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# **DRAFT REPORT**

on a longer lifetime for products: benefits for consumers and companies  
(2016/2272(INI))

Committee on the Internal Market and Consumer Protection

Rapporteur: Pascal Durand

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### **on a longer lifetime for products: benefits for consumers and companies (2016/2272(INI))**

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,
- having regard to the Treaty on the Functioning of the European Union, and in particular Articles 191, 192 and 193 thereof, and the reference to the goal of ensuring the prudent and rational utilisation of natural resources,
- having regard to the Commission Communication of 25 June 2008 on the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan (COM(2008)0397),
- having regard to Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products,
- having regard to the Commission’s Ecodesign Working Plan 2016-2019 (COM(2016)0773), particularly the objective of establishing more product-specific and horizontal requirements in areas such as durability, reparability, upgradeability, design for disassembly, and ease of reuse and recycling,
- having regard to Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products,
- having regard to Decision No 1386/2013/EU of the European Parliament and of the Council of 20 November 2013 on a General Union Environment Action Programme to 2020 ‘Living well, within the limits of our planet’ (Seventh Environment Action Programme),
- having regard to the opinion of the European Economic and Social Committee of 17 October 2013 entitled ‘Towards more sustainable consumption: industrial product lifetimes and restoring trust through consumer information’<sup>1</sup>,
- having regard to the Commission Communication of 26 January 2011 entitled ‘A resource-efficient Europe? Flagship initiative under the Europe 2020 strategy’ (COM(2011)0021),
- having regard to the Commission communication of 20 September 2011 entitled ‘Roadmap to a Resource Efficient Europe’ (COM(2011)0571),
- having regard to the Commission communication of 9 April 2013 entitled ‘Building the Single Market for Green Products – Facilitating better information on the environmental

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<sup>1</sup> OJ C 67, 6.3.2014, p. 23.

- performance of products and organisations’ (COM(2013)0196),
- having regard to the Commission communication of 2 July 2014 entitled ‘Towards a circular economy: A zero waste programme for Europe’ (COM(2014)0398),
  - having regard to the Commission communication of 2 December 2015 entitled ‘Closing the loop - An EU action plan for the Circular Economy’ (COM(2015)0614) and the Circular Economy Package, which includes in particular the revision of directives on waste (Directive 2008/98/EC), packaging and packaging waste (Directive 94/62/EC), landfill of waste (Directive 1999/31/EC), end-of-life vehicles (Directive 2000/53/EC), batteries and accumulators and their waste (Directive 2006/66/CE), and electrical and electronic waste (Directive 2012/19/EU),
  - having regard to the Commission communication of 22 November 2016 entitled ‘Next steps for a sustainable European future, European action for sustainability’ (COM(2016)0739),
  - having regard to the Commission proposal for a directive on certain aspects concerning contracts for the online and other distance sales of goods (COM(2015)0634),
  - having regard to Directive 2011/86/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights,
  - having regard to Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market,
  - having regard to the BEUC report of 18 August 2015 entitled ‘Durable goods: More sustainable products, better consumer rights - Consumer expectations from the EU’s resource efficiency and circular economy agenda’,
  - having regard to the European Economic and Social Committee study of 29 March 2016 entitled ‘The influence of lifespan labelling on consumers’,
  - having regard to the study carried out in July 2016 at the request of the Parliament’s Committee on the Internal Market and Consumer Protection entitled ‘A longer lifetime for products: benefits for consumers and companies’,
  - having regard to the European Consumer Centre’s summary of 18 April 2016 entitled ‘Planned obsolescence or by-products of consumer society’,
  - having regard to Austrian standard ONR 192102 entitled ‘Label of excellence for durable, repair-friendly designed electrical and electronic appliances’,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on the Internal Market and Consumer Protection and the opinion of the Committee on the Environment, Public Health and Food Safety (A8-0000/2017),
- A. whereas the Commission’s Ecodesign Working Plan 2016-2019 includes a reference to

the circular economy and to the need to tackle the issues of durability and recyclability;

