



**MINUTES OF THE FIRST STAKEHOLDER MEETING ON THE IPP PILOT PROJECT ON A
TEAK GARDEN CHAIR**

BRUSSELS, 19 MAY 2005

The meeting was chaired by **Marianne Klingbeil**, Head of DG Environment's Sustainable Production and Consumption Unit. Prior to the stakeholder meeting, the consultancy contracted by the Commission, Environment Resources Management (ERM), had submitted a draft progress report on the environmental impact of a teak garden chair for the first stage of the pilot project. The report and its annexes were published on the Commission's website and the Commission asked stakeholders to send comments to them. Along with the report a document outlining Carrefour's wood purchasing, prepared by Carrefour, was also published. The stakeholder comments received to report were summarised and were sent out to the meeting participants before the meeting.

1. WELCOME AND INTRODUCTION OF PARTICIPANTS

The Chairwoman welcomed the participants and thanked Carrefour for volunteering to this pilot project. The Chairwoman stressed that this pilot project will be very useful for the Commission but no direct decisions will be based on the outcome of this project. Furthermore, it is important to remember that this pilot project will need to have full transparency but it will of course respect the confidentiality of each participating stakeholder if necessary. A quick "tour de table" introduction of participants followed.

The Chairwoman stressed that this pilot project is important to demonstrate that the integrated product policy (IPP) approach can work. This is especially true since IPP is seen as important for the future development of a sustainable production and consumption policy (SP&C). The Chairwoman stressed the importance of the industry in greening of products, IPP to a large extent encourages the industry to take voluntary measures for improved environmental performance of products. Industry has the knowledge on their products, and it is only the industry that has the resources available and can take the necessary measures needed (in their own interest), while major changes towards sustainable production and consumption patterns by legislation cannot be made. For the purpose of further development of IPP and of SP&C, the Chairwoman welcomed comments on the instrument used to improve the environmental performance of products; what is working, what is not working, what is missing, what can be changed, what can be improved, what incentives are needed, and how it can be realised.

2. INTRODUCTION BY THE COMMISSION

Orsolya Csorba from Commission, DG ENV presented the pilot project in the context of Integrated Product Policy (IPP). (The slides on this presentation can be found in Annex 2)

3. QUESTIONS TO THE COMMISSION

Following the introduction by the Commission, a Q/A session and discussion took place, with the following highlights and conclusions:

- (1) **Pro-Natura** informed participants about a study at the University of Versailles on supply-chain management in the aluminium sector presenting sustainable development indicators. The contacts will be distributed to the pilot project participants.
- (2) **Carrefour** underlined why the group had been interested to participate to this project: firstly to show that a minimum of regulation (fiscal incentives, ban on illegal imports) is necessary in order to allow initiatives such as Carrefour's (sourcing approach for teak garden chairs which controls legality, quality and social conditions) to continue, by creating a level playing field; and secondly to show the importance of consumer purchasing behaviour, which dictates commerce. They expressed their concerns that consumers do not want to pay more for environmentally friendlier products, and that the eco-labelled products involve elements of unfair competition, such as the fees and royalties paid. Carrefour also explained that their teak garden furniture, which do not benefit from an environmental label (such as FSC), are not competitive because of the cost of the quality, environmental and social sourcing controls that are made. **BEUC** agreed on the dilemma description made by Carrefour.
- (3) **Pro-Natura** remarked on the difference between improving the environmental performance of natural products and industrial products: 1) When dealing with industrial products and sustainable development – costs can be cut. 2) When dealing with natural products on sustainable development – it is a challenge since they will get more expensive. Pro-Natura commented that the environmental and social problems associated with tropical wood sourcing were similar to those associated with the palm oil sourcing. For wood, for example, the only actions by authorities available would be i) to introduce taxes or ii) restrict or ban the use of the natural resource unless fulfilling certain environmental criteria.
- (4) Eco-label representative of **DG Environment** emphasised the importance of educating the consumers. **Pro-Natura** believes that the marketing communication made towards consumers should be improved. For example he proposes messages such as “product coming from sustainable plantations (therefore not contributing to deforestation), guaranteed legally sourced product...”

4. PRESENTATION ON THE PRODUCT AND THE PRODUCT-CHAIN – BY CARREFOUR

Paul Rowsome, environmental manager at Carrefour, presented the company and its business, its environmental work and provided the meeting participants with a leaflet and the sustainability report for 2004. Carrefour stated that it was the largest retailer in Europe, selling food and non-food products, offering products with low prices for the consumer. The company is decentralised and does not for example oblige national offices

to purchase through the international purchasing office. This is especially true for food products that are mainly purchased locally.

Carrefour described its wood purchasing, giving further explanation on the paper that was put on the IPP website prior to the meeting.

The FSC label was described. The Forest Stewardship Council, an international network to promote responsible management of the world's forests, first launched its sustainable forest management certification and labelling system in 1993. Since 1996, this system also applies to plantations and their products. Carrefour initiated its approach to promote sustainable forest management in 1998 and began looking for suppliers able to supply FSC certified products.

