AMCHAM EU
AMERICAN CHAMBER OF COMMERCE TO THE EUROPEAN UNION
SPEAKING FOR AMERICAN BUSINESS IN EUROPE

Explaining AmCham EU's position on the Resource Efficiency Roadmap

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7 September 2012

Introduction

The American Chamber of Commerce to the European Union (AmCham EU) welcomes the European Commission's Resource Efficiency Roadmap and commends the Commission on its thoughtful and radical vision. AmCham EU recognises the need to rise to the challenge set out in the Roadmap and looks forward to working closely with the Commission, Parliament and Member States on the details of delivery.

AmCham EU notes that, since its publication, the transition outlined in the Roadmap will be more difficult given the EU's current economic climate. This makes the achievement of the Roadmap both more important and considerably more challenging. Economic and social transformations are difficult in good times and harder in bad times and Jean Monnet's famous remark that 'People are ready to change when they understand that there is no alternative', applies to resource efficiency.

General Principles

AmCham EU understands the need to move toward a 'circular economy' that is as close to waste-free as possible and that allows for sustainable consumption. We recognise that this requires a transformation in both commercial and individual behaviour and suggests that this is not yet well enough considered in every day choices by EU citizens. Large multinational companies are increasingly mindful of their impact on natural resources and take this dimension into account in their long-term planning. However, achieving this recognition and understanding needs to be made a high priority if the Roadmap is to become a reality.

The Roadmap offers prospects for creating new jobs and securing existing ones and will significantly increase the likelihood of obtaining the necessary political will to make the Roadmap a reality. The Commission is urged to give a high priority to creating awareness of the Roadmap amongst the European public.

Delivering a resource efficient Europe

AmCham EU supports the proposal to ensure that the real costs of resource use are properly addressed. In setting milestones, the Commission should include scarce primary raw materials among the critical indicators, as well as water, land and carbon. Member States should be encouraged to prepare clear national objectives and roadmaps to show their commitment to the Resource Efficiency Roadmap and also show how they will meet the Roadmap objectives.

Proposed vehicles for delivering a resource efficient Europe

With regard to the European Ecolabel as a vehicle for delivering benefits to specific organisations, members believe this is a beneficial mark for consumer products with static design and stable supply chains. However, for products whose designs are frequently changed and with multiple supply chain networks

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for the same specific product, collecting the necessary data required becomes prohibitively resource-intensive for both the company and the agency that need to process and certify the application. In addition, some members have many thousands of different products on the market at one time and as the system currently stands, it is unfeasible for them to apply for this mark, as it is extremely difficult to collect the necessary data. Although some organisations and companies have specific niche 'green' product lines, many have ambitiously integrated environmental considerations into all business decisions and have committed to many significant environmental initiatives. AmCham EU believes organisations that make this significant effort to minimise the entire environmental impact of all their business operations should have the opportunity to benefit as well. There is now sufficient experience with the Ecolabel programme and a study on what makes an effective consumer labelling programme would be more effective before broadening its scope.

Footprinting

AmCham EU supports efforts to assess the capabilities of environmental footprinting methodologies to determine how they may be effectively used to improve the environmental performance of products and organisations. There is a clear need to better understand both the limitations and the potential of methodologies to measure the carbon and resource intensity of production **and the whole Supply Chain**

In assessing environmental footprinting methodologies, AmCham EU believes it is important for the European Commission to fully evaluate:

1. The feasibility of applying the methodologies given the lack of upstream data and the methodologies' ability to generate consistent results with a level of accuracy necessary to support their intended use;
2. The needs of various stakeholders for this level of environmental assessment and the abilities of various stakeholders to understand and use the results effectively; and
3. The feasibility and costs of implementing the methodologies, including an evaluation of the information required to implement and whether that information is readily available to support widespread use of the methodology.

