

**Minutes of the 3rd Expert Stakeholder Meeting on the draft final report
“Environmental Impact of Products (EIPRO)”
13 July 2005**

1. Introduction (Chairman Klaus Kögler, DG ENV)

The Chairman outlined the historical process relating to the development of the EU environmental legislation over the past 20-25 years. Historically, the main efforts have been put on waste as well as on point sources of pollution. He stressed that unlike these point sources, the pollution created by products have received less attention until recently. As an example, he referred to the environmental improvements made in production and disposal of cars, where very high levels of environmental protection have been reached, while the situation remains difficult for example regarding the impacts related to fuel burning and road using during the cars' useful life.

Integrated product policy (IPP) is a framework approach aiming at improvements at all stages of products' life-cycles, including the use phase. The European Commission's Communication on IPP is also stressing that fact that markets for products are worldwide, with large imports and exports, millions of products, billions of consumers and unprecedented mobility. Products can be manufactured in the EU and used elsewhere under different legal, environmental and societal contexts – sometimes in environmentally unacceptable manner – and vice versa.

A large number of policies and instruments already exist (the so-called IPP toolbox). One target of IPP is that all these different tools contribute coherently towards the overarching goal of sustainable development.

IPP is developing along two lines:

- The *tool-specific approach* primarily aimed at improving what already exists, covering the economic and legal framework, the promotion of the life-cycle thinking and the consumer information.
- The *product-specific approach* with two sub-lines: i) the pilot product exercise (ongoing on mobiles and on a teak garden chair); and ii) the assessment of products with the greatest potential for improvement, including the development of a methodology for determining the products' environmental impacts.

Finally, the Chairman stressed the IPP principles:

- life-cycle thinking
- working with the market
- involving the stakeholders
- seeking for a continuous improvement
- using a variety of instruments

2. Structure of the project (Peter Eder, DG JRC-IPTS)

Peter Eder, co-ordinator of EIPRO project at DG JRC-IPTS, described the set-up and the approach followed in the EIRO study. The study was coordinated by the IPTS and undertaken by members of the ESTO network, i.e. TNO (project management), CML, VITO and DTU.

The approach consisted in making full use of the studies that had already been made with different methodologies, and in conducting a new study based on the input-output method. The new IO-based study was rooted on the CEDA version 3 databases, to which specific modifications were made concerning the economic matrices and environmental data. Although this method can be considered relatively new in the LCA community, in recent years applications and scientific acceptance have been growing in number.

Two previous expert workshops – in addition to the present one - were organised in the course of the study, in order to take into account the existing expertise. It was sought to make sure that the interpretation of results and the conclusions are reasonable.

The Chairman stressed the fact that the study was aimed at looking at the impacts from products and not at assessing the improvement potentials and that the purpose of the workshop was to seek agreement on the approach and the methodology.

3. Presentation of the draft report of the EIPRO study (Arnold Tukker, TNO)

The project manager of the ESTO Network made a one hour presentation, and commented on the draft report, see slides attached.

4. Comments by peers

Four invited experts who have already been involved in product prioritisation studies were invited:

- Mr Stephan Moll, Wuppertal Institute, Germany;
- Mr Bo Weidema, .2.-0 LCA Consultants, Denmark;
- Mr Durk Nijdam, Milieu- en Natuurplanbureau – RIVM, the Netherlands; and
- Ms Karine Thollier, ICEDD, Belgium.

The peer experts commented on their own research work and on the EIPRO study. In general the invited experts acknowledged the importance of the work that was done and the convergence of conclusions drawn from the already existing studies and from the CEDA study.

Main comments, questions and suggestions made by the different experts were the following.

- It was asked whether stock changes and consumption of capital were taken into account. The authors confirmed that variations between years were not taken into account.
- It was considered that the disaggregation was not a negligible factor in the identification of the products having the highest environmental impacts. It was agreed that the identification is unequivocal at COICOP1 level. Without any internal ranking,

food, housing, and transport are the main consumption areas in terms of life cycle environmental impacts. A very detailed ranking requires more caution.

- The data limitations – or problems of using relatively old data for some of the variables – were commented on, also recognizing that the problems were openly discussed in the report. The project team explained that they used the most recent data from official sources.
- It was suggested that matrix conversion from US to EU could also have been done using the linear expansion method instead of using the RAS method as used in the CEDA study.
- The robustness of the 1335 environmental interventions was questioned, especially those that relate to toxicity where the uncertainty is the highest.
- Clarification should be provided regarding the meaning of technical details such as the meaning of vectors k_1 and k_2 , A_{22} , and allocation method.
- Suggestions were made on different attribution methods, using market adjust modelling (justified in some cases where the increasing demand do not automatically results in an increase of production but induces larger imports – due to quotas for instance).
- The way public expenditures were considered in the study was criticised, although critics acknowledged that data were lacking in this area to do better (the Danish study provides insight in the difference between private and public expenditures).
- The services would deserve special analysis. It was stressed that the impact intensity of services is generally low because the expenditures are dominated by labour costs.
- It was suggested that land use should be added to the impacts considered. However, some experts didn't expect that this addition would change the ranking. This would for instance enhance the role of food.
- One expert suggested that per euros impacts (intensity of impact) should be considered for priority setting.
- Some experts suspected the existence of false negatives such as health services paid by the government.

