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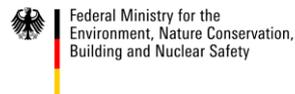


Overconsumption: a ticking time bomb

**The EU's failure to address resource efficiency
policy**

April 2015

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Introduction

Our current model of economic growth is unsustainable on a planet of finite resources. Europe is already consuming more than its fair share of natural resources, with devastating impacts on ecosystems and communities. The availability of resources is, and will remain, a cause of conflict as the global population increases, middle classes grow and developing nations expand their economies.

The withdrawal of the circular economy package saw the halt of the development of resource efficiency policy for Europe, which, contrary to the waste and design policy, won't be re-tabled unless MEPs and member states raise their voices. The scrapping of the Land as a Resource Communication from the European Commission's 2015 Work Programme is another example of the trend of de-prioritisation of resource efficiency policy.

As the continent most dependent on imported natural resources for its economic activities, Europe is vulnerable to price fluctuations and increases, as seen since the turn of the century¹. Indeed, 40% of European manufacturers' costs are from resources, whereas 20% are labour costs and 10% come from energy². The Commission is putting the European economy, its jobs, the environment and citizens' wellbeing at risk by turning its back on such a pivotal policy. MEPs and member states need to call the Commission to:

- **Develop and adopt the land, water, material and carbon footprints** in order to monitor resource use levels and to develop reduction targets. These indicators give an important indication of our resource use and its impacts.
- **Introduce the Four Footprints in the EU's overarching policies**, such as the Economic Semester, as well as being incorporated in policy impact assessments.
- **Table the Land as a Resource Communication**, as the means to introduce the land footprint indicator and develop a specific target to reduce Europe's land footprint. Current levels of land use for food, feed, fuel, transport, goods and services for the EU are unsustainable, and undermine environmental, developmental and human rights objectives.

The EU is not adapting to a resource-constrained reality

Reducing waste, making our economy circular and dealing with it in a more socially and environmentally sustainable way is an important step, but a better use of resources requires a more comprehensive approach. Europe is still one of the highest consuming continents on the globe, with a material footprint of 21 tonnes per capita per year.³ Even if we were to recycle 100% of our waste, our high and growing consumption of goods in Europe means that demand for virgin resources would remain high. For example, despite high rates of aluminium recycling (62% to 95%), our demand is so great that it cannot be met by recycled aluminium alone – recycled aluminium supplied only 35% of consumption in Europe in 2008), creating a continuous demand for the virgin resource⁴

¹ From 2000 to 2011, natural resources prices increased 147% on average, with energy prices increasing by 190%, food by 135% and materials by 135%. McKinsey Global Institute, Resource Revolution: Meeting the world's energy, materials, food, and water needs, November 2011, p.30, http://www.mckinsey.com/insights/energy_resources_materials/resource_revolution

From 2011, the IMF have reported that commodity prices have significantly decreased http://www.imf.org/external/np/res/commod/images/chart_lg.jpg

² Greenovate! Europe, 2012, Guide to resource efficiency in manufacturing

³ In 2007, Europe's material footprint per capita was 21 tonnes, 8 tonnes per capita more than was extracted within Europe. Alongside Europe, Australia and North America are the three highest consuming areas in the world, with material footprints in 2007 of 48 and 29 tonnes per capita respectively. Tukker, A; Bulavskaya, T; Giljum, S, et al, The Global Resource Footprint of Nations: carbon, water, land and materials embodied in trade and final consumption. http://creea.eu/index.php/documents2/cat_view/16-creea-booklet

⁴ The recycling rate of aluminium in Europe is high, ranging from 62% for beverage cans to 95% in building and transportation. The 2008 EU27 aluminium recycling from old scrap amounted to about 35% of the apparent consumption. Data from the European Aluminium Association, 2010, in

Europe cannot face the challenges of a resource-constrained world unless waste legislation becomes part of a wider strategy to reduce our resource use. Resource prices continue to fluctuate, global middle classes are growing, and the world is facing ever-higher demand for the same finite quantity of natural resources, creating greater competition. Achieving a circular economy does not in itself deal with the fact that we are, collectively, living beyond our planetary boundaries. This has irreversible negative consequences for both planet and people, as our ecosystems are stretched beyond their capacity to renew themselves – biodiversity loss, soil erosion, climate change and resource degradation are all part of this picture.

Creating a more circular economy is therefore not enough – and the onus is on Europe to act. The top 20 highest-consuming countries, many of which are European, are responsible for 75% of all materials consumed globally. This can be contrasted with the 100 countries with the lowest absolute material consumption which together use only around 1.5% of the world's materials⁵. It is therefore both an *imperative* and an issue of *justice* that the EU introduces tools and policies that enable us to have a good quality of life while consuming less.

You can't manage what you don't measure

All EU institutions, as well as a wide range of private and public stakeholders, have agreed on the need to measure resource use with consumption-based indicators for land, water, materials and greenhouse gasses such as in the 7EAP⁶, the Resource Efficiency Roadmap⁷ and the European Resource Efficiency Platform's Manifesto⁸. However, the new Commission decided to drop its development and is currently only developing the resource productivity indicator (GDP/RMC).