- B. whereas the adoption of an opinion on product lifetimes by the European Economic and Social Committee (EESC) demonstrates the interest economic players and civil society are taking in this area;
- C. whereas the study commissioned by the Committee on the Internal Market and Consumer Protection demonstrates the need to promote the circular economy, in particular through public policy;
- D. whereas a usage-based economic model has emerged which can help to reduce the adverse environmental and social consequences of a model based largely on the ownership of goods;
- E. whereas jobs have been lost in many industrial sectors in Europe, and whereas there is a need, on the one hand, for some production to be relocated, and, on the other, to promote the repair sector in order to generate non-relocatable jobs;
- F. whereas the second-hand market plays a role in the social and local economy and in integrating people in difficulty into the labour market;
- G. whereas it is both economically and environmentally necessary to preserve raw materials and limit the production of waste, something which the concept of extended producer responsibility has sought to take into account;
- H. whereas, in a Eurobarometer survey conducted in June 2014, 77 % of EU consumers said that they would prefer to be able to have their goods repaired, rather than being forced to buy new ones;
- I. whereas the decline in consumer confidence in product quality is detrimental to European companies, and whereas the Commission's proposal to extend the period covered by the presumption of conformity of goods to 24 months is a step in the right direction;
- J. whereas, despite the EESC study of March 2016 establishing a positive link between product lifetime labelling and consumer behaviour, the information provided to consumers on the durability and reparability of products is still poor and inconsistent;
- K. whereas there has been an increase in the number of national initiatives to remedy the problem of premature obsolescence of goods, and whereas there is a need to develop a common strategy for the single market;
- L. whereas the lifetime of digital media is crucial to the lifetime of electronic appliances, and whereas, given that software is becoming obsolete more and more quickly, electronic appliances need to be adaptable in order to stay competitive on the market;

### **Designing robust, durable and high-quality products**

1. Calls on the Commission to establish minimum resistance criteria for each product category from the design stage, by working in the European Committee for Electrotechnical Standardisation (CENELEC) to lay down standards which cover

product robustness, reparability, upgradeability, etc.;

2. Calls for the eco-contribution to be geared to compliance with product lifetime extension criteria, in order to reward the efforts of the best manufacturers;
3. Calls for a European programme to support the work of companies developing modular designs which are easy to dismantle and interchange;

### **Systematising reparability**

4. Calls on the Commission to develop the right to product reparability:
  - by urging that priority be given to repairing goods which are still under guarantee, except where the repair is not expedient or would come at a proven additional cost,
  - by guaranteeing that the guarantee can be extended by a period equivalent to the time required to carry out the repair,
  - by insisting that parts which are essential to the functioning of the product are replaceable, and by including the product's reparability among its 'key features',
  - by extending the obligation to provide maintenance and repair guides at the time of purchase,
  - by standardising the spare parts and tools necessary for repair, in order to improve the performance of repair services,
  - by pooling information on the availability of parts, repair guides, etc., where appropriate through the establishment of a digital platform;
5. Considers it crucial to guarantee the availability of spare parts essential to the proper functioning of goods:
  - by guaranteeing access to individual parts rather than assemblies,
  - by obliging marketers to supply essential parts at a reasonable price and within a reasonable period of time, for a minimum period,
  - by developing a clear and harmonised labelling system which provides information as to whether spare parts for goods are available or not, and for how long;
6. Encourages the Member States to take fiscal measures to promote repairs and second-hand sales, and to develop repairs training;
7. Points out that the option of going to an independent repairer should always be safeguarded, for example by banning technical or software-related schemes which prevent repairs from being performed other than by approved firms or bodies;
8. Calls for efforts to encourage the re-use of spare parts for the second-hand market, and stresses the importance of investing in 3D printing, in order to provide parts for professionals and consumers who wish to repair their own goods, and of encouraging

the free dissemination of the catalogues for these parts;

