

3rd European Resources Forum, Berlin – 9/10 November 2016

Minutes from the European Resources Forum 2016

Minutes by:

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DAY 2 – Thursday, 10 November 2016

Parallel session D: Advancing the idea of an international platform for resource governance (in cooperation with World Resources Forum Association)

- **Xaver Edelmann** President, World Resources Forum Association, Switzerland
- **Paul Ekins** Professor of Resources and Environmental Policy, Director, Institute for Sustainable Resources, University College London, member of UNEP International Resource Panel, United Kingdom
- **Victoire de Margerie** Vice-President, World Materials Forum, Nancy, France
- **Bruno Oberle** Professor, Institute of Technology and Public Policy, École polytechnique fédérale de Lausanne, Vice-president of the World Resources Forum Association, Switzerland
- **Chair: Bas de Leeuw** Managing Director, World Resources Forum Association, Switzerland

Xaver Edelmann, President WRF, presented his ideas for advancing the idea of an international platform for resource governance based on the chairman's summary of the part World Resources Forum conferences from 2011 to 2015. Learning from the past conference, resource governance issues should address both industrialized and developing countries in fostering the transfer and access to resource-efficient technologies and financial support. This will require getting the prices right, including internalization of external costs, so that higher resource prices could turn to an opportunity for commodity-exporting developing countries. Likewise, unfair international trade rules need to be firmly addressed and transparency on the international commodity markets improved through dialogue and cooperation. Here, a more integrated engagement of the civil society is therefore necessary for achieving transparency and accountability.

Improving international resource governance would be beneficial globally because it would lead to stability and predictability of resource price. When thinking about establishing a neutral international platform, developing countries should be included from the start. Very few of the existing governance approaches address socio-economic issues of resource use; for instance, the efficiency of food chains is an important issue in context of global hunger, poverty and soil degradation. Some integration of demand reduction needs to be integrated into the discussion of global resource management, but there is currently only little consideration of the implications for resource-dependent countries. Mr Edelmann then introduced the Horizon2020 project "Towards a world forum on raw materials (FORAM)", to be launched at the end of November 2016 in Brussels. FORAM will include the most relevant institutions on international and European level as regards raw materials management.

In the **plenary discussion** it was highlighted that the links between research, businesses and national as well as international governmental organizations must be fostered. Intermediate research results of the FORAM projects, e.g. on indicators, will go into informing intergovernmental agencies, e.g. through workshops. The most important thing is the process where you should be open to learning and experimental learning. In order to bring findings to the political level, we should get a strong initiative from UN environment on the need to go in this direction because always having only workshops is not enough and will not work.

In his statement on whether there is a need for a global platform on resource governance, **Prof. Paul Ekins, UCL** highlighted that institutions are really important because the dominant institution of resource allocation, i.e. markets, do not deal well on resources and the environment. While we certainly need institutions, we do already have a lot of platforms that are mostly about talking. There has been a lot of institutional innovation in the last year, e.g. the SDGs, Paris Climate Agreement, World Resources Forum – so there are lots of opportunities for interested people to come and talk – so do we need another platform for talking?

The issue of resource governance is difficult, partly because in international law governance of resources is a national matter with strong principles of sovereignty over national resource use. National governments are very wary to share their power of taxation or regulation, as we have seen on the European level. If we needed a platform than this should address and reduce the perception that resource management except through markets is a burden on businesses and economic opportunity. Hence, we have to have a platform dedicated to proving that linking environmental efficiency with economic efficiency and social value creation is actually good for business, jobs and economic activity. This is a difficult task because in the real world these trade-offs exists and we have to find synergies able to offset the tradeoffs in absolute clear terms of social and environmental value creation. The United Nation's Cleaner Production (CP) centres have tried to do that and there have been some successes – but the performance of those programmes has so far not been overwhelming in terms of actual practical results that you could point to for sustainable development benefits that have accrued. And furthermore, these CP centres and their projects still need public funding, which is under increasing pressure. So if a platform is established, it should be based very firmly on practical performance; it has to have a very clear time from talking to business and finance community into implementation and into targets and performance that can show that there is environmental and social and economic value in terms of this platform.