AmCham EU is concerned that proposed methodologies for evaluating product and organisation environmental footprints and the data required to implement these methodologies are very detailed, incorporating upstream data points which are simply not available at this time as highlighted by the GHG Protocol Scope 3 and Product level standards. Because of this, organisations would be required to apply average data points, where the prospective level of error would not support their use for labelling or comparison of similar products in the marketplace. In addition, the complexity of the models and the large amount of data required to implement suggest that routine use by manufacturers to evaluate their products may be cost prohibitive.

In addition, AmCham EU is concerned that methodologies and their results may be too complex for the average consumer to understand, and they may

overcomplicate their purchasing decision as consumers are unlikely to understand a baseline of embedded CO_2 or any of the other effects monitored. It is not clear that the average consumer has the ability to understand this information and make an informed choice possibly at point-of-sale when other parameters (such as cost, fundamental performance, fit, colour, etc.) have more precedence. As consumers are at the very heart of our businesses and are fundamental to their very existence, we would like to better understand the assessed consumer need for this level of information.

AmCham EU believes a more appropriate application of the methodologies may be in evaluating the environmental footprints of various types of products at the sector level, as opposed to the individual product level. Environmental footprint assessments conducted at the product category level can offer significant insights leading to innovative product and technology concepts. Information can be shared among manufacturers for the purpose of improving product designs, while the same information may be used by governments in determining effective policy instruments for improving the design of products. AmCham EU believes this is a more practical and cost effective approach to using new environmental footprint methodologies to improve the environmental performance of products.

Some AmCham EU members employ environmental footprinting and lifecycle assessment (LCA) methodologies as tools to analyse specific product or supply chain network choices, evaluating the various impacts to highlight the preferred option and specific areas where additional innovation may be required. These analyses demand significant amounts of time to create the baseline 'before' calculation as it is critical to accurately identify this to quantify specific adjustments or improvements. Footprinting and LCA provide conclusive evidence regarding the expected trade-offs of changes, however again, are not scalable to be completed on the individual product level for all products an organisation places onto the market—especially as members have thousands of different products on the market. AmCham EU member companies look forward to applying these EU footprinting methodologies in their own organisations to evaluate key improvement opportunities to continue working to reduce the environmental impact of our organisations.

Stakeholders need to be sufficiently engaged in the relative working processes for environmental footprinting and relevant Industry sectors should be involved with this development hopefully leading to clear guidance and reduced administrative burden**.**

Sector Specific Policies

Energy Efficiency

<u>Increasing the renovation of existing buildings and targets for public buildings and green public procurement</u>

AmCham EU welcomes a focus on the need to trigger increased renovation rates for existing buildings. Harnessing this efficiency potential is crucial for

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achieving the 2050 carbon reduction targets. EU policy could be improved by asking Member States to make national roadmaps for how to reduce energy consumption by 80% in their building stock by 2050 (compared to 1990) and to define national intermediate targets, as well as measures and policies to facilitate the transformation of the building sector.

The public sector should lead by example. Public buildings are a very visible part of the existing buildings stock in Europe, therefore the draft Energy Efficiency Directive's public sector renovation target of 3% annually is a good start. Indeed, such a target is needed for all existing buildings. However, some mechanisms need to be put in place in order to lead to long-term energy savings.

Public procurement also has an important impact on local economies. AmCham EU fully supports the objective to systematically apply high standards of energy efficiency when public authorities purchase goods, services and works. Such an obligation relating to rental or purchase of public buildings should also be linked to high energy standards, and not only the minimum requirement level. Furthermore, in relation to large infrastructure projects, the approach taken to public procurement is crucial to ensure that public money is used to invest for the future. These projects are designed to last decades, and in order to contribute to the 2020 targets, tenders should not be awarded on the basis of least-cost conventional technologies, but rather on best available technologies.

