



EUROPEAN RESOURCE EFFICIENCY PLATFORM (EREP)

Brussels, 17 June 2013

ACTION FOR A RESOURCE EFFICIENT EUROPE

In our Manifesto¹ issued in December 2012, the European Resource Efficiency Platform called on business, labour and civil society leaders to support resource efficiency and the move to a circular economy. We committed to issuing a set of short term policy recommendations in June 2013.

In a world with growing pressures on natural resources, the EU will need a systemic change in the use and recovery of resources in order to improve the resilience of our environment, societies and economies, within the boundaries of the planet. This should boost competitiveness and contribute to a sustainable, reindustrialised European economy. According to a recent estimate, the EU could realistically reduce the total material requirements of its economy by 17% to 24%, boosting GDP and creating between 1.4 and 2.8 million jobs².

To respond to the key policy challenges at hand, our recommendations are designed to:

- Create growth and jobs;
- Provide incentives to overcome barriers to improving resource efficiency;
- Put a proper value on resources;
- Provide clear information and measure progress;
- Promote new business models.

We should put special emphasis on addressing global pressures on the environment, competitiveness and seizing opportunities for trade, as well as helping people out of poverty and moving to sustainable development. We should also tackle the social aspects of resource efficiency and the needs of people hard-pressed in the current economic crisis, as well as on SMEs, which are the backbone of the European economy. Many ideas build on already tried and tested concepts that would be worth scaling up in Europe.

The European Resource Efficiency Platform has today adopted the following recommendations; its individual members will take them forward as well as advocate them among stakeholders.

¹ http://europa.eu/rapid/press-release_MEMO-12-989_en.htm

² Every percentage point reduction in resource use could therefore lead to up to 100,000 to 200,000 new jobs. Source: "Macroeconomic modelling of sustainable development and the links between the economy and the environment" (2011), GWS et al for the Commission. See also: "The opportunities to business of improving resource efficiency" (2013), AMEC et al for the Commission; and: "Resource Revolution: Meeting the world's energy, materials, food and water needs" (2011), McKinsey Global Institute.

1. Set objectives, measure and report progress

Targets are essential for guiding action, for making sure that we are moving in the right direction, while indicators are needed to measure progress. The EU should set ambitious, credible targets as soon as possible to improve the overall resource productivity of the EU economy, with a view to achieving the EU 2020 objective of overall decoupling of resource use and its environmental impacts from economic growth. Indicators to measure progress towards these targets should, in addition to carbon, include three key resources: materials (material productivity, as measured by GDP/Raw Material Consumption), water and land. This approach will be further refined and accompanied by the Platform with a view to being integrated into the Europe 2020 Strategy and monitored in the European Semester process.

Specific attention should also be given to valuing ecosystems, identifying the opportunities arising from waste management and recycling, and to developing footprint indicators to account also for EU imports.

2. Improve information on environmental and resource impacts for decision making

Organisations should **measure and report progress** in their environmental performance, and help develop common methodologies for measuring the footprint of products and services with a view to their use in policy development. Businesses are encouraged to actively participate in the pilot scheme launched by the Commission on the 'Single Market for Green Products'. Special attention should be paid to the need to keep it simple and responsive to the needs of SMEs.

Companies should **take up non-financial reporting**, develop pragmatic ways of integrating and disclosing resource related risks. The EU should work towards a generally accepted binding reporting framework, informed by the Commission proposal and taking into account existing international initiatives. We call on international accounting bodies to address barriers in the accounting system to guide investments to new business models for a more circular economy, such as insufficient incentives to reuse, repair, and refurbish rather than replace machines, and to identify and deal with stranded assets.

Failure to reflect **the real value of ecosystems and their services** in decision-making has significant negative economic and social impacts. The EU, its Member States and businesses should develop and mainstream natural capital accounting methodologies for countries to use in national accounts and for businesses to use over the whole supply chain. Building on the work of mapping ecosystems services, the Commission should initiate pilot schemes for such accounting methodologies in which Member States and businesses respectively would be encouraged to participate.

