

Brussels, 5 April 2012

Orgalime contribution to the Consultation on Delivering more Sustainable Consumption and production

EXECUTIVE SUMMARY

Orgalime welcomes the consultation “Delivering more Sustainable Consumption and Production” and the opportunity to comment. However, the format considered appears to us as inappropriate as it preindicates certain choices (i.e. extension of the Eco design Directive to further products and further parameters), which Orgalime strongly object to, as we do not believe that consultation should lead to foregone conclusions on the way forward, in particular when these suggest yet more modifications of the legal framework. Such an approach is clearly not in line with Better Regulation and transparent policy and regulatory approach. Therefore, we raise our comments by this mean taking into account the background document and the questionnaire and we would like to contribute to the ongoing consultation, especially on the three following issues:

- Sustainable Consumption and Production (SCP) and Sustainable Industrial policy (SIP)
- Product Environmental Footprint (PEF)
- Environmental Footprint of Organisations (OEF)

We comment from the perspective of an industry that is, today, the only targeted sector of energy related products. Orgalime generally supports the steps towards promoting sustainable industrial policy and more sustainable consumption and production patterns in the EU.

Orgalime industries are particularly committed to continuously improving the environmental impact in their own processes and to placing on the market ever more efficient product and technologies, as well as to play our role in facilitating better informed consumer choices. “Creating more with less” or “delivering greater value with less input” immediately reduces production costs, increases profitability and the competitiveness of our industry, where overall almost 50% of costs relate to material and resource consumption. Resource efficiency therefore represents an indispensable economic necessity for Orgalime industries.

Nevertheless, we are critical on the over complex web of policies arising from the Sustainable Consumption and Production (SCP) and Sustainable Industrial policy (SIP) Action Plan and its implementation, the recently tabled Resource Efficiency Roadmap and the upcoming proposal for a 7th Environmental Action Programme. This multiplication of intervened policies leads to ever more complex for our sector and to losing sight of the cost benefit of measures.

Orgalime fully supports the Eco Design Directive, which establishes a framework for the setting of eco design requirements on Energy related Products (ErP). It addresses all environmental aspects related to such products from a life cycle perspective. Therefore, the Eco Design Directive is already a milestone in achieving resource efficiency. However, we strongly oppose

Orgalime, the European Engineering Industries Association, speaks for 34 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. The industry employs some 9.7 million people in the EU and in 2010 accounted for some €1,510 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.

to an extension of its scope beyond energy related products, as well as an extension to further parameters. We also remain critical on the development of the environmental footprint methodology for providing product information on complex products.

Instead, we recommend to:

- Complete the ongoing implementation and to improve enforcement so as to demonstrate the success of the Eco Design Directive. Regulatory move without implementation is not the answer!
- Apply all criteria (article 15) and procedural elements of the Directive and evidence based for the further implementation.
- Implement the EU's Resource Efficiency agenda as a top priority in European and national innovation programmes, for more recycling and less landfill, and ensure the full implementation and enforcement of the EU's waste acquis.

Orgalime specifies its recommendations hereafter:

1. Sustainable Consumption and Production (SCP) and Sustainable Industrial policy (SIP)

The Eco Design Directive is a major instrument contributing to the implementation of the Sustainable Consumption and Production and the Sustainable Industrial Policies. However, it is more than that: the recently launched EU Resource Efficiency Roadmap identifies energy efficiency as an important aspect. Therefore, the Eco design directive and its ongoing implementation for some 35 different product groups of our industries provide a substantial contribution to the EU's Resource Efficiency policy.

Orgalime supports the holistic approach of the Eco Design Directive: it establishes a framework for setting eco design requirements throughout the whole life cycle, addressing all life cycle stages and all environmental aspects and thereby ensures constant environmental improvement. At the same time, this approach allows a focus on those areas where most significant achievements can be made without negative aspects arising on other environmental aspects throughout the various life cycle stages. Finally, the Directive takes into account costs and other important product aspects, such as safety.

