

Brussels, 6 September 2013

Orgalime Comments on the Study on Material-Efficiency and the Methodology for the Eco Design of Energy-Related Products (“MEErP”)

EXECUTIVE SUMMARY

We thank the contracted consultancies, namely BIO-IS, Fraunhofer IZM and Wuppertal Institute, for the stakeholder meeting held on 1st July 2013. However, given the late publication of the working documents, short deadlines and moving questions to be assessed, we provide comments in this format instead of the latest questionnaire.

As producers of almost all equipment regulated or currently assessed under the Eco design Directive (2009/125/EC), Orgalime industries are by far the most affected sector. Given the experience gained with the implementation of the Eco design Directive so far, Orgalime would like to provide the following comments related to the suggested development of a material efficiency module for the MEErP methodology:

- Orgalime supports the EU Resource Efficiency Policy objectives and is committed to continuously improving the overall environmental performance of products within the remits of the Eco design Directive's criteria and procedural aspects.
- Any aspect of the environmental performance of a product should not be taken in isolation from other environmental aspects. Instead, it is only a truly holistic approach that will deliver sustainable solutions. In that sense, Orgalime fully supports the approach of the Eco design Directive, which addresses all environmental aspects of energy-related products from a life cycle perspective, including resource efficiency.
- The draft study report of 20 June 2013 shows that, where necessary, relevant resource efficiency parameters, and even material efficiency parameters, could already be addressed and regulated in application of the existing MEErP. Therefore, Orgalime cannot see the need to amend the existing MEErP.
- In addition, material efficiency, as one element of resource efficiency, still appears a vague concept, while energy efficiency is the main contributor in the sectors Orgalime represents. Much more explanation is therefore needed about deliverables, expectations, how objectives would be translated in concrete requirements or what the consequences and impacts of these resource efficiency requirements would be.
- Overall, the contractor estimates “*the current contribution of Eco design to resource efficiency in the EU in 91.3 Mt of materials saved per year*”, while the additional potential of Eco design measures on products could contribute to additional 0.95Mt to 5Mt material savings per year. Considering these findings of the study, the additional improvement potential offered by Eco design of products does in our view, not qualify against the criteria of the Directive and does not justify a change of the MEErP.

Orgalime, the European Engineering Industries Association, speaks for 38 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs some 10.3 million people in the EU and in 2012 accounted for some €1,840 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.

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- The proposed material efficiency requirements in our view do also not qualify against the criteria of effectiveness, enforceability, measurability relevance or compatibility with competition, which should be taken into account.
- Setting up a horizontal list that would be considered critical under Eco design and/or using the EU critical raw material index seems not promising to us. A “one size fits all” approach does not appear appropriate considering the vast range of different products covered by the Directive. Instead, the relevance of this environmental parameter needs to be assessed product by product. Only a case by case assessment of products subject to the Eco design Directive, following a whole life cycle approach, would allow taking into account the impacts and consequences of setting additional resource efficiency requirements on the existing implementation and further product parameters.
- The suggested new requirements (such as recycled content, disassembly, reusability, recyclability and recoverability) are in our view not useful. The study objective is to achieve a credible methodology and not product requirements. The study neither takes into account if a market exists for reused and recovered equipment, nor the lack of a reusability potential of components and technical properties of secondary materials. Using secondary raw materials in our industry’s products, many of which end up in highly sensitive applications, does not principally depend on price, but primarily on the quality of the recycled material, its reliability, fitness for purpose and traceability, as producers of complex products, whether for consumers or for workers, always remain liable for any product default. Furthermore, economic aspects and other relevant characteristics, such as quality, safety and reliability of the product, have been ignored by the study. Taking into consideration that more than 40% of our industry’s production costs relate to raw material input and resource consumption, changes affecting raw material prices will have significant impact on costs and therefore the competitiveness of our industry that is a major supplier to all other industries and private consumers.
- This is the third round of discussions on the implementation methodology of the Ecodesign Directive since its adoption, being noted that the MEErP methodology as reviewed lately to take into account the enlarged scope of the Directive is just being used for the first product groups. We feel that such a high frequency of reviews of the methodology risk undermining the credibility of the instrument, planning security and legal certainty for both, industry and authorities, all the more as the present MEErP allows for addressing resource efficiency parameters. In the light of the Industrial Policy Communication we ask for regulatory stability and predictability.
- Finally, we would like to outline the following core elements that we see for a successful EU resource efficiency policy:
 - Introduction of a zero-landfill policy without delay
 - The setting of waste collection and recycling targets
 - The setting of quality standards for secondary raw materials
 - The establishment of harmonised treatment standards for priority waste streams through European standardisation organisations
 - Striving for full implementation of the EU waste acquis, and even more for efficient and effective market surveillance and enforcement to stop illegal shipments of (valuable) waste fractions outside Europe; the recent Commission proposal for an amendment of the Waste Shipment Regulation is a positive step in this direction.
 - More cooperation of enforcement authorities for this purpose
 - Placing more emphasis on the consumer for realising resource efficiency objectives
 - The establishment of a deployment roadmap for resource efficient technologies, notably process automation or ICT equipment throughout all market segments, to increase the knowledge about consumption patterns, which is the first step necessary towards changing the current consumption model
 - More acknowledgment of industry’s own resource efficiency activities

Our detailed comments are provided hereafter:

1. Material efficiency in energy-related products is still too vague a concept

Discussions at the stakeholder meeting of 1st July confirmed that today there is no common understanding of the concept of material efficiency.