The teak used for garden furniture comes from plantations in Indonesia. To help develop its control process Carrefour has worked with international and local NGOs (WWF, CIFOR-CIRAD...) as well as local government authorities. Carrefour was able to secure FSC certified teak in 2001 for 2002, only to see just before shipping the supplier lose its certification. Today there remains no FSC certified teak available in Indonesia. In the absence of FSC certified teak Carrefour has continued to work with its supplier towards FSC certification, setting up a legality, quality and social control system. Carrefour explained that there are two principal ways of sourcing teak garden furniture in Indonesia: Either (i) factory made furniture with legally sourced timber and quality and social controls or (ii) furniture sourced from the thousands of family run production units which lack quality and social control and for which the legal origin of the timber cannot be proved.

The teak wood currently used by Carrefour is not certified or labelled according to FSC criteria (not enough FSC certified teak wood is available in Indonesia or elsewhere), or any other eco-label criteria, however Carrefour do have a traceability scheme in place to ensure the wood comes from legal sources as well as a quality and social control system. A problem for Carrefour is therefore to properly explain this environmental commitment to its customers without a label.

Main improvement options that Carrefour identified for a teak chair were: i) for packaging, ii) for transportation, and iii) for down-stream purchasing process and consumer awareness where they have identified communication problems.

Following the presentation by Carrefour, a Q/A session and discussion took place, with the following highlights and conclusions:

- (5) The participants were informed that WWF has published a report (Learning Lessons to Promote Forest Certification and Control Illegal Logging in Indonesia) made by CIFOR that presents all the problems related to legal teak sourcing in Indonesia.
- (6) **ERM** asked whether Carrefour can do more to improve the environmental performance, or if they have done what they could. Carrefour responded that always more could be done, however at a cost that the consumer is clearly not ready to pay.
- (7) **The Chairwoman** asked the opinion of participants on the described problem with labelling and corruption on teak products. **Pro-Natura** responded that a certified forest scheme is the only way to secure that certified products are being

produces. Further, the problem with FSC labelling described as a marketing problem, as the concerns are: i) eco-labelled plantation or not, ii) legal compliance and iii) social aspects. If these concerns are fulfilled, 95 per cent the job is done. Also there is need to challenge the corrupt actors and bring them to the court.

- (8) **Pro-Natura** stated that it is not possible to create a label on low-margin products, as this will not be economically beneficial. It is likewise not possible to educate the consumer on low-margin products as there is not enough money involved in the business for information campaigns etc.
- (1) **DG ENTR** expressed concerns of origin traceability, and the usefulness of FLEGT in respect to this. **Pro-Natura** replied that it was very important, for legislation and standardisation.
- (10) **Carrefour** expressed their view on wanting a regulation controlling the illegally logged wood.
- (11) **Pro-Natura** made a final comment on the corruption issue that they agreed on banning of illegal wood, with the remark that a ban also needs a control system in place.

5. PRESENTATION OF THE “STUDY AND ASSESMENT OF AVAILABLE INFORMATION FOR A PILOT PROJECT ON A TEAK GARDEN CHAIR”– BY ERM

The study performed and the drafted on the environmental impact of a teak garden chair was presented by Robert Nuij from ERM.

Following the presentation by ERM, a Q/A session and discussion took place, with the following highlights and conclusions:

- (12) **Pro-Natura** considers the use of sustainable wood for products should be emphasised since it has approximately a factor 10 lower impact on the environment than other materials. Using sustainable wood would also be beneficial from climate change perspective.
- (2) **DG ENTR** was interested whether there was possibility to use streamlined and/or simplified LCA (Life Cycle Analysis). **ERM** answered ‘yes’ on this question, and recommended to use a step-by-step approach. SME’s generally have problems with capacity on LCA.
- (14) **Carrefour** commented that they do not have the capacity to use a full LCA for all of their products; instead they prefer to use LCA data and results per product category as it is important for them to identify the key environmental impacts. They also want to have social impacts included in their impact analysis.
- (3) **CEI-Bois** supports the life-cycle thinking approach and thinks this is a good way of working. However, CEI-Bois expressed concerns that LCAs could be misused or wrongly used depending on the boundaries of a system and the scenario's applied (e.g. for the manufacturing of a product, completely different conclusions can come out). Therefore, they consider that LCA is not a good tool to make general policies. But, when a company is using it as a tool to analyse and improve its production chain, LCA is definitely a very valuable tool.

- (16) **The Chairwoman** asked the participants whether the analysis on the environmental impact of the chair (not an LCA) gave enough information on the product. The participants thought it did.

6. DISCUSSION ON THE REPORT AND ON THE STAKEHOLDER COMMENTS RECEIVED – BY THE COMMISSION

Orsolya Csorba from COM DG ENV presented the stakeholder comments received. It was stated that only a few stakeholder comments have been received, including :

- Criticism related to LCA;
- The possibility of extending the product life-time should be investigated. Also to compare different environmental impact categories with each other, thus not only compare product by product.

