



EUROPEAN PARLIAMENT

2009 - 2014

---

*Committee on the Environment, Public Health and Food Safety*

---

31.10.2011

## **WORKING DOCUMENT**

on the Roadmap for a Resource Efficient Europe

Committee on the Environment, Public Health and Food Safety

Rapporteur: Gerben-Jan Gerbrandy

## Roadmap for a Resource Efficient Europe

### To be sustainable or not to be

Presenting the disappointing third quarter figures at 20 October 2011, the CEO of the world's largest paint producer talked about his companies' biggest problem: 'a tsunami of resource price rises'. In one year the costs for resources exploded with €700 - €800 million, on a total turnover of €4 billion. In the same week, Bloomberg News made public that oil and gas companies are spending a record \$70 billion this year on exploration. They are squeezing the planet to extract resources in the most difficult places. Going to extremes in the Arctic, tropical deep seas and close to Antarctica. These two examples describe the urgency of resource scarcity and efficiency.

In 2050 there will be an estimated 9 billion people on this planet. All these people strive for a better life and the demand for natural resources will increase significantly. According to the FAO, food production must increase with 70% by then. As pointed out in the Roadmap, with the current rate of resource use we would need the equivalent of more than two planets to sustain us.

In order to ensure our own well-being and give future generations the possibility to enjoy the same benefits as we do, we need to start operating within our planet's boundaries, and decouple our economic growth from our resource use. There are limits to physical growth: we are running out of the resources that underpin our economies and our everyday life. But scarcity is not only increasing due to geological and other natural constraints: political factors play an increasingly important role. Countries close their borders for certain resources because they want to utilise the resources themselves. More and more, resource use will be associated with economic and political vulnerabilities and struggles for power. The consequences will be rising prices on raw materials, price instability and increasingly acute shortages of key natural resources. However, the challenges will be different for renewable and non-renewable resources. For renewable resources the main challenge is to ensure usage levels within maximum sustainable yields, while ensuring equitable access. For non-renewable resources our main tasks are avoiding them from becoming extinct or too expensive and minimizing negative environmental impacts from their extraction.

The case for moving to a resource efficient society is therefore as much economic as it is environmental. Becoming more resource efficient is simply an economic necessity. And if this is true for the economy as a whole, it certainly also applies to our companies: only sustainable business will have a future. It is crucial that we acknowledge and make full use of the economic opportunities offered by greater resource efficiency. In these times of economic hardship resource efficiency can act as a driver for jobs and a healthy living environment at the same time as it decreases our dependency on ever more expensive natural resources. A fundamental shift like this will inevitably have both winners and losers. In order to prevent losers and support winners we need to set our targets and identify the policies necessary to reach them as quickly as possible. Next to production, we should focus on consumption. One of the challenges of the near future is to change our consumption patterns, including human diets, given the restraints of the planet's resources.

We need to keep in mind that the EU is not alone in this. Faced with environmental and economic challenges other countries are already radically improving their resource efficiency. Japan is currently the leader by having reduced its resource use by 14% in the period 2000-2005 on top of previous periods of reduction<sup>1</sup>. China and countries such as India and Brazil are also picking up on the economic necessity to reform. The market for environmentally beneficial products is set to grow tremendously. The total sale of eco-industries for example is estimated at €1.7 trillion per year, and is growing by around 5% per year. We have to ensure that the EU and European companies are at the forefront in this transition to green growth. Future companies will be sustainable or will not be there at all. The question is not 'if' our industries become more sustainable, but whether they make this transformation rapidly enough to survive internationally.

### **The threatening resource crisis**

Are resources really running out? A case in point is phosphorus, already a very scarce resource. Since the nineties the USA and China are keeping this resource for themselves. The other major deposits are located in Northern Africa, currently in turmoil. The EU needs to ensure the availability of phosphorus because without this specific element the human race will not survive. Globally we mine five times the amount that humans actually are consuming in food. It is already possible to recycle phosphorus from e.g. sewage sludge, but we have to speed up this process. The EU could be completely independent of phosphorus imports by 2020.

Another example is the rare earth elements which are crucial if we want to manage to complete the transition to sustainable energy. Paradoxically, with current technologies it would be impossible to meet the demand for rare earth elements for the solar panels and windmills that we need in order to reach our current targets for renewables. And if we have the ambition to rely increasingly on electric cars, the amount of lithium needed is likely to increase dramatically.

More common resources are also being overused. The direct economic costs of biodiversity loss, loss of arable land (top soil), water and air quality might not be visible now, but the costs of restoration would be much higher than, *at least*, the costs of keeping the status quo. Biodiversity forms the basis of so much of what we take for granted. Environmental, economic and social values of biodiversity are all vital to economic and technical development. Fishing and seafood industries, for example, depend on natural ecological systems for their productivity. Yet each week precious species on our planet are driven to extinction with no consideration of the possible consequences this might have.

All these examples demonstrate beyond any doubt that the EU needs to adopt a strategic approach in order to face the combined economic, environmental and social challenges. The Resource Efficiency Strategy, a flagship initiative of the Commission, is such an approach. This Strategy is welcome since we need to transform our economy to a sustainable economy. But for that, we need better policy integration and a mainstreaming of sustainability aspects in

---

<sup>1</sup> Commission staff working paper number 1 accompanying Communication COM(2011)571.

all policies, including our economic policies.

