



Proceedings of

International workshop on “Implications of the European Union’s Environmental Policies on Automobile, Textile & Clothing and Electrical & Electronics industry of India” held on the 22nd November’ 2006, at New Delhi, India.

The workshop began with the welcome address by Mr. K.P. Nyati, Principal Advisor to the CII-ITC Centre of Excellence for Sustainable Development (CII-CESD). He began by welcoming the chief guest for the workshop, Dr. (Mrs). Laxmi Raghupathy, Additional Director, Hazardous Substances Management Division, Ministry of Environment & Forests (MOEF), New Delhi, India. Mr. Nyati also welcomed all the industry delegates as well as the project representatives from the International Council of Swedish Industry (NIR) and Network for Preventive Environmental Management (NetPEM) Public Trust. He also extended his warm welcome to the speaker from Adelphi Consulting Agency, Germany, Mr. Walter Kahlenborn and Dr. L. Ramakrishnan, Regional Environmental Coordinator, Philips Lighting, India

Mr. Nyati emphasized on the importance of the Indian industry to be informed about the existing and upcoming European Union’s environmental directives that would have a huge bearing on the Indian exports to the European countries and hoped that the industry representatives would avail this opportunity in having fruitful discussions and getting first hand information from the European experts that were present in the workshop as resource persons.

This was followed by the inaugural address by the chief guest, Dr. (Mrs). Laxmi Raghupathy (MOEF), who began by thanking the organizers of the workshop for giving her an opportunity to be part of this important initiative. She informed the audience that the Indian government is aware of the global developments taking place in the field of environmental regulations and has gradually started aligning its internal regulations to make them compatible with international standards as well as to meet the world market needs. She admitted that there were limitations and hurdles in implementing the environmental regulations but she confirmed that compliance by the industries is improving and things are definitely looking up. She asserted that the Indian government was trying its level best to match the international regulations but a task of this magnitude would definitely take time. In conclusion, she called upon the industry audience to give their inputs that would help the government in framing industry friendly environmental regulations and wished the workshop every success.

Mr. Shisher Kumra, Director, EU Co-ordination then made a presentation on EU's product based environmental directives and their implications on Indian SME's. He began by briefly introducing his organization, the International Council of Swedish Industry (NIR) and its various activities. Referring to the point made by Dr. Raghupati earlier, Mr. Kumra said that though Indian regulations are being aligned to meet the global standards, his presentation would specifically focus on the issues facing the Indian Suppliers exporting to the European countries. He said that though the presentations today would cover directives like ELV, WEEE & RoHS and REACH, there were more directives in the pipeline that would affect the Indian suppliers. The issues that he addressed in his presentation related to the rationale behind the implementation of the EU directives, framework within which these directives are being implemented, how these legislations affect the entire supply chain (beyond EU borders) and he also outlined the strategy for Suppliers to EU to cope with such developments / changes. The presentation explained in details about the EU's Waste Policy, the Waste Management Hierarchy, Integrated Product Policy and the Extended Producer Responsibilities. In conclusion, he clearly outlined the strategy that the supplier should adopt to be able to meet the requirements of the various environmental directives that would directly affect their supplies to the European countries. He also informed about the web portal, Asian Centre for European Environmental Policy Research (ACEEPR), developed under this initiative, which has exhaustive information pertaining to the industries on the existing and upcoming European environmental directives. He invited all the industry members to become a part of the network and benefit from the portal where there was also a provision of a Discussion Forum. Here the specific queries of the industry would be solved by the professionals managing the portal.

The inaugural session concluded with Mr. Nyati proposing the formal vote of thanks.

The technical session, chaired by Mr. N.R. Krishnan, Senior Advisor, NetPEM & Former Secretary, Ministry of Environment & Forests, saw presentations on the various European Union's (EU's) Environmental Directives.

Mr. Walter Kahlenborn, Managing Director, Adelphi Research GmbH, Germany, began the proceedings with a presentation on the REACH Chemical Policy and what steps the Indian enterprises exporting to the EU must take in order to continue their exports.

His detailed presentation included the general background on REACH, its scope, the various procedures involved in REACH like Pre-registration, Registration and Authorization and finally the steps to be taken by the exporters supplying to the EU. Mr. Walter dwelled at length about the substances that would be covered under REACH, substances exempted under REACH, steps that the EU exporters should take to comply with the REACH chemical policy and also clarified the concept of the "only representative" that will have to be appointed by the companies that are not based in Europe to perform the important functions of Pre-registration

and Registration. In conclusion, he gave a step by step guidance on the procedures to be followed by the companies to prepare for meeting the challenges that the REACH chemical policy would impose on them when it would become a law in June 2007.

The second presentation was by Dr. L. Ramakrishnan, Regional Environmental Coordinator, Philips Electronics, India, on “Issues for the Indian industry in the face of enforcement of the RoHS directive”.