For most appliances covered and regulated so far by the Eco Design Directive, the energy consumption in the use phase is by far the overriding environmental aspect according to the preparatory studies carried out. However, the ongoing implementation has already addressed further resource efficiency parameters, such as water use of certain appliances, where they were identified as significant in accordance with article 15 of the Directive. A thorough analysis is carried out for each implementing measure. Therefore, we seriously doubt that further resource efficiency parameters, beyond aspects already covered in the ongoing implementing measures and other EU legislation applying on the same products, would qualify as providing significant environmental improvement potential under the criteria of article 15 of the Eco Design Directive.

Moreover, we feel that the consultation preindicates the extension of the Eco design Directive, which Orgalime strongly object to. Any further resource efficiency parameter, such as recyclability, durability, reusability or upgradeability, must be equally assessed against all criteria of the Eco Design Directive. In particular, a "significant potential for environmental improvement without entailing excessive costs" according to article 15 of the Directive needs to be demonstrated in advance.

Orgalime has already raised serious concerns on four parameters, including the Reusability /Recyclability /Recoverability (RRR), proposed in the Commission Joint Research Centre (JRC) study aiming at developing resource efficiency and waste management assessment methods to identify eco design requirements beyond energy efficiency. (see Orgalime position paper on the ongoing JRC study of 16 January 2012, the executive summary is in annex and the full position

paper is available at: http://www.orgalime.org/Pdf/PP_Resource_efficiency_criteria_Eco_Design_Directive_Jan12.pdf).

Any aspect of the environmental performance of a product should not be taken in isolation from other environmental aspects (such as energy efficiency, substance use or waste generation), since it could lead to arbitrary environmental results. For example, the amount of copper used for electrical motors immediately impacts the energy efficiency of the motor. Any future action on resource efficiency must not lead to isolated resource efficiency measures that would undermine energy efficiency or other relevant product characteristics, such as safety characteristics to guarantee fitness for purpose. It is only a truly holistic approach that will deliver sustainable solutions which will allow the EU economy to enjoy the benefits of its drive towards developing sustainable technologies.

Orgalime would like to stress once again that it is not necessary to modify the MEErP methodology as this methodology has been specifically developed for the setting of any and every eco design requirement. It should therefore remain the further basis for the implementation of the Directive to avoid disruption of the ongoing work.

2. Product Environmental Footprint (PEF)

Spreading information on the performance of products can help raising consumer awareness and influence consumption. However, environmental product information can take different forms: labelling is only one of the today's available tools and may not always be the preferred option. Labelling requirements for professional equipment may in general not be an adequate tool for providing environmental information. Therefore, in addition to labelling, other environmental information tools, such as product declarations or information provided on websites, should continue to be relevant for the future.

More and more energy related products targeted under the Eco Design Directive are in parallel subject to implementing measures under the Energy Label Directive. We are concerned with proposals for informing consumers on the environmental performance of products based on an environmental footprint methodology, since this may weaken the energy label and its proven successful implementation for the products of our industry. The parallel application of the eco label, the energy label and, in addition, a possible product environmental footprint risks being counterproductive. There is no doubt that it would lead to increasing confusion of consumers, instead of helping transparency or improving consistency in product labelling.

A solid knowledge base is an indispensable prerequisite for introducing a successful EU Resource Efficiency policy in environmental but also economic terms. Developing appropriate and meaningful indicators are therefore an important step in the right direction. However, aggregated indicators or one single weighed lead indicator are bound to fail in reflecting the complex reality of supply chains and production processes. They cannot be used to fairly compare products and are therefore not a reliable basis for policy measures, which punish or incentivise performance.

The energy label has already demonstrated that it can also work for providing useful information to consumers on other parameters than energy consumption, such as water consumption, noise or fitness for product purpose. It is, in our view, more appropriate to provide a set of distinct figures and indicators corresponding to most relevant environmental aspects rather than condensing all environmental aspects into one figure.

