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Minutes from the European Resources Forum 2016

Minutes by:

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Key note: Resource Efficiency – Potential and Economic Implications. Presentation of key findings of the new report by UNEP's International Resource Panel

- **Paul Ekins** Professor of Resources and Environmental Policy, Director, Institute for Sustainable Resources, University College London, member of UNEP International Resource Panel, United Kingdom
- Chair: **Dr. Harry Lehmann** General Director, Division I "Environmental Planning and Sustainability Strategies", German Environment Agency

A core message of **Prof. Paul Ekins** presentation of the UNEP report Potential and economic implications of Resource Efficiency was that economic actors at all levels can gain resource efficiency benefits not only at no economic cost, but also at some economic benefit, for instance economic growth and job creation. Furthermore, Mr. Ekins stressed that substantial increases in resource efficiency are essential both to meet the SDGs and for meeting climate change targets cost effectively, and that increased resource efficiency is practically attainable as many examples around the world indicate. However, there still is a gap between resource efficiency and economic efficiency whereby resource efficient option may be or may be viewed as more expensive – we all have choices in our lives whether we throw something away or not and often it is economically more efficient not to act in a resource saving way. Resource policy needs to close this gap and there, too, are various examples of policy achieve that: the UK landfill taxation has seen a rise in the level of taxation up to around 84 £/ton today, which has made resource efficiency less expensive than resource wastage. Furthermore, this tax has made for a nice earner for the treasury, which it uses for all sorts of other purposes. In addition, Mr. Ekins suggested shifting taxation from labour to resource to compensate reduced VAT with material input tax. So closing the gap between resource efficiency and economic efficiency is possible, but Mr. Ekins argued that we need serious political will to do so. Having a resource productivity target would be one important stepping stone and such a target should be reintroduced into European resource policy in the context of the Circular Economy Package.

During the **discussion** of Mr. Ekins presentation it was highlighted that governments in general appear afraid of introducing material taxes because people who have to pay taxes are very vocal about it – and if they are important industries they will lobby very hard not to get those taxes. Furthermore, issues of competitiveness are important if countries are acting alone. On EU level the unanimity requirement hinders changes of taxation. Nevertheless, introducing environmental taxes is not impossible and there are many examples of such taxes being introduced in many EU member states. It is important to concentrate on what you do with the revenue generated – taxes are seen as a cost increase without recognizing that the revenue can reduce other taxes, e.g. to become revenue-neutral; this helps introducing taxation in the first place.

As regards the importance of targets it was stressed that targets are only as good as the metrics used to arrive at this target. In this context, Germany's push for a collection rather than a recycling rate based target was viewed critically. Recycling rate based targets would be preferential, but at the same time it may be better to use a flawed metric that shows you roughly where you are going rather than waiting for developing a perfect metric. Here, we need more transparency on data and we should move towards recycling rates as soon as the data are sufficiently trustworthy.

Views were raised that the waste sector is showing criminal activities because it has been built as a market system so that the economic incentive is to have as much waste as possible and to "cheat" as much as possible. In this context, the key insight from a circular economy is to have materials retaining their value for longer. Economically, waste is seen as a negative commodity value material; if you could make it illegal for people to sell materials, but to sell lifetime use of materials and have companies take back and re-use all their stuff (maybe institutionalised through a deposit refund-system) producers would own materials and hence have the incentive to take it back. With extended producer responsibility we are moving in the right direction, but very slowly.

Waste constitutes an asset for some companies whereas for others it is a liability. Policies supporting waste becoming an asset would be needed. Existing regulation in this context may pose a barrier through its definition of waste and by-product, because this definition has to give security to environment and health and also allow innovative waste treatment. The UK's National Industrial Symbiosis Programme NISP was set up exactly to bridge assets and liabilities – multi-sector industrial workshops were held to identify cascading use options. Through such workshops numerous options were identified to use liabilities to sell as assets to other companies needing the waste materials from other companies. Without such multi-sector workshops these options would not have been (so easily) identified. However, cascading use of materials between different companies, for example in eco-industrial parks, may be complicated by the increase in companies' dependence on other companies' delivery of waste so that this kind of material efficiency may increase risk of supply. But this challenge depends on whether the supply comes from companies geographically located in one area or whether it is from various sources not depending on geographic co-locations. It the sourcing of waste materials can be diversified or supplies be stabilized, this could help reducing associated supply risk in case of relocation and bankruptcies of companies depending on specific cascading material flows.

Discussions then focused on resource efficiency vs. resource sufficiency. If finite resources are really finite, then we need to think about policies and behaviour that ensure resource sufficiency. Using resources much more efficiently is a precondition to discuss issues of resource sufficiency; this is a very difficult debate and it is difficult to define scientifically sufficiency and needs. Many governments want economic growth and talking about sufficiency will not be taken seriously there, although the economic implications of more sufficiency might be positive.