



European
Commission

EUROPEAN RESOURCE EFFICIENCY PLATFORM (EREP)

Manifesto & Policy Recommendations

CONTENTS

MANIFESTO FOR A RESOURCE-EFFICIENT EUROPE	4
ACTION FOR A RESOURCE EFFICIENT EUROPE	5
Set objectives, measure and report progress	5
Improve information on environmental and resource impacts for decision making	6
Phase out environmentally harmful subsidies	6
Moving towards a circular economy and promoting high-quality recycling	6
Improve resource efficiency in business-to-business relations	7
Taking forward a coherent, resource efficient product policy framework	7
Deliver a stronger and more coherent implementation of Green Public Procurement	7
Develop instruments for SMEs	7
TOWARDS A RESOURCE EFFICIENT AND CIRCULAR ECONOMY	8
Promoting new, resource efficient business models	9
Boosting Extended Producer Responsibility	9
Enabling consumers to make more sustainable choices	9
Developing employment and skills	10
Financing to enable the transition	10
Speeding up the development and use of indicators	11
THE MEMBERS OF THE PLATFORM	12

MANIFESTO FOR A RESOURCE-EFFICIENT EUROPE

(Adopted in Brussels, 17 December 2012)

In a world with growing pressures on resources and the environment, the EU has no choice but to go for the transition to a resource-efficient and ultimately regenerative circular economy. Our future jobs and competitiveness, as a major importer of resources, are dependent on our ability to get more added value, and achieve overall decoupling, through a systemic change in the use and recovery of resources in the economy. According to the OECD, this could lead to steady economic growth with business opportunities across the whole economy.

Europe is taking important decisions on strengthening economic and monetary union, the future EU budget and engaging with the international community in the follow up of the Rio+20 Summit. Against this background, the European Resource Efficiency Platform is calling on business, labour and civil society leaders to support resource efficiency and the transformation to a circular economy and society now because this offers a path out of the current crisis towards a reindustrialisation of the European economy on the basis of resource-efficient growth that will last. A circular, resource-efficient and resilient economy should be achieved in a socially inclusive and responsible way by:

1. Encouraging **innovation** and accelerating public and private **investment** in resource-efficient technologies, systems and skills, also in SMEs, through a dynamic and predictable political, economic and regulatory framework, a supportive financial system and sustainable growth enhancing resource-efficient priorities in public expenditure and procurement.
2. Implementing, using and adopting smart **regulation**, standards and codes of conduct that a) create a level playing-field, b) reward front-runners and c) accelerate the transition, and d) take into account the social and international implications of our actions.
3. Abolishing environmentally harmful **subsidies** and tax-breaks that waste public money on obsolete practices, taking care to address affordability for people whose incomes are hardest-pressed. Shifting the tax burden away from jobs to encourage resource-efficiency, and using **taxes** and charges to stimulate innovation and development of a job-rich, socially cohesive, resource-efficient and climate-resilient economy.
4. Creating better market conditions for **products and services** that have lower impacts across their life-cycles, and that are durable, repairable and recyclable, progressively taking the worst performing products off the market; inspiring sustainable life-styles by informing and incentivising consumers, using the latest insights into behavioural economics and information technology, and encouraging sustainable sourcing, new business models and the use of waste as raw materials.
5. **Integrating** current and future resource scarcities and vulnerabilities more coherently into wider policy areas, at national, European and global level, such as in the fields of transport, food, water and construction.
6. Providing clear signals to all economic actors by adopting policy goals to achieve a resource-efficient economy and society by 2020, setting **targets** that give a clear direction and **indicators** to measure progress relating to the use of land, material, water and greenhouse gas emissions, as well as biodiversity. Such indicators must go beyond conventional measures of economic activity, help guide the decisions of all actors, and assist public authorities in timely action. All organisations above a meaningful size and impact must be held accountable to measure and report key non-financial progress indicators on a comparable basis.

ACTION FOR A RESOURCE EFFICIENT EUROPE

(First set of policy recommendations adopted in Brussels, 17 June 2013)

In our Manifesto 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 jobs¹.

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.

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.

1) 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.

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.

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.

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.

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.

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.

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.

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/

TOWARDS A RESOURCE EFFICIENT AND CIRCULAR ECONOMY

(Second set of policy recommendations adopted in Brussels, 31 March 2014)

The economic crisis has taken its toll in Europe. We, the European Resource Efficiency Platform, see resource efficiency as an economic strategy to help us deal with increasing pressure on natural resources and leave the crisis stronger and more resilient than before. We believe that resource efficiency will boost our economy, keep us within planetary boundaries, decouple economic growth from the use of natural resources and improve our quality of life. This is why we called in our Manifesto of December 2012 for Europe to promote resource efficiency and move to a circular economy. We remain committed to advocating this agenda among stakeholders at European and global level. We are convinced that resource efficiency should be a central element in the sustainable development goals in the post 2015 agenda.

