

April 2010

CONTRIBUTION FOR EU POLICY ASSESSMENT ON THE SUSTAINABLE USE OF NATURAL RESOURCES, INCLUDING RESOURCE EFFICIENCY

Executive Summary

In a globalised and growing economy, the challenge is to ensure sustainable access to natural resources and their sustainable use. It is desirable for environmental, economic and social reasons.

BUSINESSEUROPE supports the need to move towards more sustainable use of resources and a resource-efficient EU economy. As a “solution provider”, business is committed to work with policy-makers in order to set the right course for forward-looking policy developments on natural resources.

The 2010 review exercise of the Thematic Strategy on the Sustainable Use of Natural Resources is a great opportunity to do so. As a first contribution, BUSINESSEUROPE invites the Commission to give full attention to:

- *Ensuring a sound knowledge base*

A number of critical questions should be examined thoroughly and in close cooperation with all interested parties in order to ensure an in-depth understanding of the nature and scale of the challenges. A clear definition of what ‘resource efficiency’ means is also essential. This “knowledge” debate should be sufficiently mature before possible policy initiatives are assessed.

- *Providing an integrated policy approach*

A successful natural resources policy needs to build on the experience gained from existing initiatives and to give equal weight to the three inter-linked “pillars” of sustainability. When improving resource efficiency of products, a full life cycle perspective is key for an optimal control of both adverse environmental effects and negative consequences on the economy or society. This approach has been taken in the newly adopted eco-design directive.

- *Avoiding artificial target-based policies*

The concept of resource efficiency can hardly be restricted to a simple numerical target such as a universal resource productivity target or to a percentage of recycled material content. Such a strict approach could be counter-productive and jeopardise innovation.

- *Making research and innovation the driving force for efficient use of resources*

Innovation is a crucial requirement for addressing the major challenges. Resource efficiency should be made part of research and innovation policy.

- *Boosting framework conditions for the EU recovery/secondary materials markets*

Recovery and markets for secondary materials have a key role to play in improving EU’s resource efficiency. Additional efforts are still needed to ensure the establishment of a genuine “recycling society” with fair rules for all market operators.



CONTRIBUTION FOR EU POLICY ASSESSMENT ON THE SUSTAINABLE USE OF NATURAL RESOURCES, INCLUDING RESOURCE EFFICIENCY

As our global societies are growing, so is the use of natural resources and materials – be it oil, gas, coal, metals, minerals, biomass, water or land. In an increasingly globalised economy, the challenge is to ensure sustainable i) access to and ii) use of natural resources without disrupting operators' supply chains, harming important ecosystems or causing dangerous climate change.

- i) Industry-wide concerns about resource security have been increasing in recent years as commodity prices have become increasingly volatile, and access to certain resources in the EU and worldwide has become a serious issue. Global competitors are increasingly pursuing strategic policies to secure access to raw materials at the expense of European industry. This is the case for raw materials needed for highly specialised “green” technology, such as rare earths or lithium, but also for other raw materials, of which a minimum “base flow” is required to keep EU manufacturing in business. The EU must therefore pursue a resolute strategy to improve the competitiveness of European raw materials suppliers/producers as well as European manufacturing industries, which depend on their use. Full implementation of all aspects of the Raw Materials Initiative will be a crucial task in 2010-2014.
- ii) At the same time, the pressures on natural resources will continue to increase, especially since certain trends point unmistakably in the direction of massive growth of manufacturing production in Asia. Furthermore, the world population will increase to reach 8 billion inhabitants in 2025. All these people will rightly aspire to a high standard of living. Societies will have to manage their overall natural resource requirements in order to limit environmental degradation, while increasing economic and social welfare. Efficient use of natural resources (in addition to energy), and where appropriate greater use of secondary raw materials, is essential to reach this objective.

BUSINESSEUROPE supports the need to move towards a more resource-efficient EU economy. As a “solution provider”, European business is committed to work with European policy-makers in order to set the right course for forward-looking policy developments.