In the **plenary discussion** of Prof. Ekins' input it was stressed that in order to make such a platform work and relevant, it would need to act as an umbrella for different actors and also have the power to regulate and to take non-complying actors to court. The Porter hypothesis says that good regulation can act as an incentive and innovative stimulus – that is still a controversial hypothesis because there is no final empirical proof. There will certainly be many businesses ready to join a platform where their views would be taken seriously; hence, there will need to be trust and proper formulation. Many businesses, even including the mining businesses through the International Council on Mining and Metals (ICMM), where businesses are committed to creating social value and economic value for their shareholders.

Victoire de Margerie, Vice-President of the World Materials Forum, explained both the genesis and the goals of the World Materials Forum (WMF). She made the point that in her experience people do often not talk to each other or are lacking trust in each other. But in order to foster sustainable businesses people need to trust each other because our interests are all contradicting each other. This is also why the World Materials Forum is a relevant platform, because here important people accept the dialogue on controversial matters.

The WMF is working on proposing an all industry set of indicators that will efficiently monitor the decoupling of economic growth and use of materials while creating value for all economic actors (key performance indicators (KPIs) that allow companies to provide profit to shareholders and

deliver on corporate social responsibility at the same time), for instance through demonstrating key practical solutions in design for light weighting and recycling or use Internet of Things and new mobility services to develop sustainable materials solutions Furthermore, the WMF will organise a competition of world start ups that offer a technology breakthrough in one of the following 6 domains: Internet of Things, 3D Manufacturing, Product Design, Materials Composition, Mobility Systems or Waste Management.

In the **plenary discussion** of Mrs Margerie's input discussants asked if the WMF also plans to provide policy makers, such as in the OECD context, with a set of recommendations on what business leaders would expect policy to provide in terms of enabling framework conditions. The WMF aims to offer a sort of reference for the industry, e.g. KPIs developed and tests for 5 sectors and then provide this as recommendations to policy that are relevant for business people.

Prof. Bruno Oberle, École polytechnique fédérale de Lausanne spoke about the relevance of addressing the financial sector in a Green Economy in Switzerland. Being rather poor in natural resources (apart from water and stone), the Suisse economy is very service-based and financial institutions play an important role in the national economy, also being active in global trading in natural resources. In this context, Prof. Oberle saw money washing as one of the biggest because natural resource trading involves huge flows of money and it is essential to ensure that money does not come from illegal or criminal sources. Furthermore, trade with derivatives of financial activities are a problem too, when they are sold and bought outside the markets and hence outside of regulation. This may yield corruption and illicit money flows between companies and government.

Prof. Oberle made clear that it is important to deal with those issues in the material industry because they are essential for the image of Switzerland. Switzerland is one of the world's champions of deindustrialization because more and more products are imported with associated environmental and social impacts elsewhere. Hence, the ultimate problem of Switzerland is a problem of guaranteeing supply of needed raw materials: 80% of energy is coming from abroad; Switzerland is very dependent on international and complex supply chains. In this field, regulation it is an issue of national security for material supply security

In the concluding **panel discussion**, the chair Bas de Leeuw, WRF, urged all speakers to provide a brief response to the question whether there should be an international platform for resource governance. Mrs de Margerie saw a clear need for a platform as some way of governing the decisions to be made; the objective should be to decouple economic growth and the use of materials while creating value for economic actors who need to make money if they want to employ people and to invest. Mr Oberle stated that globalisation at least in the sector of natural resources will be a necessity because they are unevenly distributed; because this touches so many actors and geography, we need governance structures as today's are not sufficient. Mr Edelmann highlighted that such a platform should be involving government and business through strong data and creating value economically, for society and for the environment and that the platform should be about implementation, not only talking. Similarly, Mr Ekins stressed that the platform needs to be an action and implementation platform and that it should be able to define how it will operate in this space; WMF is a fascinating model, but it will need to involve public policy makers more than we already have.