### **Promoting a usage-oriented economic model**

9. Urges the Commission to focus on developing the functional economy and to conduct a study into the ways in which individual product families are fostering or holding back the development of this economic model;
10. Calls on the Member States:
  - to consult with the relevant stakeholders in order to develop a usage-based sales model which benefits everyone,
  - to step up their efforts at regulatory simplification and implement a fiscal policy which promotes the development of the functional economy, via reduced VAT rates, tax credits or endowments which encourage the rental, exchange and borrowing of goods;
  - to support local and regional authorities that are investing in the functional and collaborative economies;
11. Urges the Member States to use their public policies to promote the functional economy, to ensure that the durability of products is taken into account in public procurement and to increase the re-use rate of equipment purchased by public authorities;
12. Calls on the Commission, when promoting the circular economy, to stress the importance of product durability and to provide financial incentives for social and economic innovations supporting re-use, the usage economy and repairs;
13. Encourages the Commission to view re-usable and reconditionable electrical and electronic devices not as waste, but as resources, in order to make it easier for them to be passed on to social enterprises and associations that can make use of such goods and their components;

### **Ensuring better information for consumers**

14. Calls on the Commission to improve product durability information via:
  - the promotion of a European label covering, in particular, the product's durability, ecodesign features, upgradeability in line with technical progress and reparability,
  - mandatory labelling to indicate a product's expected useful life, on the basis of standardised criteria set by selected stakeholders,
  - the creation of a usage meter for the most relevant consumer products, in particular large electrical appliances,
  - an assessment of the impact of aligning lifespan labelling with the duration of the legal guarantee;
15. Calls for local and regional authorities, companies and associations to be given help in

conducting consumer awareness campaigns on extending the lifespans of products, in particular involving the provision of advice on maintenance, repair, re-use, etc.;

### **Putting a stop to planned obsolescence**

16. Calls for a definition to be drawn up of planned obsolescence, for hardware and software, so that products whose lifespan is deliberately shortened can be banned; calls, in that connection, for better legal protection for ‘whistle-blowers’;

### **Strengthening the right to the legal guarantee of conformity**

17. Calls on the Commission to improve consumer confidence:
  - by maintaining the 24-month legal guarantee as a minimum threshold, whilst leaving Member States free to lay down more protective national provisions,
  - by extending the legal guarantee of conformity beyond the current two-year minimum for families of energy-using products on the basis of the product life cycle study carried out as part of the ecodesign process, and introducing a minimum period of five years for large household appliances and movable fixed assets gradually, so that companies can comply,
  - by ensuring that consumers are specifically informed, in the sales contract, of their right to a legal guarantee, and by promoting programmes to raise awareness of this right,
  - by simplifying proof of purchase for the consumer by linking the guarantee to the goods rather than the purchaser, through the introduction of digital proof of guarantee across the board;
18. Calls for the implementation of a complaints mechanism at European level for cases in which the right to a guarantee is not implemented, in order to facilitate the monitoring of the application of European standards by the relevant authorities;

### **Protecting consumers against software obsolescence**

19. Expects standards to be laid down for a minimum lifespan for software, and calls for greater transparency regarding the upgradeability of equipment;
20. Proposes the definition of a reasonable period of use during which the provision of security updates on operating systems is mandatory;
21. Calls for the introduction of an eco-contribution penalty in cases where software updates essential to the operation of a device are not provided, and calls for these updates to be reversible and accompanied by information on the consequences for the operation of the device;
22. Calls for the replaceability of parts, including the processor, to be encouraged by means of standardisation, so that products can be kept up to date;
23. Instructs its President to forward this resolution to the Council and the Commission.



## **EXPLANATORY STATEMENT**

### **Durability of goods, an issue for consumers**

The problem of the durability of goods relates to a number of factors:

- the lack of robust and repairable products,
- the longevity of software in computer products,
- the information available to the purchaser.

Consumer confidence in the robustness of products is low. The declining quality of low-cost products and media coverage of particularly scandalous, albeit apparently marginal, incidents, have played a part in reducing this confidence. A recent study by a French consumer association found that 92 % of respondents believe that electrical or high-tech products are deliberately designed not to last.

