

Response to the Sustainable Products initiative

We welcome the Sustainable Product Policy Initiative's intention to assess the true environmental impact of products and correct existing market failures which do not take into account their externalities. The current EU policy framework needs to be amended to reflect the true cost of all products. Therefore, we welcome a stronger regulation and the introduction of incentives for sustainability-related aspects into a wide range of product related instruments. As outlined in the Inception Impact Assessment, we concur that products should be designed to be durable, repairable and finally, recyclable before they reach disposal.

Furthermore, many externalities related to manufactured goods, such as climate impacts, are significant. As such, they should be taken into account, particularly for large industries such as steel, cement and chemicals. In addition to informing consumers, internalising climate impacts would allow these industries to create new markets and pursue more ambitious climate action strategies.

General recommendations

- **Establish clear metrics in** the EU policy framework on sustainable products on parameters such as climate impact:
 - Establish a methodology for the transparent accounting of emissions across the entire lifecycle of the product (i.e. resulting calculation could show x tCO₂/t product).
- **Make links to relevant policies** and synchronise efforts on sustainable products with targeted, sectoral action.
 - The outlined sustainability criteria need to be mentioned in sectoral plans to ensure policy coherence. For instance, for products such as cement, steel and chemicals, Sustainable Product initiatives should be coordinated with the new Industrial Strategy¹ for Europe and all similar efforts to ensure policy coherence.
- Reducing the environmental impacts of products means that resources extracted have to be used as efficiently as possible. Consequently, measures to reduce environmental impacts of products should **prioritise long lifecycles and value retention**.
- **The monitoring and verification of information** provided for the various products will be necessary to ensure their sustainability.
 - For instance, such market surveillance can be supplemented and coordinated with existing databases which record the impact of the production of products such as steel, cement and chemicals at its source (e.g. Monitoring and Verification system of the EU ETS).

SPI for Steel, Cement and Chemicals

Establishing a European market for clean cement, steel and chemicals is a challenging endeavour that requires structural changes to the current markets. All of these products are crucial for any economy and their production leads to a significant portion of not only environmental, but also climate impacts and externalities both within the EU and abroad.

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0102&from=EN>

The addition of the climate element can help inform consumers about the climate impact of products and hence bolster the creation of a market for low carbon goods. By providing information on a product's climate performance, it could also contribute to data transparency in various industries.

By regulating the internalisation of such environmental impacts, this initiative could contribute to reaching the EU obligations under the Paris Climate Agreement in a way that secures employment, welfare and attracts investment into sustainable, low-carbon solutions.

The climate impact of steel, cement and chemicals (or any product) needs to be measured across its entire lifecycle. This precautionary principle will ensure that all emissions caused by their production, use and disposal are accurately accounted for. Selective lifecycle assessments not taking into consideration the full value chain need to be avoided since they can result in beneficial outcomes even for fossil-based products, such as fuels produced out of plastic waste.

Accurate GHG accounting is also relevant for ongoing policy processes and policy coherence with climate legislation, such as the Renewable Energy Directive.

Specific recommendations for the climate impact of cement, steel and chemical products:

- **Any assessments must include the impacts of the product across its entire value chain.** The full lifecycle of cement, steel and chemical products (i.e. from cradle to grave) should be considered. In terms of emissions, including both direct and indirect emissions is important to illustrate the full impact of these products on the climate.
- **Emissions avoided by the use of cement, steel and chemicals should not be included** into the GHG accounting methodology.
- **Many forms of recycling do not prevent flows of GHGs to the atmosphere but reduce them.** Recycling carbon only prevents emissions from going into the atmosphere if it is a circular process with no leakage. If emissions to the atmosphere do occur, they should be clearly allocated to the producer or the emitter (i.e. in the case of fuels produced via CO₂ utilisation).
- **Emissions from waste should be accounted for, particularly if the waste is of fossil origin** and the net-carbon flows to the atmosphere are still increasing. It is crucial that all of the flows of greenhouse gases to atmosphere are recorded and accounted for somewhere in the system. Overall, a methodology that accounts for all emissions to the atmosphere is needed to reach climate goals.

Our recommendations and more information on the specific areas of industrial climate action can be found in the following reports:

- On [lifecycle assessments of fossil waste based fuels](#)
- On [avoided emissions](#)
- On [industrial climate action](#)
- On [carbon capture and utilisation](#)