

EU's Environmental Directives

- Implications on Non-EU suppliers

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Issues addressed in the presentation

- Rational for the New set of EU's environmental legislations – Issues and concerns
- Framework within which EU's environmental directives are being enacted
- How are these legislations affecting the Supply Chain
- Outline strategy for Suppliers to EU to cope with such developments / changes

Issues Relating to Waste

- EU, generates each year around 2000 million tones of waste.
- Over 40 million tones is classified as hazardous.
- Over past six years, the amount of waste generated increased by 10 % a year.

EU environmental policies aims at:

- Harmonization of various standards and regulations across EU:
 - Framework policies – providing broad guidelines – procedures & principles
 - Specific Directives – stipulating specific norms and restrictions
- Level-playing field – not technical barrier
- Trigger sustainable innovation

EU's Waste Policy – Recent Developments

- Waste policy – 1976, amended in 1996 & 2000 – to incorporate following aspects
 - avoiding waste (to landfills) by improving product design;
 - increasing the recycling and re-use of waste.

Waste Policy - underlying principles

- Principles upon which EU's approach to waste management is based.
 - Prevention principle — waste minimization and elimination
 - Producer responsibility and polluter pays principle — those who produce the waste or contaminate the environment should pay the full costs of their actions.
 - Precautionary principle — we should anticipate potential problems.
 - Proximity principle — waste should be disposed of as closely as possible to where it is produced.

REACH: Precautionary Principle

- Safety assessment: If there is uncertainty over scientific evidence (e.g. Conflict of data) safety assessment should normally be based on the evidence that gives rise to highest concern
- While company is waiting further test data on particular hazard it should make sure that the risk management measures appropriate for potential risk

Waste management strategy - hierarchy

- These principles are made more concrete in the 1996 EU general strategy on waste which sets out a preferred hierarchy of waste management operations:
 - 1. prevention of waste,
 - 2. recycling and reuse,
 - 3. optimum final disposal and improved monitoring.

Waste Management Strategy Cont.

- The strategy also stresses the need for:
 - reduced waste movements and improved waste transport regulation;
 - new and better waste management tools such as -regulatory and economic instruments;
 - reliable and comparable statistics on waste; (e.g. REACH)
 - waste management plans;
 - proper enforcement of legislation

EU's Integrated Product Policy

- All products cause environmental degradation in some way, from their manufacturing, use and disposal.
- Integrated Product Policy (IPP) seeks to minimize product related impacts by looking at all phases of a products' life-cycle and taking action where it is most effective.

Integrated Product Policy

- In February 2001, the European Commission published its Green Paper on IPP
- The IPP will have a dual role.
 - it will provide a framework in which member states, local authorities, businesses and non-governmental organizations can adopt green product policies.
 - it will lead to specific EU-wide policy initiatives designed to foster green consumerism

