on this topic has not even started and national coalitions need to be supported.
32. Mr. Timo Makela, Director, Sustainable Development and Integration, European Commission, thanked the participants on behalf of the EC. He observed that the outcomes should be made relevant for ordinary consumers, who might be confused. A new EC team of Commissioners has just started and he would make sure that the message of Ostend would be conveyed to their process to review the economic and sustainable development agenda of the Commission. Removal of environmentally harmful subsidies would need to be put on that agenda, he said, referring to European fossil fuel subsidies amounting to 21 billion Euros per year.
33. Participants expressed their thanks to UNEP and the European Commission for organising the meeting and its follow-up process, and to the Federal Government of Belgium for hosting the meeting. Many appreciated the efforts of the host country and the hotel in applying sustainable development aspects in the conference catering, by providing organic and fair trade food, which could be an example for future meetings.

ANNEX I

WORKING GROUP SUMMARIES

There were six working groups during the meeting, where participants discussed key issues on sustainable consumption and production. Each working group was requested to identify the following issues :

- What are the five key priorities?
- Who needs to be involved, and what is the role of each stakeholder?
- Key policy recommendations or policy processes to consider,
- Proposal for concrete actions for implementation in the short term.

The summaries of the six working groups, as prepared by the facilitators, are included in this annex.

Working Group 1: Developing coherent strategies - How can the various strategies aiming at sustainable development contribute to sustainable consumption and production?

Facilitators: Mrs. Helen Agren, Deputy Director, Sustainable Development Unit, Prime Minister's Office, Sweden; and Mrs. Erika Lagzdina, Director for Latvia, Regional Environment Centre for Central and Eastern Europe.

The key tasks of working group 1 were to:

- Identify whether modifications to the existing EU frameworks and strategies would be sufficient to achieve a 10-year framework of programmes on sustainable consumption and production (SCP) or whether a separate strategy on SCP is needed.
- Look at how to improve synergies between existing policy frameworks and strategies at EU level and identify what would be required to make them supportive for SCP.

Outcomes:

There was general agreement that an additional strategy was not required if the existing strategies could be steered towards support for SCP. The group agreed that clear goals, timetables, indicators and monitoring mechanisms on SCP should be included within the framework of the EU sustainable development strategy (SDS). The possibility of developing a concrete SCP action plan should be explored.

Regarding the improvement of synergies, it was mentioned that this would require a SWOT analysis on all strategies and the Commission's inventory of SCP activities in order to identify their strong and weak points and pinpoint possible omissions and incoherence.

During the workshop, extensive brainstorming was done on what were the key weaknesses of the current frameworks and strategies to contribute to SCP. This resulted in a number of priorities, recommendations and concrete actions that the group would like to see addressed during the upcoming reviews of the EU strategies.

Identification of weaknesses:

A major weakness in the current framework of strategies is that there seems to be much confusion about the aim and scope of the Lisbon and SDS strategies. The group identified several possible causes for this:

- Lisbon and SDS both lack a true people dimension. Individuals reading the strategies do not understand the exact role they can play in contributing to the aims of the strategies. This implies a need to adapt the strategies to better target different stakeholders, and to complement the strategies with adequate communication, awareness raising and education programmes;
- Because the SDS is not limited in time and does not contain sufficient concrete and time bound targets, this results in vagueness about the timing of the actions to be taken and who is responsible for them. Lisbon, on the other hand, suffers from a lack of sufficient integration of the environmental dimension;
- SCP issues are scattered around the different strategies, resulting in a lack of clarity and

coherence between them;

- The proliferation of documents related to the strategies prevents an easy overview. The wording is also too expert-oriented for normal citizens to understand and there is a clear lack of communication tools. This is exacerbated by a lack of investment in capacity building in the target audiences (civil servants, private companies, and individuals);
- There are mixed perceptions of what constitute consumption and production.

Another major weakness identified in the current strategies is a lack of recognition of the huge diversity in the enlarged EU and non-EU members (in terms of resource productivity, energy intensity and living standards) resulting in different levels of ambition and priorities.

Key priorities

1. Better co-ordination and integration between existing strategies with equal integration of the three dimensions. This requires more coherence in their goals and tools for monitoring progress (indicators).
2. SD and SCP should be made understandable to everyone via better education and communication targeted towards SCP. Only then can people acquire a sense of ownership and understand what they can expect from these strategies and what is expected from them in support of their implementation.
3. Recognise the different situations in old and new EU member states and wider Europe, and account for the diversity in priorities and ambitions in devising measures for SCP. In this context it is important to explore possibilities of leapfrogging through the sharing of experience and transfer of technology and co-operation.
4. Strengthen the work on getting prices right through more use of market based instruments and phase-out of environmentally harmful subsidies.
5. Current trade rules prevent a distinction to be made on how to tax products and services according to their production method. This sets a very strong brake on more SCP in an ever-globalising economy, and thus should be tackled as a matter of urgency.
6. To achieve more sustainable lifestyles will require fundamental changes in behaviour. However, the need for this change can be reduced if more use is made of environmentally sound production processes, products and services. This requires increased support for environmental technologies and eco-efficient innovations, also in neighbouring countries.

Key policy recommendations

1. Include SCP in the revision of the SDS and make the strategies mutually supportive and coherent by a thorough comparison of their objectives and measures at the next Spring Council. SDS should be made the overarching strategy, where the others contribute. Lisbon should include the quality aspects of growth and push for economic development within the carrying capacities of the environment. However, getting agreement on this may be different since SDS and Lisbon represent

different economic and world visions. SCP could form the glue between the SDS and Lisbon with common timelines, concrete goals for de-coupling and coherent follow-up mechanisms, including indicators and institutional set-up. Have the SDS contain more concrete targets and timetables for their implementation, and provide adequate indicators for their follow-up.

2. Invest in better co-ordination within environmental policy (e.g. energy efficiency but also life cycle approach), between environmental policy and other related public policy (e.g. for social aspects: environmental policy and health, or environmental policy and innovation, residential energy efficiency and housing policy) and between different geographical levels. Devise institutional mechanisms to ensure this on the different levels and emphasise the need for a collaborative approach supported by all key players.
3. National and EU governance structures should anchor SD at the highest possible political level (by Prime Minister/EU President or Minister(s)/Commissioner(s) with a broad and clear horizontal mandate, in view of ensuring forceful co-ordination and coherence among sector Ministries. Within the EU, make one or several Commissioners responsible for SD, look for better interaction between the different Councils for SD and develop links to national level and link with bodies at Member States level. At Member States level, develop better co-ordination mechanisms.
4. Education and awareness raising is fundamental for SD and SCP. A knowledge-based economy with ambitions for lifelong learning and investments to achieve sustainable growth, as set out in the Lisbon process, must include development and dissemination of relevant knowledge i.e. on sustainable development, environmental effects of different activities, eco-efficiency at all levels. Programmes should focus on all major groups with emphasis on young children, civil servants and key professions such as architects, engineers and managers, but also technicians whom will have to acquire the know-how of working with eco-efficient technologies. Moreover, collaborative lifelong learning in the workplace is an indispensable element of better production patterns and resources saving.
5. Environmental fiscal reforms aimed at internalising external costs in key sectors (energy, transport, agriculture) and shift the tax burden from labour to resource use and pollution.
6. Strengthen the social and health dimension in SDS, which now only partially covers these concerns.

Concrete actions for implementation

1. Develop a communication strategy on SPC to enable discussions among all stakeholders. This could be done via the establishment of partnerships with the stakeholders for developing targeted communication tools. An expert group with representatives of different stakeholders could also be established aimed at helping with putting SCP into practice.
2. Develop a programme for SCP within the framework of the UN decade for SD. Increase co-operation and involvement on education for SCP linked to the UNECE process on education.
3. Develop the analysis on the interface between environmental and social pillars, with a focus on employment and distributional effects of environmental policies, and the distributional effects of

pollution. Also invest in a better understanding of the inter-linkages between policy instruments, in data collection and in how to cope with short-term transition costs towards SCP. Develop methods for analysis of long term effects (costs/benefits) which are often difficult to measure.

4. Better monitor the effect of policies and how firms react to the instruments introduced (if they foster innovation, use of new management tools). Also better understand individual household consumption patterns (as opposed to aggregated figures) to better target SC policies.
5. Carry out a SWOT analysis on existing work identifying the weaknesses and incoherencies between the different strategies in their relation to the Commissions inventory of SCP.
6. To increase accountability and support mutually beneficial learning, have Member States present to the Spring Council progress reports in the implementation of their SDS/SPC strategies. To ensure the correctness of the reported information, national advisory councils should be associated to these exercises.
7. Include the role of workplaces as a central leverage for SCP in the framework strategies. In that context develop tools and methods to be used at workplaces.
8. Arrange an inter-ministerial conference focusing on the use of financial instruments in SCP policies. The European Commission is to provide a report on possibilities for minimal tax levels, which would be discussed at ministerial level (Finance ministers together with SD Ministers or similar). Good experiences from different countries could also form a basis for discussion.

Involvement of stakeholders

1. All stakeholders are to be involved in the implementation of SCP, including in the development and implementation of communication strategies.
2. Businesses need to show their long-term commitment to SCP.
3. Workers, employers and trade unions are to be involved in workplace-based projects in support for SCP.
4. Strengthen education and awareness efforts for young generations (via formal education and media).
5. Encourage the dialogue between trade experts and SCP experts.

Working Group 2 : Getting aboard – How to stimulate business initiatives for sustainable consumption and production?

Facilitators : Mr. Ulf Dietmar Jaeckel, Deputy head of Division Product Related Environment Policy, Ministry of Environment Germany; and Mrs. Estefania Blount Martin, Executive Board of Sustainlabour, Spain.

The role of the business sector and trade unions is crucial for industrial development and SCP. Along with a coherent legal framework, approaches such as Corporate Social Responsibility (CSR), Environmental Management Systems (EMS), workplace assessments, alternative business models, and voluntary agreements, are examples of business and trade unions action for sustainable development. The main challenges are to mainstream sustainable consumption and production (SCP) massively and ensure an integrated approach taking into account the three dimensions of sustainability: social, environmental and economic. How can we strengthen these trends towards sustainable business? How to create a better framework for business to flourish, especially for SMEs? How can business, trade unions and other stakeholders be further and more actively engaged? How to ensure that markets reward SCP?

The working group identified 5 priorities.

1. Development and implementation of voluntary initiatives, including targets and reporting, in combination with coherent legislation

The working group stressed the importance of voluntary initiatives. Such initiatives need to include targets and reporting mechanisms, so as to ensure follow-up and enterprise accountability. Some participants stressed that these voluntary initiatives shall not substitute but rather supplement a strong regulatory framework. Some other participants expressed their concerns about a too strong regulatory framework, which could brake innovation and about the cost-effectiveness of legislation. Ways have to be found which on the one hand build trust among the parties of an initiative and which on the other avoid inflexibility and over-regulation.

A good example of voluntary agreement was presented by the representative of the International Association for soaps, detergents and maintenance products. The agreement is a Code of Good Environmental Practice including specific targets to be achieved over a five-year period, as well as a reporting system. The agreement was endorsed by the European Commission. The success of the project required a lot of promotion, consultation and training. The project also showed the importance to share the responsibilities among the various actors (producers, public sector, consumers, etc) and build the partnership together with the stakeholders from the beginning. A second voluntary agreement will be announced at the end of this year by the detergent industry.

Other examples were given of fruitful voluntary initiatives, promoted by business and government, or business and trade unions. Amongst these examples was the phasing out of products which can be replaced by more sustainable ones without having functional disadvantages (e.g. normal light bulbs, secondary packaging etc.).

Additional initiatives could still be developed to promote SCP further. Some examples are toolkits with specific requirements for the supply chain; simplified versions of voluntary initiatives for

SMEs; reporting systems at company, regional, national and sectoral level.

2. Promotion of partnerships (and mechanisms for better participation)

The working group recognised that several forms of partnerships are required. For example, partnerships can be developed at different institutional levels (national, sub-regional, European). They can target specific groups of actors which was seen as valuable because activities can be more specific. An example of the establishment of panels for fields of demand (e.g. housing, transport etc.) was presented. Partnerships can also address different aspects of policies: participation of stakeholders in the legislative process, stimulation of voluntary agreements, promoting tools, such as EMAS, towards specific actors (e.g.: SMEs), promotion of eco-innovation.

Participants recognised the importance of having partnerships between private and public enterprises, but also between private enterprises on public/private procurement. Such partnerships can influence significantly the prices and can promote a shift in the market through the critical size of the procurement.

Partnerships involving trade unions, consumers, environmental and social NGOs have many possibilities and are very important in promoting SCP, many of which have been insufficiently explored.

In order for partnerships to become effective, participants mentioned the need for a framework facilitating the partnerships since the impact for enterprises of engaging in partnerships is difficult to measure. Governments were identified as key players in initiating and promoting these networks or fora in order to help different stakeholders to meet, learn from each other's experience and goals; and engage in partnerships. Experience of partnerships with various stakeholders indicates that trust and accountability among the partners seem necessary for the success of the partnership.

3. Develop marketing strategies for sustainable lifestyles and for sustainable products and services

Participants stressed the need to better perform on the messages accompanying products and services that contribute to sustainable development. Consumers and producers need to see the economic benefits of SCP. Consumers must see sustainable products and services as a contribution to a better quality of life. Consumers must understand the benefits of using sustainable products. However, many times, it was found to be more effective to highlight the other qualities of the product rather than the "sustainable" aspects. Therefore, marketing of sustainable products with messages based on fun, looks, ease-of-use, etc. has a greater potential for success.

Some participants suggested identifying some successful marketing strategies for sustainable products and services and communicating these best practices. It was also proposed that public authorities would use television to promote sustainable lifestyles. Also specific support mechanisms for SMEs to market SCP were found to be useful.

4. Develop/reinforce communication and education (targeted towards specific groups)

Communication was perceived as a key tool to promote SCP, but it is underdeveloped. Whilst entrepreneurs are overloaded by information, they lack information on SCP. Participants recognised the importance of addressing private enterprises, and in particular SMEs, through the right channels. Several channels were mentioned: organising platforms/fora for SMEs, websites, chambers of commerce, business associations, innovation centers.

In order to capture the attention of the business community, and in particular of high-level managers, there is a need to use the language of the business community and to link SCP to their agenda. Some proposals were made:

- develop links between SCP and corporate governance (social and environmental criteria could be integrated in the legal reporting process on corporate governance);
- integrate the social and environmental risks in the risk analysis;
- develop aggregate indicators for the top-level managers.

Since there are cultural differences, some participants stressed the importance of adapting the messages to the culture of the target group.

The working group also stressed the importance of introducing courses on SCP in the curricula at all levels of education and in all disciplines (business school, chemistry, engineering, medicine, etc) and to make use of the UN-decade of education for sustainable development. It was also identified as important to train consultants, inspectors and other technical professionals involved in identifying problems and finding solutions at an enterprise level. Furthermore, the in-house-company education, regarding sustainable consumption at the workplace, which very likely has a multiplying effect, was discussed.

5. Use of market incentives (fiscal and economic instruments)

Many participants stressed the importance of internalising external costs in prices. But recognising the political difficulties of introducing e.g. new taxes, there is a need to develop other measures like tax reductions for sustainable products and phasing out of perverse subsidies to encourage the diffusion of SCP (for example for the benefit of eco-labelled products, use of EMAS, sustainability reporting). Public (and company) procurement was also identified as an instrument to strengthen the market position of sustainable products and reduce their prices.

In parallel to these 5 priorities, the working group raised some key elements that need to be taken into account in each of these five priorities:

- the use of supply chain management;
- the need for sectoral approaches in order to take into account the specificities of the various sectors and to develop more tailor-made instruments;
- the need to involve various ministries in the policy-process on SCP.

Participants also mentioned the importance for actors to work in a framework including medium and long-term political objectives. This is in particular relevant when developing partnerships and voluntary agreements.

The role of workers in modifying consumption and production patterns not only in the workplace (e.g. workplace assessments, promote effective implementation of regulation), but also in the outside world was also stressed in the working group. They need to be informed, trained and provided with adequate participation mechanisms to be able to adopt more SCP patterns.

The group identified some policy recommendations:

- create frameworks that enable the creation of partnerships (fora, networks, incentives) and engage financial institutions to become drivers for SCP;
- promote partnerships for SCP, such as business-to-business (in particular for SME) and workers-to-business;
- set up voluntary agreements for different product groups including concrete targets and monitoring;
- develop supply-chain management for SCP including concrete targets;
- strengthen the role of public procurement for SCP.

The working group proposed some concrete actions (among others):

- EC/UNEP and business associations to start talks on voluntary agreements for specific product groups;
- Integrate SCP in curricula and job descriptions;
- Set up panels for specific fields of demand involving all stakeholders;
- Promote small scale environmental management systems for SMEs;
- Identify successful marketing strategies for sustainable products and share best practices;
- Develop partnerships to establish SCP at workplace level to promote good practices of workers.

Working Group 3: Role of innovation – How to stimulate the development of sustainable products and services?

Facilitators: Mr. Dick de Bruijn, International Co-ordinator, Ministry of Environment, The Netherlands; and Mr. Kari Raivio, Chancellor of the University Helsinki and Chairman of the Finnish National Commission on Sustainable Consumption and Production, Finland.

Key priorities are:

1. More Research and Development:

To stimulate the development of sustainable products and services, **more research is needed**. This means implementing at least the Barcelona target of 3% of GDP but also a need to increase the proportion of research programmes on issues that will contribute to sustainable production and consumption, such as promoting environmental technologies. The research should consider both incremental changes – such as how to improve existing housing stocks through retrofitting – and also step changes. This will include fully exploiting creativity and exploring the potential of product-service systems.

This means that the necessary resources need to be made available: by industry, by national governments and at the EU level, through future framework research programmes. Such programmes should be designed to minimise administrative requirements and hence maximise funds for research. It also means that researchers have to submit relevant and high quality bids to ensure that these research programmes achieve maximum value for money. The potential offered by public-private partnerships also needs to be exploited.

Possible concrete actions:

- a significantly increased budget for SCP projects in the EU's 7th Framework Programme for Research;
- Meet the 3% Barcelona Council target
- Finance research to stimulate the frontier between social and technological research

2. Encourage demand for sustainable products and services

The market demand for sustainable products and services needs to be increased. This means encouraging a shift from unsustainable to sustainable products and services, and not just increasing overall demand.

All stakeholders have a role to play in this process. Governments, for example, set the regulatory and economic framework and also through their purchasing activities can have a strong impact on the market. National governments have a particular role in education. Industry and retailers can also through their purchasing activities demand more sustainable products. Certain NGOs can also have an impact on particular products (e.g. Greenpeace's activities promoting propane fridges). Consumers themselves, whether through conscious or subconscious decisions, can exert considerable market pull.

Awareness raising is an important tool that can be used. Short-term information campaigns have their place; they also benefit from sustained education in schools and higher education. This is a 30-year, one generation, project. While environmental labels exist and have potential, consumers are currently faced with too many labels, which is causing confusion. General information flow throughout the product-chain, including business-to-business and business-to-consumer, is also important. Tools such as environmental product declarations (EPDs) have potential here.

Companies need to take responsibility for the products they produce, and make information available about them. They have considerable opportunities to influence social conditions in non-European countries through their choice of suppliers and their contracts with them.

Legislation also has a role to play to force companies to integrate sustainability issues into design; however, such initiatives need to give the companies and their designers as much freedom as possible on how to achieve the desired goals. Schemes such as the “performance targets” within the Environmental Technologies Action Plan and the Japanese “Top runner scheme” could also have potential.

Possible concrete actions:

- Adopt sustainable procurement targets at EU, national, regional and local level by 2006.
- Review existing product and service-related legislation at national and EU-level with a view to the deregulation of measures which hinder more sustainable innovation.
- Adopting framework directives to integrate environmental aspects into product design (e.g. possibly in the style of the Commission proposal for a framework directive on the eco-design of energy-using products), including information flow in the product chain.

3. Economic Instruments

Ensuring that market prices reflect the real economic costs of a product or service to society – **the internalisation of external costs** – is essential to ensuring that these products and services are more competitive and increase their market share. It is also essential for new innovation, because it shows that there is money to be made from investing in research to produce this type of product. In addition, positive financial incentives are important, often in the initial phases of an environmental technology to stimulate uptake before the unit price has decreased due to mass production and competition (e.g. renewable energy in Germany).

Governments have a particular role to play in this area, whether at the EU or the national level. Environmentally harmful subsidies (e.g. through an agricultural production payments or the absence of a tax, such as on airline fuel) need to be eliminated (e.g. in agriculture or energy) and use made of ecological taxation. Taxation policy should be used to benefit more sustainable products and services. Ideally this should not just enter the national budget, but instead be hypothecated for clear environmental purposes that can be sold to citizens.

Possible concrete actions

- Elimination of environmentally harmful subsidies by 2010
- Establish fora to exchange information on best practice in the internalisation of economic costs at EU and national level.

- Establish national environmental funds financed by environmental and social taxes to support the development of new sustainable products and services.

4. Networking and working together with developing countries

Efforts to develop more sustainable products and services would benefit from **greater co-operation and networking between different stakeholders**, including, where appropriate those in developing countries.

All stakeholders can contribute to improving networking. Dialogues within whole supply chains (e.g. product panels under IPP), or between industrial sectors and governments (e.g. technology platforms) are examples of this. Other examples are the need to fight for projects that cut across many different areas of environmental policy, as opposed to just focusing on a single issue (e.g. climate change), particularly within international environmental funding mechanisms (e.g. World Bank, European Investment Bank and International Monetary Fund).

Governmental organisations can also promote co-operation with developing countries. Existing schemes such as ASIA Pro-Eco can be used. In addition it may be possible to benefit from the reduced number of post-doctoral researchers currently being admitted to the USA.

