

**Eurometaux Messages and Proposals on Resource Efficiency
For the European Resource Efficiency Platform
November 2012**

The European Non-Ferrous Metals industry supports the overall objective of moving towards a more resource efficient society and believes that non-ferrous metals' specificities and performance can significantly contribute to a resource-efficient and more circular economy, notably through the fact that metals can be recycled again and again without any loss of properties.

Eurometaux has identified 3 success factors to support resource efficiency and has tabled some proposals to implement them and 3 risk factors which would be counter-productive and would harm industry's competitiveness and resource efficiency potential.

Success factors to support resource efficiency

1. Circular economy and recycling

Position: Recycling is an eco-efficient way of reintroducing valuable materials into the economy. It addresses resource efficiency, helps to decrease EU's dependency on primary raw materials and hence helps to secure supply to downstream industries and is consistent with the continuous move from waste management to material management. Recycling can however not meet alone the growing demand. Primary and secondary materials are fully complementary and both are needed. Some metals are already highly recycled, while others, including some critical metals are much less recycled. For all metals, the issue is not to "support a market for recycled material", but to support access to and proper recycling of waste and end-of-life products. The EU recycling industry has the potential to develop still further provided that the right framework conditions are created. The challenges include improved access to secondary raw materials notably of end-of life products, the halting of illegal exports of scrap and end-of-life products, a global level playing field to ensure that secondary materials exported legally or illegally are treated in acceptable environmental, health and efficiency conditions.

Proposals:

- Setting up of a mandatory certification scheme of end processing/recycling facilities to ensure that secondary materials may only be exported if a final processor is duly identified and certified based on criteria related to environmental, health, governance conditions and process efficiency.
- Facilitate the identification of potentially illegal shipments i.e. a risk matrix to identify the most risky shipments (exporter and destination) and proposal to add customs codes to distinguish second hand products from new products (many illegal shipments are disguised as 2nd-hand goods).
- Adopt a European day on raw materials (minerals, metals and maybe others) which would be declined around different initiatives at local, national and possibly EU level, such as exhibition on materials used in products and overall collection day whereby local authorities would all organise collection of end-of-life products.

2. Innovation

Position: Increased support for technological innovation is an indispensable leverage to enable the necessary transformation towards more resource efficiency. Industry is the driving force for innovation so that policy should aim at further strengthening the innovation capacity of European industry. In the metals industry, process innovation is also one of the solutions whereby to solve EU raw materials supply dependency through more efficient extraction and recycling processes. Product innovation is essential to ensure the optimal productivity of the material used and recyclability of the product at end of life. However, support to technical innovation can in no way replace industrial policy or scrub off the effects of costly environmental or climate legislation.

Proposal: Eurometaux supports an ambitious industrial innovation strategy and in this respect calls for swift and ambitious implementation of the “European Innovation Partnership on raw materials” and for financial support to process, product and policy innovation so as to ensure that Europe sets the best conditions for resource efficient production and use of non-ferrous metals and remains competitive globally.

3. Value chain approaches

Position: A good understanding of the value chains and their challenges is a pre-requisite to any effective policy. Horizontal policies do not address specificities of the various value chains. Oil, wood or mineral based value chains have different assets and challenges and hence these should be understood and addressed separately. Cooperation along the value chain raises different challenges including protection of Intellectual Properties rights, competition, consumers’ choices etc.. Such a dialogue can be instrumental with regard to addressing eco-design or quality standards. It can also facilitate the better collection, treatment and recycling of secondary materials and industrial symbiosis. The level playing field between EU operators and third countries’ industries in terms of environment and social standards and the related rules of constraints should also be addressed.

Proposal: setup a centre of excellence on supply chains under the leadership and coordination of JRC or a similar body to foster better understanding of the value chains challenges and interactions including eco-design, design for recycling, end-of-life management, fitness for use, producer responsibility, use of resources along the value chain etc. Possibly joint action on data collection.

Risk factors that could be counter productive

4. Indicators and targets

Position: Eurometaux understands the need to monitor resource efficiency improvements, but feels that several of the indicators selected are not providing the right information in this respect. Some important elements to be considered:

- The set of indicators should reflect the industrial performance in a given country as otherwise de-industrialisation may reflect a “better” resource productivity or resource efficiency indicator.
- The use of natural resources is the pre-condition of a functional economy. While recognising the need to improve resource efficiency, indicators should also reflect the importance of raw materials.
- Hidden flows – i.e. the material embedded in products – should be counted for as otherwise other indicators would merely encourage the import of finished goods as opposed to production in the EU.
- Indicators should look at functionality to avoid a pure weight based approach.
- If weight-based indicators are anyway adopted, they should consider the recycling potential of materials at the end of life through average life times per application and deduct these benefits from the DMC or equivalent indicators.

The proposed macro-economic indicators (lead indicator and dashboard indicators) can in no means serve as a basis for policy development as they are so much aggregated that they simply show a yearly overall trend for a given Member States. Eurometaux supports a more life-cycle based approach for policy development taking account of the challenges identified for the different value chains.

Targets should only be discussed on the basis of a good set of indicators providing sound data and information, of a good understanding of the issues and the different value chains and through a constructive dialogue with stakeholders.

5. Recycling certificates

Position: A generic tool meant to promote recycling of all materials (top-down approach) is not likely to deliver and may even bring negative impacts on the recycling market. The CO₂ related certificate approach aims at boosting recycling in terms of quantity (in or outside Europe) but with no impact on the performance of the recycling steps. It would reward traders without any guarantee that it would boost recycling in Europe or even outside Europe. It disregards the indirect impact of ETS for metals through the increased price of electricity for which industry gets no allowances. And it fails to address the issue of CO₂/carbon leakage. Finally, it disregards the nature of the problem for some metals at least which is the availability of secondary raw materials.

6. Taxation

Position: Unilateral EU taxes would create a clear and strong competitive disadvantage for EU industry, especially for industries based on raw materials that are traded globally and whose prices are set globally (London Metals Exchange – LME). Recent studies have shown that such taxes are not effective drivers of resource efficiency. The shift from labour tax to resource taxes should be analysed in details as there is no demonstration that the impact will be neutral especially if no plan is foreseen to ensure that the money raised is invested into the sectors hit by the tax. If that is not the case – for example if the money is used to fill in budget gaps – the sector will be severely hit and lose its competitiveness with losses of jobs and growth. It should also be noted that resource taxes may provide disincentives for resource intensive investments e.g. in roads, infrastructure, buildings etc. with a negative impact on economic growth. It may also impact the availability of resources for downstream industries and by doing this the viability of these industries in Europe.

Eurometaux represents the European non-ferrous metals industry

- **The NF-metals industry is indispensable for modern society.** Thanks to their intrinsic properties – including durability and recyclability - non-ferrous metals are indispensable to meet essential societal needs and to build a low-carbon economy.
- **Non-ferrous metals contribute to the European - and global - creation of wealth and jobs:** they represent 2% of EU GDP and create **450,000 direct jobs and over 1 million indirect** jobs in Europe. Their use in high-tech and high added-value activities makes them very valuable to the EU's economy and competitiveness.
- **The NF-metals industry contributes to resource efficiency** by enhancing the in-use phase of products and also thanks to high recycling rates ranging between 30% and 95%, depending on the metals and their use. Primary and secondary raw materials are complementary, as secondary raw materials cannot on their own meet the growing needs of a sustainable economy.