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NOTE

From:	BEUC
To:	Working Party on Consumer Protection and Information
Subject:	Consumers at the centre of the green transition – framing the policy framework to succeed - Presentation from BEUC

Consumers at the centre of the green transition – framing the policy framework to succeed

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Introductory remarks

We are all aware or should be aware of the need to succeed the green transition. Numerous strategies have been designed by the EU (green deal, chemicals strategy, F2F, circular economy action plan, consumer agenda) to respond to the important challenges.

However, whatever strategies you roll out, the transition will only happen if you have people on board. All of us need to drastically change many of our habits, fundamentally transform our lifestyles in many sectors :

- Our food habits
- Our mobility, both locally and internationally
- Our housing (how do we heat or cool our houses) – are our houses in need of renovation
- Our appliances
- The way we buy or don't buy products (for how long do we keep them, do we buy or rent, do we share them)

This will not happen overnight. Also, one cannot put on the individual consumer the burden of transforming our markets. Working with and for consumers for many decades now, you need to be realistic, and if you count on them to bring a change, you must trigger the elements that drives behavioural change : in the context of the green transition, the sustainable option must be made easy, attractive, and, as price is a major driver of consumer choice : affordable.

It is also important to be aware of the sense of urgency of the roll out of these policies. We have a narrow window of opportunity. That means, we need to act NOW and we need to be AMBITIOUS.

I would like to share with you some of our reflections on the Commission work related to consumer empowerment in the green transition, but, also beyond.

On the empowerment of consumers in the green transition:

I know you have discussed this issue earlier this morning or will do later today. I have obviously not yet seen the proposal, but am positive that its adoption offers a unique opportunity to highlight the role of consumers and of consumer law in developing a more sustainable future.

Let me share with you some of the elements that need to be part of that proposal if we wish to make the sustainable option the default one for the consumer :

- Introducing explicit **pre-contractual information requirements** on product lifespan, repairability, availability of spare parts and updates:
 - Consumers really lack this kind of information while it could be very influential on their purchasing decisions Many consumers even say they would be ready to pay more for products that would last longer and understand that it would pay-off in the long-run.
 - According to a recent study by vzbv, our German member, consumers in Germany could save up to €3.67bn per year if products lasted longer.

- Developing a **mandatory EU lifespan label combined with a legal durability guarantee right** in order to allow consumers to better compare products and choose the ones that would last longer.
 - This label should indicate for how long a product is covered by the guarantee.
 - The information provided on the label shall not go below the mandatory period covered by the legal guarantee rights (2 years in most countries).
 - For more durable products e.g. household appliances, this minimum period should be expanded to match the minimum durability requirements which should be specified by product policy instruments like the Ecodesign implementing measures.
 - These changes should be complemented during the upcoming review of the Sales of Goods Directive by introducing a possibility for the producer to be held directly liable for goods' non-conformity (joint producer-seller liability)
- Considering developing an **EU repairability index** to better inform consumers about how repairable products are. This index should complement the lifespan label and could eventually become a broader sustainability/durability index. The European Commission should ensure that this type of information is relevant, comparable, and reliable.
- **Banning specific practices** that could lead to premature product failures, limit the possibility of repair or mislead consumers about product durability (via targeted amendments to the UCPD).
 - Our members are involved currently in several cases related to product premature obsolescence (Apple, Nintendo Switch or HP printers) but the general experience is that UCPD is not fit for purpose and has important limitations which should be overcome with the upcoming proposal.
- **Getting rid of greenwashing** by introducing a pre-approval scheme for green claims and labels inspired by the one already in place for the health and nutrition claims in food products. In any case, businesses should be required to submit the evidence substantiating an environmental claim before it is used on the market and not only when (and if) it is challenged by an enforcement authority.
- Such initiatives should also reinforce and support the development of trustworthy certification schemes such as the **EU Ecolabel in the EU or equivalent national labels**. They are robust methods for the substantiation of green claims, and they should be better supported and integrated in public policies. The EU Ecolabel is increasingly becoming a successful policy. Not only it has a high trust from consumers (80%), but also the number of ecolabelled products keep raising despite COVID and BREXIT (according to latest statistics). The EU needs to turn it into a brand for sustainable consumption (similar to the Nordic Swan in Scandinavian countries or the Blue Angel in Germany) and expand the label to more product groups and services.
- **Support for shift to more sustainable nutrition** : 2 in 3 EU consumers are willing to change the way they eat, the EU and national governments have a key role to play in helping them walk the talk by making the healthy and sustainable food choice the easy one. Concretely, this means a.o.:
 - Mandatory Nutri-Score to help consumers spot the healthier option at a glance;
 - Binding rules to restrict the advertising of unhealthy food to children, both off- and online;
 - Clamping down on misleading claims about the health properties or green credentials of foodstuffs (no 'health-washing' or 'green-washing');

