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VCI Comments
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Comments on the Full draft report: "Environmental Impact of Products (EIPRO), Analysis of the life cycle environment impacts related to the total final consumption of the EU25", Date: 29.April 2005, IPTS/ESTO project

1. The goal is overly ambitious

The authors of the study want to develop a method for identifying in the European Union the products and product groups most harmful to the environment. This project fails due to its complexity:

- Products as well as product variations and production processes are too heterogeneous,
- Environmentally harmful effects are too diverse,
- There are significant differences between the European countries,
- The data situation is insufficient.

Also the authors realize that existing studies – equally those based on Input-Output-Analysis – are unsuitable to achieve inter alia this ambitious goal.

2. Input-Output-Analysis is an unsuitable method

With the Input-Output-Analysis the authors choose a top-down approach, taking aggregates as a basis to draw conclusions for individual products and their environmental impacts. However Input-Output-tables (IO tables) are only conditionally suited to examine the impacts on the environment of individual products and product groups. First, IO tables reflect only product purchases of individual sectors in the production phase. The use and waste phases of a product are not covered. Second, IO tables generally do not reflect emissions and other environmental impacts of products.

The general data basis is another problem. IO tables are mostly available in aggregate form only, which does not allow conclusions for individual products. For EU25 there are no IO tables, for EU15 only in highly aggregated form. Therefore the Input-Output-Analysis is an unsuitable method.

3. The data situation does not allow reliable conclusions

IO tables for EU25 are not provided in the required disaggregated form. Therefore the authors use several aids and assumptions to arrive at statements for EU25. Data and assumptions – and, consequently, the conclusions – are not reliable:

- The authors transpose US data to EU25. This is because for the USA relatively detailed IO tables are available that are updated regularly. However, also these IO tables include only the production phase. By contrast, there are no comparable data for EU25. The authors assume that there are no major differences between the USA and Europe and between the various European countries, respectively! In fact economic structures, sizes of firms, plants etc differ partly significantly between the USA and the EU and also between the various EU Member States so that **it is doubtful whether US data can be transposed to EU25 as a whole.** Differences in classification render a transposition even more difficult.

- Even for EU15 there are only highly aggregated data. **Extending data available for EU15 to the entire EU25 gives rise to considerable doubts,** because economic structures are still quite different after all. The assumption of the authors that those differences will be overcome within 10 years is not plausible.

- **The partly available IO tables for the EU are not regularly updated and originate from 1990!** Thus dynamically changing industries are described in a highly distorted manner and no statements at all can be made for individual product groups or even products. This "time lag" for data leads to a situation where results do not show current and real impacts on the environment but provide, at best, a picture from the past.

- For the further life cycle of products, various statistics are included that follow systems other than IO tables. For example, data on possible environmental impacts of products for EU25 are taken from only one study (van Oers et al. 2001) that examines emissions in the entire EU25. **These data are hardly representative.** No control of these data can be furnished.

4. Conclusions

The statement by the authors that data are representative and achieve the goal of singling out product groups with particularly high environmental impacts is wrong. The weak data basis makes conclusions impossible. It is not advisable to develop, on this basis, recommendations for action for the EU Commission regarding IPP.

The IO tables are unsuitable in their present form. The authors themselves note that

- the model can only serve as a basis,

- the results do not allow exact conclusions for individual policies,

- the adding of other regions of the world would be desirable,
- there needs to be more disaggregation,
- adequate software is lacking etc.

But from our view the analysis must **not** lead to the conclusion that more data gathering is necessary: Amounts of time and costs required for data gathering would be enormous and out of all proportion to the benefits! And, as a matter of principle, the Input Output Analysis method seems the wrong way to achieve the set goal.

The study discussed here shows that studies intended to bring reliable information on environmental impacts of individual product groups are time and cost intensive. It must be observed that such studies would need to be performed repeatedly, because technical progress, product changes, changes in production etc constantly bring changes in environmental impacts. Due to fast advancing technical progress and the time lag of IO tables, results of current studies might be obsolete already at the date of publishing.

Consequently, it must be noted that even if a study could identify the products with the strongest environmental impacts this does not automatically mean that those products also have the greatest potential for improvement. It would not be clear, either, how improvements can be brought about most efficiently.

VCI proposal: The presented study should undergo a critical review by a well balanced, interdisciplinary committee to highlight the limited value of this study and to prevent possible misinterpretations.