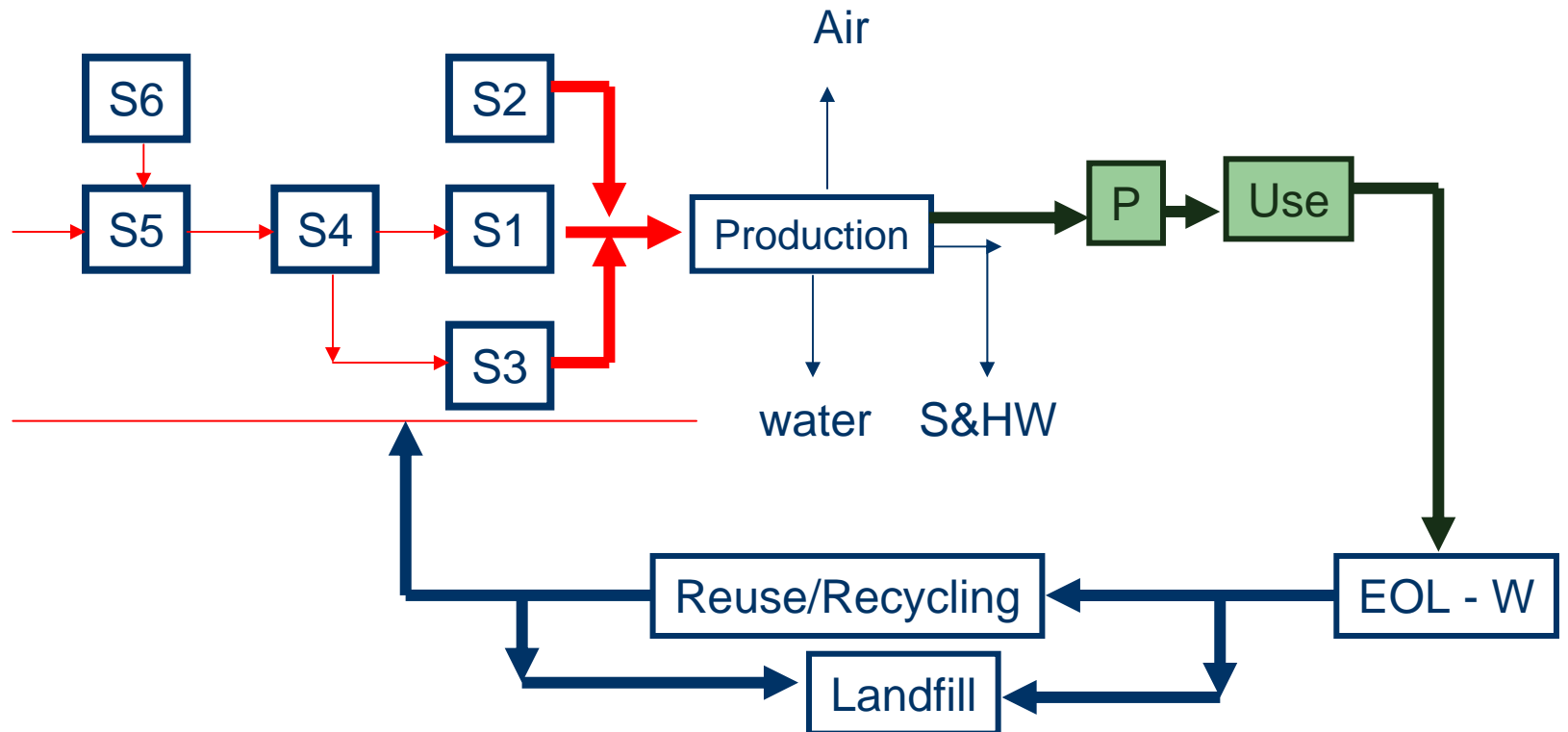
the central question

- how the development of greener products and how their uptake by consumers can be achieved most efficiently?
- no single measure in isolation is likely to achieve this result - a mixture of many different actions will be needed.

Type of Actions required

- Actions in three main categories:
 - Influencing prices - reduced rates of tax on 'green' products, or state subsidies, or an extension of the 'producer responsibility' concept;
 - Stimulating demand - better information about the products, including the use of eco-labeling, chemical safety data sheets (CSDS), and encouraging large, public-sector organizations to adopt green procurement strategies;
 - Promoting green production - by encouraging eco-design, promoting life-cycle information about products, and integrating environmental considerations into European product standards. (RoHS – eliminating hazardous substances)

Impact of New EU Directives / Policies



Regulations: From Production to Product focused

- Production focused reg. Required management of affairs within the production site
- Waste / Product based regulations requires management of environmental issues related to the waste / product being discarded, and **the circle of influence of such regulations includes the entire supply chain specifically relating to the materials / chemicals embedded on the product / intermediates that they supply up the chain.**

Who is responsible?

- Extended Producer's Responsibility (EPR) is an environmental protection strategy to reach an environmental objective of a decreased total environmental impact from a product, by making the manufacturer of the product responsible for the entire lifecycle of the product and especially for the take-back, recycling and final disposal of the product”

EPR Cont.

- 3 key aspects of EPR policies :
 - they focus on post-consumer waste and/or toxic materials,
 - they place greater physical and financial responsibility on producers for EOL waste management; and
 - they impose specific targets and deadlines for waste reduction and recycling efforts

EPR Cont...

Producer means all companies that sell in the EU:

- manufacturing selling under its own brand
- companies reselling under own brand other's products
- companies professionally importing or exporting into the EU
- 'first holder'
- Includes distance selling, internet sales, etc
- Producer will transfer the liability to suppliers

REACH: Producer's Responsibility with a difference

- The burden of proof, is on the shoulders of industry.
- Instead of governmental authorities having to prove that substances are dangerous in order to lay down restrictions, it is up to industry to provide evidence on the safe use of their products before they can be marketed.

Array of Product Based Directives and Regulations in Force

- Batteries
- Electrical and Electronic Equipment
- End of Life vehicles
- EU Waste Legislation
- Packaging
- Thematic strategy on waste
- Waste oils
- Registration Evaluation Authorization of Chemicals
- Energy Using Products

Amplifier Mechanism of Green Procurement

**New Global
Product Policy**

ELV

RoHS

REACH

EuP

Trigger

**Green
Procurement**

Amplify

**Survival
Competition**

- Chemical Manage.
- DfE
- EMS

Supplier Strategy

- Need to have track on development of these legislations
- Participate at the consultative stages of these legislations (Branch Org.)
- Train Internal staff – on the specific regulations
- Identify (where required) external service providers – to facilitate compliance

Supplier Strategy

- Develop compliance strategy – in accordance with implementation schedule of legislation
 - Technology modifications
 - Seeking Know-how
 - Design changes
 - Change of raw materials
 - Development of testing and monitoring prog./infrastructure
- Compliance reporting - to stakeholders