- Clear, independent governmental advice on what constitutes a healthy and sustainable diet (Denmark is a great example as the country just recently updated their healthy eating recommendations to also consider the climate-impact of food choices)
- Getting price signals right, so that the healthy and sustainable food choice is not the most expensive one (via incentives to make healthy & sustainable food more affordable, but also via a repurposing of agricultural subsidies to ensure public money is used for public good – i.e. to support sustainable farming practices)

Making sustainable products the norm

- **Sustainable products initiative:** we need to make sustainable products the norm. For this, we count on the revision of the Ecodesign directive which should be expanded to much more product groups (beyond energy using ones) and cover much more sustainability aspects beyond energy efficiency such as availability of spare parts & software updates, dismantlability, upgradability etc.

The Sustainable Product Initiative also needs to contribute a) to minimize consumers' exposure to harmful chemicals and b) to achieve the objectives of the Chemicals Strategy for Sustainability.

- **Support for zero emission cars :**our study on the total cost ownership of cars (https://www.beuc.eu/publications/beuc-x-2021-040_electric_car_ownership-an_affordable_option_for_all_consumers.pdf) shows that EV are not just anymore for geeks and the wealthy; already now they are the cheapest option, especially for second hand and third hand owners. We need to push consumers to move to EV : stricter CO2 emission targets will push producers into making more EV available, charging infrastructure, interoperability of charging and payment options, transparency of pricing, ...

Sustainable housing (https://www.beuc.eu/publications/beuc-x-2021-045_how_to_make_energy_efficiency_improvements_work_for_consumers.pdf)

- this is the most important factor for emission savings in the consumer sphere, 35% of emissions, and a majority of the EU building stock is not sufficiently energy efficient. In parallel, there are up to 50 million energy poor consumers in the EU. Addressing the energy bill would be a quadruple win : environment, health, consumer savings, addressing energy poverty
- several important initiatives in the pipeline : Energy Efficiency Directive, Renewable Energy Directive, Energy performance of buildings, in particular the energy performance certificate
- there are numerous consumer relevant provisions to be discussed to help them overcome the hurdles towards retrofitting their house and buying more energy efficient appliances :
 - information and advice : need for trustworthy advisers and installers
 - administrative, financial, technical headaches : our solution would be the one stop shop, that could be also helpful for the SMEs working in this sector
 - access to finance : Consumers often still struggle with the upfront installation costs associated with renewable technologies or renovations. Banks should be required to offer a variety of financing options and affordable well-designed green loans to consumers to help them to make their homes more energy efficient. Investigations by our members ([AltroConsumo](#), [ASUFIN](#), etc.) found that banks often currently do not propose green loans to consumers. Standardised green loan products for home renovations should be made available at all banks, and consumers should be able access to lower interest rates based on the energy efficiency of their homes (“pay as you save” offers).

- Split incentives : it is important to provide tenants and occupants of multiproperty buildings with energy efficiency options. There exist several options that can be explored to support landlords and tenants alike to invest into energy efficiency initiatives (fiscal tools, stricter Energy Performance indicators ...)

Providing more sustainable transport options

To boost the shift to rail (notably cross border rail services) and multimodal, important legislative actions are needed.

