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Belgian EU Presidency 2010: The sustainable management of natural resources and materials

Summary

The European and Belgian economies are highly dependent on a range of natural resources that are essential for the manufacturing of end products with high added value. Indeed, without certain resources numerous products, appliances, machines and so forth, cannot be manufactured or will not work. The shift towards cleaner technologies is also dependent on certain natural resources. Global economic growth is pushing up the demand for resources worldwide, which is in turn exerting considerable pressure on their availability, cost and accessibility.

In the eyes of the joint platform – the Walloon Union of Enterprises (UWE), the Brussels Enterprises Commerce and Industry (Beci), the Flemish Economic Union (VOKA) and the Federation of Enterprises in Belgium (FEB) – the sustainable management of natural resources and materials is essential if we are to rise to a number of challenges, such as our dependence on natural resources and their impact on the environment. Consequently, the platform is convinced that Europe has to focus on three main areas. The first of these is making sure that the Belgian and European economies have access to natural resources, both primary resources (extracted directly from nature) and secondary resources (waste for recycling). A second key task entails a further shift to a more efficient use of resources throughout their lifecycle and switching to more sustainable patterns of production and consumption. A third crucial factor, if we are to come up with solutions, involves creating closed loops for resources.

This memo was written in view of the discussion during the Informal Environment Council on “sustainable management of natural resources and materials”, where FEB President Mr Thomas Leysen, has been invited to present the position of Belgian enterprises to the 27 EU environment ministers. ■

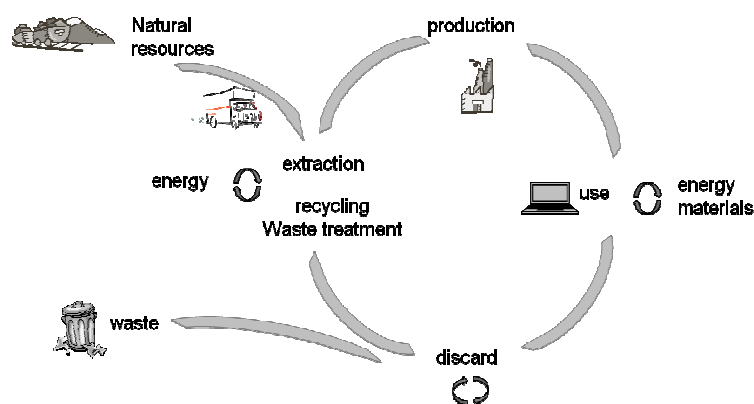
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1. INTRODUCTION

The European and Belgian economies are highly dependent on a range of natural resources that are essential for the manufacture of end products with added value. Indeed, without certain resources numerous products, appliances, machines and so forth, cannot be manufactured or will not work. The shift towards cleaner technologies is also dependent on certain natural resources. Global economic growth is pushing up the demand for such resources worldwide, which is in turn exerting considerable pressure on their availability, cost and accessibility.

To shore up the competitive position of Belgian and European enterprises, above all we need to consider the various phases of the lifecycle, as this will enable us to gear up towards a more sustainable management of natural resources and materials. At products' design stage as well as during their manufacture and use phase, greater attention needs to be paid to a more efficient use of natural resources and materials. Furthermore, the materials cycle is increasingly often a closed loop, owing to the increased supply of recyclable materials and the economic viability as well as the technical feasibility of recycling. However, a closed materials cycle is not always possible. In some sectors, preference is given to cycles that enable materials to serve for another application with high added value after their initial use, thereby closing the circuit. However, the availability of primary natural resources remains in anyway a priority, since recycling alone cannot fully meet the existing demand.

An integrated European policy on the sustainable management of both primary resources (extracted directly from nature) and secondary resources (waste for recycling) is thus essential.



2. CONTEXT:

The importance of natural resources for the European economy

a. The availability of natural resources

The European economy, that cornerstone of our prosperity, is deeply reliant on natural resources.

1. Europe has numerous local concentrations of minerals (like lime, sand and clay) that can make a contribution towards a sustainable economy. However, apparently these resources are either not always accessible or their extraction is not economically viable.
2. Where some raw materials are concerned, especially steel and non-ferrous metals), Europe has insufficient (or no) deposits of its own and is highly dependent on those of other regions, which are sometimes largely concentrated.
3. The availability of biomass falls way short of the quantity needed to meet European and Belgian objectives for renewable energies and to serve as a source of raw materials and food products. Consequently, there is no way around combining locally available supplies with imports.