5. Setting targets to promote absolute de-coupling

Concrete targets, whether at the level of the whole economy, focused on a particular environmental problem, or concerning a particular product, have the ability to target efforts by stakeholders in order to stimulating the development of sustainable products and services.

Targets can be set by governments – for example the Kyoto targets for certain greenhouse gases – but can also be the focus of public commitments by business sectors – for example the AISE commitment through the "Wash right" campaign. In addition, NGOs and even individual consumers can set themselves targets.

Targets need to be set at the appropriate level, for Europe, a goal of de-coupling economic growth from environmental impacts, while at the same time reducing those overall impacts should be considered. This could be accompanied by concrete targets in the, for example, top 10, economic sectors that have a particularly significant impact. At the national level, this could include setting targets for regional and local governments in their procurement activities or ensuring that children reach a certain level of "sustainability" awareness in their education systems.

Targets also need to be relatively stable, so that objectives do not change often. At the same time they need to be revised in the light of experience.

Possible concrete actions

- Adopt overall objective for the EU and national governments of the absolute de-coupling of economic growth from negative environmental impacts
- All plans, at whatever level of government, should set up targets (e.g. eco-efficiency targets or Factor 4, where appropriate, or greenhouse gas reduction targets) and a monitoring system.

Working Group 4: Leveraging investments for sustainability - How can investments from governments and development banks best stimulate private financing for sustainable infrastructure?

Facilitators: Mr. Paul Hofseth, Senior Advisor, Ministry of Environment, Norway; and Mrs. Andjelka Mihajlov, University of Novi Sad, Serbia.

Scope:

Investments: the capital is expected to be repaid with interest commensurate with risks and liquidity, or taxes and charges, will contribute towards building and operation. Concessional funding and grants insofar as they can be used to stimulate private investments.

Area: the European countries, EU and non-EU countries in Europe, but including Europe's responsibilities towards the rest of the world and taking into account that the general investor considers the global market, not just the European part of it.

Project types: infrastructure, enterprises and projects, in particular following the CSD rhythm of reviewing water and sanitation, waste management, and energy use including transport. Not in order to drop the themes when CSD is through, but to focus global attention on these issues.

Approach:

The background documentation has a good description of general measures to facilitate investments, good governance, the legal and economic framework including the need to phase out damaging subsidies and ensure that prices and charges cover real costs.

The group focused on issues specific to promoting more sustainable production and consumption. In assessing costs and benefits, investments in production side measures should be compared with consumption side investment (i.e. energy production compared with energy saving). This makes funding of numerous small businesses and projects as relevant as large scale project finance.

In designing projects, one should keep in mind that it is not only construction, installation and technology that matters. Securing knowledge and skills to operate, maintain and manage the technical and economic aspects are essential and must be part of the plan from the start.

Discussion:

The key to progress is to use the limited additional tax revenues and the much smaller pool of grants and concessional funds to enable savings to be channelled in a more effective way. This needs some supporting regulations, more flexible use of existing institutions and efforts to mobilise the public and increase understanding of the issues concerned.

Environmental and social issues are usually addressed by groups such as researchers, policymakers, consultants, engineers and NGOs. The need for investments is easily recognised, but rarely formulated as a "bankable" business plan where the income side as well as expenditure, risks and time horizon is well defined. Finance experts used to dealing with their peers and working in institutions designed to fund quite large projects or companies at the level of a stock exchange listing, may easily give up on projects outside this framework. This communication problem was perceived

as one of the most substantial obstacles.

The financial markets have enormous resources available, but there is a need for mechanisms to “bundle” small projects and to channel funds in a better way. Projects with low risks and collateral are usually handled by banks, but the large multilateral banks only do multimillion dollar deals. This leaves a gap through which a number of useful projects may fall. “Financial intermediaries” who borrow a lump sum from international financial institutions or on the open market to lend on to smaller borrowers may contribute to fill this gap.

Uses of funds [Target Groups]	Sources of funds [Leverages]
Large producers, exporters and importers	<ul style="list-style-type: none"> • Private investment in listed and unlisted shares and other instruments sharing ownership and risk
Large projects and utilities	<ul style="list-style-type: none"> • Bonds and other priority unsecured debt
Small and medium size business	<ul style="list-style-type: none"> • Export credit (guarantees)
Public authorities without sovereign governments	<ul style="list-style-type: none"> • Guarantee fund for investments
Individuals unable to (too poor) borrow from banks	<ul style="list-style-type: none"> • Public private partnerships
Social profit organisations	<ul style="list-style-type: none"> • Environmentally sustainable banking organisations • Pension funds and other institutional investor seeking low-risk investments

Local authorities, utilities and companies may issue bonds to savers willing to take some more risk in exchange for a larger return on capital. Projects with more risks and potential rewards, and start up funding for new companies should be taken on by specialised investment funds who become passive or active part owners.

Large, professional investors prepared to take risks, expect much more substantial returns than what is usually available from projects for the common good. In order to attract more patient capital, a “fund-of-funds” targeted to the respective sectors, renewables, water etc. with baseline grant funding networking with local institutions was suggested. The advantage of this would be to channel capital willing to take moderate risks to projects offering commensurate returns. The need to build on existing institutions was underlined, since it is unrealistic to expect that new international institutions can be established. Comparable standards for corporate social and environmental reporting will facilitate sustainable investment from private investors.

In countries with weak currencies there is a need to avoid the risks of borrowing in foreign currency. Here systems to encourage and channel local savings will be especially useful. There is positive experience from development aid assisting local authorities in building capacity to issue bonds to

fund water and sanitation projects and assuring the economic base through user payment and eliminating leakage.

Small savers often receive very small net returns on capital and once banking charges have been subtracted the returns may be near zero. Small, local “social” funds may be able to offer the same security and liquidity and the same interest rate, but can channel the funds to local needs. Successful operation of these requires insight and training in this particular form of banking.

Lack of harmonisation of EU rules on green funds and on intellectual property rights were specifically mentioned as substantial obstacles. The new rules on bank reserves and risk “Basel II” may be a serious hindrance to the creation of new social banks.

Priorities and actions:

First:

- Stimulate campaigning for citizens involvement in sustainable saving and investment. [All actors, governments taking the lead]
- Disseminate best practices for the stimulation of socially and environmentally responsible investment (e.g. fiscal regulation). [Financial sector and governments]

Second:

- Promote the setting up of dedicated seed and growth risk capital funds and networks to support them. [Financial sector, PPP]
- Establish patient capital “funds of funds” and networks targeted to the respective sectors.
- Establish European micro-credit guarantee fund.

Third:

- Develop codes of conduct and set up training facilities on sustainable investment for entrepreneurs, banker and project developers. [Financial sector]
- Harmonisation of rules for sustainability funds to facilitate internationalisation. [Governments]

Fourth:

- Support the work of the Council of Europe fostering dialogue between governments and stakeholders on sustainable and responsible investment. [All actors]

Fifth:

- Improve analysis of the environmental and social sustainability of national and EU level investment programmes and plans. [Governments]

Working Group 5: Consumption and quality of life - How to re-orient the consumer society?

Facilitators: Mr. Michael Massey, Head, Sustainable Development Policy, Department of Trade and Industry United Kingdom; and Mr. Otmar Lell, Policy Officer, Federation of German Consumer Organisations, Germany.

Summary

Education and effective communication is fundamental to progress in achieving sustainable consumption. A strategic approach is needed at EU, national and local levels. Messages need to be positive and practical rather than moralistic. Open debate on society's understanding and objectives for a better quality of life, including the role of consumption, should be encouraged. The issue of sustainable consumption needs to be strengthened institutionally. A group at European level, an ombudsperson and a communication platform for sustainable consumption, including stakeholder participation, are options requiring further consideration.

Discussion:

There was discussion about the meaning and understanding of “**quality of life**”. It is more than simply economic growth, or consumption. Studies indicate that neither in themselves necessarily makes us happier. There was agreement that it also embraces environmental, social and cultural aspects but not time to explore in any depth or reach conclusions on how it might best be defined or measured.

Focusing on concrete measures, the group considered that new **strategic approaches** were necessary for **communicating** the case for and options for action to achieve sustainable patterns of consumption. Such strategic approaches should be taken at the EU, national and local level. Communication strategies should cover different communication channels such as education, information and awareness raising.

- **Education** was considered to be fundamentally important for changing consumption patterns. Curricula should be reformed to include issues of sustainable consumption on all levels of the education systems (formal and non-formal, elementary, school education as well as professional and university education).
- Consumer **information** concerning sustainability issues should be conveyed in a positive way rather than by moralistic messages or in conceptual or abstract language. Messages should be personal and practical, translating political language into “actionable knowledge”. The focus should be on the benefits of more sustainable alternatives to the individual consumer– bringing out clearly “what’s in it for me?” “Sustainability by stealth” or a focus on personal health effects would often be the most effective tactic. Communications should be in plain language that is reliable, scientifically robust and not misleading. Target groups should be addressed in ways that correspond to their specific attitudes, aspirations and preferences. Consumers need feedback to reassure them that their purchasing decisions are worthwhile and make a difference. Thought needs to be given to “viral” communication strategies and other “smart” ways of communication

that do not require huge financial resources. Information strategies should include using high profile “ambassadors” from areas like culture, music and sport. They should also include monitoring arrangements to ensure their impacts – including impacts on countries outside Europe – and effectiveness can be assessed.

There was general agreement on the importance of getting price signals right. But it was also noted that price is not always the determining factor in purchasing decisions. For some markets, such as luxury goods and high profile brands, it is high prices that are the attraction in signalling wealth and status. It was agreed that much more needed to be done:

- on the one hand to **internalise environmental** as well as social and other **externalities and to eliminate perverse subsidies;**
- and on the other to exploit the potential of **fiscal incentives** to stimulate the development of markets and encourage take-up of more sustainable goods and services.

The scope for ecological tax reform, shifting rather than increasing the overall tax burden, remained significant. However, this did require careful assessment of distributive effects to avoid regressive impacts on the poorest and most vulnerable. There were also calls for more debate about the role of pricing in decisions about whether to consume rather than what or how to consume.

There was consensus that sustainable consumption needs better **institutional integration** at EU and national levels. This should start with a focus on improving existing structures but new approaches should also be considered eg focal points in each DG of the European Commission, responsible for ensuring integration of SCP in their policy areas and networking to ensure improved integration and co-ordination across the Commission. There was some support for proposals for establishing a new expert group/platform at EU level to help ensure sustained momentum on SCP. However, there were also concerns about establishing new bodies without a clear understanding of their role and status and confidence about the value they might add. Others proposed establishment of bodies/platforms focused on the implementation of communication strategies at the various levels. It was highlighted that institutional efforts to better co-ordinate communications will work only when based on a participatory approach.

Another option would be establishing an **Ombudsperson** focused on sustainable development or perhaps the rights of future generations – at EU and/or national level.

The following topics were touched on but not discussed in depth:

- Integration of sustainable consumption into other relevant policy areas, in particular consumer policy at EU and national levels.
- Assessment of the implications for sustainable consumption of longer term cultural and other trends at the macro level such as demographic changes
- The importance of innovation in its broadest sense, encompassing social as well as product and technological innovation, to provide consumers with real and attractive alternatives.

- The importance of partnership approaches in developing and implementing effective communication strategies, including tools such as labelling.
- Consumers' right to know with regard to sustainability aspects of the production chain, including the responsibility of business to inform consumers about their sustainability performance in a transparent manner.
- Legislative or other measures to prevent misleading advertising.
- How the roles of advertising and the mass media might best be harnessed or influenced to increase awareness and understanding of the effects of unsustainable consumption and positively promote sustainable consumption.
- The "hardware" necessary for sustainable consumption to work, such as affordable and attractive public transport systems if individual mobility via cars is to be reduced.

Working Group 6 : Global dimension - How can Europe contribute to sustainable consumption and production world-wide?

Facilitators : Mr. Bernard Mazijn, Director, Policy Unit Sustainable Development, Belgium; and Mr. Ralph Chipman, United Nations Department of Economic and Social Affairs (UN DESA).

The Working Group considered how Europe could contribute to sustainable consumption and production (SCP) world-wide, with particular attention to capacity building in developing countries. The Group also noted that most of the priorities, policies and actions considered were also applicable to the countries with economies in transition.

Priorities:

1. Support the integration of sustainable consumption and production and poverty alleviation in developing countries.

European countries should work to increase understanding in all countries of the benefits of SCP and encourage and assist interested countries in integrating sustainable development and SCP into national sustainable development strategies (NSDSs), poverty reduction strategies (PRSs) and related strategic plans. They can also work with the World Bank and other international organisations in this effort.

European delegations in the United Nations Commission on Sustainable Development should emphasise the importance of SCP, in particular with respect to industrial development and energy (2006-07), agriculture (2008-09), and transport and waste (2010-11).

Studies should be done to identify how efforts toward sustainable consumption and production can contribute to poverty reduction and achieving the Millennium Development Goals. Results of those studies should be used in the above and disseminated.

Education and dissemination of information should be supported to improve public understanding of the benefits of sustainable consumption and production in all countries. The Internet should be used to disseminate information, with European websites on SCP linked to the joint UN DESA/UNEP international website on the Marrakech Process.

European regional and national organisations, both public and private, including EU institutions such as the Commission, the Parliament and the Council, should set an example for other organisations and countries by adopting sustainable procurement and consumption practices such as serving organic and fair trade food products.

European governments, the European Commission, and other organisations are the main stakeholders/actors in this area.

A particular project might be assistance in strategic planning in China or other developing countries, as called for by the participant from China.

Another project would be working with the World Bank to incorporate sustainability issues into poverty reduction strategies.

2. Integrate an international dimension into European programmes relating to sustainable consumption and production.

European strategies for development (Lisbon), sustainable development, technology (ETAP) should include elements for international co-operation and assistance to developing countries.

Sustainability impact assessments (SIAs), including the identification of the potential positive and negative impacts on developing countries, of European decision-making, could be a basis for this integration. Export Credit Agencies were mentioned as an example.

Governments are the main stakeholders/actors in this process.

3. Promote eco-efficiency, eco-design and waste management in developing countries to conserve natural resources and reduce air and water pollution.

National Cleaner Production Centres (NCPCs) are a valuable means for providing technical assistance to enterprises for cleaner production, supporting technological development, adapting technology from other countries to local conditions, promoting sustainable consumption, and supporting policy making and public information in support of sustainable consumption and production. Those activities can enable developing countries to 'leapfrog' to more advanced, cleaner, more productive technologies. Those centres should be supported financially and technically. They also provide a useful intermediary for supporting bilateral or multilateral projects relating to sustainable production and consumption.

Bilateral and multilateral projects should assist developing countries in building capacity for eco-efficiency, eco-design, and waste reduction, recycling and waste management. These projects should also assist developing countries to 'leapfrog' less sustainable technologies into new, more sustainable technologies.

Assistance projects should also promote and support policies to encourage eco-efficiency through an optimal mix of instruments and develop markets for environmental services.

Co-ordination among donors of assistance projects can help ensure that assistance resources are used effectively and meet the needs of as many countries as possible.

The main stakeholders and actors for this purpose are governments, intergovernmental organisations, and industry.

Projects could be based on the provisions for international co-operation and technology transfer in multilateral environmental agreements (MEAs). One example suggested was a project, in the context of the Basel Convention, on managing electronic waste.

4. Promote sustainable consumption and production world-wide through international supply chains.

The impacts of consumption patterns in Europe on developing countries through international supply chains should be examined, and the negative impacts should be addressed through European

programmes for sustainable consumption and production. The analysis and action should use life-cycle analysis and should address social issues such as employment and working conditions.

Governments can encourage corporate social responsibility and monitor the activities of their multinationals in developing countries with respect to both environmental and social performance.

Support for developing country NGOs can promote multi-stakeholder processes for improving the performance of multinationals and their supply chains in developing countries.

Eco-labelling, fair trade labelling and other types of labelling relating to sustainability, together with assistance to developing country producers in obtaining certification, can help consumers in developed countries to support sustainable development in developing countries.

International support for education and training of managers, engineers and workers in developing countries can contribute to sustainable production and consumption.

Criteria for sustainability, developed through a multi-stakeholder process, can assist in improving the sustainability performance of a supply chain.

Trade unions, multinational corporations, NGOs and governments are critical stakeholders/ actors for this issue.

5. Common research activities involving institutions in Europe and developing countries should be supported in their work relating to sustainable consumption and production.

European research institutions should strengthen co-operative links with research institutions and knowledge centres in developing countries, including through research networks and consortia. This would support and strengthen developing country research institutions, but their knowledge and experience, including traditional knowledge, would also enrich the European research programmes.

The European institutions should assist developing country institutions in developing technologies for SCP and adapting developed country scientific and technical knowledge to the needs and capacities of developing countries.

The main stakeholders/actors for this are research and academic institutions, with support from governments.

A particular focus for research for the benefit of developing countries might be on how sustainable consumption and production can contribute to poverty alleviation in large cities.

ANNEX II

AGENDA



European Stakeholder Meeting on Sustainable Consumption and Production



24-26 Novembre 2004, Ostend, Belgium



AGENDA



Wednesday 24 November 2004

18.00 **Registration**

20.00 **Welcome Buffet, Hotel Thermae Palace**

Hosted by the government of Finland

Thursday 25 November 2004

8.00 **Registration**

9.00 **Plenary session** **Opening Session – The Imperative of Sustainable Consumption and Production**

Meeting co-chaired by:

Mr. Claus Sørensen, Principal Advisor, European Commission.

Mrs. Nadine Gouzée, Representative of Belgium to the CSD.

Opening statements (ten minutes) by :

Mrs. Els Van Weert, State Secretary for Sustainable Development and Social Economy, Belgium - Welcome

Mrs. Catherine Day, Director General, European Commission, DG Environment -

Opening remarks

Mr. Yong Ren, Deputy Director, Policy Research Center for Environment and Economy, State Environmental Protection Administration, China - New approach to implement SCP in China and expectations from EU co-operation on SCP.

Mrs. Monique Barbut, Director, UNEP-Division of Technology, Industry and Economics,

- Implementation Challenge of Marrakech process

10.30 **Coffee break**

11.00 **Plenary session** **Multi-Stakeholder Panel Discussion- Commitments for implementation**

Questions and answers, moderated by the co-chairs, to identify SCP commitments and strategies for implementation

Five minute statements by :

Youth organisation - Generation Europe, Mr. Matt Morrell.

Industry/business - Union of Industrial and Employers' Confederation in Europe (UNICE), Mrs. Nadine Toscani.

SMEs- European Association of Craft Small and Medium sized Enterprises (UEAPME), Mr. Guido Lena.

Trade unions - International Confederation of Free Trade Unions (ICFTU), Mr. Lucien Royer.

Non-governmental organisations/ - ECO-STEP/Eco Forum, Mr. Ondrej Velek.

Consumers organisation – Consumers International, Mrs. Priya Bala.

Local authorities - International Council for Local Environmental Initiatives (ICLEI), Mrs. Margit Vestbjerg.

Financial Institutions - Triodos Bank & International Network of Social Finance Organisations, Mr. Frans de Clerck.

Questions and answers and contributions from the floor

12.30

Lunch

14.00

Plenary
session

Introduction to Group Work

Keynote presentations

"Sustainable Consumption Patterns: Why should Europe care?" by Mr. Lars Fogh Mortensen, Policy Analysis Group, European Environment Agency.

"Elements for European Strategies on SCP" by Mr. Peter Hennicke, President, Wuppertal Institute.

Introduction of facilitators of the working groups.

14.50

Moving to the working groups

15.00

Working
Groups

Working groups - Action to promote SCP that deliver economic, social and environmental benefits

Working group 1 : Developing coherent strategies - How can the various strategies aiming at sustainable development contribute to sustainable consumption and production?

Changing unsustainable consumption and production patterns is necessary in order to achieve sustainable development. In Europe, there are many different strategies aiming at or influencing sustainable development at different levels. At the EU level, these include the Cardiff, Lisbon and Sustainable Development Strategies. European countries have developed national strategies on sustainable development and some of them are developing frameworks on sustainable consumption and production (SCP). What are the synergies among them? How to make the EU strategies supportive of SCP? Would some modification of these strategies be sufficient to achieve a 10-year framework of programmes on SCP or is a separate strategy on SCP needed?

Facilitators : Mrs. Helen Agren, Deputy Director, Sustainable Development Unit, Prime Minister's Office, Sweden; and Mrs. Erika Lagzdina, Director for Latvia, Regional Environment Centre for Central and Eastern Europe.

Working group 2 : Getting aboard – How to stimulate business initiatives for sustainable consumption and production?

The role of the business sector and trade unions is crucial for industrial development and SCP. Approaches such as CSR, EMS, workplace assessments, alternative business models, and voluntary agreements, are examples of business and trade unions action for sustainable development. How can we strengthen these trends towards sustainable business? How to create a better framework for business to flourish, especially for SMEs Enterprises? How can business be further and more actively engaged?

Facilitators : Mr. Ulf Dietmar Jaeckel, Deputy head of Division Product Related Environment Policy, Ministry of Environment Germany; and Mrs. Estefania Blount Martin, Executive Board of Sustainlabour, Spain.

Working group 3 : Role of innovation – How to stimulate the development of sustainable products and services?

During the last decade, the EU and individual countries have developed policies and instruments that seek to take a life-cycle approach to making products and services more efficiently and sustainable. In addition, tools and strategies have been developed such as eco-design, IPP, PSS, dematerialization, new marketing strategies and alternative systems to meet needs. What needs to be done to accelerate innovation, sustainable product and service systems/design and security of products?

Facilitators : Mr. Dick de Bruijn, International Co-ordinator, Ministry of Environment, The Netherlands; and Mr. Kari Raivio, Chancellor of the University Helsinki and Chairman of the Finnish National Commission on Sustainable Consumption and Production, Finland.