- To make rail / multimodal more convenient for passengers, actions at EU level are needed to enable the introduction of integrated **EU wide ticketing and payment systems**, where consumer could book railway and multimodal journey involving different operators and modes of transport via a single platform. Currently this is not the case and travellers have to consult the different websites to find the most suitable schedules and the best prices for their cross border rail journeys.
- Actions are needed on **data sharing** : Allowing travellers to plan easily and their journey in a single transaction in a single place (i.e a mobility platform), by buying for instance a single integrated tickets for connected train or multimodal journey would be a real step forward. However, to allow this to happen, all the railway stakeholders (railway operators/ticket vendors) should have access to essential static and dynamic data to allow combined bookings with different undertakings or different modes of transports (Air Rail, Coach Rail etc.) which is currently not the case. To create the conditions to shift to rail and promote multimodal options actions are needed to propose that a minimum set of static and dynamic information are available to all stakeholders (dynamic fares data etc.) on FRAND conditions.
- **Affordability of rail** : action should be done on affordability of train as nowadays more sustainable options are often more expensive than polluting ones. Measures are needed to make sure that rail transport are more accessible for passengers while the price of more polluting modes should better reflect their impact on environment. (i.e. kerosene tax, reduction of VAT for rail etc.).
- Provide for a **robust protection for travellers** for cross-border connected journeys operated with different operators. Currently consumers are not protected in case of connected tickets (i.e. a combined journey Lyon>Paris - Paris>Brussels respectively operated by SNCF and Thalys, will not be covered). EU policy-makers have not been ambitious enough in the recast as passengers expect to be protected for their whole journey. The type of train used, and the number of railway operators should be irrelevant.
- **A robust, clear and easily enforceable framework of multimodal passenger rights should be established at EU Level.** The establishment of passenger rights by sector is one of the EU's greatest successes and should be developed for multimodal. Currently, passengers who choose a more environmentally friendly solution (e.g. 1 train - 1 plane instead of 2 planes) do not have continuous protection throughout their journey as no legal framework exists. As a result, consumers are exposed to various problem in case of travel disruption (Lack of assistance for passengers in cases of missed connections, no information about re-routing options etc.) Such legislation would give travelers legal certainty about their rights and encourage multimodal shift.
- Consumers' confidence in the travel sector has been affected by the practices of transport operators during the pandemic. To regain consumers trust, their rights should be **better implemented and enforced**

Sustainable investments

- Consumers need **access to clear, concise and understandable sustainability information** that can guide them when taking investment decisions. **All investment**

products, pension products and life insurance policies **should disclose based on a colour rating system how sustainable they are in the Key Information Document** provided to consumers, **similar to the already well-known energy label**, where a solid Green A is the most sustainable, and a red G the least sustainable.

- In April, the European Commission proposed rules under MiFID II and the IDD requiring financial advisers to ask consumers about their sustainability preferences. However, the level of professional qualifications of financial advisers differs significantly between EU countries, and ESG training is currently not part of their training requirements. **Financial advisers should be adequately trained and knowledgeable about sustainability matters to be able to give good advice on ESG products** and this should be a mandatory requirement for advisers under MiFID II and the Insurance Distribution Directive.
- We must **resist institutionalised greenwashing**: the EU taxonomy must be a gold standard for consumers. Proposals to include sectors like bio-energy or forestry, nuclear and/or gas would erode consumer's trust in the EU taxonomy as a tool to help guide their decision-making.
- We also urgently need **the development of an 'unsustainable taxonomy' of economic activities** that negatively impact the climate and the environment, making it easier for consumers to reduce their exposure to investments that could harm the environment and which can lead to investment risks in the long term (due to stranded assets).

Additional elements upon Q&A :

- How do we see the attention currently paid by policy makers to consumer aspects : the EU strategies that were launched were initially very ambitious and addressed a lot of consumer requests, but now, when it comes to more concrete initiatives, the usual defensiveness steps in and compromises are looked for. However, you it is important to keep in mind that one does not compromise with planet earth.
- On the right to repair, will consumers indeed change their behaviour and go for repair rather than replacement? Consumers are frustrated in many cases by replacement, and if given an affordable choice, for many items, consumers would certainly switch to repair; beyond the legal guarantee, consumers are surprised that replacement (ie paying for a new item) is less costly than repairing (there is also room for competition between independent repairers)
- How and when will the low income consumers benefit from this? : it is mandatory for the green transition to be a *just transition*. The good news being that there are plenty of tools available to do so (eg using renovation wave funding to prioritize retrofitting of social housing, reducing VAT on fruit and vegetables, directing agri subsidies to the sustainable food options, etc. The yellow vest movement has demonstrated the need for a policy that is inclusive and seen to be inclusive.