Global demand for natural resources is rising sharply. A large proportion of this increase is due to the world's demographic development, strong economic growth and mounting demand for resources by emerging economies, like the BRIC countries. All these factors are making it harder for Europe and Belgium to secure access to natural resources.

4. In a bid to guarantee such access to resources, some countries are taxing and applying restrictions to exports. Others are awarding subsidies in a bid to attract materials for recycling, which tends to engender price-fixing and distort the market, handicapping European and Belgian companies.

The recycling market is also under growing pressure.

5. European and Belgian companies can sometimes lose raw materials for recycling to regions outside the EU, occasionally to the detriment of less efficient recycling, environmental protection and public health. In non-OECD countries, frequently only a minimal amount of material is recycled, due to failings with respect to the collection of materials or regarding technologies and processing facilities, which entails a loss of precious residual resources. In addition, the recycling processes used often afford less environmental and human protection than in Europe. The strict application and enforcement of existing regulation governing transportation within the EU contrast markedly with the relatively lax approach to materials exported outside the EU. This problem is generally compounded by illegal exports of materials for recycling, an activity that should be a critical focus of attention.

b. The use of natural resources and materials

Natural resources and materials are vital to many sectors, ranging from various branches of industry to green technologies.

6. Natural resources are already being used efficiently in manufacturing thanks to innovation and clustering (using by-products in other industrial processes and/or optimising logistical flows). The use of instruments like lifecycle analyses and eco-design has also yielded results in several domains, amongst other things by helping to lower the consumption of materials, use more renewable or recyclable resources, produce less waste, manufacture longer-lasting products, enable greater recyclability, optimise usage and improve production processes. These instruments are often deployed at various phases in products' lifecycles.

c. Closing materials loops

Industry is constantly endeavouring to close material flows by focussing on three different areas:

- an economic approach associated with the value of the resources to be recycled and the achievable competitive edge;
- the volume of natural resources, which must be sufficiently high to make recycling attractive;
- the positive impact of recycling on the environment and health.

7. The rate of material recycling has risen sharply over the past decade. For many types of waste, Europe - and Belgium in particular – seem to be amongst the *"best in class in terms of recycling"*. What is more, throughout entire product lifecycles, losses of material are diminishing, whilst various take back obligations at the end of products' useful lives have led to more materials being available and recycled.
8. Europe and Belgium have extensive technological and practical know-how regarding the management of materials in closed loops. Nonetheless, major challenges remain with respect to close more efficiently some material flows. In this regard, the lack of available technologies for separating, sorting or recycling, and inadequate guarantees regarding the availability of resources for recycling often still constitute substantial obstacles to further progress. Some types of waste that are used as resources all too frequently suffer from a negative perception with respect to certain industrial applications or consumer goods. Likewise, some recycled waste is subjected to unjustifiable regulatory limitations in the context of certain applications.
9. In addition, the quantity of waste available for recycling is not always sufficient to meet the actual demand. Indeed, the resources in question often stay in use for a long time (due to the products' long useful life), full recycling is a technological impossibility and/or most markets are developing in such a

way that recycling alone cannot keep pace with demand, even when the circuits involved are completely closed.

10. Today's policies often focus excessively on the complete closure of loops on an individual basis, i.e. on recycling within one and the same application. Yet recycling in a different application from the original use does not necessarily have to be synonymous with lesser quality. In this sense, 'cradle to cradle' should not be too narrowly interpreted. Furthermore, incentives to include recycled materials in a product (recycled content) can limit the use of waste in other applications, benefiting the environment even more and boosting efficiency.

3. CHALLENGES AND PROPOSALS for the sustainable management of natural resources and materials

The joint platform (UWE, Beci, VOKA and FEB) is convinced of Europe's need to focus on all three areas, namely improving access to and the availability of natural resources, achieving a more efficient use of resources throughout the product lifecycle and managing materials better in closed circuits.

a. Improving the availability of natural resources

1. The socially responsible exploitation of natural resources in Europe must not be undermined by lengthy, complex administrative procedures.
 - Europe must ensure that the resources in its territory can indeed be mined or extracted. With this in mind, it could **draft guidelines or circulate a list of best practices**. The EU Member States are responsible for developing a **clear and unequivocal legal framework** enabling the creation of new extraction zones, applying simple requests for authorisation and avoiding any legal insecurity.
2. In Europe it is important to ensure the availability of and access to both primary and secondary natural resources and to keep an inventory of the various materials available. In this connection, any differences of interpretation between Member States regarding waste/non-waste must be avoided, to prevent the emergence of any artificial barriers.
 - The joint platform is calling for a correct and uniform interpretation of the concepts of '**by-products**' and '**end-of-waste (EOW) status**, stimulating recycling in Europe in conjunction with **adequate monitoring**. An in-depth analysis of the impact of the rules governing EOW on the availability of secondary natural resources in Europe is just as important as eliminating existing distortions between Member States.
 - The platform is also calling for **the study and an inventory** of the primary and secondary natural resources potentially available in Europe. A first step in this direction would entail improving European

statistics and information on secondary resources, paying special attention to data on imports and exports and cataloguing lost flows.

