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Comments on the Roadmap to a resource-efficient Europe

KEY MESSAGES

- 1** BUSINESSEUROPE supports the objective of improving resource efficiency, which is vital to address the triple challenges of environmental protection, competitiveness and security of supply.
- 2** Implementation of the roadmap should provide the right knowledge base on potential for further resource efficiency gains and ensure direct industry involvement in this process.
- 3** The range of EU policy options (e.g. targets, taxation, eco-design) considered requires thorough analysis to ensure it strengthens the innovative capacity of European companies without a negative impact on the EU's competitiveness.

WHAT DOES BUSINESSEUROPE AIM FOR?

- In the coming years, growth in emerging markets will see greater competition for natural resources. Three billion more middle-class consumers by 2030 will impact on consumption and production patterns and accelerate demand for global resources.
- These societal challenges are taken up by industry by developing resource efficient products and solutions. Being resource-efficient also offers them a competitive advantage, reduces the risk of dependency on volatile prices and supplies of global resources.
- Implementation of the *Roadmap to a resource-efficient Europe* must develop a policy landscape that is conducive to growth, investment and innovation and allow EU businesses to compete globally.

KEY FACTS AND FIGURES

Three billion more middle-class consumers by 2030 will raise demand for resources
147% increase in commodity prices since 2000
EU industrial materials productivity improved by 5.2% between 2000-2007



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This document presents an initial reaction to the *Roadmap to a resource-efficient Europe*. Given the very wide scope of this policy and the fact that not all related proposals have been put forward yet, BUSINESSEUROPE may wish to comment further at a later date.

BUSINESSEUROPE supports the principles and objectives of the roadmap. Improving resource efficiency is vital to address the triple challenge of environmental protection, competitiveness and security of supply.

Industry contributes greatly to making the EU more resource-efficient by developing innovative products and technologies. It is also improving its own performance as the 5.2% increase in industrial materials productivity between 2000 and 2007 shows.

The roadmap will play a pivotal role to understand in what proportion and for which resources it is necessary to increase efficiency further, where industry can contribute and what policy framework this requires. For the implementation phase to be a success, BUSINESSEUROPE considers that attention must be paid to the following points:

Work method:

- Industry is the driving force of innovation helping Europe and trading partners to produce and consume resources more efficiently. Implementation of the roadmap should aim at strengthening the innovative capacity of European companies. Only a policy landscape that is conducive to growth, investment and innovation will contribute to resource efficiency and ensure that EU businesses can compete in the global market for sustainable products and services.
- The roadmap considers a range of policy options. While the overall objective of resource efficiency is desirable, if implemented without adequate analysis, policy measures can potentially harm industry's competitiveness. It is therefore essential that the European Commission conducts ex-ante competitiveness proofing on each legislative initiative envisaged in the roadmap.
- The development of meaningful indicators to monitor resource efficiency will provide the roots of a sound knowledge base. Given the diversity in the nature and scale of resource challenges, it is important that all industrial actors are properly involved in this exercise. The proposed "EU resource efficiency transition platform" is promising to ensure all stakeholders have the possibility to provide effective input to the development of EU indicators. Throughout this process, industry will stress that any work on potential targets must be preceded by a consensus on indicators and a full impact assessment of their implementation. Otherwise such "targets" developed on an *ad-hoc* basis might have counterproductive impacts on innovation and competitiveness.



- European companies often face disadvantages relative to their international competitors such as higher production and operating costs. The roadmap should therefore aim at delivering a global level playing field while promoting more efficient use of resources internationally. The Rio+20 Summit in 2012 should be an opportunity to address these questions at international level.
- The assessment of the 6th Environment Action Programme revealed shortcomings in implementation and enforcement of the EU's environmental *acquis* by Member States. The unjustified disparity in implementation lowers the environmental benefits and leads to distortion of competition. It is therefore important that further progress is made towards market surveillance and full implementation of the *acquis*. It is equally important that already defined policies which have a direct impact on resource efficiency, such as the Raw Materials Initiative, are followed up and effectively implemented.

Policy instruments:

- A major shift from taxation of labour towards environmental taxation is set as a milestone for 2020. A shift to environmental taxes must fulfil three key pre-conditions, cost-effectiveness, eco-efficiency and tax neutrality. It is particularly crucial that companies do not suffer an increase of their overall tax burden as a result of any tax reforms. At present, it is questionable whether tax neutrality (i.e. increase share of environmental taxes while reducing others) at EU level can be attained, as direct taxation and social security charges are within the jurisdiction of the Member States, not the EU. Tax policies will also have to be assessed in the wider spectrum of market-based instruments.
- The roadmap also envisages to assessing the use of eco-design directive to achieve a more resource-efficient Europe. This should be done in a way that is cost-effective while at the same time being supportive of innovation and competitiveness. However, an extension of its scope would be premature as it is still in early phase of implementation and further experiences need to be gained. Moreover, it is important not to jeopardise its on-going implementation process. It has potential to already address resource efficiency, including end-of-life recycling, while ensuring that all the criteria of the directive are fulfilled.
- A full life-cycle perspective, which looks at all the benefits of the use of resources, must be at the core of the proposed policy. There are numerous examples which show that throughout the whole lifecycle of products, the benefits (e.g. energy gains) outweigh the greater use of materials.
- In view of streamlining policies, it is important not to confuse the roadmap's objective of creating a resource-efficient Europe and the REACH regulation's objective of ensuring that substances in the European market are well assessed and their risk properly managed. Therefore, interference with the REACH process for identifying substances of very high concern (SVHC) should be avoided.

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