



European
Automobile
Manufacturers
Association



Association
Européenne
du Ciment
The European
Cement
Association



The European Ceramic
Industry Association



COMITÉ DE LIAISON DES INDUSTRIES DE FERRO-ALLIAGES



The European Steel Association



THE VOICE OF THE EUROPEAN GYPSUM INDUSTRY



European Salt Producers' Association



To: **Mrs Catherine Day**, European Commission Secretary General
Mr Frans Timmermans, European Commission First Vice-President Better Regulation, Interinstitutional Relations, the Rule of Law and the Charter of Fundamental Rights
Mr Jyrki Katainen, European Commission Vice-President Jobs, Growth, Investment and Competitiveness

Cc: **Mrs Elżbieta Bieńkowska**, Commissioner Internal Market, Industry, Entrepreneurship and SMEs
Mr Karmenu Vella, Commissioner Environment, Maritime Affairs and Fisheries

Brussels, 2 April 2015

Dear Mrs Day, dear Mr Timmermans, dear Mr Katainen,

As you may know, we the undersigned represent various segments of the European resources producing and manufacturing industries. They provide raw materials and goods needed notably for housing, transport, infrastructure, health care, communication and knowledge in the EU, but also those needed for future high-tech applications and maintenance of eco-system services. Our sectors are strongly committed to contributing to economic growth and societal wealth in the EU through sustainable extraction, production, management and use of the invaluable resources they produce or use.

We welcome the strong focus that the new Commission gives to industrial growth, innovation and jobs. We are confident that combined with the renewed industrial policy and the Better Regulation

agenda, the European Strategic Investment Plan will contribute to a sustainable economic recovery in Europe.

Access to resources is crucial for all economic sectors of the EU. We therefore want to play a central role in deploying key actions to enhance the sustainable and efficient management of resources all along the value chain.

We welcome the ambitions of the Commission in developing a new Circular Economy Package. As we have said in the past, and wish to repeat here, we strongly support the concept of a resource efficient low-carbon economy incorporating efficient re-use, repair, refurbishment, recovery and recycling of products. Technical, economic and environmental limitations nevertheless do exist, as do sector specificities and local contingencies. We highlighted these limitations in recent debates about potential resource efficiency targets and indicators.

Our members will continue to actively support the development of a sound and sustainable transition to a more circular economy model. However we warn against the pitfalls of a generic and non-integrated approach (recognition of full product life-cycles and trade-offs is important).

We will support a package taking into account successful pilot experiences as well as country, sector and value-chain specificities leading to a better, smarter use of resources globally.

We consider the following aspects as essential for a successful circular economy uptake, coherent with the EU industrial policy:

- **Primary raw materials will remain essential to Europe's growth:** our industries are committed to continue improving efficiency all along the value-chain (i.e. from exploration, to extraction, use and re-use, and recycling). Still, due to chemistry, physics, demography, availability, quality and environmental requirements and economic viability, the potential within waste streams can only partially displace primary raw material inputs. Many of the materials in question are abundant in nature and their extraction can be economically and environmentally sustainable.
- **The technical and economic limits of a circular model require a specific value chain approach:**
 - Some raw materials are embedded in products for an extremely long period of time. While still in use they deliver value every day and are not available for recycling. Long-term beneficial use contributes to resource efficiency and this should be accounted for.
Example: ornamental stones in urban infrastructures.
 - Some raw materials, used in an apparently dispersive way, return to ecosystems and reconstitute the natural stock.
Example: minerals in fertilisers.
 - Some raw materials have their mineralogical, physical or chemical properties transformed in their applications. They cannot be recycled as such, but through the recycling of their applications they can be recovered. This is a valuable contribution to resource efficiency and should not be seen as “downgrading”.
Examples: industrial minerals such as quartz, carbonates, kaolin and talc can be recovered, but not recycled, through the recycling of glass, paper and ceramics, resulting in significant resource savings.
 - Even with a 100% recycling rate, the demand for some raw materials cannot be met.
Example: 100% recycling of construction & demolition waste would feed in less than 20% of the demand for construction materials (UEPG recycling statistics, 2012);

- The functionalities of some raw materials reduce the footprint of the applications they are used in. To account for this, life cycle assessment needs to cover the application's use and end-of-life phases.