- To ensure a consistent policy, it is important to analyse the **impact on the availability** of natural resources in Europe in the context of each product policy.
3. Higher demand for biomass for generating energy is giving rise to fiercer competition in connection with its use as a natural resource, both in the food sector and in an industrial context. To encourage the smooth functioning of this market:
- the hierarchical principle must apply to the use of biomass;
 - **harmonised quality standards** need to be developed for biomass products (fuel, solid biomass, etc.), at least at European level;
 - Europe must **stimulate R&D on biomass development**.
4. Protectionist measures often destabilise costs, which has a negative impact on the competitive position of European enterprises with respect to gaining access to both primary and secondary natural resources. For this reason, we definitely need a solid European geopolitical strategy on this:
- Europe needs to **take robust action against any measure that distorts trade** and plead for an explicit ban on restrictions and taxes on exports in the rules governing international trade (WTO, FTA).
5. A smoothly functioning market is a prerequisite for the establishment of a level playing field with respect to access to primary and secondary natural resources.
- Europe has to **take affirmative action against the problem of illegal exports of waste** by setting up an efficient enforcement.
 - Internationally, Europe needs to advocate **global standards** to ensure that the collection of recyclable material and the recycling process itself take on board the need to protect both the environment and public health as well as ensure a minimal recycling efficiency.
- b. Improving the efficient use of resources throughout the product lifecycle**
6. Companies must be actively encouraged to use resources sustainably, both in production processes and in products themselves, throughout the entire lifecycle.
- Europe must foster **innovation** by stimulating R&D on eco-design, clustering and other new concepts, such as leasing, and do this via projects implemented throughout product's life cycle.
 - To improve the efficiency of processes in all phases and foster concepts like 'doing more with less', Europe could set up **exchange forums** and develop **support instruments** (a toolbox).

c. Managing materials better in closed circuits

7. For closing the loop, waste flows must find their way back to the start of the chain.
 - Together with the sectors involved, it must be ascertained whether a **selective collection or other incentives** are appropriate to move more and more to closed loops and decided how to organise such actions in a cost-effective manner.
 - Naturally, the first stage consists of efficiently collecting waste flows so that they become available again for recycling. Europe needs to convince consumers of the **importance of the selective collection of used products**, and ought to use a full range of channels of **communication and training methods** to achieve this.

8. The optimal use of waste flows as resources must be more strongly encouraged. At the same time, the functionality, safety and economic value of products and processes should always be taken into account.
 - Europe needs to make a greater effort in terms of innovation and **seek new recycling applications** for some waste flows.
 - The positive image of recycling also needs to be shored up, in particular by **clearly informing** companies and consumers about quality guarantees concerning recycled products.
 - Europe has to ensure that (other) **legislation does not undermine** recycling in the broad sense of the term.
 - Europe should also **align its strategy on materials with other policy domains, like energy, climate and agricultural policy** as this will help to prevent it from pursuing clashing objectives and ensure that it always strives for the most positive environmental outcome, acting in a cost-effective manner at all times.

9. To boost the availability of natural resources, it is essential to **catalogue all potential 'lost flows'** (see above) and on that basis seek innovative solutions for closing these respective material flows.

10. An **integrated policy on the efficient use of natural resources** is required.
 - Steps must be taken to avoid reducing recycling to the principle of 'recycled content', since that could distort the market and lead to sub-optimal solutions. It is important for European policy to be geared towards the recyclability of products and materials, not just recycled content.

4. CONCLUSION

The joint platform (UWE, Beci, VOKA and FEB) is convinced that industry is part of the solution to current environmental and climate-related challenges. Belgian enterprises have already taken numerous initiatives aimed at using resources more efficiently in their products, processes and procedures.

The sustainable management of natural resources and materials will play a key role in rising to various challenges, such as the dependence on natural resources and its impact on the environment.

That is why the joint platform stresses the importance of focussing our full attention on three areas, namely improving the availability of natural resources, making more efficient use of natural resources, and closing circuits more effectively.

This memo was drawn up by Birgit Fremault, advisor to the Economic Affairs Department (bf@vbo-feb.be).