Suggestions for the next steps proposed by the invited peer experts:

- Participants (including from industry) agreed on the need for detailed product analysis – which was beyond the scope of the study – and for investigating the process chain: what can be done on which stages of the product chain; identify responsibilities of the different actors (for the example the role of local authorities in developing infrastructure and potential consequences on transport was given).
- Mapping existing policies and measures.
- Improving the EU data.
- Improving the analysis of public expenditures and related impacts.
- Improving the evaluation of the use and disposal phases.
- One expert stated that the potential for improvement seems to be limited on consumption level because the high impacts categories relate to basic needs. He

suggested that improvement potentials should probably be more significant in the production chain. On the opposite, one other expert recommended to consider the role of income elasticity in future developments and to dedicate research to understand differences in behaviours concerning energy use. Elasticity was also suggested as an indicator of possible improvement.

- Continue for more detailed analysis (identify improvement potentials) with process chain based approach.

5. Overview of written comments

Bengt Davidsson (DG ENV) informed that the draft report was made available on 2 May 2005 on the DG ENV website and that stakeholders had seven weeks to send comments and answering the following two questions asked:

1. Is there evidence that the importance of certain products has been significantly overestimated or underestimated with respect to the size of their environmental impacts?
2. Can you comment on the need for further developments of methodologies and data collection efforts? Of what nature should they be? And with what time horizon could they lead to substantial new insights?

Eight written comments were received (of which three before the deadline) including one during the meeting. The management team of EIPRO would have expected more comments, thus also more comments before the meeting concerning the further improvement of the methodology (see however below for comments made by academia and industry in the course of the meeting).

6. General discussion

After some initial reactions from different participants, the Chairman clarified what was meant with “not many comments” and specified that this refers to the fact that only few reactions were received – mostly from the industry while other types of stakeholders (NGO’s, governments, consumers) didn’t communicate any comments.

Below some comments that were made during the discussion concerning the study itself and the purpose of the consultation were as follows:

- Most of the participants expressed their agreement with the general outcome of the study at the high aggregation level (except the representative of Nestle/CIAA who didn’t recognise the validity of results on food products). At the lower level, it was suggested that more in-depth analysis should be done to check the results. This may, according to one industry representative, have been one reason for relatively few comments from the industry; they agree on the conclusions on level 1, but do not find the report detailed enough on level 2 and 3.
- Several industry stakeholders stressed that confusion should be avoided between products and industries (sectors) and requested that some words were dropped (hotspots, sectors, for instance)

- The draft report is not transparent enough to comment on the method and data transformations. It is likewise, based on practical experience from an expert, doubtful that this method could deliver meaningful results below the highest aggregation level.
- It was pointed out that some sectors generate many products which could make the use of IO table difficult.
- Some of the data used were criticised, especially those used for estimating the impacts from the car's use phase. These data will be cross-checked by the project team with any new data provided by the industry.

Suggestions for next steps:

- It will be important to identify improvement potentials and looking who are the actors along the product (value/supply) chain.
- A dynamic approach is necessary to find hotspots of tomorrow. It is important to look at the future, e.g. consider the evolving performance of products and to take into account of the impact of initiatives that will influence these performances. To this end, it is essential to look on scenarios.
- Social and competitiveness aspects should be taken into account too.
- Research activities by the industry should be taken into account in such analysis.

7. Conclusion for the finalisation of the study

Conclusion for the finalisation of the study:

- The intention is to prepare the final report by end of September 2005.
- The presentation of the report will be improved considering the comments received.
- The wording will be improved (avoid using hotspot, use products).
- Some data will be checked (data such as those on transport).

The Chairman invited stakeholders to provide any data that could help to improve the results of the study.

8. Next steps

The next step will be aimed at identifying improvement options to reduce the life-cycle environmental impacts of some of the products that are among those with the greatest environmental impacts. The analysis will first consider improvement potentials that are technically feasible. Following this, the associated socio-economic impacts will be considered and analyzed. The first results of the second phase are expected towards the end of 2006.

Following this, the European Commission will explore possible tools to be reflected in IPP.