Examples: Talc in light-weighted plastics allows for fuel savings in cars.

Concrete and ceramic products in buildings provide durability and energy efficiency in use, and are fully recyclable.

Steel is recycled multiple times without loss of quality and therefore remains a permanent resource for society.

- **A coherent policy framework:** the Circular Economy Package measures have to be coherent with other policy objectives. It should for example contribute to:

- **A consistent raw materials policy:** the EU raw materials policy should continue to develop on the solid grounds set by the three pillars of the Raw Materials Initiative, namely ensuring a global level playing field for access to resources from third countries, fostering sustainable supply of raw materials from European sources and boosting resource efficiency. Primary and secondary raw materials are integral and inter-dependent parts of this policy and require fair governance taking into account their respective qualities and environmental and economic merits.

- **An economic policy boosting EU competitiveness,** putting Europe at the forefront in raw materials sectors while enabling the European manufacturing sectors to sell European products to faster growing parts of the world and ensuring fair and broad access to raw materials under competitive conditions .

- **A fair interaction with REACH,** allowing an equal treatment of primary and secondary raw materials on the basis of a more risk-oriented approach whenever required.

Example: several slags from the ferro-alloys production have been registered under REACH. However the conflicting status between product and waste at national level jeopardizes valuable use projects which would enable considerable amount of slags to be diverted from landfilling.

- **Recognition of the importance of the production and use of by-products** which should not be subject to stricter criteria and obligations than the use of primary materials.

- **Target setting should not be an end in itself:** it is widely acknowledged that generic indicators and weight-based productivity targets will not be effective for the promotion of the circular economy. Agreement on a common strategy and its national implementation should prevail.

- **Life-cycle thinking:** resource-efficiency indicators should reflect product life-cycles and proper impact assessments that take into account not only the raw materials mass (and therefore their density), but also the efficient production and use of resources as well as their impact on the environment, the economy and society throughout their whole life in order to thoroughly and equally assess the three pillars of sustainability. However, resource-efficient actions do not necessarily need regulatory enforcement. For European resources producing and manufacturing industries, resource efficiency is essential and as a result is already common practice. No new methods or indicators are needed but rather,

the efficient use of the existing management instruments (such as ISO 14040 and ISO 26000) should be implemented.

- **A full supply chain approach should apply:** any policy needs to be designed from a full supply chain perspective whereby the economics of recycling need to be weighed against the environmental and societal benefits.
- **A sectoral approach to the benefits of the circular economy:** a one-fits-all approach cannot reflect the complexity of circular economy mechanisms. The specificities of each sector's value-chains have to be taken into account. 100% recycling rates may be reached provided specific conditions are met and these depend on each value chain.
Example: 100% recycling of gypsum from demolition waste may be reached, provided there is proper building dismantlement, collection of gypsum waste at the source, and high quality standards met (EU co-funded project www.gypsumtogypsum.org).
- Recognize existing legislation that address resource efficiency: A number of legislations already oblige industries to be resource efficient. Overlapping of legislation or extra burden on European industry should be avoided.
Example: within the automotive industry, the end-of-life vehicles Directive (2005/53/EC) provides a target of 95% recyclability per vehicle per year.
- **Definitions** should be broad enough to encompass all aspects of waste management.
- **Subsidiarity should apply down to the relevant local level:** geology, urbanisation, consumption habits, energy mix, waste collection systems and many of the factors governing the benefits of a circular economy concept are local. Many measures may need to be country specific.
- **Proportionality:** the proposed Circular Economy aims to be comprehensive by applying to a wide range of very different types of resources – even environmental sinks, such as the atmosphere, ambient air, freshwater resources, soils & sediments and land. The use of different resources presents different environmental challenges and raises different sustainability concerns – some more acute than others. Any policy should be weighted such that the largest most urgent concerns receive the greatest efforts. This approach will help to set the priorities the Commission is seeking for immediate action.

