



European Economic and Social Committee

CCMI/112
Product lifetimes and
consumer information

Brussels, 17 October 2013

OPINION

of the

European Economic and Social Committee and the Committee

on

Towards more sustainable consumption: industrial product lifetimes and restoring trust
through consumer information

(own-initiative opinion)

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On 14 February 2013 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Towards more sustainable consumption: industrial product lifetimes and restoring trust through consumer information (own-initiative opinion).

The Consultative Commission on Industrial Change, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 26 September 2013.

At its 493rd plenary session, held on 16 and 17 October 2013 (meeting of 17 October 2013), the European Economic and Social Committee adopted the following opinion by 178 votes to 1, with 5 abstentions.

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1. **Conclusions and recommendations**

- 1.1 Planned obsolescence is associated with a form of industrial production that relies on a minimum renewal rate for its products. Although product renewal may be necessary, certain abuses need to be addressed. The European Economic and Social Committee distinguishes between defects built-in deliberately and our accelerated consumption patterns. While we can question marketing practices that promote major innovations which often turn out to be marginal, our opinion advocates curbing the most flagrant cases and improving consumer guarantees. The purpose is to help improve confidence in our European businesses. The recommendations concern technology, business, regulation, and information. They form part of the strategic framework for a better production-distribution-consumption balance that is fair and appropriate.
- 1.2 The EESC would like to see a total ban on products with built-in defects designed to end the product's life. These rare but flagrant cases, such as the high profile case of printers designed to break down after being used a certain number of times, can only fuel consumers' distrust of businesses.
- 1.3 The EESC recommends that companies make their products easier to repair. This should be done in three ways: technical possibilities (e.g. tablets with batteries that are welded into the device so that they are impossible to repair and thus have to be replaced), and the possibility of replacing components within five years of purchasing the product. Finally, purchases should be accompanied by information on the possibilities of repair and how to have repairs carried out. More generally, through its opinion, the EESC urges strong support for the social dimension and the repairs sector. The process of building trust between businesses and

consumers must be considered more specifically in the light of options available for supporting its job-creating potential.

- 1.4 Setting aside the route of binding regulation, the EESC encourages voluntary certification measures. For example, in the white goods sector, 10-year or 20-year component warranties were a definite selling point. This guarantee could be standardised at the EU level for all products purchased in the 28 EU countries so as to avoid penalising European businesses. Similarly, manufacturers could undertake to publish figures for the most frequent breakdowns since they are aware of the most recurring issues. They could just keep a stock of those particular components or undertake to produce them on demand or find subcontractors in their supply network willing to produce them. This could constitute a strong commitment from certain businesses to ensure the reliability of their product and, beyond their relations with consumers, it would fit in with the idea of voluntary certification to provide the means to service their products and make them last.
- 1.5 The EESC encourages Member States to incorporate the parameters for combating planned obsolescence into their public procurement policies. Given the significance of public procurement contracts in EU countries (16% of GDP), public authorities have an important role to play if they are also to set a good example.
- 1.6 The EESC believes that improving the quality and durability of manufactured products will create lasting jobs in Europe and should therefore be encouraged. If combined with appropriate training, these changes would help us out of the crisis, which has hit European workers extremely hard.
- 1.7 The EESC advocates providing information on a product's estimated life expectancy or number of use cycles so that consumers can make informed purchasing decisions. It recommends trying out ways of expressing prices in terms of estimated cost per annum, based on life expectancy, on a voluntary basis, to encourage people to buy long-lasting products. The stated life expectancy would have to be monitored to prevent abuses which would mislead consumers. The consumer could therefore buy products that are more expensive but will hold their value better over time. This would definitely give companies an incentive to produce more durable products. This information would have to focus on relevant information that consumers need and would have to vary depending on the categories of products in order to avoid over-information on certain types of packaging.
- 1.8 The EESC believes that it would be useful to establish a system that guarantees a minimum lifetime for purchased products. There are no current legal requirements for minimum product lifetimes, nor are there any EU standards for their measurement. Nevertheless, a number of initiatives are emerging in the context of environmental labelling. Companies that produce or market a product with a lifetime of less than five years must internalise the external costs of recycling, especially if the product contains environmentally hazardous substances.