There is a need however, as highlighted in the Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy (COM(2008) 397/3), to ensure that the public procurement criteria are based on the least life-cycle costs of the product, taking into account its intended use and availability, as well as an adequate level of competition in the market. AmCham EU supports the principles of green public procurement (GPP), but GPP criteria need to be well defined through a fully transparent process, and be established and updated together with all stakeholders – contracting authorities and industry alike.

Removing Barriers

AmCham EU recognises that many energy efficiency investments face a number of market barriers and investment disincentives, particularly in the building sector. The draft Directive asks Member States to take general measures to remove such barriers, but does not propose any specific ones. It is positive that Member States will have to report to the Commission on any such measures they take to raise awareness and develop best practice examples. As an example, VAT regimes can give the right signals by eliminating situations where the VAT on energy consumption is lower than energy saving measures such as building refurbishment.

AmCham EU would support further energy efficiency funding through the Cohesion Policy funds. For the next multiannual financial framework period, the Commission has allocated ERDF funds that must be devoted to projects delivering energy efficiency improvements. AmCham EU recommends

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increasing these allocations and encouraging Member States to make use of the funds.

AmCham EU believes that the Strategic Energy Technology Plan should play a pivotal role in managing EU funding and support so that they become more results oriented, securing demonstration of those technologies before their commercialisation.

Using the right tools to assess products - the example of metals: how best to measure recyclability?

Today, more than 95% of metal products used in buildings are collected at end-of-life. Metal recycling provides energy savings of between 60% and 95% compared to primary production. High economic value is the main driver for systematic collection and recycling.

The responsibility to properly treat in authorised recycling facilities and report WEEE collected and treated should also be extended to these actors to improve collection and recycling rates.

Valid recyclability-measurement approaches are necessary for the various stakeholders. Industry needs them to identify improvement potential, regulators to measure the fulfillment of targets in waste and recycling legislation and sustainability experts to assess the environmental impact of products. Today, two indicators are typically used: 'recycled content' and 'end-of-life recycling rate'.

- **Recycled content** looks at how much recycled material is used in the production of a new product; and

- The **end-of-life recycling rate** compares the actual amount of metals obtained from recycling with the amount of metals theoretically available at the end of the life of a product.

The rapid growth in the use of metals over many years and the fact that metal building products typically have a service life of decades mean that there is, in fact, a shortage of scrap metal coming from buildings. As there is insufficient recycled material to satisfy the growing demand, virgin material has to be introduced into the supply chain. So, in spite of an efficient collection and recycling of metal products at the end of their life, especially in the building sector, the average recycled content in metal supply is still relatively low.

Hence, recycled content is not a relevant indicator to predict, today, which product will be most recyclable in the future. Instead, any environmental assessment of a product using recycled content as an indicator at its production stage must be complemented by information related to the end-of-life recycling phase. Only then, will society and regulators see the complete picture of the whole product lifecycle.

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Information provided by manufacturers related to the end of life recycling phase is relevant only if all actors who collect WEEE from households for commercial reasons are obliged to declare and register the quantities of WEEE they manage. According to the provisions of the current WEEE directive, actors other than producers handling WEEE are not obliged to conduct any registration of the activities performed, and they are neither obliged to treat WEEE in line with the environmental standards. This leads to a low official level of WEEE collected and treated and to potential damages to the environment.

Water

Resource efficiency in the water sector could be twofold:

1. Work on the demand side, adapting water management frameworks to enhance the path towards a more sustainable use of the water resources; and
2. Consider the potential offered by the alternative technologies such as water re-use to ensure sustainable supply for the increasing demand.

Water management can be implemented at individual and industrial levels through policy incentives supporting measures to increase water efficiency and reduce existing inefficiencies, such as leaking pipe systems.
In parallel or in addition, supply side measures can have a significant effect on water abstraction quantities and therefore ensure a more sustainable use of fresh water. Water re-use technologies today are meeting very high quality standards making re-used water an appropriate substitute for freshwater. These technologies combined with an accurate assessment of the geographical areas with high water needs (climate, intensive agriculture, tourism, etc.) could make an important difference in water usage habits.