### **The Commission's Roadmap to a Resource Efficient Europe**

The vision of the European Commission is one we should all support: By 2050 the EU's economy has grown in a way that respects resource constraints and planetary boundaries, thus contributing to global economic transformation. Our economy is competitive, inclusive and provides a high standard of living with much lower environmental impacts. All resources are sustainably managed, from raw materials to energy, water, air, land and soil. Climate change milestones have been reached, while biodiversity and the ecosystem services it underpins have been protected, valued and substantially restored.

Some may conclude that our targets and policies on climate change are enough to set us on a path to sustainability and to the achievement of this vision. The truth is that this is not enough. Resource efficiency is a very broad concept which has to encompass the totality of our natural resources. The Commission is therefore right to take a broad view. The Roadmap addresses the right issues: it aims to increase sustainable consumption and production, turn waste into a resource, support research and innovation, phase-out environmentally harmful subsidies, value and account ecosystem services, address biodiversity loss, move to a circular economy have good water and air quality standards, no net land take by 2050, achieve good environmental status of all EU marine waters, and fish within maximum sustainable yields by 2015.

As the Commission rightly points out, in industrialized countries food, housing and mobility are responsible for 70-80% of all lifecycle environmental impacts. This is why they need particular attention, and they need to be addressed in a holistic way through climate and energy legislation as well as through initiatives to address the overall resource uses.

### **The way forward**

The analysis of the Roadmap is excellent. But we need to move on several fronts in order to reach the vision that has been set. The European Commission seems to be quite careful in the array of policy instruments it proposes. The ambition in the vision is not reflected in the instruments. While the Roadmap is regrettably vague about the legislative instruments that could be used, it is also not clear enough about the role of European business. It is, after all, to a large extent our companies who will implement the changes that are required. In order to make the transition happen fast enough the business society needs to be involved much more heavily. Together with industry a detailed transition plan should be worked out, for example in the context of the future EU Resource Efficiency Transition Platform.

Another weakness is the role of Member States. They are falling far behind in implementing EU policy and in developing national resource policies. The Commission should put more emphasis on this problem. One way to tackle this is by incorporating resource efficiency into the European Semester of economic policy coordination. Given the economic importance of resource efficiency this fits perfectly into the other criteria. Additionally, the Commission should offer clear support in the development of national policies on resource efficiency.

We will also need a shift in taxation away from labour and over to environmentally and resource based taxes. Not only is this essential from the point of view of resource use, but also from the fiscal point of view: in the years to come we will struggle with a shrinking tax base as the population gets older and new sources of revenue will be needed. We also need to get serious about phasing out environmentally harmful subsidies. These are subsidies which burden our budgets twice: first when the money is paid out, and then, in the long term, when the environmental harm has to be repaired.

It is important to reap the full economic benefits of this transition as early as possible. The Commission should move fast to present proposals that can create a true internal market for green products which will boost the companies which invest in resource efficiency. This will include improved eco-labelling schemes and ecodesign requirements, and common rules on green public procurement. The possibilities with new ecodesign rules seem particularly promising.

In order to achieve the transformation to a resource efficient Europe, targets are essential. These targets need to be functional and measurable. The ideal is to move to one general target and indicator that reflects the progress of the EU as a whole. It is vital that it reflects the total resource footprint of the EU, including resources that are used outside of the EU. The Commission is right to conclude that more work needs to be done before we have a full set of necessary indicators, and the extensive stakeholder consultation foreseen by the Commission is therefore welcome. But we must not lose time, and it is noteworthy that a lot of work has already been done in this respect by Member States and for example Eurostat, the European Environmental Agency and the Joint Research Centre. Indicators for waste, air quality, water and land are already available. It is essential that we already start with using those indicators to measure progress on sub targets that we could set now instead of in 2013.

In parallel we should start with pilot projects to move to a circular economy in areas where the need is the highest and the possibilities exist, as is the case with phosphorous.

### **The role of the European Parliament**

The European Parliament has a decisive role to play regarding a resource efficient Europe and the transformation of our economy. The vested interest focussed on short-term economic gains needs to be defied. But it is not only within the business society where these vested interests sometimes play a conservative role. Within the European Commission significant battles have also been fought about the place of resource efficiency on the political agenda and about the Roadmap.

The European Parliament should rise above these short term economic gains and focus on the future. That is our responsibility as politicians.

It is up to the European Parliament to identify and to push for the possibilities to speed-up the transition to a resource efficient Europe. Members of the European Parliament should also convince their national counterparts of the importance of the issue in order to ensure it is also high on the political agenda of the Member States and not only in Brussels.

After the extensive stakeholder consultation of the Commission and my own discussions with representatives from European businesses, NGO's and Member States one conclusion is clear. There is a need for a consistent EU policy and a clearly defined vision for the future. A clear vision will give business a clear signal of the long term goals that need to be reached. Consistent European policy, guided by the best available indicators and targets will provide them with the security they need in order to make the necessary investment to retain their competitive position.

The European Parliament should show its responsibility not only by supporting the Roadmap for a Resource Efficient Europe and pushing for action where already possible, but also when dealing with the concrete measures that are facing us in the coming years of our mandate. The ongoing revisions of the agricultural, fisheries and regional policies are naturally part of this strategy. It is of the utmost importance that the forthcoming Seventh Environmental Action Programme will focus on the concept of resource efficiency and that the concept is further developed in the next Action Plan for Sustainable Consumption and Production.

The Parliament should emphasize the sense of urgency of resource efficiency. We simply cannot afford to underestimate the crucial role scarcity of resources will play for our future well-being. Therefore we should further develop the strategy both at EU and, crucially, at Member State level and consistently integrate resource efficiency into other policies.