Moreover, the final decision to choose a product or technology should remain with the consumer according to his needs and not with legislation.

We, therefore, recommend supporting a strong implementation of the energy label and using it also as the basis for any possible extended labelling obligations beyond the parameters of energy consumption for consumer products.

As far as the EU Eco Label is concerned, it should continue to remain one tool in the toolbox for spreading environmental information. It should also keep its voluntary character as a label of excellence awarding the best environmental performances of a product within its category.

Besides, setting and applying a common methodology on environmental footprints of complex products, such as electrical and electronic equipment, appears highly complicated to us. We are concerned that this risks providing misleading information for the consumer, especially if the methodology were to result in one all-encompassing figure being issued. At the same time, such an approach has significant negative consequences for industry, namely the distortion of competition. In addition, environmental parameters are not judged in the same way by each consumer, for example according to his geographical location in Europe (i.e. North or South of Europe). The consumer chooses a product depending on his individual use, but also based on his preferences and needs.

3. Environmental Footprint of Organisations (OEF)

If an approach on the environmental footprint for products such as engineering products is already complex, such an approach applied to entire organisations becomes extremely complex. In addition, it seems hard to develop a methodology for organisation environmental footprint that allows the comparison of the performance of different organisations.

We welcome that companies are increasingly aware of their Corporate Social Responsibility and therefore the growing involvement in improving their impact on the environment and on stakeholders through their activities. However, the environmental footprint risks overlapping with existing organisations' engagements in Corporate Social Responsibility or Environmental Reporting. Instead, we support the approach of open communication on organisation's environmental performance, such as in Eco-report of organisation.

Given the complexity, the costs and the potential administrative burdens for individual companies, we question the environmental or socioeconomic added value of such an instrument. We therefore recommend to carefully assessing the appropriateness of the proposal for establishing a common methodology for organisations' environmental footprints.

In addition, requirements should be the same for all companies, whether small or large, while ensuring that appropriate support measures would be put in place for SMEs. We therefore raise concerns on the potential application of an organisation environmental footprint to large companies only. Without the necessary harmonised definitions of what constitutes an SME or a large company, this would lead to inconsistent requirements for companies operating in different EU Member States.

4. Orgalime recommendations and proposals

Given the above concerns, we would like to make the following suggestions for an enforceable and workable sustainable industrial, consumption and production policies in Europe:

- The SIP / SCP Action Plan should stress the need to first properly finalise the implementation of the existing Eco design Directive and to improve its enforcement so as to demonstrate the success of the legislation. Priority should be given to product groups that offer the most relevant environmental improvement potential.
- Considering the backlog in the ongoing implementation and the fact that soon the first adopted implementation measures will already be subject to a review, we recommend an improved project management that would target only as many lots as are reasonably manageable by regulators given the level of resources.

- We call for a consistent and evidence based (instead of political) application of all criteria of article 15 of the Directive, especially the “significant environmental improvement potential” criteria for the further implementation of the Eco design Directive.
- We support a strong implementation of the energy label and using it also as the basis for any possible extended labelling obligations beyond the parameters of energy consumption for consumer products to provide a set of distinct figures and indicators corresponding to most relevant environmental aspects.
- We remain critical on addressing the environmental footprint of product to boost material resource efficiency of products, neither on a voluntary or a mandatory approach, including through in setting targets for products’.
- The Environment Footprint methodology should remain a voluntary tool for companies, but not become part of a legally binding framework.
- The implementation of the Resource Efficiency policy should, in our view, promote more recycling and less landfill through the following proposals:
 - Set waste collection and recycling targets
 - Set quality standards for secondary raw materials
 - Promote the establishment of harmonised treatment standards for priority waste streams via European standardisation organisations
 - Not only strive for full implementation of the EU waste acquis, but even more for efficient and effective market surveillance and enforcement in order to stop illegal shipments of (valuable) waste fractions outside Europe
 - Place more emphasis on the role of the consumer for realising resource efficiency objectives.
- Third party verification of green claims is unnecessary and in most cases does not lead to environmental improvements.