With your support, guaranteeing access to raw materials, maintaining and developing the primary and secondary manufacturing industry in the EU, reducing our waste streams are clearly objectives we want to achieve. In that respect, we expect the Circular Economy Package and its associated measures to meet society's expectations acknowledge eco-innovation and resource efficiency all along the value chain and contribute to growth and jobs creation across sectors in Europe.

We would welcome the opportunity to further discuss this topic with you and are looking forward to supporting the Commission's efforts.

Thank you for your attention to our concerns.

Yours sincerely,



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Secretary General

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On behalf of the sectors represented by the following Trade Associations (see Annex):

ACEA – The European Automobile Manufacturers Association

CEMBUREAU – The European Cement Association

Cerame-Unie – The European Ceramic Industry Association

Euroalliages – Association of European Ferro-alloy Producers

Eurofer – The European Steel Association

EUROGYPSUM – The European Manufacturers of Gypsum Products

Euromines – European Association of Mining Industries, Metal Ores & Industrial Minerals

EuroRoc – European & International Federation of Natural Stone Industries

EuSalt – European Salt Producers' Association

EXCA – European Expanded Clay Association

IMA-Europe – Industrial Minerals Association – Europe

UEPG – European Aggregates Association

Annex – Signatories of the letter

ACEA – The European Automobile Manufacturers' Association represents the 15 Europe-based car, van, truck and bus makers. ACEA works with a variety of institutional, non-governmental, research and civil society partners and has permanent cooperation with the European Council for Automotive R&D (EUCAR). ACEA has close relations with the 29 national automobile manufacturers' associations in Europe, and maintains a dialogue on international issues with automobile associations around the world.

CEMBUREAU: the European Cement Association represents the cement industry in Europe. Cement production adds EUR 6.2 bn to the European economy (i.e. value added) and EUR 19 bn combined with concrete production. The sector directly employs 46,000 people and 3-5 times as many indirect jobs. The cement and concrete industry are local from quarry to end-product and are therefore vitally important for developing local economies, growth and jobs in Europe.

Cerame-Unie: Represents 200.000 direct employees. SMEs account for 80%. We also have world leading companies. Some sectors (e.g. bricks) have a very local supply chain (extraction next to factory, local production and sales providing local employment in construction).

EUROALLIAGES: Represents 95 % of Ferro-Alloys and Silicon producers in Europe. This energy intensive industry is the iron, steel, aluminium, chemicals and electronic and solar industries' first supplier.

EUROFER: Represents the European steel industry being a world leader - producing on average 170 million tonnes of steel per year - in its sector with a turnover of about 170 billion euros and direct employment of about 350 thousand highly skilled people. Steel is 100 percent recyclable and therefore contributes significantly to the conservation of fundamental resources. As a basic engineering material, steel is also essential in innovative technologies for more resource efficiency and sustainable development in Europe.

EUROGYPSUM: The Gypsum Industry is one of the few fully integrated industries (from cradle to cradle) in the construction products field: The companies which mine gypsum also process it and manufacture the value-added products and systems used extensively in construction.

Euromines: represents large and small companies in Europe that provide jobs to more than 350,000 people and produce more than 42 different metals and minerals. Euromines members have in the last ten years opened 13 new metal mines and the world's largest e-scrap recycling facility in the EU.

EuSalt: Represents European producers of salt (e.g. sodium chloride) and counts world leaders among its members. Whether extracted from mines or harvested from the sea, salt is an abundant mineral. Beside its many well-known uses (food, de-icing), salt is used in the production of a wide range of products, from soaps and detergents to PVC to pharmaceuticals and many more.

IMA-Europe: the European industrial minerals industry counts the global leaders of the sector, it represents however about 60% of SMEs. Most Industrial Minerals are geologically not scarce; their price is not volatile and not fixed. They are recovered through the recycling of their final applications.

UEPG: Represents an industry of 15 000 companies - a huge network of mostly SMEs (more than 90%) producing sand, gravel and crushed rock, recycled and secondary aggregates and marine aggregates. Due to the bulky nature of aggregates and to avoid economic and environmental costs of transport, it is key to ensure access to resources close to the market. The European Aggregates Industry contributes with its 25 000 extraction sites – restored or rehabilitated – to the EU Biodiversity Strategy.