We need to address the impacts of rising and volatile resource prices on businesses, as well as the market failures that lead to underestimating the societal and environmental costs associated with resource use. Europe has to invest in a well-functioning circular economy where resources and products are sustainably sourced, designed to be re-used, remanufactured and recycled so that waste becomes a resource and less primary raw material needs to be used. This should improve the global competitiveness of our companies, secure our materials supply, create new jobs², help us reach the goal of 20 % reindustrialization of the European economy and at the same time help to protect our climate.

We have to target the barriers that stop entrepreneurs from innovating and scaling up solutions for resource efficiency throughout all sectors of the economy. We have to foster the expansion of European and global markets for resource-efficient products³. We should enable citizens to make more sustainable choices in their consumption.

We call upon the EU to set a target for a substantially increased decoupling of growth from the use of natural resources, in order to improve competitiveness and growth as well as quality of life. The target should aim to secure at least a doubling of resource productivity as compared with the pre-crisis trend. This would be equivalent to an increase of well over 30% by 2030.

We therefore call upon the European Commission to make a proposal for a headline target as soon as possible. Work should continue on developing targets that give a clear direction, and indicators to measure progress relating to the use of land, water and biodiversity.

The recommendations below add to those we made in June 2013. We urge the European Commission to take them forward in particular in its upcoming Communication on the Circular Economy. We call on the incoming European Parliament and Commission as well as the Council to use the opportunity of the Europe 2020 mid-term review to make resource efficiency and the circular economy an essential building block in the Europe 2020 agenda to deliver smart, sustainable and inclusive growth.

2) 500,000 jobs have been created by the recycling industry in the EU alone. The economic gain from materials savings alone is estimated at over a trillion US dollars a year by 2025. Ellen MacArthur Foundation (2014) Towards the Circular Economy: Accelerating the scale-up across global supply chains.

3) E.g. markets in developing countries account for 70 to 85% of the global resource productivity potential. McKinsey: Resource Revolution, 2011

Promoting new, resource efficient business models

The EU and Member States should provide appropriate framework conditions that enable traditional business sectors to exploit fully the resource efficiency potential in production processes, product design, and end-of-life management and to compete in new markets. They should also foster the transition to more, resource-efficient and service-based business models (e.g. leasing and sharing) that sell performance instead of transferring product ownership. These business models can increase product-life, reuse and recycling and save resources. Manufacturers retain greater control over their products for maintenance, reconditioning and recovery, while customers only pay for the service they need.

Where these business models bring about resource efficiency benefits, the possible legal, financial or institutional barriers should be analysed and removed through effective policy measures. To attract investors, producers wanting to move towards new business models would benefit from measures such as sector specific good practice and adapted accounting frameworks. Member States, regional and local authorities should offer information and provide incentives, especially for SMEs. This could be complemented by networking SME advice at EU level as supported through the upcoming SME green action plan. Public authorities should lead by example, take environmental criteria more into account and move from technological specifications to performance-based public procurement contracts where they bring about efficiency and quality improvements.

Boosting Extended Producer Responsibility

Extended Producer Responsibility (EPR) establishes incentives for producers to move to better waste management solutions beyond the end-of-life of products, pushes product design, remanufacturing and recycling, and enables the take up of resource efficient business models.

We believe that EPR schemes can be made more efficient and effective if they are transparent and operate according to certain minimum principles across the Single Market. We call on the EU to use the opportunity of the Waste Policy Review to develop this, with a view to ensuring a fair business environment and a level playing-field, with special attention to SMEs. This implies a better definition of producer responsibility, better distribution of costs and benefits over the value chain, better targeted monitoring and enforcement by Member States, improved data collection, utilisation and reporting, as well as increased dialogue between stakeholders along the value chain. The need for additional waste streams to be covered by EPR should be assessed, taking into account the costs and benefits of new schemes.

Enabling consumers to make more sustainable choices

Making sustainable choices should increasingly become accessible, attractive and affordable for all consumers. Member States should develop policies to support the extension of consumer choice to more sustainable products and services, and accompany and encourage behavioural change through marketing campaigns, education, counselling and labelling. Such policies should point to the use of services as an alternative to owning products, provide incentives to increase the user's convenience and trust, and establish specific actions such as take-back schemes.