Working group 4 : Leveraging investment for sustainability - How can investments from government and development banks best stimulate private financing for sustainable infrastructure?

Although funding from government through taxation remains important for providing basic infrastructure, especially to secure basic services for low-income groups, funding from private sources, nationally and internationally is increasing in importance. There is a need to create legal and economic frameworks, which promote investments and favour sustainable use of these funds, especially on infrastructures for waste management, transport and energy. What kind of framework is needed for investments on SCP? How to create public-private partnerships and make better use of these funds? How to attract and involve investors?

Facilitators : Mr. Paul Hofseth, Senior Advisor, Ministry of Environment, Norway; and Mrs. Andjelka Mihajlov, University of Novi Sad, Serbia.

Working group 5 : Consumption and Quality of Life - How to re-orient the consumer society?

Improvements in efficiency and cleaner production have not been enough to reduce the depletion of natural resources and pollution. One of the main reasons is that the levels of consumption are increasing more rapidly (rebound effect). On the other hand, studies have shown that high levels of consumption do not necessarily make us happier. How does consumption relate to quality of life? How can we give consumers a real option for sustainable consumption? What role can citizens/consumers, retailers, advertisers play?

Facilitators : Mr. Michael Massey, Head, Sustainable Development Policy, Department of Trade and Industry United Kingdom; and Mr. Otmar Lell, Policy Officer, Federation of German Consumer Organisations, Germany.

Working group 6 : Global dimension – How can Europe contribute to sustainable consumption and production world-wide?

Many European policies and life-styles influence consumption and production patterns in the wider world, either directly or indirectly. How can Europe make a positive effect on SCP globally? How can Europe share knowledge and information, capacity building, technology transfer and financing? What is needed to remove barriers and create enabling environments? One of the objectives of this Working Group is to provide an input to the upcoming CSD sessions on thematic cycles, with SCP as crosscutting issue.

Facilitators : Mr. Bernard Mazijn, Director, Policy Unit Sustainable Development, Belgium; and Mr. Ralph Chipman, United Nations Department of Economic and Social Affairs (UN DESA).

16.30 **Coffee break**

16.45 Working
18.30 Groups **Working groups (ctd.)**

20.00 Dinner in "Fort Napoleon" hosted by the Government of Germany - keynote speech Mr. Eckart Meyer-Rutz, Head of Division Product-related Environmental Protection and Standardisation. German Federal Ministry of Environment.
** Shuttles are leaving at 19:30 from the hotel.*

Friday 26 November 2004

8.30 Working
Groups **Working groups (ctd.)**

10.00 **Coffee break**

10.30 Plenary
Session **Working groups' facilitators panel discussion**
Presentation of working groups outcomes and discussion.

12.00 **Lunch**

13.00 Plenary
Session **Moving forward Europe's strategy on SCP –
Priorities for further work**

15.00

- Chairs Summary : conclusions and recommendations.
- "From Ostend to Costa Rica" by Mr. Ralph Chipman, UN DESA and Mrs. Cinthia Soto, Mission of Costa Rica to the United Nations.
- Closing remarks by Mr. Paul van Snick, Head of Cabinet, Ministry for the Environment of Belgium.
- Closing remarks by Mr. Frits Schlingemann, Director, Regional Office for Europe, UNEP.
- Closing remarks by Mr. Timo Makela, Director, European Commission, DG ENV, Sustainable Development and Integration.

ANNEX III

LIST OF PARTICIPANTS

LIST OF PARTICIPANTS

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ANNEX IV

Background Paper

European Stakeholder Meeting on

Sustainable consumption and production

Ostend, Belgium
November 25 - 26, 2004



This paper was prepared by the United Nations Environment Programme (UNEP), Division of Technology, Industry and Economics (DTIE), in collaboration with UNEP Regional Office for Europe (ROE). It was written by Adriana Zacarías Farah, Paula Rey and Bas de Leeuw, in cooperation with Rie Tsutsumi and Angels Varea. Comments were provided by the European Commission DG Environment, the Belgium Ministry of Sustainable Development, the Belgium Federal Planning Bureau-Task Force Sustainable Development and the co-chairs and facilitators of the Ostend Meeting.

UNEP would like to thank all those who provided comments; specially to Bernard Mazijn, Helen Agren; Gunilla Blomquist, Marjo Nummelin, Nadine Gouzée, Natacha Zuinen, Nis Christensen, Paul Hofseth, Robert Goodchild, Thomas Bernheim and Ulf Jaeckel.

ANNEX B was prepared by UNEP ROE. It was written by Rie Tsutsumi, with assistance of Kristy Robinson. UNEP ROE would like to thank all those governments and organisations that responded to our questionnaire survey for their co-operation.

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Chapter I : Introduction and Marrakech Process

1. Introduction and Objectives of the European Stakeholder Meeting on Sustainable Consumption and Production

"Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. All countries should promote sustainable consumption and production patterns, with the developed countries taking the lead and with all countries benefiting from the process, taking into account the Rio principles, including, inter alia, the principle of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development. Governments, relevant international organisations, the private sector and all major groups should play an active role in changing unsustainable consumption and production patterns"¹

All countries are called to "Encourage and promote the development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production to promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, de-linking economic growth and environmental degradation through improving efficiency and sustainability in the use of resources and production processes and reducing resource degradation, pollution and waste. All countries should take action, with developed countries taking the lead, taking into account the development needs and capabilities of developing countries, through mobilisation, from all sources, of financial and technical assistance and capacity-building for developing countries."

In response to this, several initiatives have been taken at the global and regional level. An international expert meeting in Marrakech in June 2003 defined the priorities at the global level, and launched the "Marrakech process" (which is the ten-year framework on SCP). UNEP, together with UN DESA, has organised various regional consultation meetings, which have taken place in Latin America and the Caribbean, Asia Pacific and Africa, aimed at developing regional strategies on sustainable consumption and production. The two organisations launched, at CSD12 (April 2004), the joint website on the 10-year framework. It contains up-dated information and key documents on the regional and international development of the Marrakech Process². UNEP and UN DESA are currently organising a second international meeting that will take place in Costa Rica, in September 2005.

For the first time after the call of the WSSD Johannesburg Plan of Implementation, the European meeting will bring together various European stakeholders to work on the issues of sustainable consumption and production. Key stakeholders from governments, private sector, consumers' and workers' organisations, NGOs and intergovernmental organisations will attend the meeting and elaborate together the European contribution to the Marrakech Process.

¹ WSSD, Johannesburg Plan of Implementation, (Chapter III). UN-2002.

² see www.uneptie.org/sustain/10year

The main objectives of this informal expert meeting are to :

- formulate the European contribution to the implementation of the Johannesburg commitments on sustainable consumption and production;
- recognise the crucial roles of each stakeholder and encourage their commitment to SCP;
- share information on ongoing activities, identify priority areas as well as potential gaps in policies and tools, and
- find means for implementing policies and activities.

The meeting is organised by the United Nations Environment Programme (UNEP) together with the European Commission, in consultation with the United Nations Department of Economic and Social Affairs (UN DESA). It will be hosted by the Federal Government of Belgium. Belgium, Finland, Germany and Sweden are providing financial support.

This paper provides some basic information to facilitate the discussion during the meeting. This first chapter presents an overview of the "Marrakech Process". It presents global and regional initiatives to develop the 10-year framework of programme on SCP. Chapter II gives a snapshot of the wider European context on sustainable consumption and production and the policy framework on these issues. Chapter III analyses 6 key issues related to SCP that will be the topic of discussion during the working groups.

2. The 10 -Year Framework of Programmes on Sustainable Consumption and Production: International and Regional Initiatives

2.1. The Marrakech Process

The International Expert Meeting on the 10-year framework of Programmes for Sustainable Consumption and Production was held in Marrakech, Morocco, from 16 to 19 June 2003. The meeting was organised by UNEP and UNDESA. The Governments of Belgium, Denmark, Finland, Germany and Sweden provided financial support for the meeting, particularly for the participation of experts from developing countries.

The meeting launched the "**Marrakech-Process**", including regular global and regional meetings supported by informal expert task forces and roundtables to promote progress on the 10-year framework on SCP. It identified a number of key priorities, emphasising the importance of integrating the three dimensions of sustainable development in formulating policies for promoting SCP; and the importance of ensuring the integration of SCP in national sustainable development strategies and, where applicable, in poverty reduction strategies.

The Marrakech Process highlighted the need to obtain political commitment to the issue for SCP at the highest level in governments, international organisations, private sector and civil society. Raising awareness on the benefits of SCP and mainstreaming the concept at all levels was considered essential. It recognised, as well, the importance for governments to specify their priorities in the area of SCP in order to ensure an effective and well-targeted international co-operation.

For furthering progress in promoting SCP, institutional and social capacity building was seen as a major challenge. In addition, the need for development and diffusion of sustainable technologies and

financial means for implementing policies and programmes for SCP was recognised.

Dissemination of information was considered important in promoting SCP and the need for effective use of practical tools, including awareness-raising, education, training, media and advertising was highlighted. The involvement of all stakeholders in relevant fora at all levels is essential and should be promoted. Partnerships involving governments, international organisations and civil society were considered a successful instrument to promote SCP.

Box 1. Future work for the Marrakech Process

During the Marrakech meeting, it was mentioned that the development of the 10-year framework is a continuous process towards the achievement of SCP patterns, which should be further elaborated through enhanced international co-operation. The ongoing Marrakech Process should consist of:

- (a) Targeted responses by international organisations corresponding to governments' priorities in the area of sustainable consumption and production. On this basis, UN DESA and UNEP are asked to expand the "Survey of International Activities on Consumption and Production Patterns" compiled by UN DESA, with regard to the identified priorities for the Marrakech Process to make it more comprehensive and make it available to all countries;
- (b) Establishment of mechanisms that encourage and support information and experience sharing, network building, and dissemination of best practice. Such mechanisms could be interactive web sites and expert meetings on specific issues under the sustainable consumption and production umbrella;
- (c) Involvement of all stakeholders and establishment of concrete partnerships. Business and business associations were called on to implement sustainable production and consumption including through business-to-business partnerships at all levels, and promote a sustainable business culture;
- (d) An invitation to UN DESA, together with UN HABITAT, and in collaboration with UNEP and other relevant organisations and relevant financial institutions, to prepare, based on the work of this meeting, and in particular on the priorities identified at this meeting, a report on the actions needed at the international level to support national action in the waste, transportation, construction, and water and sanitation sectors, indicating the agencies, organisations, institutions, etc. that should be involved in each action;
- (e) **Strengthening of regional processes in all regions, which would also contribute to the international process.** At the international level, the Marrakech Process should include a broad expert meeting for the 10-year framework of programmes in two years time, supported by international organisations and donor contributions. The ongoing Marrakech Process on sustainable consumption and production should be supported by informal task forces or round tables on sustainable consumption and production, with participation of experts from developing and developed countries, to promote progress on the 10-year framework and the implementation of Chapter 3 in the Johannesburg Plan of Implementation;
- (f) Subsequent international expert meetings to address a wide range of sustainable consumption and production issues, also taking into account the work programme of the Commission on Sustainable Development (CSD);

SCP will, as a cross-cutting issue, be part of all future CSD sessions, linked to its specific thematic cycle. A major policy review cycle on the framework itself is scheduled for 2010/2011.

2.2. Regional Initiatives

Five regional meetings have been held, all jointly organised by UNEP and UN DESA and national governments. Support from the Governments of Belgium, Denmark, Germany, Finland, The Netherlands, Norway and Sweden has allowed the organisations to carry out these initial activities.

The Latin American meetings were held in Argentina, April 2003 and Nicaragua, October 2003. As a result, a Regional Strategy on Sustainable Consumption and Production (SCP) was developed, as well as a proposal for the establishment of a Regional Council of Government Experts on SCP.³ The Latin American Forum of Environment Ministers officially established the Council on November 2003, in Panama.

The Asia-Pacific meetings were held in Indonesia, May 2003, and in the Republic of Korea, in November 2003. Preliminary ideas on a regional strategy for the Asia-Pacific region were developed, with indications of needs and priorities. One proposal was to establish a "help centre" with the support of UN ESCAP and UNEP's regional office. The outcome of the meeting in the Republic of Korea was endorsed by the ESCAP Committee on Managing Globalisation.

The First African Expert Meeting on Sustainable Consumption and Production was held in Casablanca, Morocco, 19 – 20 May 2004. It identified the regional and sub-regional priorities and explored the linkages of poverty and consumption and production patterns, and how SCP contributes to poverty alleviation, economic development and could also be an opportunity to leapfrog into sustainability. "Casablanca Statement on SCP" was prepared and adopted by consensus by all participants. It was presented to the AMCEN meeting, in Libya, June 2004.

The Baltic Sub-regional Multi-stakeholder Workshop on Sustainable Consumption and Production was held in Vilnius, Lithuania, in June 2004. Needs and priorities were identified, based on an analysis of the status of consumption and production patterns/levels and state of the environment, in each of the three countries (Lithuania, Latvia and Estonia). Initiatives proposed include work in key sectors and the establishment of a high level multi-stakeholder body at national level to facilitate SCP work and multi-stakeholder SCP networks in the Baltic sub-region.

2.3. The global implementation challenge

As an informal task force meeting of experts concluded (Paris, March, 2004)⁴, the 10-year Framework is not meant to be only a series of meetings to discuss issues of SCP, but is also intended to promote implementation of SCP at the national and regional level, with co-ordinated international support. Therefore, the work should be linked to other international processes and to the thematic discussions as part of the multi-year programme of work of the Commission on Sustainable Development.

The challenge is to move from the more generic to the specific and focus on implementation. Meeting the "implementation challenge" requires that the following phases are carried out:

³ Full reports of the regional meeting are available on the joint UNEP-UN DESA website : www.unep.org/sustain/10year

⁴ reference to the briefing note and the meeting report of the Advisory Task Force. The meeting was supported by the government of France. Meeting report available in www.unep.org/sustain/10year

- a) Organising regional consultations in all regions to promote awareness and identify priorities and needs for sustainable consumption and production;
- b) Building regional strategies and implementation mechanisms with regional and national ownership;
- c) Implementing concrete projects and programmes on the regional, national and local levels;
- d) Monitoring and evaluating progress and exchanging information and experience at the international level.

Implementation (phase c) does not have to wait until the first two phases have been completed. Showing the added value in an early stage will attract commitment and funding from a whole range of stakeholders. It is important to start – and as soon as possible - implementing demonstration projects to show the feasibility of SCP and the value of a co-ordinating and supporting international framework. At the national level, one of the first measures that will have to be carried out by each country is to examine whether their own legislation, framework conditions and practices are adequate to support progress on SCP.

In general, the main implementation tasks should be done by governments, private sector and civil society in each country. Implementation of strategies, especially in developing countries, will be facilitated by programmes carried out by UNEP, UN DESA, and other UN agencies, as well as bilateral, regional and other international organisations together with the national governments and/or organisations. For instance, UNEP's activities on SCP include a variety of methodologies, tools, initiatives, training packages and programmes such as Life Cycle Analysis, Cleaner Production, product-service systems (PSS), Eco-design, Sustainable Procurement, UN Guidelines for Consumer Protection, Advertising for Sustainable Consumption, Education and Awareness Raising. UNEP has also facilitated multi-stakeholder dialogue through national and sub-regional workshops on SCP in the pan-European region and the establishment of national multi-stakeholder coalitions/partnerships. The Global Ministerial Environment Forum (GMEF) and the 22nd Governing Council, held in Nairobi, February 2003, called for an active role of UNEP in these issues. The work of UN DESA on SCP currently focuses on environmental management accounting (EMA), sustainable public procurement, and clean technology strategies.

The European Commission and UNEP have decided to reinforce their co-operation and political dialogue, acknowledging that their joint action to tackle global environmental challenges and promote sustainable development will be more effective. The framework for this strengthened collaboration has been the signature of a Memorandum of Understanding on 20th September 2004. This partnership will support implementation of the commitments made at WSSD and will help achieve the environment-related UN Millennium Development goals. Promoting sustainable consumption and production patterns is one of the five key areas selected for immediate co-operation, the programme and activities for SCP are under development and, it will be clearly influenced by the outcome of this European Stakeholder Meeting on SCP, in Ostend.

Chapter II : European Context on Sustainable Consumption and Production

1. Introduction

In March 2003, the European Council⁵ identified sustainable consumption and production and the development of the 10-year framework as one of the key priorities for the EU in the follow-up to the WSSD and its plan of implementation. Unsustainable consumption and production patterns, especially in developed countries, have been identified as the major cause of continued deterioration of the global environment. Natural resource use and, most importantly, its associated environmental impacts, are growing at an increasing rate in Europe. Waste generation, water pollution and air emissions continue to cause severe environmental problems. Efficiency improvements through innovation and technology have not been enough to offset increased consumption-related pressures.

There are important regional and sub-regional differences in consumption and production levels and patterns and state of the environment in Europe. Economic growth measured as GDP per capita, one major indicator for changes in consumption levels, shows up three different situations in Northern, Southern and Eastern Europe⁶. The northern part of the EU presents higher income levels and a marked increase in household consumption in recent years. The income gap between the new Member States and the EU15 has decreased, but the former still present lower consumption per capita. However, high GDP growth rates in the new member states point towards a rapid increase in consumption in the coming years. Eastern Europe, Caucasus and Central Asia (EECCA) have seen a decrease in overall level of household consumption over the last years, although increasing wealth and consumption are observed in some sectors of society. A rapid increase in consumption level is expected in Eastern Europe due to rapid economic growth. The foreseen consumption patterns across the board in Europe are worrying from environmental and social perspectives.

A similar picture of regional and sub-regional differences is found at policy level. Europe presents different strategies and policies contributing to SCP at EU level, its member states and in non-EU countries. Some initiatives have a more strategic nature - the Lisbon Strategy and the Sustainable Development Strategy (SDS), national SD strategies or national frameworks for SCP, whilst others develop concrete instruments and tools, such as labels, EMAS or energy taxation. Overall, Europe has a broad range of policies and instruments contributing to sustainable consumption and production. However, absolute pressure on the environment (e.g. emissions of CO₂) is likely to increase or remain at a high level⁷, demanding more action in this regard.

Europe is a key actor in global governance. Its political commitment to promoting SCP will have an important influence world-wide. The ongoing EU enlargement is a driving force for political and economic changes in Europe. Through this process, the EU is extending its environmental standards and policies across the wider European region. Moreover, Europe is the world's largest trader, with the EU accounting for about a fifth of the world exports and imports. Trade policy has an important impact on global sustainable development. Europe is also a major player in the development process, with the

⁵ The European Council brings together the heads of state or government of the European Union and the President of the Commission. It defines the general political guidelines of the European Union.

⁶ Preliminary results of the EEA study on "Sustainable consumption patterns: Why should Europe care?" (forthcoming).

⁷ Outstanding Environmental Issues. A review of the EU's environmental agenda, RIVM in cooperation with the EEA, 2004

EU providing approximately half of all public aid to the developing countries. These global interactions have a multiplier effect on approaches promoted by Europe.

This chapter intends to give a snapshot of the wider European context on sustainable consumption and production, and the policy framework on these issues with special emphasis on regional and sub-regional characteristics and policy initiatives. It does not go into depth on the subject of consumption and production patterns, environmental impacts in Europe, nor on the policies implemented at the national level. We refer to the comprehensive overview provided in the *Inventory on Sustainable Consumption and production in the EU*⁸ developed by the European Commission and EU Member States' experts, which has been used to prepare this chapter.

2. Consumption and production patterns and trends in Europe – main environmental impacts and social concerns

2.1 Overview of key trends and drivers

There has been important progress in promoting cleaner production, not only in the EU, but also - often at a slower pace - in the wider European region. Progress has also been made in improving eco-efficiency and reducing the environmental impacts of consumption. However, progress towards changing consumers' behaviour has been rather limited. In Western Europe, absolute de-coupling of the environmental effects from growing material use and waste generation remains an important challenge¹⁰. In Central and Eastern Europe, changes in the structures of production, in particular a reduction in the level of industrial production and in agricultural intensity, together with increased prices of natural resources and the modernisation of technologies, have contributed to a decrease in consumption of natural resources over the last years. Natural resources use, waste generation and pollution levels are expected to keep growing across Europe, mainly due to the steady increase in the level of consumption.

Consumption patterns are shaped by a number of drivers, but also by their interactions, which creates uncertainty of possible future trends. At the macro or societal level, driving forces of household consumption are demographic, economic, technological, institutional, socio-cultural and environmental, among others¹¹. At the individual level, increasing levels of material consumption are closely bound up with rising personal income, falling commodity prices, and increasing diversity of products. However, it is often hard to distinguish between societal and individual consumption. At the same time, consumption and production patterns are two sides of the same coin, making it difficult to isolate consumption patterns. Changes to the production and design of products and services can influence consumers and help them adopt sustainable consumption patterns.

Enlargement, demographic changes and globalisation are driving social changes in Europe. The enlarged union has 20% more population and 25% more territory. Europe's population is growing more slowly and ageing, with many countries expected to have declining populations by 2020. The

⁸ EC, Sustainable consumption and production in the European Union, November 2004.

⁹ Main bibliographic sources : *EEA Signals 2004*, European Environment Agency, 2004; *Outstanding Environmental Issues. A review of the EU's environmental agenda*, RIVM in cooperation with the EEA, 2004; and Preliminary results of the *EEA report on Sustainable Consumption –Why should Europe Care? (Forthcoming)*.

¹⁰ Outstanding Environmental Issues. A review of the EU's environmental agenda, RIVM in cooperation with the EEA, 2004.

¹¹ Background paper for the EEA report on Sustainable Household Consumption –Driving forces behind household consumption, EEA.

consumption patterns of older people tend to shift towards services such as social and leisure activities, including tourism, with consequent environmental impacts (direct or indirect, although some could be positive). An ageing population is likely to threaten the quality and financial sustainability of pension schemes and public health care. In parallel, young consumers are also an important group to address and reorient towards sustainable consumption since they have an increasing purchasing power and are acquiring new homes and goods.