- 1.9 The EESC suggests that warranties should include a minimum operating period, during which the cost of any repairs should be borne by the producer.
- 1.10 Consumers bear the brunt of the cost of shortened product lifecycles and the difficulties associated with insufficient scope for repairing them. Consumers bear the brunt of the policies of manufacturers and of some distributors, who sometimes try to sell warranty extensions after the first year even though two-year warranties are mandatory. It would seem that consumers are often ignorant of their rights. Better communication, mainly through websites and social networks could improve their awareness. A European Planned Obsolescence Observatory would give consumers a clearer overview of practices, enabling them to make informed choices.
- 1.11 The awareness of consumers is a prerequisite for proper and sustainable use of products. Additionally it is important to properly inform consumers about the minimal product lifetime which is relevant when making decision on product purchase. In this context, voluntary commercial and business initiatives and activities would be welcome.
- 1.12 Consumers are often shocked to discover the legal maze they have to deal with. Although there are a good few directives on planned obsolescence (commercial practices, waste, etc.), there seems to be very little coordination between the many texts on the subject, which would need to be brought together in a package of harmonised laws.
- 1.13 The EESC recommends that Member States encourage responsible consumption, especially during school years, to ensure that consumers assess the environmental impact of products in terms of their lifecycle, ecological footprint and quality. The Committee strongly recommends that Consumer representatives are to be more involved in the on-going debate, on this important and sensitive topic as their participation will ensure a more comprehensive approach.
- 1.14 The EESC recommends that the Commission should carry out studies on the issue to shed light on the large volume of frequently conflicting information in circulation. This would provide an objective picture of the impact of planned obsolescence, and in particular its economic and social impact, not only in terms of the benefits it is claimed to have for the sales rotation of products but also for employment and the trade balance.
- 1.15 The EESC intends to hold a major European round table in 2014 on this issue. This round table will bring together all the stakeholders: industry, the financial sector, distribution, trade unions, consumer associations, NGOs, standards agencies, experts. The round table will also have to be multi-sectoral in nature to ensure it does not focus on just a few industrial sectors. Finally, it should be flanked by an open forum for EU citizens, as part of an approach that encourages the widest possible public participation; social networks will be one of the channels promoted for this participation.

1.16 More generally, the EESC advocates stepping up research and development along three strands, which would serve to curb planned obsolescence.

- Product ecodesign, which ensures the sustainability of the resources used from the outset by giving attention to the environmental impact of products and their entire lifecycle.
- The circular or closed-loop economy, which takes a "cradle to cradle" approach, aiming to transform one company's waste into another's resources.
- The functional economy, aims at developing the idea of product use rather than ownership. In this approach, companies do not sell the product but a function of the product, which is billed according to use. Manufacturers would therefore see a benefit in developing durable products, which are easy to repair and maintain, and a suitable production chain and logistics, which will become central to their economic model.

1.17 The EESC is sending out this message at EU level to express its hope that Europe will enter a new phase of economic transition by transforming itself from a wasteful society into a sustainable one, where growth is geared to consumer needs, with a people-oriented approach, and is never an end in itself.

2. **Introduction and content**

2.1 There are several grounds for concern about planned obsolescence. By shortening consumer product lifetimes, it increases resource consumption and the volumes of end-of-life waste to be managed. It takes many forms and is used to push up sales and support economic growth by deliberately creating needs and consumer products that are designed not to be repaired.

2.2 As a result, the waste of resources and the harmful pollution generated have reached such proportions that civil society and a number of political representatives who are critical of these practices are taking steps to highlight and challenge the system's inconsistencies (class actions in the US against Apple, complaints lodged in Brazil and the tabling of legislative proposals in Belgium and France at the beginning of 2013).

2.3 It is common to distinguish between different types of "planned obsolescence", with one definition of obsolescence (*Le Petit Larousse* dictionary) being the depreciation of a material or piece of equipment before it wears out in that its depreciation or obsolescence has nothing to do with physical deterioration but with technological progress and changes in behaviour, fashion, etc.

2.4 Different types of obsolescence can be distinguished:

- Planned obsolescence, in its strict sense, consists of designing a product to have a shorter life, if necessary by designing it to run only for a limited number of operations.

- Indirect obsolescence generally occurs because the components required to repair the product are unobtainable or because it cannot be repaired (e.g. batteries welded into an electronic device).
- Incompatibility obsolescence occurs, for example, when software no longer works once an operating system is updated. This type of obsolescence is linked to after-sales obsolescence, which encourages consumers to replace rather than repair a product, partly due to the time and cost of repair.
- Style obsolescence occurs because marketing campaigns lead consumers to perceive existing products as out-of-date. It is pointless to make manufacturers produce tablets that last ten years if our consumption patterns make us want to replace them every two years. For example, mobile phones are replaced every 20 months on average (every 10 months in the 12-17 age group). Despite the importance of this issue, the opinion will only address the first three points. The fourth point warrants a separate approach relating to consumption patterns.