The EU and Member States should use financial, taxation and pricing policies to support the extension of sustainable consumer choice. This may include action by Member States, regional and local authorities to expand instruments to alleviate upfront costs to consumers, as well as financial disincentives for unsustainable products.

Taking account of international life-cycle assessment standards, the EU single market needs an agreed set of common principles and methods for measuring environmental impacts of products and organisations. Consumers

need information that enables them to make more sustainable choices. In parallel, credible and comparable information concerning “value for money”, the life-time cost of ownership or possible expected pay-back period, need to be developed for a number of pilot products and provided to consumers and purchasers.

In addition, business, Member States and the EU should further develop a set of product standards for the circular economy, which include facilitating dismantling, refurbishment and repair, the efficient use of raw materials, renewable resources or recycled materials in products and extension of warranties for selected product groups. There should be greater efforts to remove the most unsustainable products from the internal market, for instance through the Eco-design Directive or similar initiatives, as well as better market surveillance and enforcement.

Developing employment and skills

To support the restructuring of the entire economy towards a resource efficient, circular model, while creating more and better employment, the EU should develop a broad strategy for greening jobs, skills and education. Such a strategy should integrate sustainability objectives, identify labour market instruments to accompany the transition, mobilise EU funding, support exchange of good practice, promote awareness raising and engagement, and ensure follow up in the European Semester. Coordinated support in terms of investment, infrastructure, technology and skills development should focus on sectors and occupations with a strong green jobs creation potential and where the greening of skills is essential to ensure their competitiveness. Entrepreneurship and skills for young people to take new business and employment opportunities arising from greening the economy should be also promoted.

Member States and regions should envisage supporting green skills and job creation in the programmes presented in the context of the Multiannual Financial Framework 2014-2020. Educational and training curricula should be revised to meet existing and anticipated labour market needs for green skills, and make them part of mainstream education and life-long learning. Local and regional authorities should include green employment opportunities in their development strategies. Social partners should further ensure close workers’ involvement in matters related to environmental management, energy and resource use and emerging risks at the work place, including on health and safety aspects, enhance workers’ rights to information and consultation, and develop sector-wide resource efficiency roadmaps covering in particular skills and training requirements.

Financing to enable the transition

The EU and Member States should encourage investment in resource-efficiency research and development, green innovation and their take up. Against the background of the reform of the financial system, barriers to lever more private financing for resource efficiency should be addressed.

We call on companies and large investors to take advantage of the forthcoming European reporting framework which improves transparency by including key performance indicators to harmonise disclosure of non-financial information and provide information on resource-efficiency to shareholders, investors and the wider public. The EU should also examine the responsibility of investors through fiduciary duty in order to see if it truly reflects the impact of resource use on the financial results and risk exposure of companies. Accounting rules and practices for companies should be examined and further developed to see how they can better reflect the opportunities for resource efficiency, and costs and liabilities of resource use. In order to enable institutional investors to invest more broadly into resource efficiency, the potential of the bonds market should be explored, including for small projects and SMEs.

Individual Member States, regional and local authorities should encourage investments in innovations for resource efficiency, for example through developing funds providing guaranteed interest rates, or favourable lending conditions, in particular for SMEs, through individual businesses as well as through networks and clusters.

Speeding up the development and use of indicators

Indicators that accurately show progress towards a resource-efficient economy are needed. They should include indicators that cover the resource use in the production chain, both in Europe and globally, providing insights and raise public awareness on the global effects of EU production and consumption. They help put in place measures to ensure reduction of the environmental impacts of production and consumption, taking into account differences in economic structure. Resource efficiency indicators should be considered in measuring social and environmental progress beyond GDP. It is also important in this context to make a better distinction between the efficient and sustainable use of non-renewable and renewable materials.

Indicators such as raw material consumption (RMC) and material productivity contain information about the efficiency of the EU economy in material use and are already available for the EU as a whole. We urge Member States and the Commission to start regular calculation of RMC for all Member States by the end of 2014 on the basis of agreed principles.

Footprint and other indicators measuring the use of carbon, land and water need to be brought to an adequate level of robustness and policy relevance. We encourage business and other organisations to exchange experiences and expand their use of footprint indicators. We urge the Commission and the OECD to cooperate with other relevant parties to rapidly develop agreed methodologies and improve data gathering.

THE MEMBERS OF THE PLATFORM

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More background information can be found at:
http://ec.europa.eu/environment/resource_efficiency/index_en.htm