European consumers have almost no information on product reliability. Having lost the price signal linking cost to quality, they increasingly opt for low-end products from emerging countries, accelerating the race to the bottom in economic terms. This situation also harms European companies, which often offer higher quality, more durable products.

Furthermore, the widespread use of connected objects and the dependence of users on new technologies raises the delicate social issue of the accelerated obsolescence of software and media. The least affluent citizens are the first to fall victim to accelerated product obsolescence: due to a lack of cash, they opt primarily for low-cost products, which break down quickly, meaning they must pay out again.

### **Reparability, an economic issue**

Consumers are not just dissatisfied with the durability of goods, but also with the fact that they are impossible to repair. This is also weakening the repair sector, which each year sees more job losses in Europe.

The reparability of products is undermined by a series of problematic factors:

- the lack of access to spare parts, and their excessive cost,
- the cost of labour with respect to low-cost, imported products,
- the lack of appropriate information on how to carry out repairs and maintenance,
- the increasing complexity of software and electronics,
- barriers to entry for independent repairers and self-repairers,
- the low reparability of products and their components,
- the insufficiency of replacement services for goods while they are being repaired.

Thus, according to a 2014 Eurobarometer survey, 77 % of European citizens would prefer to repair their goods rather than buy new ones, but ultimately have to replace or discard them because they are discouraged by the cost of repairs and the level of service provided.

In terms of employment, the obstacles preventing repair have resulted in a decline in the number of repairers in active employment:

- in the Netherlands, 2 000 jobs have disappeared in this sector in 7 years;
- in Germany, 13 % of radio and television repair shops have closed down in one year;
- in Poland, the number of repairers has decreased by 16 % in two years...

Alongside this decline, free repair shops and self-repair websites are gaining in popularity. There therefore appears to be a clear demand for repairs.

The repair sector represents a pool of non-relocatable jobs, the value of which could be harnessed if products were designed to last and be repaired, and if the service were adapted to better meet the needs of consumers. Promoting repair over replacement, particularly in the context of the legal guarantee, is also an environmental issue because systematic replacement involves the disposal of equipment that is still new and does not encourage manufacturers to design products that are more robust.

In fact, many broken devices are not repaired (up to 44 % in the case of electrical and electronic devices). Supporting the repair sector could therefore create jobs and considerably reduce waste and pollution, in addition to significantly improving consumer purchasing power and being a commercial asset for European companies.

### **A comprehensive approach: towards the usage economy**

A product's lifespan depends on a network of interdependent stakeholders: the manufacturers, suppliers, distributors, consumers, and even the Member States. Lengthening the lifespan of products should contribute to the development of an economic model based on a balance between consumer and industry needs, as well as environmental imperatives.

While product design is a key element of a product's lifespan, the sales model also plays a substantial role. The rapidly-emerging functional and collaborative economies provide new opportunities to improve the quality and durability of products on the market. By focusing on usage rather than ownership, the emphasis is placed on the experience of the service, and not on the renewal rate of products. This usage economy is reinforced by digital tools which facilitate exchanges within communities of trust, and can be a driver for substantial economic and environmental gains.

This model fits within the wider context of the circular economy. The Commission thus sought, through the legislative package dedicated to this topic in 2015, to support the development of this positive model, which preserves resources, reduces waste and creates employment in a more competitive economy.

Such a model, if accompanied by an appropriate training policy, would generate new jobs at all skill levels.

In the re-use and repair sector, the potential for job creation is estimated at 296 jobs for the equivalent of 10 000 tonnes of used goods. Given that a third of goods collected in waste recycling centres could be re-used, this equates to over 200 000 local jobs which could be created if just 1 % of municipal waste in Europe was prepared for re-use.