Resource efficiency is broader than material efficiency, and energy efficiency already contributes to it. Indeed, the ongoing implementation on some 39 product groups addressing energy consumption of these products during the use phase, but also further parameters, such as water use, is therefore a milestone in contributing to resource efficiency. In addition, the substance legislation, the waste management legislation, but also the energy and eco label instruments represent significant contributions from the Energy-related Product sector. This has been acknowledged by the draft report study.

2. Material efficiency should not be assessed in isolation from other aspects

Any aspect of the environmental performance of a product should not be taken in isolation from other environmental aspects related to the product (for example energy efficiency, substance use or waste generation): it is only a truly holistic approach that will deliver sustainable product design solutions. Although we acknowledge that resource efficiency is considered increasingly important, focusing only on material efficiency could lead to arbitrary and unforeseen environmental and economic results. The quantity of material used directly affects the quality of the product, its functionality, perhaps its safety and its overall performance. For example, the amount of copper used in electric motors immediately impacts the energy efficiency performance of the motor.

In addition, any further action on resource efficiency of products should also take into account further relevant product performance, especially safety characteristics to guarantee the fitness for purpose of the product.

The draft study report of 20 June 2013 states (on page 10) that prices of materials and products, as well as efficiency of production processes are not considered in the present study. We are concerned that the economic aspects will not be taken into consideration, while the report acknowledges that they can influence material efficiency. Indeed, resource efficiency immediately impacts production costs and the competitiveness of our industry, where on average, for engineering products, raw material input and resource consumption represent on average 40-45% of total input costs. Forcing the use of certain materials into products or banning them would substantially impact the competitiveness of Energy-related Products manufacturers. Such requirements would make it more difficult for EU manufacturers to compete on external market since material requirements would apply only at the EU level and not at the global market. Being proactive on resource efficiency is an economic necessity for our industries, since it is already fundamental for their competitiveness.

Any further resource or material efficiency parameter to be regulated must be equally assessed against all criteria of the Eco design Directive, including article 15. In particular, there is need to demonstrate “*significant potential for improvement in terms of environmental impact without entailing excessive costs*”. Therefore, considering the findings of the study, the additional improvement potential offered by Eco design of products does not, in our view, qualify against the criteria of the Directive and does not justify a change of the MEErP.

We strongly believe that the three pillars of sustainability, including socio-economic aspects, need to be considered in order to avoid disproportionate negative consequences on the economy or society.

3. Resource efficiency / material efficiency should not jeopardise the ongoing Eco design implementation

Orgalime fully supports the holistic approach of the Eco design Directive, which addresses all environmental aspects of Energy-related Products from a life cycle perspective. Also, we would like to reiterate our support to the objectives of the EU resource efficiency and waste management policies.

Until today, existing preparatory studies have identified energy consumption in the use phase as by far the overriding environmental factor to be considered and therefore this has been regulated in implementing measures. In addition, as acknowledged in the draft report of 20 June 2013 (pages 13-15), the Eco design implementation also addresses further environmental aspects, such as water efficiency for washing machines, noise for vacuum cleaners, material content for TVs and lighting equipment.

However, shifting the focus from energy efficiency in the use phase to material efficiency aspects could easily impact the ongoing implementation process. The implementation of any material efficiency parameter should not undermine the efforts and investments made by our industry, whether voluntary or mandatory through various implementation measures; nor should they undermine the energy savings achieved or still to be made. As presented at the stakeholder meeting, findings of the study show that improvement potential of Eco design for saving materials is very limited compared to current contribution of Eco design to resource efficiency. Indeed, the contractor estimated that Eco design contribution to resource efficiency (which includes packaging design, Ecolabel and various Eco design strategies) is currently resulting to 91.3 Mt of materials saved per year.¹ Additional potential of Eco design for material savings would be estimated by the contractor between 0.95Mt and 5Mt per year. In addition to increasing material intensity through Eco design measures, eco-labelled products should reach 100% market penetration to achieve the given figures, which is unrealistic.

