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**Product Labelling Body for the  
promotion of product resource  
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# Product Labelling Body for the promotion of product resource efficiency and recyclability

## 1. Preamble

In a first step, the Resources Commission at the German Environment Agency (KRU) completed an assessment of the current position which was published in June 2014. The subsequent discussion surrounding resources policy led to the key question of which main goals are to be pursued. In this respect, in a second step, the Commission then developed its own vision of a resource-efficient society. This vision reflects the various future scenarios in the KRU itself and aims to make these scenarios more transparent for both society and political actors (refer to KRU 2014, KRU 2015).<sup>1</sup>

To achieve this vision, the Commission describes one of the necessary steps in the area of economy, among others, as follows:

“A regulatory office for products is to be established with the purpose of evaluating a product’s appropriate lifetime, useful life and its subsequent re-use and recycling.” (KRU 2016, p. 5).

The Resources Commission has undertaken to discuss this in further depth in the form of a brief strategy paper: providing a description of the political and practical steps which support the changeover to a low resource economy and way of life. This text provides a brief description of how the “regulatory office” referred to in the vision, and which following intense discussions has now been renamed as “Product Labelling Body”, could work to promote the resource-efficiency and re-use and recyclability of products, the specific information that the Labelling Body should request, and the expected impact of the work of the Labelling Body at the practical level.

This paper correlates closely with the previous position paper of the Resources Commission which was published in 2016: Ein ressourceneffizientes Europa – Ein Programm für Klima, Wettbewerbsfähigkeit und Beschäftigung (A resource-efficient Europe - a programme for the climate, competitiveness and employment).

<sup>1</sup> The position papers of the Resources Commission which are referenced in the text can be accessed here: <https://www.umweltbundesamt.de/ressourcenkommission>

This paper highlights the fact that an effectively driven resources policy results in economic and social benefits for the societies and economies which implemented it. In this respect, this paper focuses on the necessary steps in the area of environmental product policy for anchoring resource-conserving and resource-efficient products and services on a broad basis in both society and the economy. This is one of the key requirements for realistically implementing a changeover in terms of both our climate and resources (KRU 2016).

## 2. What is the Product Labelling Body?

This governmental body for the monitoring of the compulsory labelling of products in the area of resource-efficiency and re-use and recyclability has the task of gathering, verifying and monitoring specific information to be provided by businesses for products which are placed on the market in Germany and/or Europe. It verifies whether the product-related information provided by the manufacturer/distributor corresponds to the requirements of the Labelling Body. The existence and working methods of this authority could be anchored in the existing German Product Safety Act (ProdSG) or the Product Liability Act (ProdHaftG). The legal framework remains to be verified. The institution can either be newly established or linked in with an existing inspection body. In the first instance, the institution can be initiated at the national level and trial the labelling procedure. For this purpose, businesses can report about the relevant information regarding a product in the form of a voluntary step in a pilot project (voluntary product labelling) and make such information available to the public. The eventual roll-out of the principle throughout the European Union is envisaged (comparable to the CE label). The labelling should then be introduced as a compulsory requirement.

## 3. Which products and businesses are affected?

The Labelling Body should start by addressing goods that have a longer lifetime (consumer goods for example, which are usable for a longer period than

non-durable goods, and only become subject to wear and tear after repeated use). The labelling mechanism shall be extended to include non-durable goods at a later date. The overriding goal is that when the scheme is fully established, all products placed onto the market in the European Union will have to carry this type of labelling in the future.

#### 4. What data will be requested?

Businesses will have to provide the following data, which will be incorporated in the labelling, to the Labelling Body:

- ▶ The lifetime/functional life/duration of use in time units: the businesses will declare the lifetime fulfilled by the product in the case of its proper use, in years for example. Appropriate repair and maintenance work must also be specified. The overall lifetime would then be the average possible and realistic duration of use, stating and taking the standard, justifiable and economically appropriate repair, servicing and maintenance work into account.
- ▶ Resource inputs during the lifecycle: resources (used and unused, primary and secondary<sup>2</sup>), energy, water, area, and criticality. Indicators include, for example, the cumulative energy demand CED<sup>3</sup>, the cumulative raw materials demand CRD<sup>4</sup>, etc.
- ▶ Specific consumption values for a typical and actual situation of use (in this respect, a possible cooperation with stakeholders/the use of values from the Ecodesign- and Energy Labelling Directive could be appropriate).
- ▶ Re-use and recyclability: key figures<sup>5</sup> on reuse and further use, on recovery and recyclability, on the disassembly and dismantling possibilities pertaining to the product, components and materials, in terms of the estimated end-of-life scenarios and proper use.
- ▶ The CO2 footprint could be added at a later date if standardised data collection methods are established.