The number of households is expected to increase at a more rapid rate than population. This trend towards smaller households will have an environmental impact, since they tend to be less efficient. At the same time, over 80% of Europeans are expected to live in urban areas by 2020. The pressures on urban agglomerations across Europe are expected to increase further, with associated environmental and social impacts.

Box 2. Summary of key trends highlighting regional diversity

a) Population

Steady increase in Western Europe, whereas slight but steady decline in EECCA. The demographic composition in Europe is also changing with an increasing proportion of older people.

b) Socio-economic conditions

Increased poverty and unequal income distribution in many EECCA countries. In Western Europe, youth and the older generation enjoy a relative growing purchasing power.

c) Economic activities

Steady, but slowing growth in Western Europe and New EU member states. The rest of Europe shows slight increase or flat.

d) Production, consumption and environmental efficiency

Steady increase in industrial output in Western Europe and since 1994 also in new member states, whereas industrial output in many transition countries has shown slight increase. In the region as a whole, environmental efficiency in industrial production has been much improved in the last 10 years, but improvements were slow in some transition countries.

a) Agriculture and its environmental impacts

In the EU25, environmental pressure from agriculture is high, but slowly decreasing. In parallel, slow but steady decrease in nitrogen pollution. Decrease in agricultural output in EECCA countries. Total consumption of fertilisers and pesticides has radically decreased in transition countries, but fertiliser consumption per agricultural outputs shows steady increase.

f) Household consumption

A huge gap in household consumption between Western Europe and transition countries is observed, with Western European consumption exceeding 10 times that of EECCA countries. An increase in household consumption as well as in solid municipal waste is being observed throughout EECCA countries.

g) Transport

Road and passenger flight transport in Europe have been growing substantially. Deterioration of public transport is a particular problem in EECCA countries.

2.2 Environmental Impacts

The EEA Signals 2004 report¹² identified energy, transport and agriculture as the main sectoral activities having most impact on the environment in Europe. Key related environmental impacts in Europe can be identified regarding greenhouse gas emissions and air pollution and their climate change effect, material consumption and waste generation and nitrates pollution. The review of the EU's

¹² EEA Signals 2004, European Environment Agency, 2004

environmental agenda undertaken by the EEA under the current Dutch Presidency of the Council of the EU¹³, concluded that future EU policies should focus particularly on three major issues: climate change, loss of biodiversity and air pollution in urban areas.

Looking at *air pollution and greenhouse gas emissions*, the EU15 has made considerable progress regarding sulphur dioxide emissions - reducing them by over 60% since 1990 - and nitrogen oxides - by 25%. However, CO₂ emissions continue to rise and NO_x levels continue to pose major environmental problems. In Central and Eastern Europe, improvements in technology, changes in industrial fuels and production restructuring have resulted in a remarkable reduction of air emissions, in particular SO_x emissions in all sub-regions, except for a few Balkan countries¹⁴. New EU Member States have reduced SO_x emissions per industrial output by half since the start of the transition period. However, reducing NO_x and CO₂ emissions remains a major challenge for these countries.

In 2000, the *energy sector* continued to be the largest contributor to total *EU greenhouse gas emissions*, accounting for 27% of total EU15 emissions¹⁵. Total energy consumption in the EU has been rising since the mid-1990s - although more slowly than GDP - and this trend is projected to continue. Fossil fuels currently dominate the fuel mix with an 80% share. Energy intensity diminution has been due in part to specific energy efficiency efforts, but mostly originating from a shift in the EU's economy from manufacturing to service industries and by updating manufacturing machinery and processes. In Central and Eastern European countries (not including the new EU member states) energy efficiency is still only half of that of Western Europe. In CIS countries, energy efficiency is over four times lower than Western European standards¹⁶. However, it is worth noting that average energy consumption per capita is often higher in Western Europe than in any of these countries.

Emissions of greenhouse gases from the *transport sector, principally CO₂*, grew by 20% between 1990 and 2000 to represent 21% of total EU greenhouse gas emissions¹⁷. There has been no success in de-coupling transport demand from economic growth so far, either for freight or passenger transport. Air travel, where tourism is a key driver, is the fastest growing source of greenhouse gas emissions. Growth in transport demand surpasses improvements in energy related emissions. In Central and Eastern Europe, urban and transnational transport has rapidly grown in volume. The increase in private car ownership and the deterioration of public transport infrastructure is putting renewed pressure on urban air quality, in particular NO_x emissions. Such trends lead to congestion in cities and higher occurrence of respiratory diseases. Moreover, decreases in the number of public transport users increment the cost of the service, contributing to its decline. This situation particularly affects the elderly and the poor.

*Direct Material Consumption*¹⁸ (DMC) has increased slightly in 2000 compared with early 1980 levels. It remained more or less constant during the second half of the 1990s. Despite the stabilisation of material intensity, the use of resources is expected to increase between 2002 and 2020. Non-renewable materials dominate DMC, with construction materials accounting for the largest share, more than 40%.

¹³ Outstanding Environmental Issues. A review of the EU's environmental agenda, RIVM in cooperation with the EEA, 2004

¹⁴ WB statistics

¹⁵ Source : The "World Energy, Technology and Climate Policy Outlook (WETO)", published by the European Commission on 12 May 2003

¹⁶ EBRD 2000

¹⁷ Source: The "World Energy, Technology and Climate Policy Outlook (WETO)", published by the European Commission on 12 May 2003

¹⁸ Measure of the materials used by the economy.

The *volume of waste generated* has continued to increase, and, specifically, total packaging waste has increased by 7% in the EU15 between 1997 and 2001. In Central and Eastern Europe, the volume of municipal waste has also been increasing, which may be due to changes in consumption patterns associated with consumerism and structural changes in industry. In EECCA countries, in particular, lack of a proper management system for industry and municipal waste is posing clear threats to the environment and human health. For example, 60% of landfills do not meet standard requirements as to location, fitting out and operating conditions. Material recovery levels are low, due to lack of adequate recycling or material recovery capacities in many of the transition countries.

Diffuse pollution from agricultural land is still the main source of nitrate in water. Sectoral data indicate a slow but steady decrease in the total nitrogen load to the environment in Europe. Nonetheless, nitrate concentrations continue to damage the environment, contributing to eutrophication in coastal and marine waters and pollution of drinking waters. Agricultural practices are currently less intensive in the ten new EU Member States than in the EU15. However, if farming becomes more intensive in the new Member States, as predicted, nitrate concentrations in surface and ground waters could increase.

In developing appropriate means of action for de-coupling environmental pressures from economic growth, developed countries should take the most severe environmental pressures as the point of departure.

3. Policy framework and initiatives contributing to sustainable consumption and production in Europe

The general picture of regional and sub-regional differences in Europe in terms of consumption and production patterns and state of the environment presented above, is also mirrored at the policy level. There are differences between the EU and the rest of Europe in terms of strategies and policies to contribute to SCP, as well as distinct breadth and depth of SCP and sustainable development strategies and initiatives at country level.

During the last decades, in Europe and especially in the EU, a variety of actions and initiatives have been developed¹⁹ (e.g., IPPC, ETAP, EMAS, eco-labelling), which promote SCP. In parallel, new approaches, such as IPP, are being implemented, and further initiatives are being drawn up, such as the thematic strategies on resource use, waste and the urban environment. These initiatives and tools are very varied in their scope, approach, legal value and stage of development. Originally focused on cleaner production and having a more sectoral perspective, the Community's initiatives have moved towards a more holistic approach. A balance of the economic, social and environmental aspects has been promoted. Existing initiatives cover different stages of the production and consumption chain, from the use of natural resources, through production and transportation of goods and services, to consumption and waste generation.

At the national level, few countries have developed integrated national frameworks and strategies contributing to SCP. The United Kingdom launched in 2003 the UK Government Framework on SCP. Germany has started a national consultation with all stakeholders in order to increase the implementation of SCP patterns and to develop a national strategy. Finland has appointed a committee from a range of stakeholder groups and public administration to draft a proposal for a national programme on SCP²⁰.

¹⁹ See Sustainable Consumption and Production in the European Union, European Commission, November 2004.

²⁰ Ibidem.

Recently, a number of governments in Central and Eastern Europe and Central Asia have taken steps to recognise sustainable consumption and production as an essential requirement for sustainable development and have reflected this in their national policy frameworks. It should be said, however, that to date many countries are still at the initial stage of this process.

3.1. European Union initiatives

The EU is fully committed to the SCP goals of the JPOI. EU action in this field inscribes itself in the broader strategic framework of the Lisbon Strategy²¹ and the SDS²², aiming at sustainable development. The 6th Environmental Action Programme (EAP)²³, which outlines the EU's environmental roadmap until 2012, and the Cardiff process of environmental integration contribute to the environmental pillar of sustainable development and to some aspects of SCP. They all provide important components of a policy framework for action towards SCP, setting the main medium and long-term objectives and priorities. A single EU "sustainable consumption and production strategy", as such, does not exist, rather a number of diverse initiatives and strategies provide guidelines and goals to promote SCP in the EU.

The **Lisbon Strategy** dates back to March 2000, when the European Council set up the commitment to bring about economic and social renewal to the EU. The Lisbon agenda aims at making the EU, by 2010, "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion". This strategy sets out the ambitious goal of achieving an economic growth rate of 3% per annum, which would roughly double GDP in 25 years²⁴. Accelerating progress in achieving the goals of the Lisbon strategy is now at the top of the EU agenda. However, the Lisbon Strategy does not have an explicit international dimension.

In June 2000, the European Commission launched its Social Policy Agenda²⁵ for the period 2000-2005, providing concrete measures for implementing Lisbon's economic and social renewal objectives. The Commission Communication "The social dimension of globalisation –the EU's contribution on extending the benefits to all"²⁶ acknowledges its key external role linking economic and social progress, proposing concrete measures.

The EU Sustainable Development Strategy (SDS)²⁷ was adopted by the Gothenburg European Council in 2001. The SDS as proposed by the Commission identified six key areas where current trends are not sustainable: combating climate change, public health, poverty and exclusion, ageing society, mobility and transport and management of natural resources. Regarding the latter, the SDS highlights the need to break the link between resource consumption and pollution from economic growth. The Gothenburg European Council largely endorsed the strategy, although it did not select eradication of poverty and ageing of the population and demography as priority issues in its conclusions, since they would be covered by the Lisbon Strategy.

²¹ Lisbon European Council, 23 and 24 March 2000

²² "A sustainable Europe for a better world. A European Union Strategy for Sustainable Development", Brussels, 15.5.2001, COM(2001)264 final

²³ Decision 1600/2002/EC of the European Parliament and of the Council laying down the Sixth Community Environment Action Programme

²⁴ See the Communication "2003 Environmental Policy Review. Consolidating the environmental pillar of sustainable development". Brussels, 3.12.2003, COM(2003) 745 final.

²⁵ COM(2000) 379 final

²⁶ Published in May 2004

²⁷ Gothenburg European Council, 15 and 16 June 2001

The adoption of the SDS was followed by a second Commission communication in February 2002 entitled “Towards a global partnership for sustainable development”²⁸, covering the EU external policies and adding a global dimension to the EU SDS. This external dimension is completed with the EU commitments at major international meetings, notably at the WSSD, but also in Doha and Monterrey. In December 2003, the Communication²⁹ “The World Summit on Sustainable Development one year on: implementing our commitments”, renewed the EU’s action in this regard and called for policy coherence, both internally and externally. SCP was highlighted as one of the priorities.

The strategic framework set up in the Lisbon and SD strategies is complemented by the **Sixth Community Environment Action Programme³⁰ (6EAP)**, which identifies the EU’s environmental goals to be attained from 2002 to 2012. It aims at ensuring a high level of environmental protection and de-coupling environmental pressures and economic growth. To achieve this, it focuses on enhancing information, integration and implementation. Key areas to be tackled would be climate change; nature and biodiversity; environmental and health and quality of life; and natural resources and waste. The programme states as one of its aims better resource efficiency and resources and waste management to bring about more sustainable consumption and production patterns.

From 2005 the 6EAP will be complemented by seven thematic strategies with concrete targets in the areas of air quality, soil protection, sustainable use of pesticides, protection and conservation of the marine environment, waste prevention and recycling³¹, sustainable use and management of natural resources³² and urban environment³³. The strategies on resource use, waste and urban environment will directly contribute to JPOI objectives on sustainable consumption and production. To achieve the 6EAP objectives, the Community will use a blend of policies and instruments, including market based and economic instruments, and will involve all government levels and relevant actors (business, citizens, NGOs and consumer organisations and other social partners).

The **Cardiff Process** is promoting integration of environmental considerations into other sectoral policies, it was launched in 1998. The Cardiff process covers nine sectors: agriculture, energy, transport, internal market, industry, development, fisheries, economic and financial affairs, trade and foreign policy. It provides a means of implementing some of the objectives and measures of the EU SDS and of the Lisbon Strategy by targeting sectoral policies. The European Council recently (March 2003) recommended to continue and strengthen the Cardiff process, and agreed on the need for sector specific de-coupling targets. Improving environment-related structural indicators, monitoring progress and identifying best practices were also solutions agreed by the European Council to tackle existing bottlenecks in implementing the SDS.

In June 2004, the Commission published a working document evaluating progress achieved in integrating environmental considerations into other policy areas³⁴. The paper notes that the processes

²⁸ “Towards a global partnership for sustainable development”, Brussels, 13.2.2002, COM(2002) 82 final

²⁹ Communication from the Commission to the Council and the European Parliament. Brussels, 23.12.2003, COM(2003) 829 final

³⁰ Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July laying down the Sixth Environment Action Programme.

³¹ Commission Communication “Towards a thematic strategy on the prevention and recycling of waste”. COM(2003) 301 final, Brussels, 27.5.2003

³² Commission Communication “Towards a thematic strategy on the sustainable use of natural resources”. COM(2003) 572 final, Brussels, 1.10.2003

³³ Commission Communication “Towards a thematic strategy on the urban environment”. COM(2004) 60

³⁴ “Integrating environmental considerations into other policy areas –a stocktaking of the Cardiff process. Brussels, 01.06.2004, COM(2004) 394 final.

set in place have led to environmental improvements in several sectors. However, the pace of progress towards further environmental integration would be boosted if all sectors implemented commitments made over the past five years. Besides, this pace seems also to have varied according to the degree of commitment to environmental integration of the successive Council presidencies. Implementation of strategic aims should be translated into clear operational targets, and Community and Member States' action should be mutually reinforcing.

Some initiatives have also been taken by the business sector, and are contributing to SCP through Corporate Social Responsibility (CSR), EMAS, green supply chain, among other voluntary agreements. CSR can make a positive contribution to SCP. Just recently (October 2004), the European Commission launched a nine-month campaign to promote CSR practices by SMEs. The campaign will include 65 educational one-day events in the 25 EU Member States, three candidate countries and Norway. The programme aims at ensuring that SMEs have a good understanding of the drivers, success factors and pitfalls related to CSR. The programme offers SMEs a tailored, user-friendly CSR toolkit. It will target Europe's 25 million SMEs, which are recognised as the most important drivers of economic growth and employment, and represent over 95% of European businesses.

The Environmental Management and Auditing Scheme (EMAS) was created in 1995 to offer companies in the manufacturing sector a voluntary instrument to improve their environmental performance. Since 2001, the scope of EMAS has been extended to cover organisations from all economic sectors, including public authorities. In connection with voluntary initiatives, the Commission issued a communication on environmental agreements at Community level in July 2002. It details the criteria and procedural rules to be respected when this instrument is to be used as a Community policy instrument. Currently, the Commission is also elaborating a framework strategy to stimulate and co-ordinate voluntary actions by business with regard to sustainable production.

The Commission reports every year to the Spring European Council in its Synthesis report on progress implementing the SDS, using as a reference a number of headline performance indicators. This process coincides with the annual revision of the Lisbon Strategy. As agreed in the Gothenburg Council, the EU SDS will undergo a thorough review in 2004-2005. The mid-term review of the Lisbon process is also due in 2005. In March 2005, an annual stocktaking of the Cardiff process will take place as well.

3.2. Central and Eastern Europe and Central Asia initiatives

In transition countries, governments, industry and civil society, have made some progress in the last decade in the area of SCP. The level of development of strategies and initiatives varies across the region, with only a few countries addressing SCP in a comprehensive manner. Some countries are still in the early stages of this process and require support for initial awareness-raising.

A number of governments have addressed some SCP related issues, and reflected this in their national policy frameworks and initiatives undertaken. Cleaner production programmes have been implemented or are being initiated, often in collaboration with Western European countries and international organisations; the prices for the use of natural resources have increased and subsidies have been eliminated; and there has been progress also in energy efficiency and awareness of environmental issues. It is often the case that governments, particularly in EECCA countries and in some Balkan countries, have developed various plans related to SCP, but have not yet started their implementation. Civil society, in collaboration with governmental bodies, has been making progress towards raising awareness and improving environmental information, in particular promoting labelling for eco- and organic products and developing education materials.

National and sub-regional meetings providing a forum for multi-stakeholder dialogue among various Ministries, local authorities, NGOs, business and academia have been organised, in collaboration with UNEP, in order to analyse current status, identify priorities and needs for SCP and recommend future action plans. Multi-stakeholder meetings have taken place in the Baltic countries, the Czech Republic, Hungary, and Serbia and Montenegro. The Chair's summary from the Baltic sub-regional meeting in ANNEX A shows the recommendations generated through this multi-stakeholder dialogue. An example of an important outcome of these processes is the establishment in the Czech Republic of a high level multi-stakeholder body on SCP.

3.3. Main challenges

Action so far in Europe has not been enough to reverse most of the increasing pressures on the environment from our consumption and production patterns. The key challenge is to address the economic, social and environmental dimensions of consumption and production in an integrated way, in order to develop sustainable patterns.

The way of moving this process forward will be discussed, analysing whether it is necessary to develop a separate strategy on SCP or instead to develop an overarching action plan for existing processes. The working groups will also analyse specific policies and initiatives promoting SCP, identifying gaps and defining how to further enhance their effectiveness. Priority areas for further work, concrete policy needs (involving regulatory, economic and social instruments), benchmarking and monitoring will also be addressed.

At EU level, different strategies have separate aims and timetables, the SDS is long term, with intermediate goals, whilst the Lisbon Strategy and the 6EAP cover separate 10-year periods. The different strategies contribute to a greater or lesser extent to SCP, but do not have this aim at their core. The review processes of the SDS and the Lisbon strategy (mid-term), due in 2005, will provide an opportunity to better address and/or reinforce key SCP issues. These processes will allow for strengthening coherence between the EU internal policies and commitments, in the context of the SDS, and to ensure that increasing economic competitiveness does not sideline the environmental and social goals under the Lisbon Strategy.

There are other ongoing EU processes, due in 2005, to which the European meeting can provide an input and reinforce their SCP dimension. The annual stocktaking of the Cardiff process, taking place in March 2005, provides an opportunity to strengthen synergies between the environmental integration process and SCP. The thematic strategies on waste, resource use and urban environment, which are currently being developed, also give an opportunity to tackle SCP priorities in those areas.

At the national level in the EU, different policies and initiatives could also be linked in strategic frameworks, in line with the EU process. So far, few EU countries have developed integrated frameworks or strategies on SCP. These differences are also found in Central and Eastern Europe and Central Asia. Some countries have developed various plans in the field of sustainable consumption and production, but have not yet implemented them. In other cases, countries are beginning the process and require support for initial awareness-raising. Developing coherent policy frameworks on SCP is a challenge in Europe.

There are several specific policies and initiatives contributing to SCP in Europe, both at the EU and national level (CSR, EMAS, green supply chain, voluntary agreements, eco-labelling, eco-design or energy taxation, among others). There are varying degrees of awareness and development of initiatives

contributing to SCP in different countries. The Community inventory of SCP could provide a basis for addressing potential gaps, improving coherence and setting priorities for future work.

In Central and Eastern Europe and Central Asia, there is an urgent need to develop physical and social infrastructure with emphasis on sustainable spatial planning, education and information for citizens to orient them towards sustainable consumption and production patterns. A new consumer class is emerging in some transition countries, whilst at the same time there is increasing inequality and, for many, growing deprivation. In this situation, achieving a balance between the economic, social and environmental pillars of sustainable development is particularly challenging. Once strategies and plans to promote SCP are in place, financial support and investment and capacity building will be crucial elements to meet the implementation challenge in these sub-regions.

To conclude key challenges in this area for European countries are:

- De-coupling economic growth from environmental degradation by addressing both supply and demand, with a focus on the most serious environmental challenges (promoting eco-efficiency in sectoral policies);
- Taking a holistic approach that considers whole life-cycles of products and services, intervening to tackle problems as early as practicable in the resource/waste flow;
- Developing coherent and integrated national and regional strategies on SCP, with a sectoral and cross-sectoral approach and including all the relevant stakeholders;
- Enhancing framework conditions for sustainable markets;
- Major innovation to enable the shift to cleaner and more resource-efficient systems and processes for delivering improved quality of life for all;
- Capacity building and integration of sustainable development considerations into all policy sectors;
- Developing a set of indicators for measuring progress, and adopting targets and timelines where appropriate;
- Addressing the international environmental impacts of EU consumption patterns, ensuring that basic needs are covered for all.

The European meeting will provide an opportunity to analyse these challenges and identify gaps of different strategies/processes and to find synergies to make them complementary and mutually reinforcing. The way of moving this process forward will be discussed. The next chapter explores key issues in more detail, providing some background and ideas for discussion by the different working groups that will take place during the European Stakeholder Meeting on SCP.