- 2.5 There is no definitive consensus on these different definitions. These shades of meaning demonstrate the need to find an overarching definition and to develop differentiated measures based on the objective aspects (technical) and subjective aspects (fashion, marketing of new products) of obsolescence. In some cases a product's ephemeral nature may have advantages for the environment. Furthermore, obsolescence also depends on consumer behaviour.
- 2.6 The EESC advocates a nuanced approach. The idea is not to increase the lifetimes of products uniformly across the board but to look at the issue in terms of the product's uses. Similarly, it prefers an approach that optimises these uses, even if this does not necessarily prolong the product's life. The EESC's intention is to contribute to a better perception of the reliability of the products of European companies.
- 2.7 There are many reasons why the EU should address the issue of built-in obsolescence. They are environmental, social, public health-related and cultural, but also economic in nature. In the view of the EESC, there are other, less tangible but equally important aspects that should also be considered. These are the symbolic and ethical aspects.
- 2.8 From the environmental perspective, given the current annual consumption rate for raw materials of around 60 billion tonnes, our consumption of natural resources has risen by some 50% in the last 30 years. This means that Europeans consume 43 kg of resources per day, compared to 10 kg for Africans. The Organisation for Economic Cooperation and Development (OECD) estimates that, based on 1999 levels, at a growth rate in primary production of 2% per year, the world's copper, lead, nickel, silver, tin and zinc reserves will all be depleted within 30 years, and aluminium and iron within 60 to 80 years. The age of scarcity will therefore apply to a growing number of materials. Furthermore, 10 million tonnes of waste electrical and electronic equipment (WEEE) are generated each year in Europe (2012 figures), and this figure is expected to reach 12 million in 2020. In addition to recycling and innovation policies, the recovery policies set out in the new EU directive, which

came into force on 13 August 2012, must be supported alongside action against planned obsolescence.

- 2.9 From the social perspective, planned obsolescence presents three problems. First of all, in a crisis, the mindset created by the planned obsolescence of consumer goods has contributed to encouraging credit purchases and unprecedented levels of consumer indebtedness. The ones who suffer most are the socially disadvantaged groups who cannot afford expensive long-lasting products and often settle for poorer-quality bottom-end products. Then there are the employees of the entire repairs sector, who have to bear the detrimental effects of planned obsolescence. The figures from the 2007 ADEME report¹ confirm this trend. Only 44% of broken appliances are repaired. Distributors estimate that only 20% of out-of-warranty customer support results in repairs. The 2010 ADEME study also reveals a significant fall in repairs in France between 2006 and 2009, especially in the case of white goods. The repairs sector has the advantage that it cannot be relocated and mainly offers stable jobs.
- 2.10 It has considerable public health consequences, which take two forms. The first concerns the direct consequences of incineration for people living nearby, because electronic components are toxic; and the second is international. Indeed, infrastructure for IT waste processing is so lacking that many end-of-life products are exported illegally to regions with lower landfill charges ... but this has a severe impact on local residents (see the example of Ghana, where scrap iron is recovered from waste and sent to Dubai or China. Much of this waste ends up in southern countries where they cause health and environmental problems).
- 2.11 There are also cultural consequences. According to some studies, white goods have an average lifecycle of 6 to 8 years, whereas 20 years ago this would have been 10 to 12 years. Consumers are entitled to ask why products have a shorter lifecycle when innovation is being promoted all around them. European consumer trust in European industry has been built over time and is being eroded by obsolescence. At a time when almost all opinion polls reveal a huge gulf between Europeans and European industry, the prospect of early or irreparable breakdowns is clearly not going to increase their enthusiasm for businesses. This helps to explain why 92% of Europeans² would like information on product lifespans (or the estimated number of use cycles). The competitiveness of European businesses also relies on improving consumer trust in businesses.
- 2.12 Finally, there are economic consequences. The vast majority of offending companies are in the hi-tech sectors and their products are often imported into Europe. By tackling this issue, the European Union would be offering its companies a way to stand out from the rest by effectively putting sustainability into practice.

¹ *Agence de l'Environnement et de la Maîtrise de l'Energie* [the French Environment and Energy Management Agency].

² Eurobarometer survey: *Attitudes of Europeans towards building the single market for green products*, European Commission, Flash Eurobarometer 367, July 2013.

2.13 The EESC is also mindful of less tangible aspects, which might however be just as important. In symbolic terms, although all of our work based on Rio+20 demonstrates the importance we attach to sustainable development, the subject of planned obsolescence is the very definition of the sustainable development that we wish to promote. In terms of our understanding of the role that ethics plays in our societies, we consider it worrying that engineers might be employed to develop products with built-in accelerated ageing, or that advertisers might be launching campaigns to encourage consumers to make purchases that will not increase their level of satisfaction.

Brussels, 17 October 2013.

The President
of the European Economic and Social Committee

Henri Malosse