Re-use is too often shunned in favour of recycling, yet it offers a means of lengthening the lifespan of products by returning them to the economy with minimal changes. Recent studies indicate that if European companies were to prioritise re-using their computers over recycling them, Europe would be able to create 10 500 non-relocatable jobs, at the same time as saving over 6 million tonnes of greenhouse gases and 44 million m<sup>3</sup> of water each year, without taking account of raw materials.

By redesigning the methods of production, sale, and consumption with a view to increasing the lifespan of products, it is possible to create the conditions for a revival of activity within the European market. Given the predicted increase in the cost of resources, they must be managed sparingly, notably through the management of end-of-life products. An industrial strategy focused on product durability would recover the cost of raw materials and allow for returns on investment and profits, particularly as a result of increased customer loyalty.

Finally, the public authorities also have a role to play, not just through encouraging good industry practice but also by setting an example through their own procurement policies, and supporting consumer awareness, via associations, of responsible consumption and better product maintenance.

### **Product durability as a public and political issue**

A series of European reports, as well as a great deal of legislative work within the Member States, have demonstrated how important it is to address the problematic increase in the rate at which products are being replaced.

The opinion of the European Economic and Social Committee's Consultative Commission on Industrial Change of 17 October 2013 laid the first building blocks for a shared understanding of the issue, and proposed a series of recommendations, on which consensus was reached. It establishes the differences between 'technical' planned obsolescence *sensu stricto*, indirect obsolescence, incompatibility obsolescence, and psychological obsolescence due to marketing campaigns.

This prompted an EESC study into the impact product lifespan labelling has on consumers. The study notably confirms that 92 % of Europeans would like products to be labelled with their lifespan (or useful life). It also demonstrates the extent to which the competitiveness of European businesses relies, in part, on improving consumer trust in businesses.

These European efforts are echoed in public policies developed in the Member States.

- Belgium has been pioneering in this regard, with the adoption of a resolution by the Senate in February 2012 to combat planned obsolescence in energy-related products. It recommends, among other things, the establishment of a labelling system for the lifespan and reparability of energy-related products (light bulbs, computers, mobile

phones, etc.) at European level.

- Alongside initiatives by national companies, France has changed its legislation, introducing a law on energy transition in August 2015 which defined planned obsolescence as a crime and, in a law of March 2014 relating to consumption, clarifying the rights of consumers regarding the legal guarantee of conformity and the availability of spare parts.
- In the Netherlands, the law states that the two years provided for by the legal guarantee of conformity are only the minimum requirement. Certain goods, and in particular cars, washing machines and other products considered to be durable may be eligible for an extended guarantee of conformity based on the average lifetime that the consumer is entitled to expect from the product.
- Finland also allows the duration of the guarantee to be extended under the ‘Consumer Protection Act’. According to the preamble, the seller is responsible for non-conformity arising from the manufacture of a product - for example a vehicle, building materials, or an electrical appliance - even if the lack of conformity comes to light more than two years after delivery of the goods. This model is similar to the system in the Netherlands. An ombudsman is responsible for determining the lifetime of the product, based on criteria such as the price of the product, its parts, or usage, such as frequency of use. The legislator has not developed a list concerning the ‘expected lifetime’ of specific products. Nevertheless, individual cases can be studied in light of the recommendations of the ‘Consumer Dispute Board’.
- In Spain, the ‘Madrid Resolution’ on best practices in the domain of planned obsolescence and collaborative consumption was adopted on 24 June 2014 during a conference on new models of consumption organised by the EESC.
- In Austria, a label of excellence has been developed for durable, repair-friendly electrical and electronic appliances.
- Finally, Sweden has taken a series of fiscal measures aimed at strengthening the sectors of repair, recycling, and the circular economy, which will come into force in January 2017. It intends to:
  - reduce the cost of repairs by reducing the VAT rate on certain goods (including bicycles, shoes and clothes) from 25 to 12 %,
  - allow consumers who choose to repair their domestic appliances to deduct 50 % of the labour cost from their taxes,
  - tax products which contain materials that are impossible or difficult to recycle and repair.

These measures are designed as an investment to reduce costs linked to pollution, waste, waste management and unemployment.