



Mr. José-Manuel Barroso
President of the European
Commission
European Commission
B – 1049 Brussels

Brussels, 14 March 2013

**Environmental Footprint Methodologies (PEF/OEF):
Draft Communication on "Unlocking the Single Market for Green Products"**

Dear President,

We are writing to you to express our common concerns at the suggested Environmental Footprint Methodology¹, based on a Life Cycle Assessment (LCA) approach, and its envisaged use in EU policy making, including in the context of the above mentioned draft Commission Communication.

It is our shared view that this methodology

- Creates unnecessary risk of disruption to the internal market for products and room for unfair competition, while providing questionable benefits – if any - for consumers or for industry.
- Undermines the Commission's wider Industrial Policy agenda, which requires policy makers to act in a coherent fashion.
- Undermines the Commission's sustainability agenda, which requires reliable information on environmental burdens associated with products and organisations.
- Will cause severe difficulties for enforcement and market surveillance authorities.

Notwithstanding the undoubted benefits of Life Cycle Assessment (LCA) as an internal environmental assessment instrument for manufacturers, its limits and shortcomings are clear:

- The precision of the results provided by LCAs is limited by data constraints and LCA results can provide only a partial picture at best.
- LCA results are dependent on subjective choices made by manufacturers at the level of inputs into the model.
- LCAs are complex and costly, making them difficult for SMEs to undertake and to afford.
- Finally, LCAs do not allow consumers to make informed product comparisons or choices but lead to more confusion.

¹ Methodology for the calculation of the environmental footprint of products, services and organisations with a view to assess, display and benchmark their environmental performance based on a Life Cycle Assessment (LCA) approach

In our view, the suggested methodology does not represent a reliable tool for creating demand for “better and greener products” in the EU, but would expose companies to unfair competition and market distortion as consumers would base buying decisions on misleading information. We are very concerned the methodology is intended to be used in the long term for comparison and for labelling. It would just add to the cumulative burden of European policies and regulation.

Finally, we believe that due to these basic handicaps – no matter how much work might be put into refining the environmental footprint methodology PEF can never become a reliable and harmonised tool for use in EU policy making, be it on a voluntary or mandatory basis.

Sound environmental assessments instead require a mix of tools, taking into account the strengths and weaknesses of each of these. The right indicators for the right products and the right organisations need to be identified using a broad range of assessment methods, with the decision made at the political level, after a consultation of all interested stakeholders.

We therefore recommend to pause and rethink the suggested draft Communication, and the environmental footprint methodology in particular. Instead, we advocate the use of a mix of policy tools, and a sector-by-sector approach, in order to achieve the results the Commission expects from its PEF and LCA proposals and also respect the objectives of the EU’s Industrial Policy Communication and related Council Conclusions.

Yours sincerely,



Adrian Harris
Director General ORGALIME



Ivan Hodac
Secretary General ACEA



Stephen Russell
Secretary General ANEC

ANEC is the European consumer voice in standardisation, representing and defending consumer interests in the process of standardisation and certification. ANEC was set up in 1995 as an international non-profit association under Belgian law and represents consumer organisations from 33 countries. ANEC is funded by the European Union and the EFTA Secretariat, while national consumer organisations contribute in kind. Its Secretariat is based in Brussels. More information: www.anec.eu

ORGALIME, the European Engineering Industries Association, speaks for 39 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs over 10.2 million people in the EU and in 2011 accounted for some €1,666 billion of annual output. The industry not only represents some 28% of the output of manufactured products but also a third of the manufactured exports of the European Union. More information: www.orgalime.org

ACEA members are BMW Group, DAF Trucks, Daimler, FIAT S.p.A., Ford of Europe, General Motors Europe, Hyundai Motor Europe, IVECO S.p.A., Jaguar Land Rover, PSA Peugeot Citroën, Renault Group, Toyota Motor Europe, Volkswagen Group, Volvo Cars, Volvo Group. More information can be found on <http://www.acea.be>. The automotive sector contributes positively to the EU trade balance with a €114.1 billion surplus and employs some and employs some 11.6 million people

Annex

ANNEX: Common concerns regarding LCA limitations and their implication in the European Commission PEF/OEF methodology

The European Commission has developed a harmonised methodology for the calculation of environmental footprint of products and organisations to assess, display and benchmark their environmental performance based on Life Cycle Assessment.