Chapter III : Sustainable Consumption and Production in Europe: Key issues to discuss

Sustainable development requires that production and consumption are adjusted to the carrying capacity of the ecosystems, contributing to increased human well-being. Since Rio, significant progress has been achieved in environmental policy including R&D of environmental technology and environmentally sound products and the adoption of environmental management systems. The Marrakech process is providing a new impetus and putting SCP higher on national and international agendas.

One of the key challenges during next ten years is to de-couple environmental degradation from economic growth. Promoting and implementing SCP patterns requires integration of economic, social and environmental aspects of sustainability, and the development of national and regional strategies. It implies necessarily adjusting to changes in the quality of economic growth as well as changes in existing consumption patterns and life-styles of developed countries. In the policy-making and development of strategies on SCP, all stakeholders (governments, private sector, trade unions, finance institutions, consumer organisations, NGOs, advertisers etc) should be involved and take an active role.

One of the key challenges in this area is to adopt a holistic approach that considers whole life-cycle of products and services. It is also important to develop a package of policy tools for promoting SCP in key sectors, and identify the key stakeholders, involving them actively. Developing a set of indicators for measuring progress, and adopting targets and timeline is also important if we are really committed to achieving SCP patterns.

There are some key issues to analyse when developing national and regional policies on SCP :

1. development of coherent national and regional strategies;
2. stimulate business initiatives on sustainable consumption and production (corporate social and environmental responsibility, sustainable supply chain, environmental management and accounting systems, etc);
3. stimulate the development of sustainable products and services (Life Cycle Analysis, integrated product policy, product-service systems, etc);
4. leverage investment and finance for sustainable infrastructure;
5. analyse consumption patterns and quality of life, to reorient the consumer society, and
6. consider the global dimension of the European policies in order to contribute in the promotion of SCP world-wide.

The six issues mentioned above will be the topic of the working groups during the meeting. In the following pages there is a short description of these issues. The notes are intended to help as a basis for the working groups' discussion. It is expected that at the end of the groups' discussion each group identify and report back to the plenary on the following issues:

- **What are the five key priorities?**
- **Who needs to be involved, and what is the role of each stakeholder?**
- **Key policy recommendations or policy processes to consider,**
- **Proposal for concrete actions for implementation in the short term.**

Working group 1 : Developing coherent strategies - how can the various strategies aiming at sustainable development contribute to sustainable consumption and production?

a. Scope :

Changing unsustainable consumption and production patterns is necessary in order to achieve sustainable development. In Europe, there are many different strategies aiming at or influencing sustainable development at different levels. At the EU level, these include the Cardiff, Lisbon and Sustainable Development Strategies. European countries have developed national strategies on sustainable development and some of them are developing frameworks on sustainable consumption and production (SCP). What are the synergies among them? How to make the EU strategies supportive of SCP? Would some modification of these strategies be sufficient to achieve a 10-year framework of programmes on SCP or is a separate strategy on SCP needed?

b. The Johannesburg Plan of Implementation (JPOI) :

The World Summit for Sustainable Development, in Johannesburg, 2002, called for the “development of a 10-year framework of programmes in support of regional and national initiatives to accelerate the shift towards sustainable consumption and production patterns that will promote social and economic development within the carrying capacity of ecosystems by addressing and, where appropriate, de-linking economic growth from environmental degradation... all countries should take action with developed countries taking the lead.”

c. Current status in Europe and key policies and initiatives

1. In March 2003 the European Council (the EU Heads of State and Government) identified sustainable consumption and production and the development of the 10-year framework as one of the key priorities for the EU in the follow-up to the WSSD.
2. Over the last years the EU member states have implemented a variety of policies and programmes to promote SCP (see EU Inventory on SCP³⁵). At the regional level, the EU has developed various strategies that deal with sustainable development and some aspects of SCP. The key EU strategies in this regard are the Lisbon Strategy, the Sustainable Development Strategy (SDS), the Cardiff Process and the 6th Environmental Action Programme (see chapter 2).
3. A single EU “sustainable consumption and production policy”, as such, does not exist. The Commission’s work on sustainable consumption and production is composed of different initiatives. There is some overlapping among these strategies, as well as important synergies. The main question is how to get the best out of the existing European strategies to produce a 10-year framework on SCP?
4. The Lisbon Strategy aims at making the EU by 2010, “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. The Lisbon Strategy touches various economic and social activities but does not have an explicit international dimension (e.g. European transport, energy and environment policies have impacts globally).

³⁵ European Commission. Sustainable Consumption and Production in the European Union. November 2004.

5. The adoption of the EU Sustainable Development Strategy (SDS) in 2001 added the environmental pillar to the Lisbon Strategy. The SDS identified six key areas³⁶ - including management of natural resources, highlighting the need to de-couple resource consumption and pollution from economic growth.
6. While Lisbon and the SDS provide the broader framework, the EU's environmental goals are laid down in the 6th Community Environmental Action Programme (6EAP)³⁷. The key areas for action until 2012 are climate change; nature and biodiversity; environmental and health and quality of life; and natural resources and waste.
7. The 6EAP will by 2005 be complemented by seven thematic strategies with concrete targets in the areas of air quality, soil protection, sustainable use of pesticides, protection and conservation of the marine environment, waste prevention and recycling, sustainable use and management of natural resources and urban environment³⁸. The strategies on resource use, waste and urban environment will directly contribute to JPOI objectives on sustainable consumption and production.
8. The Cardiff Process aims at promoting integration of environmental considerations into other sectoral policies. Integration strategies were developed in 9 sectors : agriculture, energy, transport, internal market, industry, development, fisheries, economic and financial affairs, trade and foreign policy. It therefore provides a means of implementing some of the objectives and measures of the EU Sustainable Development Strategy and of Lisbon by targeting sectoral policies at Council level. The European Council recently recommended continuing and strengthening the Cardiff process, and agreed on the need for sector specific de-coupling targets.
9. Parallel to the regional process, at the national level there are multiple policies and initiatives on SCP, but they are normally not linked to strategic and holistic national frameworks. So far, only a few countries have been developing integrated national frameworks/strategies on SCP. The United Kingdom launched in 2003 the "UK Government Framework for SCP". Germany has started a national consultation on SCP with all stakeholders in order to develop a national strategy. Finland will implement a National Programme on SCP³⁹. The Baltic countries have developed regional workshops on SCP, in which they expressed their interest to develop multi-stakeholder SCP networks, integrate SCP aspects in the national and regional action plans and identify key sectors (see annex 1).

d. Key challenges to address

10. SCP is a cross-cutting issue and therefore it requires an integrated approach to policy making. SCP policies are addressed in various ways, indirectly or partially, in the EU strategies mentioned above, as well as in some national SD strategies/plans. There are, however, some gaps among the various strategies as well as a lack of active involvement of key stakeholders. For example, the various strategies have different timelines; SCP is not at the core of these strategies. It could be further reinforced, promoting synergies with ongoing review and development processes. The coherence between internal and external EU policies could be reinforced, especially under the SDS, where SCP could be further recognised as a key driving force for environmental change. The Lisbon Strategy does not have an explicit international dimension. Regarding initiatives, such as IPP or CSR the international dimension could be further promoted.

³⁶ The six areas are: climate change, public health, poverty and exclusion, ageing society, mobility and transport and management of natural resources.

³⁷ http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_242/l_24220020910en00010015.pdf

³⁸ Commission Communication "Towards a thematic strategy on the sustainable use of natural resources". COM(2003) 572 final, Brussels, 1.10.2003

³⁹ European Commission. "Sustainable Consumption and Production in the European Union", Brussels, November 2004.

11. The challenge is to find synergies between the different strategies and make them complementary and mutually supporting in the aim of changing consumption and production patterns. The different strategies should also better tackle the drivers of unsustainable patterns of consumption and production; the main question is how this can be done? Does the EU need an additional strategy/framework in SCP, or is it an Action Plan which is needed?
12. The mid-term review of the Lisbon process in 2005 will provide new political guidance for its further implementation. The main challenge is to make sure that the revised Lisbon strategy does not exclusively concentrate on increasing the EU's economic competitiveness, but that it also contributes to the EU's social and environmental objectives, addressing directly key issues on SCP.
13. The EU SDS is also currently in review. One of the issues to be addressed is strengthening coherence between the EU internal and external policies and commitments. This could also represent an opportunity to better integrate SCP concerns and the EU commitments to respond to the 10-year Framework. Another question to address is how to promote/support SCP in the European countries that are not member states of the EU?
14. Achieving SCP requires making use of all kinds of policy instruments (economic, regulatory and social), developing new mechanisms including maybe specific indicators (de-coupling), targets and timelines; and actively involving all stakeholders, underlining their specific commitments and tasks. How to optimise existing resources is another challenge.
15. At the WSSD in Johannesburg, the EU proposed the launching of a global process, comprising governments and other stakeholders on achieving SCP patterns. The EU proposed to have commitments accompanied by medium and short-term goals, targets and measures for relevant sectors, as well as indicators for measuring progress. The EU proposal presented de-coupling and eco-efficiency as relevant goals for all countries, and that they should mainly be regarded as a goal for developed countries, to show political will to achieve SCP and thus contribute to enhanced global sustainability and equity. Whereas, developing countries should aim at an increase in eco-efficiency, and to bring about de-coupling, taking into account their level of development and specific circumstances. Should Europe launch these ideas again and bring them back into the regional and international arena?
16. At the global level, Europe needs to respond to the call of Johannesburg, specifically the development of national and regional strategies on SCP. The next international review meeting of the Marrakech process will be in Costa Rica, September 2005, where EU leadership is expected. What can be presented from the EU as well as a wider Europe? Can Europe lead some of the task forces of the Marrakech Process? The role of Europe will continue to be crucial for the success of the Marrakech process.

Some questions for discussion:

- What are the gaps and synergies among these different EU strategies and processes?
- Are the existing medium and long-term policy frameworks appropriate to guide the EU and its member states to SCP? How to engage non-EU member countries?
- Does Europe (and/or the EU) need an additional strategy/framework on sustainable consumption and production? If so, what concrete measures should be in it?
- How do the national strategies relate to the EU level and how these can be made mutually reinforcing?
- Who should take the lead? What is the role of each stakeholder?
- What are the best mechanisms to track progress? Do we need to set targets and timelines?

Working Group 2 : Getting aboard - how to stimulate business initiatives for sustainable consumption and production?

a. Scope :

The role of the business sector and trade unions is crucial for industrial development and sustainable production and consumption. Approaches such as corporate social responsibility, environmental management systems, workplace assessments, alternative business models, and voluntary agreements, are examples of business and trade unions action for sustainable development. How can we strengthen these trends towards sustainable business? How to create a better framework for business to flourish, especially for Small and Medium Sized Enterprises? How can business be further and more actively engaged?

b. The Johannesburg Plan of Implementation (JPOI) :

At the WSSD in Johannesburg, governments committed themselves to actively enhance corporate environmental and social responsibility and accountability. This would include actions at all levels to:

- I) Encourage industry to improve social and environmental performance through voluntary initiatives, including environmental management systems, codes of conduct, certification and public reporting on environmental and social issues, taking into account such initiatives as the International Organisation for Standardisation standards and Global Reporting Initiative guidelines on sustainability reporting, bearing in mind principle 11 of the Rio Declaration on Environment and Development;
- II) Encourage dialogue between enterprises and the communities in which they operate and other stakeholders;
- III) Encourage financial institutions to incorporate sustainable development considerations into their decision-making processes; and
- IV) Develop workplace-based partnerships and programmes, including training and education.

c. Current status in Europe :

1. The new business climate that has been emerging since the 1990's includes many factors and driving forces that are demanding changes, innovation and corporate social and environmental responsibility. Some of these factors are i) new concerns and higher expectations from citizens, consumers, public authorities and investors in the context of globalisation; ii) increasing influence of environmental and social criteria for investment decisions both for consumers and for investors; iii) increased concern about the damage caused by economic activity to the environment, as well as the costs (e.g. through natural catastrophes); and iv) dissemination and "transparency" and accountability of business activities brought about by the media and modern information and communication technologies, v) lack of stakeholder participation to contribute to an effective definition and implementation of strategies/policies.
2. Within this new globalised context, company objectives and policies need to be changed. Traditionally, companies have focused on process improvements, cleaner production, and end-of-pipe technologies. Today, it is imperative to adopt a more holistic approach to both sustainable consumption and production; and to find a balance of the economic, social and environmental aspects, including better standards of social development, environmental protection, to embrace open governance, and to reconcile interests of various stakeholders. The social policy is essential for the dynamic and sustainable development of open economies and societies. Hence, it is necessary to

promote education and training and to invest in high labour standards to raise productivity and reduces risk and costs of accidents at work, improve safe working practices. Any shift towards more sustainable consumption and production has to be underpinned by an active involvement of workers and social partners in order to facilitate the necessary changes, including in the workplace. In this process, companies, trade unions and governments play an important role.

3. Notwithstanding, within the current policy and economic framework for business, the inclusion and adoption of environmental and social issues can imply high initial costs for companies (investment, capacity building, new marketing, etc) and often companies find it hard to identify and obtain the market advantages, especially SMEs. Only some companies have been able to move on and find the win-win situations, where the inclusion of environmental and social cost and benefits represents not just a cost, but also new opportunities and hence more profits. There is a need for a better policy-regulatory framework. Governments need to intervene with a mix of instruments to correct the market failures (e.g. internalise environmental and social costs, provide financial incentives and stringer regulations).
4. The globalised market and higher competitiveness make the challenge of business even harder. However, it offers new opportunities for trade, investment and capital flows. At the WSSD in 2002, governments agreed that globalisation should be made fully inclusive and equitable. That should include supporting the International Labour Organisation and encourage its ongoing work on the social dimension of globalisation; enhance the delivery of co-ordinated, effective and targeted trade-related technical assistance and capacity-building programmes, and implement the outcomes of the Doha Ministerial Conference.
5. There is a variety of initiatives and policies with which the business sector can contribute to move towards SCP, such as Corporate Social Responsibility (CSR), Environmental Management and Auditing Scheme (EMAS), Environmental Accounting, Environmental Liability, Supply Chain Management (sustainable procurement), fair trade, etc. Most of them are being implemented on a voluntary basis. Are the voluntary measures enough or is there a need for regulatory action?

d. Policies and initiatives in Europe

6. An increasing number of European companies are developing corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. The UNEP GRI Guidelines for sustainability reporting have developed steadily since the GRI process was started in the late 1990s. There are now 600 GRI self-declared reporters, with around half of them coming from European countries. European companies, with 2000 participants, have also been very prominent in the Global Compact. In adopting CSR, companies are investing in their future and they expect that the voluntary commitment they adopt will help to increase their profitability and improve relations with their employees, shareholders, investors, consumers, public authorities and NGO's.
7. In Europe, in March 2000, the European Council in Lisbon made a special appeal to companies' sense of corporate social responsibility regarding best practices for lifelong learning, work organisation, equal opportunities, social inclusion and sustainable development.⁴⁰ In 2001, the EU started an international political debate to promote a European framework for CSR. The EC adopted

⁴⁰ EU (COM 2001), Employment and Social Affairs, Promoting a European Framework for CSR. Green Paper, Brussels, July, 2001.

the Communication "Corporate Social Responsibility: a business contribution to sustainable development" in July 2002. The Communication set up a European Multi-stakeholder Forum on CSR as a platform to promote transparency and convergence of CSR practices and instruments, with special emphasis on SME's.

8. Just recently (October 2004), the European Commission launched a nine-month campaign to promote CSR practices by SMEs. The campaign will include 65 educational one-day events in the 25 EU Member States, three candidate countries and Norway. The programme aims at ensuring that SMEs have a good understanding of the drivers, success factors and pitfalls related to CSR. The programme offers SMEs a tailored, user-friendly CSR toolkit. It will target Europe's 25 million SMEs, which are recognised as the most important drivers of economic growth and employment, and represent over 95% of European businesses. This is made in partnership with the EU, EUROCHAMBRES, UEAPME and Ogilvy Public Relations World-wide.
9. Since 2001 the Environmental Management and Auditing Scheme (EMAS) has been extended to cover organisations from all economic sectors, including public authorities. In connection with voluntary initiatives, the EC issued a communication on environmental agreements (July 2002) to detail the criteria and procedural rules for them. Currently the Commission is elaborating a framework strategy to stimulate and co-ordinate voluntary actions by business with regard to sustainable production.
10. Sustainable supply chain management has proved to be an innovative and active mechanism for companies to support and promote SCP. Various companies have started to adopt it, such as Novo Nordisk, Ashold, Nike, Volvo, Motorola, Hipp, among others. Ensuring fair value, good working conditions and environmental protection throughout the supply chain is a challenging task. But it is also clear that dealing with the supply chain can provide a strategic opportunity to learn more about both current and future markets and offers huge rewards to all involved. Many companies have started to look more strategically at supply chain management as a source of innovation. However, one of the main obstacles is often the absence of "low-hanging fruit".
11. There is a need to develop incentives and effective mechanisms to stimulate business initiatives for SCP, integrating the social and environmental aspects on the cost-benefits analysis and developing better mechanisms for reporting, auditing and certification. The participation of independent parties for the review could accelerate changes and provide more transparency and trust to consumers and other stakeholders. Successful examples are the Forest Stewardship Council and the Marine Stewardship Council which are independent bodies, that provide certification of sustainable management.
12. Trade Unions, as well as environmental and social organisations, also need to be involved in the task to implement SCP. A recent scoping report carried out for UNEP on the potential role of unions in advancing SCP concluded that trade unions need to make greater efforts to develop internal knowledge, policy positions and possible programmes to become involved as a fully-fledged partner in the process towards SCP patterns⁴¹. The CSR debate has already shown that the working and the societal environments are linked. As a result, labour unions – like company management - are challenged to develop a more integrated view on production and consumption patterns and to involve other stakeholders.

⁴¹ Heins Bernard, "The Role of Labour Unions in the Process Towards Sustainable Consumption and Production. Eco-Logic, Germany, 2004.

e. Key challenges to address:

13. Codes of conduct are often used as public oriented statements of business ethics, but often do not reach and/or build trust. How can these codes and other CSR instruments be used more effectively to benefit stakeholders, catalyse change within companies, raise awareness of the linkages between production and consumption, and advance the concept of extended responsibility based on a life cycle approach?
14. Corporate reporting has received much attention and has evolved over the years from pure financial to sustainability reporting. However, the majority of companies do not yet practise integrated sustainability management, let alone full corporate sustainability reporting. This is especially true for SMEs. They are the backbone of most product chains and thus of crucial importance for qualifying product chains for future demands. An integrated management system that includes triple-bottom-line (TBL) performance measures can help to improve business-to-business and customer relationships along the chain and to reduce costs and risks that result from external effects and inefficiencies. However, only a few SMEs have already taken voluntary action towards TBL performance improvements. There is considerable discussion on the internal and external barriers that SMEs are facing. SMEs often lack information, and have weak market, administrative and financial power. How can the implementation of these systems (like EMAS, ISO 14000) be improved?
15. The experience with the lack of implementation of SCP shows that there is a need for changes in the framework conditions. Do markets send the right signals to support this implementation or are corrective measures needed? Measuring environmental and social impacts, strengthening the green supply chain, and developing clear indicators to track progress seem to be necessary actions. It is also important to include the external dimension and the impacts of companies in other countries. It is necessary to multiply the best practices and initiatives of pioneering companies, together with the development of new policies to encourage and help companies to move faster. How can these measures be best implemented?
16. Public-private partnerships have an important role to play. They can help to overcome obstacles, strengthen supply chain management and open up dialogue among key stakeholders, such as governments/authorities and investors, in order to reach changes in the long term. How to promote more public-private partnerships? What can each stakeholder achieve?

Some questions for discussion:

- Identification of gaps, priority areas and new business models to encourage companies to move towards sustainable development.
- What kind of policy framework is needed to support business initiatives on SCP? How can this be supported by business mechanisms (supply chain management, SCR)?
- What can be added by the Commission's sustainable production strategy?
- Who are the stakeholders that need to be involved? What is the role of each stakeholder? What mechanisms should be implemented to promote effective stakeholder participation?
- How to measure and benchmark the business case for SCP? How to promote this in a European and global context?
- What are the specific needs for information, support and better involvement for specific groups such as labour unions, small companies and entrepreneurs (SMEs), companies in new EU member states and other European countries?

Working Group 3 : “The role of innovation – How to stimulate the development of sustainable products and services”

a. Scope :

During the last decade, the EU and individual countries have developed policies and instruments that seek to take a life-cycle approach to making products and services more efficiently and sustainable. In addition, tools and strategies have been developed such as eco-design, Integrated Product Policy (IPP), Product and Service Systems (PSS), dematerialization, new marketing strategies and alternative systems to meet needs. What needs to be done to accelerate innovation, sustainable product and service systems/design and security of products?

b. The Johannesburg Plan of Implementation (JPOI) :

Chapter III of the JPOI calls to "develop production and consumption policies to improve the products and services provided, while reducing environmental and health impacts, using, where appropriate, science-based approaches, such as life-cycle analysis."

c. Current situation in Europe

1. The growing attention to address consumption patterns and develop better product-service systems comes from a realisation that, despite decades of work on cleaner production and eco-efficient industrial systems, there is still a long way to go reach sustainability goals. Focusing on the impacts from products and services is one way forward to address the need to de-couple economic growth from environmental deterioration and to achieve more innovation and eco-efficiency.
2. Consumers are sometimes, as the UK government for example has described it, being "locked in" unsustainable behaviour. Although ordinary consumers might be willing to change some of their choices, the appropriate "hardware" simply does not exist or not at affordable prices. Producers are in a position to reduce environmental impacts not only of the production side, but on the consumption side as well. They can influence and re-orient consumer preferences and reduce the environmental impacts during the consumption phase without necessarily changing consumers' behaviour (e.g. more efficient toilets, washing machines and energy efficiency appliances). This can be done through the design of better products, dematerialization, and/or replacing products with services (e.g. laundries, public transport, car rental). Interface is one of the many examples of companies that are pioneering in this area.
3. In stimulating business innovation, the challenge for governments is to provide efficient product regulation and to motivate all actors involved by creating incentives to voluntarily improve environmental performance over and above the regulatory level. Governments also have to address the pricing of products and internalisation of social and environmental costs, and make sure that companies satisfy underlying consumer needs for better health and safety.
4. The promotion of 'green demand' is a central theme for achieving results. Company decision-makers sometimes look to the various governments for help in raising awareness with consumers. There is a need for market driven innovation as compared to government-led. Differences in what consumers say and what they actually do are often reported. Greener public purchasing can also provide a way for many products to be pulled onto the market, particularly as this type of spending represents about 14% of EU GDP.⁴²

⁴² The UN and the OECD have recommended that government procurement be improved. See JPOI, and the OECD Recommendation of the Council on Improving the Environmental Performance of Public Procurement. OECD, Act, c (2003)3.