In addition, the sustainable policy should, in our view, respect the following core general principles to achieve a win-win situation for the environment, the consumer and the industry alike:

- Sustainability should not be taken as environmental sustainability only, but should include, on an equal footing environmental, social and economic sustainability.
- Cost efficiency should be the guiding principle for identifying further actions promoting sustainability.
- Cost benefit analysis and impact assessment preceding a particular measure should be coupled with an analysis of the capacity of the economy as a whole, as well as the capacity of companies to bear additional costs, without having to relocate their production outside Europe.
- Evaluation and any action should be based upon scientific evidence.
- An integrated approach is necessary that takes on board all relevant parties, stakeholders and actors in the supply chain in a transparent process.
- Future actions should at the same time safeguard the benefit that the internal market offers for the consumer, namely that of allowing him/her to enjoy a broad variety of different products with different technologies at competitive prices.
- Only a coherent and consistent policy without overlapping legislative requirements or too much bureaucratic and administrative burden can be the basis for a positive legislative framework for investment in the EU.
- A level playing field of fair competition and proper enforcement of existing legislation are prerequisites for stimulating the industry to constantly improve its sustainability and for turning challenges into opportunities and generating societal welfare.

ANNEX:

**ORGALIME POSITION PAPER ON THE COMMISSION / JRC PROJECT:
“Development of resource efficiency and waste management assessment methods to
identify eco design requirements”**

Brussels, 16 January 2012

At the Eco Design Working Group meeting of 4 October 2011, the Commission Joint Research Centre (JRC) presented the first findings on the study that aims at developing resource efficiency and waste management assessment methods to identify eco design requirements beyond energy efficiency. In view of this, Orgalime would like to provide its comments hereafter:

Executive Summary

Orgalime supports the general **objectives of the EU’s Resource Efficiency policy** and agrees that **energy efficiency represents a priority topic**, not only in the context of the EU’s energy and climate change policy, but also in that respect.

We therefore also support that the Eco Design Directive in its ongoing implementation, has assessed and, where this has been identified as a significant factor, regulated on the parameters of a product’s energy and water consumption in the use phase, thereby already contributing to the EU’s resource efficiency policy objectives.

Any further eco design parameter and methodology needs to be developed in **full application of all criteria and procedural aspects of the Eco Design Directive**. This is in our view not the case in the ongoing JRC study and its methodological approach. In particular, the methodological approach is not in line with article 15 of the Eco Design Directive and the requirement of demonstrating **“significant potential for improvement in terms of its environmental impact without entailing excessive costs”**.

The four resource efficiency parameters presented by JRC are in our view not promising in terms of significant environmental improvement potential from a life cycle perspective, while the proposed **methodological approach ignores the existing MEErP methodology** that has been particularly established for the implementation of the Eco Design Directive.

Furthermore, **the methodological approach for the four proposed parameters does not take into account the following points:**

- Existence of a market for reused or recovered equipment
- Reusability potential of parts/components
- Technical properties of secondary raw materials
- Other relevant aspects and product characteristics, such as the required lifetime of the product, its expected quality and reliability, safety-relevant aspects, fitness for purpose, particular customer needs and requirements, raw materials prices and the related impact of these on the final product price, availability of the material, competition in the market place, the product’s overall environmental performance or new developments in the raw materials market in general
- A real life cycle approach looking at the impact of any of the four parameters on other environmental aspects during all life cycle phases - especially, impacts on the just established energy efficiency requirements under the Eco Design Directive are not considered
- The objective of non-discrimination of technologies
- Costs
- Product liability issues, especially for reuse of products and requirements of recycled content for low value materials
- Other existing legislation, and in particular the RoHS Directive and REACH Regulation.

Therefore, Orgalime cannot support the JRC study in its present form for the further implementation of the Eco Design Directive.

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