The 2010 review exercise of the Thematic Strategy on the Sustainable Use of Natural Resources is an opportunity to further promote such a dynamic, which is already driven by market forces in many areas. The thematic strategy lays the foundations of an integrated European natural resources policy, with the objective of increased resource efficiency and decoupling resource consumption from economic growth.

As a first contribution to the exercise, BUSINESSEUROPE would like to underline the following pivotal elements:



1) ENSURING A SOUND KNOWLEDGE BASE

On an issue as wide and complex as sustainable use of natural resources and resource efficiency, a solid understanding and consensus on the knowledge base is indispensable. This “knowledge” debate should be sufficiently mature before possible policy initiatives are assessed.

The following questions must be examined in depth: what is the nature of the issue and scale of the possible problems? What is the status/stock situation of resources in the EU and worldwide? Are we exceeding the carrying capacity of the environment? What are the main trends in non-renewable and renewable resources use? Which resources can be kept in the production cycle through better recycling? What skills and capacities do we need to gain fair access to resources?

For instance, the long-term consumption trends of key resources from a strategic and broad industrial needs-based point of view should be modelled according to different growth scenarios. Projections will give valuable information about the availability of resources.

The thematic strategy rightly defines one of the priority actions as setting up a data centre to enhance and improve the scientific basis on resources use and its environmental impacts. In that respect, it is important to make a clear distinction between: i) the environmental impact of using resources, e.g. burning oil, and ii) the environmental impact of extracting and/or processing resources.

An in-depth assessment of the information collected to date will be a major component of the 2010 review exercise of the thematic strategy. This should be carried out in close cooperation with all interested parties along the supply chain.

When reviewing the thematic strategy, the European Commission should:

- Facilitate a consensus-building process to ensure a widely shared understanding of the challenges and scale of the possible problems.
- Develop commonly agreed definitions of key terms and concepts such as ‘resource efficiency’ or ‘natural resources’ in coordination with the EU’s major global trading partners.
- Communicate, in a transparent manner, information collected to date on the use of resources and associated environmental impacts over the full lifecycle as well as on other relevant issues.
- Look closely at other analytical initiatives such as preparation of the *OECD report on the state of resources and resource productivity* to be completed in early 2011 and work by UNEP on resources and raw materials.



2) PROVIDING AN INTEGRATED POLICY APPROACH

There are already several initiatives ongoing that include aspects of sustainable use of natural resources and resource efficiency¹. It demonstrates that this is not a stand-alone issue, but is interlinked with further policy areas and initiatives that already exist. Further steps should therefore tie in with these existing initiatives and the experience gained from their application must be taken into account in order to establish an integrated approach which gives equal weight to the three inter-linked “pillars” of sustainability (economic, social and environmental). This is a pre-condition to ensure a successful natural resources policy.

Resource efficiency is key to improve the environmental performance of many products. It should however not be taken in isolation from other environment aspects (e.g. energy efficiency, substance use or waste generation), since arbitrary environmental results could be the consequence.

For example, the amount of copper used in electric motors immediately impacts the energy efficiency performance of the motor. Similarly, the amount of cold wash detergents used for washing clothes immediately correlates with the possible level of washing temperatures and consequent carbon footprints of the product.

Action on resource efficiency should also take into account further relevant product performance and in particular safety characteristics to guarantee the fitness for purpose of the product.

BUSINESSEUROPE recalls that the just adopted eco-design directive has embedded the environmental aspect of resource efficiency of products into a full life cycle perspective. The directive also requires social, economic and other relevant parameters to be taken into account before implementing measures are adopted.

Such a holistic and integrated approach is absolutely necessary when resource efficiency improvements for products are discussed.

When reviewing the thematic strategy, the European Commission should:

- Strive for maximum convergence between the thematic strategy and other important building-blocks and EU initiatives such as the Raw Materials Initiative or the Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan.
- Support the full life cycle perspective and the three pillars of sustainability in its work for improving resource efficiency of products, as is done in the eco-design directive.