5. Many European companies have started to develop new products and services. They have adopted the Life Cycle Approach, developed EMS, consumer information tools, Eco-labels, and new market strategies in order to reduce the environmental impacts of products and improve health aspects, as well as to be more competitive.
6. Product and technology innovation needs to be better promoted and adopted. The objective is to enable consumers to satisfy their needs with better performing products or services that use fewer resources, cause less pollution and contribute to social progress world-wide.

d. Policies and initiatives in Europe

7. Improving the sustainability of products and services is an opportunity for growth and competitiveness, and could help to reach the Lisbon goals - making the EU the most competitive and dynamic knowledge-based economy by 2010.
8. The EU Environmental technology Action Plan (ETAP) aims at supporting innovation and the development and use of environmental technologies. It therefore looks to capitalise on the potential for "win-win" situations for both competitiveness and environmental protection from the development of environmental technologies; in particular it is needed to use measures that examine technology procurement and the use of product performance targets.
9. The European Commission is promoting the Integrated Product Policy approach (IPP)⁴³, and has set out a strategy to implement IPP in Europe. It focuses on two main areas: improving the co-ordination and uptake of policy tools that influence the environmental impacts of products (e.g. economic instruments, the use of LCA, eco-labels and greener public procurement); and undertaking specific actions on products with the greatest potential for environmental improvement. The Commission will launch a co-ordination initiative involving both ongoing data collection efforts in the EU and existing harmonisation initiatives. This initiative will act as a European link to the ongoing UNEP Life-Cycle Initiative. The European Parliament has called for more firm action, including a IPP Directive.
10. The EU is likely to establish a framework for setting eco-design requirements for energy-using products, along the lines of a Commission proposal (August 2003)⁴⁴. The proposal would lay down a comprehensive and coherent legislative framework for addressing eco-design requirements for energy-using products fully integrating the life-cycle concept of IPP.
11. In the research area, the European Union in its Lisbon Strategy has set the target of giving 3% of GDP to research. The EU currently is supporting various research projects on state-of-the-art sustainable consumption and production strategies (e.g. EMUDE, SCORE, SUSPRONET, e-LCA, CASCADE, OMNIITOX). Experts working together in these projects are calling for better links between researchers and policy-makers. Related research such as the "Towards Sustainable Product Design" series, recently renamed as "Sustainable Innovation" carried out by the UK based Centre for Sustainable Design, is supported by the Nordic Council. Better links with the business community are needed as well.
12. UNEP is working on various programmes and initiatives on Life Cycle Analysis and Life Cycle Management through its Life Cycle Initiative, with the Society of Environmental Toxicology and Chemistry (SETAC), and supported by various governments and the private sector, many from European

⁴³ European Commission's adoption of the Communication on 'Integrated Product Policy – Building on Environmental Life-Cycle Thinking' (EC 2002).

⁴⁴ (COM(2003) 453) <http://www.cfsd.org.uk/seeba/EuP.pdf>, quoted in the EU inventory on SCP, 2004.

origins. It aims at strengthening the scientific base for SCP and to improve the applicability and use of life cycle approaches for product and service development as well as for consumer information tools. Work on eco-design and PSS (Product-Service Systems) are other examples of UNEP's work in this area, working together with leading research and design institutes, from The Netherlands (Delft), UK (Centre for Sustainable Design), Italy (Polytechnico Milan) and Sweden (Lund), and on SME's with the German Wuppertal Institute.

e. Key challenges to address

13. The technological advances of the past century made it possible "to produce more than was demanded, and to offer more than was needed."⁴⁵ Can the knowledge and technology of the new century develop new manners to produce what is demanded while contributing to economic growth, maintaining/strengthening social cohesion and preserving the environment? Can they increase quality of life without necessary increasing the ownership of goods and products?
14. Progress has been achieved; the supply of green products has increased (e.g. organic food, recycled products). There is still need for action to accelerate the market penetration of "sustainable" products and services (environmentally and socially friendly); and moreover, offer these at affordable prices for consumers, which is a challenge for both business and governments.
15. While making the "polluter pays principle" a reality - by using economic instruments to internalise the economic and social cost, to remove perverse subsidies, and to create economic incentives and financial mechanism to encourage innovation and sustainable services - it is clear that progress at the EU level will not be enough. National governments need to apply these instruments too. How to ensure that this will happen? Which kind of incentives and regulatory frameworks stimulate business innovation? Can we rely only on voluntary initiatives? Is a co-ordinated EU effort on economic instruments needed?
16. During the WSSD, the European Union specified means to achieve SCP; among them was the promotion of de-coupling and eco-efficiency by assessing their potential for the development of eco-efficient products and with a view to further development of objectives and targets for eco-efficiency and de-coupling. Would it be worthwhile to follow up on this proposal to stimulate innovation in Europe?
17. Very often SMEs face the lack of capital to invest and move towards innovation. Some ways to overcome these have been through special national support agencies for SMEs (e.g. Enterprise Ireland or ENEA in Italy). Which other mechanisms are available to encourage innovation for SMEs?
18. Harnessing the power of the market through consumers, both public and private, will be crucial. Creating messages that appeal and persuade individual consumers to demand more sustainable products will be key. How can this best be ensured?

Key questions for discussion:

- Identification of gaps in existing policies and priority areas for further work to encourage producers to innovate products and services.
- Who are the key stakeholders? What is the role of each stakeholder?
- Do we need additional policies to stimulate innovation and the development of sustainable products and services? If so, which policies?
- What is the potential for research, innovation, education and training?
- How can countries with lower mass-consumption patterns leapfrog into SCP patterns?

⁴⁵ Edward Rothstein, in The Worldwatch Institute, State of the World, 2004.

Working group 4 : Leveraging investment for sustainability - how can investments from government and development banks best stimulate private financing for sustainable infrastructure?

a. Scope :

Although funding from government through taxation remains important for providing basic infrastructure, especially to secure basic services for low income groups, funding from private sources, nationally and internationally, is increasing in importance. There is a need to create legal and economic frameworks, which promote investments and favour sustainable use of these funds, especially on infrastructures for waste management, transport and energy. What kind of framework is needed for investments on SCP? How to create public-private partnerships and make better use of these funds? How to attract and involve investors?

b. The Johannesburg Plan of implementation (JPOI) :

The JPOI, Chapter III, "encourages relevant authorities at all levels to take sustainable development considerations into account in decision-making, including on national and local development planning, investment in infrastructure, business development and public procurement."

Chapter X of the JPOI calls to "Facilitate greater flows of foreign direct investment so as to support the sustainable development activities, including the development of infrastructure, of developing countries, and enhance the benefits that developing countries can draw from foreign direct investment, with particular actions to:

a) Create the necessary domestic and international conditions to facilitate significant increases in the flow of foreign direct investment to developing countries, in particular the least developed countries, which is critical to sustainable development, particularly foreign direct investment flows for infrastructure development and other priority areas in developing countries to supplement the domestic resources mobilised by them..."

The JPOI calls upon Governments to take further action to mobilise the provision of financial resources, technology transfer, capacity-building and the diffusion of environmentally sound technologies, specially on energy, transport and waste.

c. Current status in Europe

1. Investment has proven to be a powerful catalyst for innovation, sustainable growth and poverty reduction. Despite positive trends in the past decade, business investment and enterprise development in non-industrialised regions continue to fall short of development needs. The Monterrey Consensus identified private capital, including foreign direct investment, as "vital complements to national and international development efforts" and emphasised the need "to create the necessary domestic and international conditions to facilitate direct investment flows"⁴⁶
2. Effective international support for the implementation of concrete projects, particularly demonstration projects, will require the involvement and commitment of development aid agencies, regional and international development banks, as well as the participation of national and regional institutions/organisations, including government, private sector and civil society. It is urgent to create the necessary domestic and international conditions to facilitate direct investment flows⁴⁷. What are the necessary frameworks to stimulate investments for sustainable infrastructure? And how to stimulate the financial sector?

⁴⁶ OECD, Global Forum on International Investment. India, October 2004.

⁴⁷ United Nations, International Conference on Financing Development, Monterrey, Mexico. UN, 2002.

3. Central and Eastern Europe still faces a complex set of environmental challenges such as hazardous waste sites in residential areas, low energy efficiency, urban air pollution, deteriorating water, sewage and public transport systems. The situation has improved, including in those Central and Eastern European (CEE) countries that have adopted or are striving for adoption of European Union (EU) environmental regulations. The financial sector plays a critical role in the transformation to a more sustainable environment. As financial intermediaries in an economy, financial institutions can contribute to mitigating environmental problems, while at the same time taking advantage of the opportunities that sustainability offers to the finance sector⁴⁸.
4. The required compliance with EU regulations has far-reaching implications for the CEE financial sector. New standards call for new investments. EU accession presents a number of new lending opportunities such as investment in wastewater management and financing of new environmentally friendly and energy efficient technologies in the transportation, heavy manufacturing and other heavy polluting industries. On the other hand, lending and investing transactions incur increased mandatory costs, as financial institutions need to check compliance with new EU requirements while being aware of areas where national environmental regulations still differ.

d. Policies and Initiatives in Europe

5. There are different sources of financing and funding available. Each one has different characteristics and hence different policies and mechanism to sustainable financing. **Concessional funding** such as EU/EFTA cohesion funds, GEF grants, ODA and foundation grants that does not seek for maximizing payback, but can take considerable "risk". This source is, however, rather small compared to the needs. A better use of these sources would be to mobilize other sources of funding both public and private (co-financing and partnerships), build capacity and stimulate political, regulatory and economic change. **The participatory funding** could take increasing risks and rewards ranging from secured debt arranged by banks to unlisted shareholdings. Governmental initiatives such as EBRD, EIB, IFC, NIB, Norfund and others are also active here. Government guarantees can also form an important foundation for investment where there is inadequate collateral for loans. **Environmental Funds** are also effective mechanism to provide long-term financing for conservation and environmental management activities; GEF is one of the most successful examples.
6. Initially the financial sector had little interest in matters relating to environment and sustainability. Gradually this has evolved. The attitude of financial institutions with respect to sustainability shows important differences, as the result of a gradual development. Considering this process five phases of the banking sector's attitude to the environment and social aspects can be identified: I) indifferent phase, ii) defensive phase, iii) preventive; iv) innovative/offensive; and v) sustainability phase.⁴⁹ In the sustainability phase social and sustainability criteria are part of the total business and sustainable and social innovative products become normal. In Europe, there are already Banks and financial institutes in this phase (e.g. Triodos and ASN, Henderson Global Investors, etc). The developments of those banks demonstrate that sustainable banking can become a normal sound economic business. How can we stimulate the finance sector to shift towards the sustainability phase?
7. Changing attitudes and helping mainstream financiers to consider sustainability is one of the first obstacles. In order to address this, UNEP Finance Initiative (FI)⁵⁰ works closely with 230 financial institutions to develop

⁴⁸ UNEP Finance Initiative, Finance and Sustainability in Central & Eastern Europe.

⁴⁹ Van Belleghem and De Clerk, F, The green and Social Fund System in The Netherlands.

⁵⁰ UNEP Finance Initiative is a global public-private partnership between UNEP and the private financial sector, for more information see www.unepfi.org

and promote linkages between the environment, sustainability and financial performance. UNEP recently launched the Responsible Investment Initiative, which will develop principles for the active engagement of institutional investors on social and environmental issues.

8. Sustainable energy investments are the starting point for the UNEP Sustainable Energy Finance Initiative (SEFI), which is a platform to provide financiers with the tools, support and networks to drive financial innovation that improves the environmental performance of the energy mix. The overall strategy is to use this platform to engage financiers to do jointly what they may have been reluctant to do individually, and to catalyse public-private alliances that together share the costs and lower the barriers to sustainable energy investment.
9. The crucial role played by the private sector in financing sustainable initiatives is to create profit/non-profit hybrids to combine the positive aspects of non-profit assistance with the benefits of for-profit enterprise in order to channel funds towards highly risky small and medium enterprise (SME) investment opportunities, particularly in emerging economies.⁵¹
10. There have been various initiatives coming from the private and financing sector (banks and participatory funding) to stimulate sustainability and competence and provide information for the public and investors. Such as the Dow Jones Sustainability Indexes launched in 1999. It is the first global index tracking the financial performance of sustainability-screened companies world-wide. Based on the co-operation of Dow Jones Indexes, STOXX Limited and SAM they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios. Currently 52 DJSI licenses are held by asset managers in 14 countries to manage a variety of financial products including active and passive funds, certificates and segregated accounts. In total, these licensees presently manage 2.8 billion EUR based on the DJSI. The Ethibel Sustainability Index (ESI) provides a comprehensive perspective on the financial performance of the world's leading companies in terms of sustainability for institutional investors, asset managers, banks and retail investors.
11. Leading European institutional investors are challenging the investment banking and brooking industries to provide research on socially responsible investment issues. They are expressing the willingness to allocate a minimum 5% of their commission budget to develop research in responsible investment.⁵² They recognise that non-traditional issues of corporate performance such as corporate governance, human capital management and environmental management have rarely been incorporated into the mainstream analysis.

e. Key challenges to address:

12. By mediating between investors and companies, between creditors and debtors, financial markets have considerable influence on where capital flows are being channelled. The criteria on which they base their decisions are thus of major significance for the kind of economic growth that takes place. There are good reasons why responsible players in financial markets should take into account the social and environmental matters involved in sustainability, other than mere altruism. By putting sustainability at the centre of its strategy, a financial service provider could be able to reap gains in competitiveness and reputation.

⁵¹ UNEP Finance Initiative-INSEAD workshop on Sustainability Oriented Venture and Entrepreneurship.

⁵² The group which consist of Universities Superannuation Schemes (USS), PGGM, the Dutch Pension Fund, BNP Paribas Asset Management, RCM, part of Allianz Dresdner Asset Management, and Boutique Generation Investment Management will leading this initiative on research for responsible investment. Financial Times, 10 October, 2004.

13. It is clear that capital alone is not enough, other approaches are needed to improve the investment climate such as:

- selecting projects that address environmental and community concerns;
- using donor funds to help local companies upgrade their businesses, so they qualify for financing;
- promoting transparency and good corporate governance;
- fighting corruption and money laundering;
- encouraging cross-border trade to build regional economies, and
- Promoting peaceful relations between countries.

14. Parallel to this, governments must ensure a good economic and legal framework for investment, user payment, legislation promoting “the polluter pays”, proper pricing of natural resources, enforceable and enforced legislation on investment, stable rules on taxes and charges and stable currency value as well as on remittance of profits, to promote foreign direct investment.

15. According to an industry survey conducted in Central and Eastern Europe, some of the common barriers for implementing sustainable financial practices in this region are the difficulty of measuring the benefits of sustainable practices, no clear business case, the lack of legal requirements related to the issue, and high implementation costs.

16. For listed companies, a general problem for investors is the lack of available standardised information on social and environmental performance. The Global Reporting Initiative (GRI) addresses this problem with the development of a set of applicable indicators regarding the environmental and social impacts of company activities.

Some questions for discussion:

- how to create conditions that favour the mobilisation of public and private funding for sustainability (including mechanism for CSR such as GRI)?
- How to make the financial market green?
- How to compete for private investment and increase national savings?
- How to use public funds to create better frameworks and mobilise private funds?
- What is the role of stakeholders/partnerships?
- Needs for policy mix: regulatory, economic and social instruments
- Is there a need for initiatives involving EU rules and regulations?

⁵³ UNEP Finance Initiative, Finance and Sustainability in Central and Eastern Europe.

Working group 5 : Consumption and Quality of Life - How to re-orient the consumer society?

a. Scope:

Improvements in efficiency and cleaner production have not been enough to reduce the depletion of natural resources and pollution. One of the main reasons is that the levels of consumption are increasing more rapidly (rebound effect). On the other hand, studies have shown that high levels of consumption do not necessarily make us happier. How does consumption relate to quality of life? How can we give consumers a real option for sustainable consumption? What role can citizens/consumers, retailers, advertisers play?

b. The Johannesburg Plan of Implementation (JPOI):

"Develop awareness-raising programmes on the importance of sustainable production and consumption patterns, particularly among youth and the relevant segments in all countries, especially in developed countries, through, inter alia, education, public and consumer information, advertising and other media, taking into account local, national and regional cultural values."

"Develop and adopt, where appropriate, on a voluntary basis, effective, transparent, verifiable, non-misleading and non-discriminatory consumer information tools to provide information relating to sustainable consumption and production, including human health and safety aspects. These tools should not be used as disguised trade barriers."

c. Current status in Europe:

1. Despite the fact that European industries have increasingly become more eco-efficient in the last decades, the environmental impacts continue to increase, mainly due to the steadily increasing level of consumption. Households share this responsibility as well.
2. The main household environmental impacts are concentrated in food consumption, transport and housing energy use. There has been a growth in these three areas in the EU15 countries during the 1990s, as GDP and household consumption overall grew by about 2% per year. Per-capita calorie intake increased 0.4%, car use by 1.7%, while air travel rose 6%. While population grew by only 0.3% per year, the number of households grew 1.1%, pushing up residential energy use by 0.7% per year.
3. These environmental problems go together with social and economic problems, such as new health problems (e.g. obesity; respiratory diseases). Disparities in consumption and lack of access to goods and services are examples of current social and economic problems that need to be tackled as well when promoting sustainable consumption patterns.
4. Consumption growth is linked to lifestyle changes: smaller households, rising standards of comfort and convenience with automated central heating, ready meals, and increasing car dependence; increase in tourism (especially air travel), and growing numbers of electrical appliances, especially electronic equipment.⁵⁵
5. Moreover, consumption trends in Europe are projected to grow to 2020 and with them environmental pressure and degradation⁵⁶. In other words, the improvement in efficiency alone will not reverse the

⁵⁴ Michaelis and Lorek, *The Future of Sustainable Consumption for Europe*, DEPA, 2003.

⁵⁵ Ibidem.

⁵⁶ OECD, *Environmental Outlook*, Paris, 2001. OECD, *Towards Sustainable Household Consumption?* Paris, 2002.

current trend of environmental degradation⁵⁷. Consumption patterns need to be addressed at the same time. In doing that an integrated production-consumption approach is needed (using up-stream and down-stream policies) and finding effective ways to communicate SCP and engage consumers.

d. Policies and Initiatives in Europe

6. During the last decades, in Europe, especially in the EU member countries, a variety of actions to promote sustainable consumption have taken place. Governments have promoted regulatory efforts related to consumer information (eco-labels, consumer policies⁵⁸, eco-taxes, information and education). Some industries and business have improved their products and services through eco-efficiency and eco-design and have started "green" marketing and alternative ways to communicate to consumers. Producers and retailers are promoting and facilitating the accessibility of green products. Consumers and environmental organisations have been active in advocating for consumer rights, and implementing programmes on environmental education for consumers and public awareness campaigns (see EU Inventory on SCP, 2004).
7. It is recognised that better informed citizens can make better (sustainable) choices to bring about concrete changes in their attitudes and behaviour with beneficial impacts on environmental protection. Almost every country in Europe has taken action in this field, specially promoting environmental education, communication and awareness raising. They have also developed information tools, such as eco-labels, new green marketing and electronic information. Nevertheless, there are still some key questions that remain open; are these mechanisms effective or sufficient? Are they supported by other policies?
8. Eco-labels are widely used tools to inform consumers and communicate a complex message in a simple way. The EU Eco-label⁵⁹ Flower was introduced in 1992. The Flower is awarded by an independent third-party only to products that meet a set of strict environmental and performance criteria. Its strength is that it is recognised and managed Europe-wide. Between 2001 and 2003, the number of licence holders increased by 70% and the number of articles sold rose by 350% between 2000 and 2002. Nevertheless, the market share of eco-labelled products is still marginal.
9. However, it seems that all these efforts have not been enough to re-orient the mass consumers towards sustainable patterns. Increased income and consumption certainly improves living standards, however there is a downside to modern life-styles that can have significant negative effects on that and quality of life. How does consumption relate to quality of life? When does more consumption not lead to more happiness or better quality of life? Citizens can be "richer, fatter but not much happier" as the Worldwatch Institute has reported.⁶⁰

e. Key challenges to address:

10. How can we give consumers a real option for SC? Information can be a powerful tool for promoting more sustainable household consumption patterns. Nearly every government, private sector, or NGO initiative for the environment calls for a better informed and more active public. What does influence consumption behaviour? How to communicate effectively to consumers?
11. Information is one factor in a broad range of "software" (personal preferences, cultural practices; social norms; regulations) and "hardware" (physical infrastructure, technology,

⁵⁷ OECD, Environmental Outlook, 2001.

⁵⁸ Including the EU Consumer Policy Strategy 2002-2006 (COM(2002)).