These values should be determined on a specific basis by big businesses. Small and medium sized businesses (SMEs) can make use of average values (for example, through the use of software tools for lifecycle assessment provided to them by statistical offices, for instance, or appropriate consulting organisations such as efficiency and/or consulting agencies).

#### 5. How could the reporting and labelling process take place following the trial phase?

##### 5.1 Voluntary trial phase (2-3 years)

A pilot project will be initiated with as wide a range of businesses as feasible and an ambitious form of labelling, and a feasible labelling process will be developed in collaboration. For this, pioneering businesses which are dedicated to the conservation of resources and an appropriate product management are considered the most suitable.

The experiences – positive and negative – will be incorporated in the development process of such a Labelling Body.

##### 5.2 Implementation phase

The Labelling Body will be initiated. Businesses and consumers will be informed.

In the initial draft (draft concept before pilot phase), the labelling process will consist of the following steps:

- ▶ Businesses will submit a self-declaration which contains the aforementioned information, and submit their product for testing at the body and/or its executive organisations.
- ▶ The Labelling Body gathers all the data which it verifies on the basis of random samples and compares it with the data of competitive products for their plausibility. The consumption values data will be measured. As is the case with comparable labelling systems, the manufacturers and distributors can be made responsible for covering the costs of such activities.
- ▶ The data from the self-declaration must be integrated by the businesses in their product-accompanying communications measures (advertising, operating instructions, packaging, etc.) according to a specified formula. This serves the purpose of comparison. The process is to be defined in further detail in the scope of the pilot project. This labelling must be presented to the Labelling Body by

the businesses.

- ▶ Businesses must submit regular claim reports - as a supplementary measuring instrument on whether realistic data has been provided.
- ▶ Businesses must submit regular end-of-first-life reports to demonstrate that their products comply with the stated re-use and recyclability values.
- ▶ The Labelling Body operates a complaints office for consumers, who are able to submit complaints in cases of failure to comply with the stated data.

##### 5.3 Legal integration

- ▶ In the next step, the approach will be anchored at the legal level. Businesses and consumers will be informed accordingly.
- ▶ If they wish to place their product on the market, the businesses will have to report the corresponding information.
- ▶ If the data is plausible and the labelling complies with the requirements, the product can then go on sale along with its labelling on the German and/or European market.
- ▶ In cases of infringement, i.e., if the current practical values do not consistently correspond to the values provided by the manufacturer/distributor, an escalating sanctions mechanism takes effect, starting from the obligation to make improvements through to exclusion from the market.

The self-declaration of the businesses means that, according to the specific requirements, businesses are obliged to gather data regarding the use of resources and recyclability which they must present for every affected product.

For SMEs in particular, data from the upstream chains and for the end-of-life phase should be made available by the responsible authorities (the Federal Statistical Office/Destatis, for example).

The Labelling Body can be given the authority to issue an advertising prohibition to businesses which fail to use the aforementioned data in the product-accompanying communication as required.

On the basis of the data that it collects, the Labelling Body can identify the market average and the best products in terms of re-use and recyclability, and is therefore able to publish information about the “best in class” or even establish a kind of “top runner programme” in which minimum standards for specific

products are gradually determined and the best products receive praise.

#### 6. What effects will the Product Labelling Body achieve?

##### 6.1 Expected and desired effects

Through the labelling process and the integration of the data collected regarding the use of resources and recyclability in a product-accompanying communication, competition arises between these businesses in this field. With the use of this data, consumers can compare products directly and incorporate this knowledge in their purchasing decisions. All in all, a positive impact is expected in terms of increased resource efficiency and re-use/recyclability - and not only for products from providers within Europe, but also for imported goods.

The compulsory gathering, collection and forwarding of data in the value added chains results in an appreciable gain in knowledge and therefore provides an incentive for businesses to innovate.