Furthermore, the Commission Report² on the 2012 Review of Eco design Directive confirms that “*it is too early to correctly evaluate the full effect of the Directive and of the implementing mandatory and self-regulation measures because of the insufficient period of their application*”.

4. Any further parameter need to fulfil key criteria

In our view, any further ecodesign requirements, including on resource efficiency or material efficiency, need to be effective, enforceable and measurable. A material efficiency aspect should be considered under the Eco Design Directive only if can be measured on the product and verifiable by enforcement authorities. Industry can only be responsible for factors, which are measurable on the product. In addition, any new material requirement should make an effective contribution to improve resource efficiency and weaken the impact on the environment. Last, any new material requirement must be subject to detailed competitiveness-proofing analysis that carefully analyses how such new requirements would impact European industry.

In addition, we fully support the draft report statement (page 44) that any parameters should meet the RACER criteria (relevant, acceptable, credible, easy and robust) as established in the Commission’s Impact Assessment Guidelines. However, we are concerned that, at this stage, suggested material efficiency parameters have only been partially assessed against the given criteria.

¹ BIO-IS, Fraunhofer IZM and Wuppertal Institute, presentation given at the stakeholder meeting of 1st July 2013, slide 22: <https://docs.google.com/viewer?a=v&pid=sites&srcid=YmlvaXMuY29tfG1lZXJwfGd4OjNiYTmWzjM0MzI2MDY0ODY>
² <http://register.consilium.europa.eu/pdf/en/12/st17/st17820.en12.pdf>

5. The suggested material efficiency parameters are not promising in terms of significant environmental improvement potential from a life cycle perspective

Orgalime has severe concerns on suggested new parameters, especially “Reusability/Recyclability/Recoverability”, “Recycled Content”, “Disassembling” and “Durability”, which are in our view not useful. The main objective of this study is to achieve a credible methodology and not product requirements.

First, we fully agree that recycling high value materials of products, such as metals, is more attractive than low value materials, such as plastics. However, setting requirements for recycled content, as suggested in the stakeholder consultation document of 29 July 2013, is in our view the wrong way forward. It is impossible to trace recycled materials, while producers remain liable for any product default. Choosing the material content for products, including whether or not to use recycled materials, is determined by many factors. Therefore, we feel that a choice should be made by the product manufacturer according to his product-specific needs and the market should remain the main driver for innovation, including for recycling technologies.

With a view to improving recycling, a proper implementation of the WEEE Directive (2012/19/EU) would be more promising than regulating product design. In particular, collection should be improved to make sure that all flows of WEEE are targeted and taken care of end of life according to the provisions of the WEEE Directive. In our view, a proper WEEE implementation offers much more potential for the realisation of the objectives of the EU Resource Efficiency policy.

Second, the suggested eco design requirement that manufacturers should ensure that a given product can be manually dismantled within a certain time period (e.g.: 40/50 seconds) would impose costs and burdens on manufacturers of these products, while it does not mean that manual dismantling would indeed take place during the end of life recycling process of the product, as manual dismantling is very costly and is increasingly being phased out. Therefore, the application of such a requirement is likely to result in additional cost and administrative burdens on product manufacturers which will negatively impact the competitiveness of European manufacturers. This will also be likely to increase costs for consumers and will reduce the affordability of products, without any environmental benefits. In addition, providing information on disassembly and dismantling to consumers conflicts with existing EU safety regulation, notably the Low Voltage and Machinery Directives, which hold producers liable in case of accident / injury. In parallel, the Waste Electrical and Electronic Equipment Directive already foresees information requirements of producers to recyclers.

Third, we challenge the appropriateness of reusability, recyclability and recoverability requirements. The study has not assessed the existence of a market for reused or recovered equipment/parts in the future. In practice, it appears to be somewhat limited for some sectors, especially electronic products. In addition, giving priority to re-used components risks delivering counterproductive environmental results: indeed, this risks conflicting with the energy efficiency objectives for our sector, as the energy efficiency performance of a product continuously improves from one generation to the next. Also, as it is difficult to know the exact life cycle of components, the reuse of components may jeopardise the reliability of any new product containing refurbished parts.

Fourth, the stakeholder consultation document of 29 July 2013 suggests requirements on durability and lifetime of products. Such a durability requirement would require significant efforts for Member States to carry out testing during enforcement since complex and time-consuming testing would be necessary. However, the Commission’s report on the 2012 review highlights how inefficient and ineffective market surveillance is at present. Without proper market surveillance, the durability requirement risks exposing our industry to unfair competition.

Further detailed comments on above mentioned parameters and additional ones (i.e. use of priority resources and use of hazardous substances) are specified in the dedicated position paper on the JRC methodology for the “*Integration of resource efficiency and waste management criteria in European product policies*”: http://www.orgalime.org/sites/default/files/position-papers/PP_Resource_efficiency_criteria_Eco_Design_Directive_Jan12_0.pdf