⁵⁹ http://europa.eu.int/comm/environment/ecolabel/index_en.htm

⁶⁰ Richer, Fatter but not much happier. Press release, The Worldwatch Institute, Washington, January, 2004.

available goods and services) that influence household consumption patterns. Some key challenges are:

- Price: internalisation of environmental costs and benefits. Very often market sends the wrong signals to consumers. Environmentally friendly products/services are more expensive, and instead of the ‘polluter pays principle’, the consumer is in the situation of the “protector pays principle.” How can governments really internalise environmental and social costs?
- Policy and regulatory framework that makes clear the priorities and direction for change. There must be an integrated policy and regulatory framework that creates market signals that steer private sector and consumer behaviour in the same direction, rather than isolated actions and policies. Some experts are calling for legislation (bans, rationing of products) rather than trying to steer individual consumer choices.
- Availability of a variety of environmentally friendly goods and services at affordable prices. What kinds of policies are expected from governments? What is the role of retailers, and at the same time how to make these products attractive and desirable for consumers?
- Technology and infrastructure that include environmental and social quality criteria in the design and running of transportation networks, housing, waste management, etc. – Technology and infrastructure can hinder or create opportunities for sustainable consumption.
- Education and information that empowers consumers to adopt sustainable consumption patterns.
- Communication, advertising and marketing. The advertising and marketing sector plays a vital role in sustainable consumption as they have a strong influence on consumption patterns. Consumers, especially young people, are often confronted with the seemingly contradictory choice of wanting to help people/workers and protect the planet versus the hedonistic desire to buy the latest “must-have brands”; can we match these two desires? How? The traditional messages from governments and green groups have in the past been moralistic and “guilt-laden” which is not attractive for consumers. Consumers should be encouraged to visualise and dream about sustainable life-styles, which are fashionable and desirable.

Some questions to discuss:

- Identification of gaps and priority areas for further work to re-orient consumers towards sustainable life-styles
- Who are the key stakeholders? What is the role of each stakeholder?
- What kind of policies do we need? What will be the most effective policy mix: combining regulatory, economic and social instruments?
- Potential for research, innovation, education and training
- Needs for monitoring: how to measure? What indicators, targets and de-coupling benchmarks?
- What are the needs for information on sustainable consumption?
- How can countries with lower mass-consumption levels leapfrog into SCP patterns?

Working group 6 : Global dimension – How can Europe contribute to sustainable consumption and production world-wide?

Scope :

Many European policies and life-styles influence consumption and production patterns in the wider world, either directly or indirectly. How can Europe make a positive effect on sustainable consumption and production globally? How can Europe share knowledge and information, capacity building, technology transfer and financing? What is needed to remove barriers and create enabling environments? One of the objectives of this Working Group is to provide an input to the upcoming CSD sessions on thematic cycles, with sustainable consumption and production as a cross-cutting issue.

b. The Johannesburg Plan of Implementation (JPOI):

The JPOI Chapter III states that "fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development. All countries should promote sustainable consumption and production patterns, with the developed countries taking the lead and with all countries benefiting from the process, taking into account the Rio principles, including, inter alia, the principle of common but differentiated responsibilities as set out in principle 7 of the Rio Declaration on Environment and Development."

All countries should take action, with developed countries taking the lead, taking into account the development needs and capabilities of developing countries, through mobilisation, from all sources, of financial and technical assistance and capacity-building for developing countries.

The JPOI calls upon Governments to take further action to mobilise the provision of financial resources, technology transfer, capacity-building and the diffusion of environmentally sound technologies, specially on energy, transport and waste. It stresses the need to "integrate energy considerations, including energy efficiency, affordability and accessibility, into socio-economic programmes especially into policies of major energy-consuming sectors, and into the planning, operation and maintenance of long-lived energy consuming infrastructures, such as the public sector, transport, industry, agriculture, urban land use, tourism and construction sectors."

c. Current status in Europe

1. During the 20th century, world consumption has undergone vast expansion, with substantial positive effects on human welfare for a large number of people. However, there are huge disparities in consumption levels between developed and developing countries, as well as widening gaps between the wealthy and the poor.
2. In the globalised markets, consumption and production patterns of all countries have domestic as well as global impacts (positive and negative). As countries are competing to become the most competitive, innovative, hi-tech economies, much of the social and environmental impacts of primary production will be increasingly felt in other -often poorer regions. Poorer countries might not have the financial, human, social or technological capacities to overcome the negative

environmental impacts and maximise the economic and social benefits of increased demand for their goods and services on world markets⁶¹. In tackling SCP issues globally, one of the most important actions is to tackle the negative environmental and social impacts and maximise the positive aspects/opportunities.

3. The increasing demand for sustainable products (e.g. organic food, fair trade goods) and services (e.g. eco-tourism) in Europe represents new business opportunities and niche markets for developing countries. At the same time, SCP could represent an opportunity for less industrialised countries to leapfrog from traditional polluting production to a more technologically advanced production (by learning from the experiences of industrialised countries and avoiding repeating their mistakes, integrating sustainable measures from the start). International co-operation is required to implement sustainability world-wide. In doing that, it is necessary to strengthen knowledge and information sharing, capacity building, technology transfer and financing. The removal of trade barriers and creating enabling environments is a condition. International co-operation to avoid social and environmental dumping is also needed.
4. Poverty eradication and social issues such as labour conditions and human rights have clear linkages with the SCP agenda, as has been increasingly highlighted in global and regional meetings. Most of the work so far however has been environmentally oriented. Sustainable development, as well as SCP, requires ensuring fair access to resources to all countries and social groups, and ensuring that basic needs are covered for all.

d. Key policies and initiatives

5. Europe has actively promoted and signed various international agreements/declarations setting commitments and goals for sustainable development, such as the Millennium Declaration, Agenda 21 and JPOI. Meeting the commitments globally will require significant increases in the flow of financial resources as elaborated in the Monterrey Consensus.
6. At the WSSD, the EU, supported by several other European countries, promoted the setting of SCP targets and timelines. Several European countries, such as Belgium, Denmark, Finland, France, Germany, the Netherlands and Sweden as well as Norway, have actively contributed to initiate the consultation processes on the 10-year framework by providing financial support to enable stakeholders from developing countries to be part of the effort.
7. Since the Rio conference, sustainable consumption and production has not been - in a systematic and a coherent way – capable of answering the questions regarding the global dimension of consumption and production. The EU Lisbon Strategy includes several EU's economic and social dimension, but does not include the external dimensions.
8. The EU Sustainable Development Strategy (which is currently being reviewed for the first time since it was adopted at the Gothenburg Summit in 2001) is the overarching strategy to achieve sustainable development internally and to fulfil the European external commitments on sustainable development. The external dimension of the EU SDS is building on the EU input to and the commitments made in the Millennium Summit, Monterrey, Doha and Johannesburg.

⁶¹ EU paper on Sustainable Consumption and Production, preparatory paper for the WSSD, 18th December, 2001.

9. The Conclusions of the European Council, in June 2004, stated that "the European Council expresses its concern at the faltering progress towards the achievement of the Millennium Development Goals, especially in Africa". It reiterates that the EU will intensify its efforts to fulfil the commitments undertaken in Monterrey, including through the exploration of innovative sources of financing, and will strongly support UN attempts to accelerate progress towards the achievement of the Goals.
10. The WTO Ministerial Conference/negotiations (Doha and Cancun) directly tackled the external issues of trade and environment access to market, reducing barriers in agriculture, and technical assistance for developing countries. On the other hand, the flexible mechanisms of the Kyoto Protocol such as Cleaner Development Mechanism (CDM) make reference to the relationship between developed countries and countries with economies in transition. (* add paragraph on the results of CDM).
11. At the global level the first international meeting on the 10-year framework of Programme on SCP, the "Marrakech Process" was launched to encourage and facilitate the international co-operation and co-ordination to promote SCP. Some of the main conclusions at the Marrakech meeting were to establish mechanisms that encourage and support information and experience sharing, network building, and dissemination of best practice (e.g. interactive web sites and expert meetings on specific issues on SCP). It was also agreed to involve all stakeholders and establish concrete partnerships and strengthen regional processes in all regions. The Marrakech Process on SCP should be supported by informal task forces or round tables on SCP, with the participation of experts from developing and developed countries.
12. UNEP and UN DESA have so far organised a number of regional expert meetings and one international meeting. The two organisations launched, at the CSD12 (April 2004), the joint website on the 10-year framework. It contains up-dated information and key documents on the regional and international development of the "Marrakech Process"⁶². UNEP and UN DESA are currently organising a second international meeting that will take place in Costa Rica, in September 2005.
13. Financial support for these activities has come mainly from European governments: Belgium, Denmark, Finland, France, Germany, The Netherlands, Norway and Sweden. Some countries have expressed interest in supporting specific substantive task forces in which the scope for implementation of concrete tools will be demonstrated.

e. Key challenges to address

14. At the WSSD in Johannesburg, the EU suggested that "to enhance global equity, eco-efficient practices as well as product policy should offer developing countries possibilities for 'leapfrogging' from traditional, polluting production to a more technologically advanced production, and into environmentally viable economic growth that takes into account the poor and uses natural resources in a sustainable way. They should also offer possibilities for a good working environment, including equal occupational rights and opportunities, health and safety at work, employee involvement and lifelong learning."⁶³ Which kind of mechanism and co-operation is needed to make this happen?

⁶² see www.unep.ie.org/sustain/10year

⁶³ EU paper on Sustainable Consumption and Production, preparatory paper for the WSSD, 18th December, 2001.

15. One of the recommendations was that donor countries and international organisations should assist developing countries in reviewing their environmental progress with respect to their domestic objectives and international commitments, using environmental indicators and other information, including developing consistent frameworks, methodologies, and in measuring performance to promote eco-efficiency and de-coupling as appropriate. Can this proposal become one of the key elements for the Marrakech Process?

16. The challenges and priorities for future work requires on the one hand initiatives in Europe to address those unsustainable patterns of consumption and production that have negative effects on sustainable development in other regions. On the other hand, it urges Europe to actively support other regions in their quest for sustainable development. When addressing technology transfer to developing countries and to countries with economies in transition one must be aware that this is an 'umbrella' concept with 5 different key elements:

- i) technology needs (assessment),
- ii) technology information (system),
- iii) capacity building,
- iv) enabling environment and v) institutional and financial mechanisms. What are the best mechanisms for Europe to support these? Can green supply management be combined with increasing market opportunities for less industrialised countries?

Some questions for discussion:

- In Europe, how can policy coherence be improved between internal policies and external commitments? How to address the negative social and environmental impacts in other countries?
- Identification of gaps and priority areas for further work at the international level (e.g. "Marrakech Process", Millennium Declaration). What do we want the Marrakech process to achieve? How can we truly integrate SCP considerations in the policy cycles of the CSD?
- Who are the key stakeholders and what is the role of each one?
- Can ODA be targeted to support increased eco-efficiency?
- Needs for monitoring: how to measure? What indicators, targets and de-coupling benchmarks?
- How to improve synergies between MEAs and JPOI?

ANNEX A.

BALTIC SUB – REGIONAL MULTI-STAKEHOLDER WORKSHOP ON SUSTAINABLE CONSUMPTION AND PRODUCTION

Vilnius 17 – 18 June 2004

CHAIR'S SUMMARY

The workshop was held under the auspices of the Ministries of Environment of Estonia, Latvia and Lithuania, hosted by the Ministry of Environment of Lithuania, and supported by the Ministry of Environment of Finland. The workshop was organised by UNEP Regional Office for Europe in collaboration with the Center for Environmental Policy in Lithuania, Green Liberty in Latvia and the Estonian Green Movement. Participants consisted of almost 80 representatives from Ministry of Environment, Economic Development, and Transport, local authorities, NGOs, business and academia from the three countries, and included representation from the European Commission, UNEP and the Ministry of Environment of Finland.

The objectives of the workshop were:

- to raise awareness of sustainable consumption and production (SCP) issues in the Baltic countries and facilitate multi-stakeholder dialogue.
- Reporting on status and changes on SCP patterns, ongoing actions and plans in the Baltic countries.
- Sharing examples of good practice and case studies from various stakeholder groups.
- to identify national and sub-regional priorities and needs for promoting SCP.
- to support the development of multi-stakeholder partnerships in the Baltic countries with the purpose of continuing dialogue and promoting coherent and concerted action.

Prior to the workshop, the three countries prepared background reports to illustrate changes of consumption and production patterns and environmental status analyse inter-relationship. This two-day workshop was structured into presentations and discussions and three working group discussions. It succeeded in generating a lively atmosphere and broad participation in the discussions, and a number of significant conclusions were reached.

Changes in Consumption and Production patterns and their consequences to the environment (Trends/Achievement).

Following the end of the Soviet era, the three Baltic countries faced an initial inevitable economic and social decline. The deepest recession was experienced in 1994. The recovery of the economy started since 1995, and acceleration of the growth of production as well as increase in household consumption has been observed. The overall environmental situation has improved, however there are concerns that increased household consumption, which caused an increase in the amount of household waste and private car ownership, could overshadow the improvements achieved. Hence the need to take into consideration sustainability issues related consumption and production.

An essential decrease in consumption of natural resources and discharges of pollution was observed due to the decline in the amount of production in industry and agriculture, an increase in prices for

natural resources, and modernisation of technologies. Some remarkable changes, to note, were a drastic decline of pollution from agriculture and increased share of renewable energies. De-coupling of production from consumption of natural resources and took place from the very beginning of the transition period. Reduction in rate of pollution associated to consumption of energy and natural resources has been significant for the last several years.

All three Baltic States have taken action for achieving sustainable development. National strategies for sustainable development have been established. Data gathering to monitor progress has been well developed. The governments have already formulated and implemented some economic and legal instruments and have completed transposition of EU requirements into national legislation.

The number of industrial companies implementing EMS, cleaner production methods and environmental friendly technologies has been growing rapidly. The role of NGOs and environmental movements in promotion of sustainable consumption and production patterns, and more environmental friendly life styles has increased. Awareness on sustainable development (but not so much sustainable consumption and production) has increased through the development of Local Agenda 21 and Municipal strategies for sustainable development.

1. Problems and needs

Although much progress has been observed, the following areas are identified as problems and needs for future actions .

- ***Production efficiency***

Despite an improvement of energy consumption intensity and eco-efficiency of production, the efficiency level is still low. For example, energy efficiency is half of the average of EU 15 countries.

- ***Transport***

Fast growth of transport volume, in particular, a very sharp increase of the most polluting modes (road transport) and slow development or reduction of more environmentally friendly modes (railway and internal water transport) has been creating an essential environmental problem. Moreover, the decline of public transport system will lead to social problems.

- ***Waste management***

The current very low level of separation and recycling of household waste blocks more efficient use of materials. It is also important to address waste management now, since the household consumption and waste generation is increasing.

- ***Information for consumers***

Information provision system for consumers has been weak. Education and awareness raising programs have largely lacked.

- ***Policy framework***

So far SCP has been little addressed in government policies, and there has not been much effort to promote eco-product.

2. Recommendation for future action

The workshop recommended a series actions as beneficial for the promotion of SCP. Priority actions include:

- To establish a high level *multi-stakeholder body* at the national level to facilitate the promotion of SCP and *multi-stakeholder SCP network* in the Baltic sub-region. To strengthen co-ordination at the governmental level and Cupertino among all stakeholders.
- To integrate SCP considerations into *sectoral and regional action plans*, implement modern and environmental friendly technologies, EMS and cleaner production methods in order to secure further increase in eco-efficiency of production and de-coupling from environmental impact.
- To develop more environmentally sustainable *transport* modes with special emphasis on the development of public transport, road safety and increase in the use of bio-fuels.
- To introduce modern *waste management* systems, based on reduction, reuse and recycling of waste, and provision of sorting of industrial and household waste near the sites of generation. This is an important issue to be addressed due to the recent increase in the generation of domestic waste.

Other important actions recommended include:

- To implement SCP and environmental criteria in *public procurement* and to promote *green procurement*.
- To revise the structure of *taxation and subsidies*, to ensure greening of the budget in order to reduce consumption of non-renewable resources and hazardous materials, stimulate reuse and recycling, and reduce environmental impact.
- To reduce in number the eco-labels in favour of implementing unified EU wide *eco-label* system, and to facilitate uptake by companies and promote information.
- To accelerate transfer of modern environmentally friendly *technologies* and provide technical assistance, to strengthen the role of local science in the promotion of more sustainable production and consumption.
- To promote organic *farming* and secure low level of pesticides and mineral fertilisers consumption, and to improve the quality and safety of agricultural products in conventional farms as well as in organic farms.
- To renovate and insulate houses and upgrade their thermal performance in order to increase energy efficiency for *domestic heating*.
- To improve environmental *education*, for the general public and, develop curricula for general and professional education, and to promote *awareness-raising* programmes and campaigns for all stakeholders groups.
- To develop indicators directly related to SCP to monitor regularly the progress to sustainable consumption and production.

Workshop Chair: Professor Romualdas Juknys

ANNEX B.

EXAMPLES OF POLICIES AND STRATEGIES FOR SUSTAINABLE CONSUMPTION AND PRODUCTION IN SELECTED NON-EU MEMBER COUNTRIES IN THE PAN-EUROPEAN REGION

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1. INTRODUCTION

This report provides selected examples of policies, initiatives and instruments on sustainable consumption and production in the pan-European region. It aims at complementing the publication "Sustainable consumption and production in the European Union" which is an inventory of policies, activities and instruments at the European Community level with best practice examples from a number of selected EU Member States.

2. GENERAL POLICY STRATEGIES AND INSTRUMENTS

2.1 General policy framework

Croatia: Multi-stakeholder process to prepare a Strategy of Sustainable consumption and Production is being initiated and involves Ministry of Environmental Protection, Physical Planning and Construction, Ministry of Agriculture, Forestry and Water Management, Ministry of the Economy, Labour and Entrepreneurship, Ministry of Health and Social Welfare, Croatian Chambers of Economy, Consumer society, Agricultural Institute, Croatian Food Agency and non-governmental organisation.

Kazakhstan : The Council for Sustainable Development, organised under the Government of Kazakhstan, comprises representatives of the Parliament, the Government, local administration, business sector, farmers, scientists, and NGOs, including gender and youth organisations. The Council assists in the formulation of the state policy on Sustainable Development, implementation of the WSSD commitments, and addressing the Millennium Development Goals on the basis of inter-sectoral co-operation. The Council is currently developing suggestions to the government on fourteen fields. Highlights of SCP related fields: implementation of sustainable models of production and consumption, development of sustainable transport systems, reduction of emissions (including greenhouse gases and substances depleting the ozone layer), utilisation of new and environmentally safe technologies, energy efficiency and energy-saving, and radiation and chemical safety and waste management.

Moldova : The Mid-term Strategy for Socio-economic Development of the Republic of Moldova to 2005 (<http://www.moldova.md>) addresses sustainable consumption and production. For example, the emphasis of Chapter IV - Sectoral Policy is on ensuring clean agricultural production and environmental protection. In Chapter VII- Environmental Protection and Rational Use of Natural Resources, the priority areas include development of environmental certification and quality standards; improving access to environmental information; supporting new clean technologies; transition to integrated water management and utilisation consistent with relevant EU policies and requirements; introduction of ISO 14000 standards, and improvement of industrial and municipal waste management.

Ukraine : The Government of Ukraine is currently preparing a Sustainable Development Strategy, which pursues economic growth following an innovation model, social improvements, environmental protection and rational use of natural resources in a balanced way, and will include detailed objectives and actions.

Russian Federation : Two strategies, the "Major directions of long-term development of the Russian Federation (up to 2010)" and "The Mid-Term Programme of Socio-Economic development of the Russian Federation" (2003 – 2005)", identify the following needs: diversification of products and changing production patterns into higher value added (i.e. more based on high technologies, and less

dependent on natural resources, such as oil and gas), increased investment in production facilities, increased mobility of experts between government and private sectors, R&D, and industry. These programmes also discuss the introduction of taxes on environmentally unsound products and life cycle approaches.

2.2 Thematic Strategy on Sustainable Use of Natural Resources

Russian Federation: The Environmental Strategy of the Russian Federation defines three main directions of governmental environmental policy:

- Ensuring sustainable use of natural resources: the main task is “non-depleting use of renewable natural resources and the rational use of non-renewable natural resources”
- Decrease in environmental pollution, resource saving and preservation and restoration of the environment: the main task is to decrease environmental contamination by emission, dumps and waste products, and also the energy intensity of production and services
- Preservation and restoration of environment; preservation and restoration of a landscape and biological diversity, sufficient for maintenance of ability of natural systems to self-control and indemnification of consequences of anthropogenic activities.

2.3 Integrated Product Policy ('IPP')

Croatia: The Law on Environmental Protection (OG No82/94, 128/99), Article 45, requires manufacturers to provide warnings against pollution that might be caused by their products, raw materials or packaging, as well as information regarding handling of packaging after use, before marketing products. Article 43 promotes life cycle thinking by developing an Environmental Label awarded to manufacturers for environmentally friendly products.

2.4 Economic Instruments

General

Republic of Montenegro (Serbia and Montenegro): The Law on the Environment of Montenegro, 1996, defines the financial sources of environmental protection. These include pollution taxes and charges for air emissions, fossil fuels, ozone-depleting substances and hazardous waste. In addition, where development projects (for example for tourism) affect an area of national park, investors must pay 2 percent of the total investment value in the project, unless the project is directly related to nature conservation. Where, however, the law requires environmental impact assessments for the project, 1 percent of the total investment value is payable. The revenue received is spent on implementing the Ecological Plan, through the financing of nature protection programmes, programmes to reduce pollution, and the training of professional staff.

Pollution fees

Republic of Montenegro (Serbia and Montenegro): Air emission charges were introduced under the Decree on Environmental Pollution Charges (No. 26/1997), for SO₂, NO₂, organic compounds, heavy materials, and fluor substances. The Decree also includes a carbon tax on the use of fossil fuels and several transport related taxes, including a 10% environmental tax on vehicles paid at registration.