ERM commented that they consider they have been consistent in the methodology used, but that they have to live with the expressed criticism on the LCA methodology issue since they not have performed a full-fledged LCA on the product themselves in this study. They consider that the results presented reflect the scale of the environmental impact and that the hot-spots are identified; however, the results are not precise as they give scale, not numbers. Therefore, it is also important to describe the room for manoeuvre and for improvement options.

It was advised by the meeting participants to invite FSC or some other forest certifying organisation to the next pilot project meeting.

The Chairwoman then asked whether the methodology used by ERM manage to identify a difference between legal and illegal logging. ERM responded that it is possible to identify differences in environmental impact, see for example Appendix E page 37.

7. NEXT STEPS – BY THE COMMISSION

The next steps of the pilot project was discussed, with the following highlights and conclusions:

- (17) The draft progress report will be revised within one month
- (18) Market issues and the market situation on the teak garden chair and the environment will be described and analysed by Carrefour. This will include social aspects and concerns, barriers and learning's.
- (19) For the purpose of integrating social issues, DG Employment will also be invited to participate in the pilot project. It was also noted by the Chairwoman that this integration between environmental and social issues is, what we can see, the long term focus of sustainable production and consumption (SP&C).
- (20) IPP as well as the thematic strategy on natural resources management and use will be part of the SP&C. As reply by the Chairwoman to a direct question by **CEI-Bois**, there is neither an IPP directive nor an IPP label in sight. The IPP approach and its plan is described by the Commission in the Communication on IPP from 2003.

- (21) **Orsolya Csorba** is the contact point for this project at the Commission.
- (22) Next meeting will take place in Brussels in beginning of October.

Annex 1 - List of Participants:

Chris Van Riet – CEI-Bois

Guy F. Reinaud – Pro-natura

Paul Rowsome – Carrefour

Solene Flahault – Carrefour

Virginie Saudrais – Carrefour

Jean-Christophe Ferrer – Carrefour

Robert Nuij – ERM

Michael Collins – ERM

Tom Crauwels - BEUC

KLINGBEIL Marianne (DG ENV)

CSORBA Orsolya (DG ENV)

DAVIDSSON Bengt (DG ENV)

CASPAR Ben (DG ENV)

ACCARDO Michele (DG ENV)

CARDOSO Julio (DG ENTR)

WALL Jeremy (DG ENTR)

Organisations Missing:

Homebase

Ovam

WWF

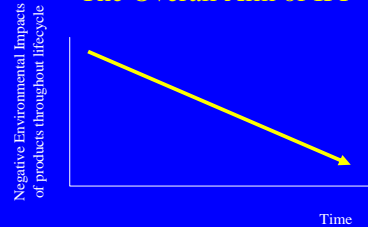
IKEA

Annex 2

IPP Pilot Project on a Teak Garden Chair

Orsolya CSORBA
DG Environment G.4
European Commission
19 Mai 2005

The Overall Aim of IPP



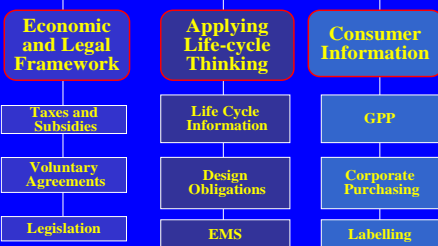
IPP Approach- 5 Principles

- Life-cycle thinking
- Working with the market
- Stakeholder involvement
- Continuous improvement
- Variety of policy instrument

The Communication's Approach

		Tool-specific		
		Tax	Label	Standard
Product-specific	Car			
	Tyre			
	Fridge			
	House			

Tool-Specific



Product Specific approach

- Pilot Product Exercise – 2 pilot projects
- Product with the greatest potential for environmental improvement

Aim of the IPP Pilot Project:

- to demonstrate how IPP works in practice
- voluntary cooperation between stakeholders is effective
- commitments from stakeholders at the end of the project are welcome

Role of Stakeholders

- Stakeholder participation is crucial;
- 2 ways stakeholders can participate;
- This group:
 - participating at meetings
 - contribute to reports with information and comments
 - ideally implement solutions.

Stakeholders

- **Retailers:** Carrefour, Ikea, Homebase
- **Wood Processing Industry:** CEI-Bois, Group of entrepreneurs and scientists from the wood processing industry;
- **Governmental Organisations:** OVAM (Public Waste Agency of Flanders), EC
- **NGOs** – WWF, Pro-Natura
- **Consumers** – BEUC

Stages of the Pilot project

1. environmental impact through the life-cycle
2. options to reduce the environmental impact
3. economic and social effect of these options
4. concrete stakeholder actions
5. monitoring

Next steps

- Revision of the 1st report taking into account comments received – June
- Next report : identifying the ways to improve environmental impacts and the possible tools to use for this. (ERM)

From Carrefour :
 - Description of the product & the market
 - Description the environment initiatives of Carrefour
 - Social concerns in relation of the product
- contribution requested
- Next meeting – beginning of October