If the appropriate data regarding resource efficiency and recyclability etc. is integrated in the digitalised information pool, the trend towards industry 4.0 could further alleviate businesses’ reporting requirements. In particular, it must also be possible to access the necessary provision of data regarding semi-finished products/upstream products via the digitally managed production.

##### 6.2 Effects which must be avoided

The labelling mechanism must be configured so that

- ▶ The innovation and innovative speed of businesses is not hampered.
- ▶ Small and medium-sized business are not overburdened and therefore become excluded from the market. This will require a database of the commonly used materials and components with the necessary information on the use of resources which is accessible to SMEs, at Destatis, for example.
- ▶ The valid EU and WTO regulations are not infringed. Coordinating with these institutions to establish internationally applicable standards would be desirable.

<sup>2</sup> Stating the primary and secondary material inputs in the product shows the proportionate use of recyclates, i.e. the proportion of materials and substances to have circulated in the recycling loop.

<sup>3</sup> Refer to VDI 4600

<sup>4</sup> Refer to VDI 4800, page 2

<sup>5</sup> The necessity of dissipation quotas in addition to the proportion of recycling materials was also discussed, as an increasing number of elements and substances exist in very low concentrations which are distributed generally and/or worldwide and are not therefore recoverable. This is to be taken into detailed consideration in the subsequent work of the Commission.

## 7. Further research requirements and recommendations

The following (research) questions could be answered, for example, through the awarding of research projects:

- ▶ How and with what criteria is the re-use/recyclability best measured and assessed in view of the fact that the collection, reuse/further use and recycling/recovery processes are developing all the time, and long-lasting products will only be included in the end-of-first-life phase in the future?
- ▶ Where should the Labelling Body be based? Who will be responsible for the verification tasks? What form will it take (for example, foundation, governmental or private institute)? Can it be linked in with existing institutions or labels, such as the CE or the Ecodesign regulations?
- ▶ Who could assume the role of the data collection body, and in particular, provide the data to SMEs? Destatis, etc.?
- ▶ How is the approach suggested here to be assessed from the perspective of the WTO/the EU?
- ▶ In what kind of legal framework can/should a further regulation of the market be established?
- ▶ What kind of time frame is to be proposed for a legal adaptation on the national/European level?
- ▶ What kind of expenses/costs are to be expected for the implementation of the proposals and the establishing of national Product Labelling Bodies and/or a European Product Labelling Body? What might a long-term funding model look like?

The Resources Commission recommends the assessment of this proposal and urgently advises the development of a product-oriented labelling which creates transparency in the market regarding these factors/ criteria so that businesses, the public sector and consumers as customers gain a decision-making basis in which they generally have confidence. The further development of the labelling format and information in terms of a best in class award would provide an important signal to all manufacturers, with the same applying to the withdrawal of market approval in cases of systematic infringement. The instrument proposed here supports basic incentives required for resource-efficient economic activity and consumption.<sup>6</sup>

In addition, the results of the public consultation organised by the German Environment Agency also support the approach proposed here, for example, the publication *Bürgerratschlag des Bürgerdialogs „GesprächStoff: Ressourcenschonend Leben“* [Citizens' advice from the public consultation, topic for discussion: living a resource-conserving life] (2015).<sup>7</sup> In this document, recommendation 5 states: "Indicating and guaranteeing the lifetime of technical products" and recommendation 6 states: "Introducing a labelling requirement" (of the required use of resources for manufacturing and disposal). In addition, the concept of a second price label, which was proposed in 2016 in the scope of the Integrated Environment Programme of the Federal Ministry of the Environment<sup>8</sup>, is an initiative with a very similar orientation.

<sup>6</sup> As a basis, please also refer to KRU 2015: "A resource-efficient Europe – a programme for the climate, competitiveness and employment" (available to access at: <https://www.umweltbundesamt.de/publikationen/ein-ressourceneffizientes-europa-ein-programmfuer>). Parts of the policy mix address "Quotas for the recycling of ores and non-metallic minerals, product taxes on the use of non-metallic minerals, RMC-based product taxes on final demand excluding exports, the subsidising of goods with low RMC". The information body described would be able to provide the data required in this context.

<sup>7</sup> Available to access at: <https://www.gespraechstoff-ressourcen.de/ergebnisse>

<sup>8</sup> Available to access at: <http://www.bmub.bund.de/themen/strategien-bilanzen-gesetze/nachhaltige-entwicklung/integriertes-umweltprogramm-2030/>



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