Water pollution charges were introduced under the Decree on Water Pollution Charges (No. 15/1996). The rate of the water pollution charges are determined based upon considerations which include the quantity, degree, type and location of pollution with consideration given to Biological Oxygen Demand, Chemical Oxygen Demand, suspended materials, heavy metals, nitrate, phosphorus, mineral oils, sulphates, cyanides, and PH value.

Bulgaria : The following pollution fees are being collected: environmental fines, administrative charges, liquid fuel tax, product charges, and water usage. Twenty percent of the pollution fees collected are channelled to the State Enterprise for Management of Environmental Protection Activities (established 2003), and the remaining 80% goes to municipal budgets allocated to solving environmental problems including investment for water, air and waste sectors. The State Enterprise for Management of Environmental Protection Activities is providing financial support to solve acute environmental problems at national and local levels and for priority environmental projects.

Energy taxation

Croatia : An Energy Efficiency Fund was established in 2003 based on Article 60 of the Law on environmental protection (Official gazette 82/94 128/99) and Article 11 of the Law on energy (Official Gazette 68/01). The Law on Energy Efficiency Fund was published in the Official Gazette 107/2003, and is in force since January 1st 2004. The resources for funding include charges for pollution, exploitation of natural resources, environmental load, and motor vehicles. The collected fees are used, among other things, for climate change mitigation, the promotion of renewable energy sources, and the promotion of sustainable construction and cleaner transport in the form of loans stipulated to public and private sectors.

State aid for environmental purposes

Bosnia and Herzegovina : The Law of Environmental Protection established the environmental protection fund for: the promotion of the development of an environmentally safe economic structure; the prevention of environmental damage; the remediation of environmental damage; the conservation of nature protection areas; the motivation and promotion of the most efficient techniques and alternatives; the improvement of public environmental awareness; and environmental research.

2.5 Information tools

Education, awareness-raising and public information

Bulgaria : The Ministry of Environment and Water carried out a number of national awareness-raising campaigns to inform the public on issues such as the use of unleaded gasoline, the European automobile-free day, climate change and ozone-depleting substances, and household waste reduction. A recent survey carried out by the National Sociological Representatives shows that 50% of interviewees were interested in the environment. The survey reveals that the TV could be the most preferred way of communication, followed by national and local newspapers.

Croatia : The Croatian Centre for Cleaner Production (www.cro-cpc.hr) is a non-governmental organisation that promotes the concept of cleaner production in Croatia. Cleaner production is the continuous implementation of integrated, preventative strategies for environmental protection in the production process. The main activities of the Centre are: education, consulting and awareness-raising of the wider public about the concept and methodology for application of cleaner production tools, and introduction of the Environmental Management and Auditing Scheme into the Croatian business community.

Russian Federation : Environmental education in Russian universities across the country is co-ordinated by a special council headed by the Dean of the Geography Department of Moscow State University. There is a non-governmental association for environmental education on schools, informal, and non-formal education (ASEKO) which publishes monthly newsletters and has its web site at www.aseko.org.

Serbia and Montenegro : A Multi-stakeholder Workshop on Sustainable Consumption (2002), an event on Foreign Direct Investment: Financing Sustainability (2002), and a Round Table on Cleaner Production (2003) were organised by the Ministry for the Protection of Natural Resources and Environment of Serbia, together with UNEP. The objectives of these initiatives were awareness-raising and exchange of information, as well as serving as kick-off events for formulation and implementation of further activities. The need for development of information exchange mechanisms was identified as one of the key priority areas.

Eco-label

Croatia : The environmental label is regulated by the Law on Environmental Protection (Official B Gazette No 82/1994, 128/1999), Article 43; and by a special Rule Book on Environmental Labels (Official gazette 46/1996). The Environmental Label (Eco-label) is awarded to manufacturers of consumer goods, except for foodstuffs, beverages and pharmaceutical products, for products, that, at production, marketing and/or use and waste management stages generate a considerably lower environmental impact than other products of the same or similar kind. Examples of these products include those that can be re-used several times, that contain replaceable parts, and products for the manufacture of which natural resources are used reasonably. The “Commission for the award of the Environmental Label”, consisting of five members who are representatives of the Ministry of Environmental Protection, Physical Planning and Construction, the State Bureau for Standardisation and Metrology, a non-governmental organisation for environment, consumers and of trade and industry, is in charge of decisions.

Macedonia : The Ministry for Environment and Physical Planning is in the process of establishing a system of eco-labelling for products and services, in accordance with the Law on Environment and Nature Protection and Promotion, as provided for by the Proposal on Law on Environment (Article 29). A commission, under the Ministry of Environment and Physical Planning, which includes representatives of various ministries, economic entities, NGOs and scientific institutions, is responsible for defining the priority products and services for which criteria should be set. In addition, an eco-label logo for organic agricultural products was adopted, which is planned to be awarded by the Ministry of Agriculture, Forestry and Waster Economy.

Consumer information

Croatia : A well-known organisation for the promotion of consumer rights and information exchange is “Potro_a_” (“Consumer”), www.potrosac.org. This organisation is used actively for information exchange and dissemination.

Macedonia : The Proposal on Law on Environment (Article 27) specifies that “Products, semi-products and raw materials, as well as their packaging, shall not be released for trade without proper labelling and specific warning, as required by the law, of the possibility of pollution or their likely effect on the environment and human health”. The proposal also outlines procedures for access to environmental information.

Pollutant emission register

Russian Federation : A Pollutant Release and Transfer Registers (PRTR) system is under development in five regions of Russia, namely in St. Petersburg, the Volgograd region, the Perm region, the Astrahany region, and the Arkhangelsk region. Actions that have been taken so far include the compilation of a list of enterprises included in the PRTR and the preparation of a quantitative assessment of emission levels for air pollutants. The major sources of pollution have been identified

(for example from pulp and paper mills and thermal electric power stations) and further subjects to be researched have been highlighted.

2.6 Analytical tools

Kazakhstan: A pilot study of sustainable development indicators for resource-saving was undertaken supported by TACIS under the framework of the Regional Environment Centre Central Asia project. The study resulted in the recommendation to include in the state programme of statistical observations data for: energy intensity, material intensity, water intensity, cost of new technologies, use of alternative energy sources, share of expenses for labour payment of production workers, and expenses for scientific research.

2.7 Research and development

Moldova: In recognition of the importance of developing research and innovation to ensure SCP, Moldova has adopted a series of legislative acts and strategic documents, including the State Policy in Research-Development, the State Policy for Innovation and Technological Transfer, and the approval of Strategic Priorities of Research-Development for 2004-2010. The main state policy objectives in the area of research and innovations include: raising the level of research-development and using efficiently technological-scientific results in the economy.

3. SECTORS AND ISSUES

3.1 Industry/cleaner production

- Regulatory framework on air and water pollution

Kazakhstan: Air quality is regulated by the Law on Atmospheric Air Protection, adopted in 2002 and is addressed by a range of instruments, involving, for example:

- the calculation of pollutant concentration and maximum permissible concentrations of pollutants in atmosphere;
- environmental pollution payments; and
- the issuance of permits for special nature use.

The Water Code of the Republic of Kazakhstan, adopted in 2003, serves as the basis of regulation of household, industrial and agricultural water use. Measures include the setting of limits for the release of dangerous chemicals in industrial wastewater into water bodies. The quality of surface waters is determined, based on the standards of 2.1.4.559-96 SNiP (standards, norms and rules, 1996) and the general level of water contamination is determined based on ratio of measurements and maximum allowable concentration of pollutants.

Croatia: The National Environmental Strategy and the National Environmental Action Plan (OG 46/02) set the air protection policy measures for a period of ten years, including plans for major pollutant and greenhouse gas emission reduction by sectors, and measures related to the problems of acidification, eutrophication and the accumulation of ozone gas at ground level.

The regulatory framework for water pollution is constituted by a number of national regulations, including the Water Protection Plan (OG No 8/99), which seeks to protect marine areas from inland-based pollution and provides for: research and examination of water quality, water categorisation and protection measures, emergency measures for accidental water pollution and the planned construction of wastewater treatment plants and installations.

Bulgaria: Air pollution is regulated under the Clean Air Act (SG 45/1996) and is addressed by

various Ordinances. Four Ordinances relate to ambient air quality assessment and management⁶⁴, setting limits for concentrations of sulphur dioxide, nitrogen dioxide, fine particulate matter and lead in ambient air⁶⁵, as well as for benzene, carbon dioxide⁶⁶ and ozone⁶⁷. Other ordinances transpose EU legislation setting emission limit values of gases from combustion plants⁶⁸ and of certain volatile compounds⁶⁹. Requirements are also set for terms, procedures and methods of control of liquid fuels⁷⁰ as well as limits on VOC emissions resulting from storage, transportation, loading and unloading of petrol.

In the Water Quality Sector the main requirements are provided in the Water Act, the National Strategy on Water Development and Management until 2015 and the programme on reducing water pollution caused by certain dangerous substances (zinc, copper, chromium, nickel and arsenic). Various Ordinances also address regulation of water quality, setting limits for admissible concentrations of dangerous and harmful substances in waste water discharge, establishing terms and procedures for discharge of industrial waste and issuing permits for waste water discharge.

Voluntary Initiatives and Codes of Conduct

Croatia : The Croatian Business Council for Sustainable Development (www.hrpsor.hr) was founded in 1997 by leading businesses aiming at promoting Environmentally responsible management; eco-efficiency, social corporate responsibility and stakeholders' dialogue. The organisation actively shares information on good practices, experience, guidelines, and innovative approaches among the business community, and maintains a close collaboration with other sectors.

Environmental Management and Auditing Scheme ('EMAS')

Croatia : The Republic of Croatia adopted the international ISO standards regulating environmental auditing (General principles, Auditing procedures, Qualifications standards) that public and private enterprises accept on a voluntary basis. These are Croatian standards HREN EN ISO 14010 – Guidelines for environmental auditing – general principles, HRN EN ISO 14011 – Auditing procedures – Assessment of the environment management system, HRN EN ISO 14012 – Guidelines for environmental auditing – Qualification standards for environmental auditors. The State Office for Standardisation and Metrology adopts these through technical committees in which the representatives of interested parties from public and private enterprises and representatives of state administration bodies take part.

⁶⁴ See document link: Ordinance No7 from May 3, 1999 on ambient air quality assessment and management (http://www2.moew.government.bg/recent_doc/legislation/air/en/nar7e.doc)

⁶⁵ See document link: Ordinance No9 from May 3, 1999 on limit values for sulphur dioxide, nitrogen dioxide, fine particulate matter and lead in ambient air (http://www2.moew.government.bg/recent_doc/legislation/air/en/nar9e.doc)

⁶⁶ Ordinance on limit values for benzene and carbon dioxide in ambient air

⁶⁷ Ordinance on limit values and alert thresholds for ozone in ambient air

⁶⁸ Ordinance No10 on the emission limit values (concentrations in waste gasses) of sulphur dioxide, nitrogen oxides and total dust, discharged to the atmosphere from large combustion plants (SG 93/2003),

⁶⁹ Ordinance No7 on emission limit values of volatile organic compounds emitted into the air due to the use of solvents in certain installations (SG 96/2003),

⁷⁰ Ordinance on the requirements to liquid fuels, terms, procedure and method of control, adopted by CM Decree No 156/15.7.2003 (SG 66/2003)

⁷¹ Ordinance No16 on limitation of VOC emissions resulting from the storage, transportation, loading and unloading of petrol (SG 75/1999)

⁷² (State Gazette No. 67/27.1999, effective 28.01.2000)

⁷³ No 6 on the Limit Values for Admissible Contents of Dangerous and Harmful Substances in the Waste Water Discharged in the Water Bodies

Promulgated (State Gazette No. 97/28.11.2000)

⁷⁴ Ordinance No 7 on the Terms and Procedure for Discharge of Industrial Waste Waters into Settlement Sewer Systems Promulgated (State Gazette No. 98/1.12.2000);

⁷⁵ Ordinance No 10 on Issuing Permits for Waste Water Discharge into Water Bodies and Setting Individual Emission Limit Values for Point Sources of Pollution (State Gazette No.66/27.07.2001, effective 27.07.2001).

Republic of Montenegro (Serbia and Montenegro): According to Article 14 of the Environment Law, new and existing facilities undertaking certain activities are required to elaborate environmental protection programmes comprising of, for example:

- identification and listing of environmental impacts caused by their activities;
- environmental impact assessment of potential risks of accidents; measures for prevention, limitation and monitoring of environmental pollution; and
- provision of data referring to the types and quantities of detrimental and hazardous substances that are used in their activities, as well as the method of their disposal or release.

Environmental Liability

Croatia: The Law on Environmental Protection⁷⁶ imposes liability for environmental damage on persons who, through action or inaction, cause environmental pollution on the bases of objective (causal) liability and fault-based liability. Those found liable must undertake and bear the expenses of all necessary measures for reducing environmental damage, preventing further damage or risk of damage, as well as for the improvement or restoration of the environmental state.⁷⁷

Housing and construction

Croatia: Since April 2001, the Building Division of the Ministry of Environmental Protection and Physical Planning has been implementing a Sustainable Building Promotion and Encouragement Project, which recognises the value of sustainable development and seeks to harmonise economic and social concerns with environmental considerations. A major step towards sustainability in the building sector is construction waste management and recycling. A number of projects aimed at energy conservation and the use of renewable energy are currently under way. In addition, the Building Act Draft Bill currently under preparation envisages that an investor with building methods that are more environmentally acceptable than requested under law or common practice will be entitled to a reduction or remission of the administrative tax payment.⁷⁸

3.2 Energy

Russian Federation: The Russian Energy Strategy prioritises:

- energy conservation practices encouraged by an increase in heat and electricity tariffs and elimination of cross-subsidisation;
- rational use of energy resources;
- minimisation of the influence of energy use on the environment.

Moldova: The priorities for the Medium-Term Development of the energy sector in Moldova include:

- increasing use of cleaner energy sources (e.g. natural gas);
- implementing modern heating systems in 19 cities;
- increasing the efficiency of the operation of all energy sectors;
- promoting energy conservation measures; and
- introducing energy taxation.

⁷⁶ See Section V,

⁷⁷ See https://www.denix.osd.mil/denix/Public/Legislation/Over_Seas_Laws/croatia2.html

⁷⁸ See (<http://www.mzopu.hr/okolis/html/EN/default.aspx?id=242>)

Macedonia : A long-term program for efficient energy use has been adopted, pursuant to the Law on Energy (adopted 1997), incorporating a Programme for Efficient Use of Energy to 2020. The main objectives of the Programme are to establish a fund for financial support and to prepare the Strategy for Energy Efficiency to 2020, which defines directions of policy for energy efficiency and has developed an action plan of concrete activities to be taken within this period.

In 2003, the Ministry initiated a campaign for the phasing out of leaded petrol developed a Master plan involving a wide range of stakeholders, including representatives from universities, government ministries and drivers' and automobile associations, producers, importers and distributors of fuel and NGOs. The Master Plan incorporates action to be taken for the phasing out of leaded petrol by 2006, involving, for example, tax incentives and lower price of unleaded petrol.

3.3 Agriculture and forestry

Moldova : The government's Programme for Processing New Lands and Increase Land Fertility for 2003-2010 works to address the problem of soil degradation through:

- anti-erosion protection measures for soils and rehabilitation of degraded land;
- pilot projects for rational use and irrigation of soils, including protection of wetlands;
- training of farmers and land owners in issues of soil processing and the use of mineral fertilisers and pesticides;
- planting forestry belts for agricultural land protection;
- rehabilitating communal pastures, and improving their management.

Croatia : The goals of the Strategy for Agriculture and Fisheries of the Republic of Croatia (adopted in 2002)⁷⁹ include rational use of natural resources and the development of sustainable agriculture, meaning ecological agriculture that shall reduce harm to the environment. The area of ecological agriculture is further regulated by the Act on Ecological Production of Agricultural Products and Foodstuffs⁸⁰, which places particular emphasis on the protection and preservation of cultural heritage, stimulating traditional activities and innovations, the sustainable use of natural resources and preservation and protection of nature and the environment.

3.4 Transport

Croatia : The Transport Development Strategy of the Republic of Croatia (OG No 139/99) includes in its goals: "optimum use of natural resources, upgrading of the living environment and preserving the ecological balance". It advocates the reduction in prices of public transport, the increase in charges on leaded fuel until it is banned from use, and the introduction of a used car and tire disposal deposit/refund system.

Ukraine : The Government of Ukraine adopted the Plan of measures on reduction of negative influence of automobile vehicles on the environment for 2004-2010. The plan stipulates development of new constructive decisions on reduction of emissions, harmonising national laws with international standards and also improvement of state standards on gasoline and fuel.

3.5 Tourism

Bulgaria : The National Eco-tourism Strategy was adopted in 2004 and outlines the development of eco-tourism in Bulgaria up to 2014. The Strategy establishes the four main objectives of eco-tourism, namely :

- conservation and preservation of natural and cultural heritage;

⁷⁹ OG No 89/2002

⁸⁰ OG No 12/2001, 14/2001

- eco-tourism business development;
- regional and local development; and
- co-ordination of policies, management and administration of the Strategy at a national level.

Republic of Moldova: The Sustainable Tourism Development project developed by the government of the Republic of Moldova together with UNDP provides the basis for tourism development in Moldova, and is implemented by the Strategy for Sustainable Tourism Development in the Republic of Moldova: 2003 – 2015

(<http://www.turism.md/eng/about/>). Activities include:

- analysis of the overall environmental situation in Moldova, considering the expected environmental impact of tourism and specification of ways to prevent possible environmental problems;
- promotion of eco-tourism through posters, calendars, and brochures;
- undertaking a study, preparing a programme and conducting training seminars on principles and techniques for the development of rural and eco-tourism, including studies of international experiences.

Republic of Montenegro (Serbia Montenegro): The Tourism Master Plan for Montenegro (2001) addresses a wide range of aspects of the tourism industry, including general infrastructure (transport, waste management, waste water treatment and water and power supply), and refers to the importance of natural resource conservation.

As part of the Master Plan, a strategic spatial plan has been drafted for the whole coast for the next twenty years. It incorporates concepts of environmental protection and includes guidelines for individual municipal plans and marine transportation. For example, in the wetland area of Ulcinj, the plan does not allow for any building that might impede international bird migration pathways.

3.6 Waste

Republic of Moldova: The objectives of the National Program for Household and Industrial Waste Management (2000), and the National Plan for the Implementation of the Stockholm Convention (2004) (www.moldovapops.md/?id=21&lang=eng) include the improvement of waste management and the reduction of the impact and quantities of substances and toxic waste. Measures advocated by these instruments include:

- repackaging, centralised storage and destruction of 1,712 tons of pesticides, including from the Persistent Organic Polluters (POP) class;
- inventory of POP and PCB, dismantling and decontamination of oils and equipment used for PCB containing substances;
- a feasibility and cost-efficiency study for upgrading waste disposal sites, the first steps being a change in the separate collection of waste and the building of a new waste processing plant, initially for Chisinau;
- developing and implementing pilot projects for waste processing in rural areas.

Bulgaria: The Law on Waste Management (adopted in 2003) establishes a new approach for the application of the “polluter pays” principle and lays down an opportunity for the producers and importers of goods to collect and recover waste (individually or through a collective system), instead of paying production-taxes for placing the products on the market. Requirements for the management of specific waste streams, i.e. packaging, waste oils, batteries and accumulators, end-of-life vehicles, etc., are introduced. Regulation setting requirements for the implementation of different recovery and disposal operations were adopted. Mechanisms for reporting were also established.

United Nations Environment Programme
Convention

About the UNEP Division of Technology, Industry and Economics

The UNEP Division of Technology, Industry and Economics (DTIE) helps governments, local authorities and decision-makers in business and industry to develop and implement policies and practices focusing on sustainable development.

The Division works to promote:

- > sustainable consumption and production,
- > the efficient use of renewable energy,
- > adequate management of chemicals,
- > the integration of environmental costs in development policies.

The Office of the Director, located in Paris, coordinates activities through:

- > **The International Environmental Technology Centre** - IETC (Osaka, Shiga), which implements integrated waste, water and disaster management programmes, focusing in particular on Asia.
- > **Production and Consumption** (Paris), which promotes sustainable consumption and production patterns as a contribution to human development through global markets.
- > **Chemicals** (Geneva), which catalyzes global actions to bring about the sound management of chemicals and the improvement of chemical safety worldwide.
- > **Energy** (Paris), which fosters energy and transport policies for sustainable development and encourages investment in renewable energy and energy efficiency.
- > **OzonAction** (Paris), which supports the phase-out of ozone depleting substances in developing countries and countries with economies in transition to ensure implementation of the Montreal Protocol.
- > **Economics and Trade** (Geneva), which helps countries to integrate environmental considerations into economic and trade policies, and works with the finance sector to incorporate sustainable development policies.

UNEP DTIE activities focus on raising awareness, improving the transfer of knowledge and information, fostering technological cooperation and partnerships, and implementing international conventions and agreements.

For more information,
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This is the Report and Co-chairs' Summary of the European Stakeholder Meeting on Sustainable Consumption and Production that was held in Ostend, Belgium, 25-26 November 2004. This informal expert meeting was organised by the United Nations Environment Programme (UNEP) together with the European Commission (EC), in consultation with the United Nations Department of Economic and Social Affairs (UN DESA) and hosted by the Federal Government of Belgium. The Governments of Finland, Germany and Sweden also provided financial support.

The meeting was organised in response to the call of the World Summit on Sustainable Development (WSSD) Plan of Implementation for the development of a 10-year Framework of Programmes on Sustainable Consumption and Production, in support of national and regional initiatives. All countries were requested to take action, with developed countries taking the lead. Progress made in developing and promoting the framework, also referred to as the "Marrakech process", will be reviewed in the 2010/2011 sessions of the UN Commission on Sustainable Development (CSD).