He began by explaining the term “homogeneous material” to the industry audience followed by mentioning the allowable concentration limits of the six materials of concern like Lead, Cadmium, Mercury, Hexavalent Chromium, Polybrominated biphenyls and Polybrominated diphenyl ethers used in flame retardants. The categories of equipments included under RoHS as well as the exemptions were also explained in great details. The major part of his presentation dealt with a systematic explanation, using elaborate flow-sheets, of the steps to be taken by the companies to identify how they are implicated under RoHS and the remedial measures to be taken for compliance along with the suggested approach to prepare for the enforcement phase. He concluded by explaining the various analytical testing procedures that are involved in detecting the concentration levels of the six materials of concern.

The third presentation on “EU’s ELV directive – Issues for the Indian automotive industry” was made by Dr. Rashmi Naidu of NetPEM Public Trust, Nagpur, India.

The presentation included a brief overview about the important features of the End-of Life Vehicle (ELV) directive like its objective, scope, deadlines, reuse & recovery as well as reuse and recycling targets, concentration limits of the four materials of concern like Lead, Cadmium, Mercury and Hexavalent Chromium and the presence of the materials of concern in various parts of the vehicles. In the latter part of the presentation, the general issues as well as the issues related to the ELV directive facing the Indian automotive industry were highlighted to the industry participants in great details. This included restriction of the material of concern to the stipulated levels, designing for easy re-use, recycling and recovery and steps involved in the proactive preparation for compliance with the ELV directive. The concluding part of the presentation focused on the implications of the ELV directive on the Indian suppliers, possible opportunities it presented and what the automotive industry could gain by compliance.

The final presentation of the technical session was on “Tools to comply with product based environmental policies” presented by Mr. Shisher Kumra, Director, EU Coordination, NIR, Sweden. The presentation covered three compliance tools namely;

- Applicability Analysis
- Compliance Management
- Conformity Assessment

The applicability analysis covered sector specific relevance of the various EU directives,

inclusion & exclusion criteria, acceptable levels of restricted substances and acceptable levels of treatment. Compliance Management tool included preparation, knowing the product for the presence of the materials of concern, the design aspects, substitution and probable alternatives for the restricted substances and finally implementation using compliance management guidelines that are available. The conformity assessment tool dealt with issues like material/content declaration, analytical procedures and testing with certified laboratories, besides the issue of test results and certification procedure. He concluded with listing the various activities that need to be performed under the conformity assessment by independent or designated agencies.

The queries raised by the industry representatives are summarized below:

Q. An automotive component supplier wanted to know on whom the final responsibility for compliance rests; the company supplying the component, containing the restricted substances, or the original equipment manufacturer (OEM) selling the component or using it in his product and then selling under his own brand name.

A. It was clarified that the ultimate responsibility rests on the company that is importing the component, containing the restricted substances, into Europe. Therefore it is expected that the importer will ask his supplier to phase out the restricted substances from the components and this is how the entire supply chain becomes relevant for complying with the EU environmental directives.

Q. Another supplier of automotive component wanted to know how the conformity principle applied to the spare parts after the compliant vehicle is put into the European markets.

A. It was informed that the part replaced from original vehicle will be managed by the brand owner where as the replaced part that will be bought from the market can only be on the market if its ELV compliant – so the responsibility of this replaced part for managing ELV compliance at the end of life will be with the supplier of the spares. (Same would apply to electronics products).

Q. There was also an issue of whether the carbon credits are in any way related to the EU environmental directives and does being green (by getting carbon credits) give any kind of leverage to the company.

A. It was emphatically stated that obtaining carbon credits under the Clean Development Mechanism (CDM) was an altogether different issue than being compliant with the EU's environmental directives.

Q. As RoHS has been enforced from July' 2006, many electronic companies wanted to know the agencies that could help them with compliance.

A. The companies were introduced to the recognized material testing and certification laboratories that were also participating in the seminar.

The closing session of the workshop was chaired by Mr. N.R. Krishnan and the panelists included Dr. Laxmi Raghupathy, Ms. Seema Arora, Mr. Walter Kahlenborn, Dr. L. Ramakrishnan and Mr. Shisher Kumra

Summing up the proceedings of the first two sessions, the issues identified by the chairperson that required specific inputs from the panelists were related to:

- Knowledge dispersal
- Legal aspects involved with compliance
- Recognized testing laboratories
- Question of technology transfer

On the issue of knowledge dispersal, Dr. Laxmi Raghupathy stressed upon the need of some agency that should make the legislations easy to be understood by the industry, by making some guidelines or explanatory notes and tuning the legislation to the needs of the Indian industry as she said that the Indian government believed in simply regulations. At this point, the issue of creation of an ENVIS centre dedicated to international environmental directives was also raised by the discussion panel. It was felt that establishment of such a centre would greatly help in bridging the existing gap in the awareness about the environmental directives and Dr. Raghupati invited organizations having the expertise and knowledge base to come forward and establish such a centre which would immensely benefit the industry as well as the government.

On the legal front, she said that it is important to see what legislations apply to India and whether the Indian industry is prepared to take on the extended producer responsibility (EPR) as their European counterparts.