ACEA, ANEC and ORGALIME express their common observations on the limits of the LCA approach. These are derived from ANEC's longstanding research on LCA suitability and environment related standardisation (including LCA, EPD, Carbon footprint, Corporate environmental indicators and performance evaluation) as well as the automotive and engineering industry's long and solid experience in applying LCA and related methodologies to products and processes as an internal evaluation methodology where suited.

There are indeed a number of major shortcomings in the LCA approach that could and should have been identified before the European Commission initiative was developed and before its use is envisaged:

- **Limited precision of LCA results:** numerous subjective choices, dependency on model assumptions and necessary simplifications, data availability and quality constraints are some of the inherent methodological limitations leading to highly variable results and error margins, which make LCA indicator results unsuitable for product comparisons or labelling. It has been shown that the uncertainty may be of the order of magnitude of the performance difference between products to be compared, which would make the identification of superior products virtually impossible.
- **Incompleteness of LCA:** LCA is not the tool, which can suitably characterize all relevant environmental impacts. In particular, impacts which are dependent on time, space, background concentration and local conditions (such as noise or toxicity) may not be properly dispelled.
- **Lack of proper scientific foundation:** some of the LCA impact assessment categories and models seem to be of limited relevance and/or questionable scientific validity or are simply not commonly accepted (such as human toxicity).
- **Ignores the complexity and diversity of products and supply chains:** the current "one size fits all approach" of the suggested methodology overlooks the diversity and variety of the different products made available to consumers, besides the complexity and reality of the today's supply chains. Electrical and electronic equipment, for example, consists of hundreds and thousands of different components, parts and materials that are sourced in complex, multi-layer, global supply chains. The collection of meaningful and adequate data is therefore, to say the least, a challenge. One should also note that availability of data *per se* is an issue. A mandatory declaration across different products based on LCA indicator results is not acceptable, given these uncertainties in data, constant changes in supply chains, and the complexity of products that are characteristic of automotive or engineering products. Regulatory limits based on such indicator results are even more questionable.
- **Constraints for Market Surveillance and Enforcement:** we also challenge the fact that Member States would be able to carry out effective market surveillance and enforcement activities on products and organisations applying the environmental footprint methodology or policy measures derived from it. The suggested

methodologies are describing processes for products and their complex global supply chains, which are hardly verifiable on the product itself. Enforcement and market surveillance activities will consequently face severe handicaps, while companies face the risk of being exposed to unfair competition and an uneven playing field yet again because of regulation which is unenforceable. This inevitably favours manufacturers outside the EU.

- **A clear risk of disruption of the internal market for products**, such as electrical and electronic equipment, arises coming from the fact that the suggested methodologies/draft Communication establish conflicting processes to existing ones, notably those of the Ecodesign Directive and encourage Member States to introduce additional product policy instruments.
- It is our view that the ongoing activities clearly undermine **the Commission's wider Industrial Policy**, which requires policy makers to act in a coherent fashion. As regards energy-related products, future activities of the Commission must not weaken the Ecodesign and Energy Label Directives and their on-going implementation, nor must we face the situation where the cumulative impact of policies or legislation ends up having a detrimental effect on manufacturers without any benefit for consumers.
- **Increased costs and complexity, especially for SMEs:** Considering the costs of LCA² the suggested methodologies appear to us as leading to cost increases rather than cost reductions, especially for SMEs. SMEs will, due to the complexity of LCA as such, face particular challenges and additional burdens.
- Considering the shortcomings of LCA, we therefore feel that the suggested methodologies do not qualify against their own stated objectives.

To conclude, ACEA, ANEC and ORGALIME confirm their assessment that the suggested methodologies cannot provide a reliable and trustworthy base for creating demand for “better, greener” products through correctly informed consumer choices.

It is our joint recommendation to the Commission to pause and rethink the suggested draft Communication, and the environmental footprint methodology in particular.

² For a simple food product an LCA can in specific cases cost up to 15.000 Euro. For the assessment of a typical household appliance in order to discuss the optimal life span / early replacement about 25.000 € are reasonably needed. In case a comparison of products is included this would be more expensive. The costs depend highly on (a) how many primary data have to be collected, (b) if a critical review is necessary, (c) if specific impacts have to be considered very detailed: The costs may be significantly higher. (Source: Öko-Institut e.V. - Institute for Applied Ecology)