3. Phase out environmentally harmful subsidies

The EU and Member States should as a matter of urgency phase out environmentally harmful subsidies (with the OECD definition in mind), with special emphasis on subsidies to fossil fuels and the use of water in agriculture, energy and industry. This should also cover fiscal advantages as well as distortionary pricing schemes. Special care should be taken to design measures to address the needs of those least able to pay higher charges for using resources. In the context of the European Semester process, the Commission should monitor and propose recommendations to phase out environmentally harmful subsidies and, without prejudice to the use for which the funds are put, to encourage Member States to shift the tax burden away from jobs to resource use in order to promote resource efficiency.

4. Moving towards a circular economy and promoting high-quality recycling

Further reducing waste, encouraging high-quality waste management and increasing recycling have significant potential for creating jobs and growth. A lot can be achieved through better implementation and promoting best available techniques and research on materials. The Commission should review the EU waste management and prevention targets, and encourage Member States to move to a circular economy with adequate collection and processing, high quality recycling, phasing out landfill and reducing residual waste to a minimum. EU waste policy development should promote potential benefits of cross-border flows, while combating illegal export. It should set the right price signals through market based instruments (payment schemes, charges and taxes), accompanied by technical criteria and carefully targeted bans if needed. The EU and Member States should develop guidance in order to encourage, expand and improve Extended Producer Responsibility schemes, in the light of existing good practices, to promote better use of resources.

5. Improve resource efficiency in business-to-business relations

Principles for **sustainable sourcing standards** should be developed and piloted for priority materials and commodities by relevant stakeholders, through voluntary schemes led by industry and retailers. The work should draw on lessons learnt from voluntary schemes that already exist in this area (e.g. fish, timber, palm oil). Capacity building for suppliers, especially SMEs, should be encouraged.

Inadequate business-to-business information on what resources a product contains and how it can be repaired or recycled is hindering resource efficiency. To tackle this barrier, the possible use of a "**product passport**", such as an Environmental Product Declaration, should be explored that would make such information easily accessible and applicable to the supply chain, thus facilitating efficient material flows and encouraging the creation of value in the circular economy.

Industrial symbiosis networks have proven successful not only in diverting waste from landfill, but also in contributing to the preservation of resources and moving waste up the value chain. They have also been an accelerator of innovation and creation of green jobs. The EU and Member States should foster industrial symbiosis by promoting a pan-European **network of industrial symbiosis initiatives**, under which facilitators could be connected to allow match-making, including across borders and beyond the EU. The potential for creating new, or scaling up existing, networks should be exploited and a platform for knowledge exchange established. This would help companies to source inputs and to get value from their residues.

6. Taking forward a coherent, resource efficient product policy framework

Resource efficiency requires a dynamic fiscal and regulatory framework that gives appropriate signals to producers and consumers to supply and demand products with lower environmental impact over the whole life cycle. Thus, the EU should adopt a more coherent product policy by mainstreaming, consolidating and ensuring consistency among existing instruments (ecodesign, ecolabel...) and closing loopholes. This will enhance the development of the circular economy and provide clearer, more trustworthy signals to producers and consumers. This would cover warranties, durability, upgradability or recyclability requirements, eco-design requirements, as well as indicators, benchmarks and financial and non-financial incentives.

7. Deliver a stronger and more coherent implementation of Green Public Procurement

Public expenditure should reflect resource efficiency priorities. It can also be an effective tool to promote innovation and a more rapid uptake of resource efficient technologies and solutions. In order to operationalise the existing 50% Green Public Procurement (GPP) objective, and better demonstrate the benefits, the EU should develop a systematic monitoring mechanism based on real public tenders and establish a European network to exchange good practice, standardise approaches and develop guidance on issues such as life cycle costing methodologies and use of labels.

8. Develop instruments for SMEs

Resource efficiency offers major economic opportunities for SMEs, both in terms of cost savings as well as opportunities to offer greener products and services. However, in order to take advantage of these opportunities, SMEs need the capacity, skills and improved access to finance. Building on best practices at national and regional level, Member States should develop locally tailored support, combining resource efficiency audits/consultancy, access to finance and advice and skills development for SMEs. The Commission should support networking between organisations running such schemes. Specific mechanisms for financing resource efficiency in SMEs should be developed, for example through the EIB.

Background documents reflecting ideas raised in the preparatory work, not endorsed by the Platform, are available at http://ec.europa.eu/environment/resource_efficiency/re_platform/about/meetings/

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