On the issue of the testing laboratories, she said that of utmost importance is the development of adequate infrastructure and upgradation as well as recognition of the existing laboratories to test and handle hazardous substances, which shall be acceptable to the European buyer.

Technology transfer according to her was the real bottle-neck as the developing countries have to pay a heavy price for getting the right kind of technology from the developed world, which many times pass on their obsolete technologies in the name of technology transfer.

The other panelist Ms. Seema Arora, Head of CII-CESD speaking on the issue of knowledge dispersal said that CII has been effectively doing knowledge dissemination events but there was a need for more sectoral industrial organizations and industry associations to come into their fold, for increasing the reach of such awareness events.

On the issue of technology transfer, she opined that some kind of a mechanism similar to the Montreal Protocol for the phase-out of Ozone Depleting Substances (ODS) should evolve in the case of the European Union environmental directives.

Dr. L. Ramakrishnan was of the opinion that most of the analytical laboratories in the country are not managed by qualified analytical chemists and therefore there were question marks raised over the quality of testing, the test results as well as the certificate awarded which

guarantee compliance with the legislations. On the issue of legislation, he was emphatic in stating that the intent has to be there and it is not necessary that the internal legislations of the land should be changed overnight. There should be relevant enabling legislations which will help the industry fall in line with the international standards. Technology transfer was an issue, that he felt was largely between the buyer and the supplier and there was not much scope for government intervention.

Mr. Kahlenborn made the general observation that ministries are better informed about the upcoming environmental regulations the world over but agreed that there were major bottlenecks associated with such issues. He felt that for regulations to be accepted, they should be institutionalized within the industry and have links with the countries business. He also observed that the branch institutions were not strong enough and they should build their capacities for taking up the issues on behalf of their industries with the European Commission. India could join hands with other countries to have support schemes to implement the legislations.

Mr. Shisher Kumra of NIR, in response to the comments made by Dr. L. Ragupati, relating to simplification of EU's regulations for the local industry clarified that as a result of this project, several fact sheets and FAQs have been developed, specifically aiming at clarifying the issues concerning the non-EU exporters, and in addition mentioned that a series of guidelines have also been prepared and will be made available on the project website (Asian Center for European Environmental Policy Research – ACEEPR) that's www.aceepr.com. He also suggested that the industries should approach their respective Indian branch organizations and they in turn should approach respective European Chambers of respective sectors (typically representing their buyer group in EU) like Chemicals, Automobile, Electrical & Electronics to make their voices heard. It may also be important to have a constant and clear debate / dialogue with the buyers to maintain consistent flow of information and issues pertaining to the compliance and to be able to prepare well in advance for such situations. He informed the auto sector participants that a consultation Document on possible amendments to the Annex II was open to public inputs till the 20th December' 2006. Regarding simplification of the legislations for the Indian industries he mentioned about the ACEEPR website (www.aceepr.com) which has been designed and developed jointly by NetPEM and NIR, where the information related to the directives was presented in a simplified manner and there was a wealth of information of significance for the industry. Referring to the comment on the ENVIS center as was suggested by Dr. L. Ragupati, he proposed that if the effort that's already been put into this initiative by the partners could in fact be the ENVIS center, it could continue to be updated and maintained beyond the project duration and could serve the local industry to comply with various international environmental regulations.

It was also informed by NetPEM representatives that two directory of laboratories that have relevant facilities / infrastructure to help compliance with ELV and RoHS requirements

respectively have been developed by NetPEM & NIR and this will be shortly made available at the ACEEPR site. These directories include the details of the industry, the price structure and also includes the recommended testing procedures and short overview of the respective directives.

The recommendations that emerged out of the days proceedings are mentioned below:

- Need to simplify the foreign environmental legislations for easy adaptation by the implicated countries – it may be necessary to have a dedicated ENVIS center working on this issue with a thematic focus on international environmental policies or supply chain impact of external environmental regulations
- Development of adequate infrastructure, up gradation as well as recognition of the existing laboratories – systems to make lab test results and certificates more acceptable (globally) and systems of authentication
- Negotiations on the issue of technology transfer/evolving a mechanism to resolve the technology transfer issue similar to the Montreal Protocol
- Proactive approach by the sectoral industrial organizations and their industry associations
- Formulating enabling legislations that would help the implicated countries to align their policies to meet the global requirements, thus preparing the local industry to cope up with global regulatory demands. This will prevent loss of business. On the contrary, an early action might create opportunity.
- Developing countries coming together for support schemes to implement the environmental legislations.
- Industries of implicated countries to approach the respective European Chambers of industrial sectors like Chemicals, Automobile, Electrical & Electronics to make their concerns heard.

Summing up the days proceedings, the chairperson Mr. Krishnan extended his sincere thanks to all the speakers as well as to the industry representatives for having attended the workshop and also for the valuable suggestions exchanged during the deliberations. He expressed confidence that the suggestions would be duly considered and converted into practice. He also informed the gathering that there were more EU regulations that would come into force in the days to come, encompassing the other industrial sectors. He was hopeful that the EU will consider the good work done by the project partners and give them an opportunity to act as an interface between the EU and the Indian industries.