In addition to an accurate assessment of the needs, policy scheme incentives may need to be developed to encourage such behavior and help facilitate related investments.

Waste

<u>Better implementation of the regulatory framework around the EU's 'circular economy'</u>

AmCham EU members are committed to the principles underlying the treatment of waste in the most environmentally and economically sound way. We welcome the European Commission's initiatives to streamline and simplify existing EU waste policy and to orient the EU towards a true recycling society. We also applaud the renewed focus on ensuring the full implementation of existing legislation. AmCham EU is pleased that the Commission has introduced a new approach that takes into account the whole life-cycle of products when relating to waste management.

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However, we would like to see guarantees that the implementation of EU waste rules does not create trade barriers or distort the single market in Europe. AmCham EU is keen to ensure that the burden and costs of managing waste is shared in an equitable and workable manner. These rules should also promote cost-efficient recycling and recovery of materials and energy which is essential to reducing the impact on resource-use. Harmonised rules are thus necessary to prevent unnecessary burdens in the waste management chain and avoid barriers to trade.

We fully support the objective of the resource efficiency roadmap to turn waste into a resource. AmCham EU members, such as the tyre industry with 3 million tonnes of worn-out tyres retreaded or recovered annually in Europe, have already made a significant contribution to this objective. We urge the Commission to speed up the adoption of end-of waste criteria in line with Article 6 of the Waste Directive, regret that it is only due to be released by 2013/2014[1] in the roadmap. Any delay in the adoption of end-of-of waste criteria turns into significant lost benefits. Tyre collection and recovery for example still costs €600 million annually, an extra cost which is mostly paid by consumers. The industry is mature enough to turn worn-out tyres into a true resource, thereby cancelling those costs for the benefit of consumers and contributing to the EU resource efficiency roadmap but the waste status stands in the way.

Specific to waste treatment, we believe that there is a fundamental challenge in the current definition, which means that resource-rich waste may be incorrectly classified as hazardous. This means a significant portion of resource-rich waste is destroyed rather than being entered into the energy production, reuse or recycling market. In addition, members believe the inability to transport this waste into other Member States (intra-EU) because of a hazardous classification inhibits the most environmentally suitable management of this waste. By allowing the shipment of this waste across borders, both companies and governments would likely find it easier to justify building new treatment plants because of the economies of scale due to the significant variability in the processing technologies of many regions within the EU. AmCham EU believes that allowing lower risk shipments would not only support the more appropriate processing of this waste, but also increase competition between waste processing vendors and organisations and would incentivise many to continue investing in upgrading their technologies.

Waste heat can make a significant contribution to achieving the EU's carbon emissions and primary energy savings targets for 2020, but unfortunately there are no European countries that have meaningful measures to incentivise or recognise waste heat recovery. Waste heat from various industrial processes can be captured and reused for useful heating or for generating mechanical or electrical work. In general, power generation from waste heat has been limited to only medium to high temperature waste heat sources, converted to power in traditional steam cycle turbines. However, advances in alternate power cycles,

[1] See Roadmap to a Resource Efficient Europe (COM(2011)571), page 8, first bullet point of the Commission action points.

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in particular the Organic Rankine Cycle (ORC), have improved the feasibility of generation at low temperatures.

The ORC system enables many industrial processes to increase the overall efficiency, reducing overall plant consumption and simultaneously decrease CO_2 emissions, while consuming no additional fuel or water. In a single application the ORC system could provides up to 40 percent additional power and generates electricity for approximately 30,000 households. It could also eliminate more than 38,000 metric tonnes of CO_2 per year. The most energy intensive industries identified, with the greatest potential for waste heat recovery include cement, iron and steel, glass and several other industrial processes.

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate U.S. investment in Europe totaled $2.2 trillion in 2010 and directly supports more than 4.2 million jobs in Europe.

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