



European
Automobile
Manufacturers
Association



Association
Européenne
du Ciment
The European
Cement
Association

**Cerame-
Unie** The European Ceramic
Industry Association



COMITÉ DE LIAISON DES INDUSTRIES DE FERRO-ALLIAGES

EuSalt
European Salt Producers' Association

EUROFER
The European Steel Association



EXCA



17 September 2014

On 2 July the Commission published a Circular Economy Package including the communication “Toward a circular economy: A zero waste programme for Europe” (COM (2014) 398 final). The European Parliament is now preparing a report on “the European Semester for economic policy coordination: implementation of 2014 priorities”, while the European Commission is reviewing its Europe 2020 Strategy.

The undersigned resources producing industries¹ provide the raw materials needed notably for EU housing, infrastructures, health care, communication and knowledge, and high-tech applications. They follow with great interest these developments. They have repeatedly stressed their support to resource efficiency all along the value chain, i.e. from the extraction site to the recycling of the end consumer product, and they want to play a central role in the expected industrial renaissance while embracing the resource efficiency goals of the Circular Economy Package.

In this context, they regret that the methodology, grounds for and consequences of the establishment of a resource productivity target based on a lead indicator reflecting Raw Material Consumption (RMC), provide no indication of efficiency, at production stage or further down the value chain.

While the undersigned sectors strongly support recycling and the concept of a circular economy, technical, economic and environmental limitations should not be ignored.

The new European Commission’s first priority is an ambitious Jobs, Growth and Investment Package, which would rely on investment in transport infrastructure and renewable energy and energy efficiency. Yet, this requires an EU policy allowing sustainable access to resources and not further restricting it.

The undersigned sectors would like to outline that the outcomes of the public consultation organised in the ongoing review of the Europe 2020 Strategy should be taken into account in the discussion on a headline target for resource efficiency. These various segments of the resources producing industry are committed to working together with the EU Institutions on finding an adequate methodology which would truly reflect the social, economic and environmental impact of resource use in our society, as they believe that the proposed lead indicator cannot do so and that the proposed target will not support reindustrialisation.

¹ CEMBUREAU, Cerame-Unie, EuroAlliages, Eurofer, Eurogypsum, Euromines, Euroroc, EU Salt, EXCA, IMA-Europe, UEPG

Better use of resources vs mass/volume based lead indicator

The undersigned express concerns over setting the proposed resource productivity target (increasing resource productivity by 30% by 2030):

- Different targets should be balanced against each other to achieve the ultimate target, which is sustainable growth. Decision-makers need to take into account the urgent need to strengthen the recovery, promoting growth and competitiveness, tackling unemployment and the social consequences of the crisis across the Union, while achieving the energy efficiency targets and the re-industrialisation objectives. The EU Raw Materials Initiative, including the Second (domestic) pillar on ensuring sustainable access to resources, provides such a balanced approach. The proposed Resource Productivity target, however, contradicts many of the Raw Materials Initiative's specific recommendations.
- Calculation of the proposed indicator (GDP/RMC) confers unsubstantiated advantages to imported goods because it assumes their manufacture has identical impacts to equivalent products manufactured within the EU. Substitution of high-quality goods sustainably produced in Europe by cheaper goods from countries with lower environmental and social standards would be inconsistent with the EU 2020 strategic targets. Adoption of an indicator that takes a "neutral" view of such imports will effectively hide an important means by which EU industry can apply the Resource Efficiency concept to remain internationally competitive.
- The resource productivity target, as it stands currently, promotes using less resource, while the key aim – consistent with other EU policies - should be better supply, use and re-use of resources.

The undersigned oppose the lead indicator chosen (measured by GDP relative to Raw Material Consumption [RMC]):

- This indicator is not fit for purpose and its validity lacks sound scientific and economic proof, because:
 - A lead indicator based solely on the quantity of resources used provides no indication of efficiency, at production stage or further down the value chain.
 - It reflects resource density (mass/volume), not how efficiently the resource is produced or used, nor its impact on the environment, nor the benefits it brings to society and to the economy.
 - The data allowing for its calculation are not available in all EU28 countries, and certainly not worldwide to account for the imports' contribution to resource use.
 - Such an indicator "improves" in times of low or negative economic growth, which illustrates its fundamental incompatibility with the goals of the European Semester.
- The one-fits-all approach is likely to stigmatise sectors which are essential to economic recovery and 2020 Strategy objectives (e.g. construction sector).
- The shortcut between efficiency and mass will penalise sectors that extract in a sustainable way resources essential to achieve other targets (eg. resource efficient buildings, renewable energy supply, and energy-efficient transport).