¹ E.g. the Raw Materials Initiative, the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy, the Thematic Strategy on Prevention and Recycling of Waste.



3) AVOIDING ARTIFICIAL TARGET-BASED POLICIES

The debate on targets and instruments for measuring progress on sustainable development is a challenge especially because of inter connections between numerous economic, social and environmental factors. The current discussions on the initiative on “*GDP and beyond – measuring progress in a changing world*”² is an example of this complexity.

While resource efficiency and productivity improvements are undoubtedly essential in achieving better use of our natural resources, the question of target-based resources policies and of how to measure results certainly deserves careful examination.

Target-based resources policies must be considered very cautiously. The concept of resource efficiency can hardly be restricted to a simple numerical target such as a universal resource productivity target, recycled content in materials or to a limitation in the use of specific resources for their criticality. Such a strict regulatory approach could seriously jeopardise innovation and lead to less sustainable alternatives. In any case, the debate on targets should not be launched before a broad consensus is reached on accurate and reliable indicators to measure resource efficiency improvements.

Reliable measurements of resource efficiency and productivity improvements and associated environmental implications should require further consultation with all relevant actors. Highly aggregated indicators might hide some critical trends with respect to certain resources and only partly include resources use outside the EU. In addition, sector-specific issues provide very valuable information on key drivers for change.

When reviewing the thematic strategy, the European Commission should:

- Ensure a transparent discussion about the *pros* and *cons* of moving towards resource efficiency targets. Synergies between existing policies and legislation should be examined carefully as a way to avoid overlapping and boost the efficient use of natural resources.
- Organise stakeholders consultations in order to review progress made in identifying relevant indicators to measure resource efficiency and productivity as well as associated environmental impacts (such as work by the Joint Research Centre, Eurostat or the European Environment Agency).

4) MAKING RESEARCH AND INNOVATION THE DRIVING FORCE FOR EFFICIENT USE OF RESOURCES

Innovation is a crucial requirement for economic growth in the long term and for job creation in Europe. It is also a key element for addressing the major challenges facing societies today, particularly those linked to climate change and energy security, and also in the field of resource efficiency.

² Commission Communication COM (2009)433



The European Commission should:

- Make the resource efficiency issue part of research and innovation policy.
- Further develop and promote the use of advanced technologies and innovations aimed at rationalising/optimising the identification, extraction, processing and use of resources in manufacturing operations, developing new materials, etc.
- Stimulate R&D in finding possibilities for access to raw materials alternatives and ensuring high quality recycling.
- Ensure that high quality research and development is translated into commercially exploitable applications, e.g. through Public-Private Partnerships.

5) BOOSTING FRAMEWORK CONDITIONS FOR THE EU RECOVERY/SECONDARY MATERIALS MARKETS

Recovery and markets for secondary materials have a key role to play in improving the EU's resource efficiency and productivity. However, the promotion of recovery and recycling needs to be realised through fair framework conditions for all economic operators, including the manufacturers and other actors that intervene on the waste management of products that contain valuable resources and raw materials.

The Thematic Strategy on Prevention and Recycling of Waste and, in particular, the revised Waste Framework Directive (WFD) have brought about improvements, but additional efforts are still needed to ensure the establishment of a genuine "recycling society" with fair rules for all market operators.

When reviewing the two thematic strategies, the European Commission should:

- Ensure full application of the single market rules with regard to waste for recovery.
- Stimulate harmonised implementation of the WFD across Europe and reduce bureaucracy as much as possible (e.g. getting a permit for a recovery plant).
- Ensure harmonised and sound implementation of the Waste Shipment Regulation across Member States as well as ensuring effective enforcement and control of shipments in order to combat illegal exports. Implementation of the regulation should primarily focus on waste shipments with high economic significance in respect of recyclable material content as well as those with high environmental concerns.
- Promote well designed consumer-side measures to optimise the market for recovered materials.

* * *