Since the resource productivity indicators is linked to GDP richer countries will always come across as more sustainable, despite their higher levels of resource use. In addition, adopting a productivity approach rewards business as usual (simultaneous economic growth and resource consumption growth). For example, between 1980 and 2005, the world economy increased its resource productivity, due to the fact that it increased the amount of economic value created per unit of material consumption by 30%. Despite this progress, global material extraction increased during the same period by almost 80% since 1980.

The high environmental, social and economic costs of resource consumption mean that Europe must lead with an ambitious and equitable EU-wide strategy on resource use, starting by measuring our consumption of materials, land, and water, as well as our greenhouse gas emissions, via the Four Footprints:

- **Land use footprint**, in hectares, including land outside the EU used to produce

European Commission, DG ENTR, Annex V to the Report of the Ad-hoc Working Group on defining critical raw materials, 2010, http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/annex-v_en.pdf

⁵ Dittrich, M.; Gilium, S; Lutter, S; Polzin: Green economies around the world? Implications of resource use for development and the environment, 2012 http://seri.at/wp-content/uploads/2012/06/green_economies_around_the_world.pdf

⁶ Thematic priority 2.iv: "Developing measurement and benchmarking methodologies by 2015 for resource efficiency of land, carbon, water and material use and assessing the appropriateness of the inclusion of a lead indicator and target in the European Semester;" <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D1386&from=EN>

⁷ "Because this provisional lead indicator only gives a partial picture, it should be complemented by a 'dashboard' of indicators on water, land, materials and carbon" page 21 http://ec.europa.eu/food/safety/food_waste/library/docs/com2011_571_en.pdf

⁸ "We urge Member States and the Commission to start regular calculation of RMC for all Member States by the end of 2014 on the basis of agreed principles. Footprint and other indicators measuring the use of carbon, land and water need to be brought to an adequate level of robustness and policy relevance." http://ec.europa.eu/environment/resource_efficiency/documents/erep_manifesto_and_policy_recommendations_31-03-2014.pdf

imported products;

- **Materials footprint**, in tonnes, including those used to make products that are imported into Europe;
- **Water footprint**, in litres, including water consumed outside the EU to produce imported products;
- **Greenhouse gas emissions (GHGs) footprint**, in CO₂ equivalent, including those emitted outside the EU to make products consumed in Europe.⁹

These indicators have a life-cycle perspective, and so take into account the embodied resource use of imported and exported products, which makes it possible to capture possible shifts of environmental pressures related to domestic production or consumption elsewhere in the world. They also permit direct links with social and development issues, including resource poverty, and the need for a fair distribution of global resources.

Measuring resource efficiency in impact assessments

Policies that move Europe away from a sustainable use of resources continue to be introduced and implemented. To counteract this, land, carbon, water and material footprints should be added in impact assessments so that reducing resource use becomes integral to policy making.

For example, setting biofuel targets solely on a carbon basis meant that the associated increasing water and land use was not considered, creating unintended impacts that undermined the targets' efficacy.¹⁰ To avoid similar pitfalls, policies must include an assessment of the impacts on Europe's material, land, water and carbon footprints.

Mainstream resource efficiency via the European Semester.

The environmental issues covered in the current European Semester relate to climate and energy,¹¹ while issues like resource efficiency are side-lined or absent. The European Semester must be broadened and 'greened' by providing a better overview of Europe's progress on resource use. For that reason, an indicator on overall material use (preferably the Raw Material Consumption indicator, as it is already measured by Eurostat) should be added in the European Semester, allowing member states need to progress this policy.

A more holistic interpretation of the priority areas set out in the Annual Growth Survey is needed, with actions promoting the transition to a resource efficient Europe. The European Parliament's role in ensuring policy coherence between the European Semester and other long-term strategic EU policies – like the Resource Efficiency Roadmap – must also be strengthened.

Use the economic framework to incentivise resource efficiency

Urgent EU action is needed to reverse environmentally harmful subsidies (EHS), in order to create a framework that incentivises conservation and better use of resources facilitating cost savings, helping address negative environmental impacts, freeing up public money, and

⁹ FoEE, The Four Footprints: Increasing our resource efficiency, reducing our social & environmental impacts, March 2014,

<http://www.foeeurope.org/sites/default/files/foee-briefing-four-footprints.pdf>

¹⁰ FoEE, Briefing: Understanding the biofuel trade-offs between Indirect land use change (ILUC), hunger and poverty, 2 July 2013,

<http://www.foeeurope.org/biofuel-trade-offs-iluc-hunger-poverty-020713>

¹¹ For example, environmental tax reform, energy, electricity and transport infrastructure, renewable energy and energy efficiency, energy market design, and progress towards GHG emission reduction targets. Institute for European Environmental Policy (IEEP), 'The European Semester: Assessing Progress To Date: A report for the Greens/EFA Group in the European Parliament', December 2013, http://www.greens-efa.eu/fileadmin/dam/Documents/Publications/GND/ENVIR_POLICY_web.pdf, and IEEP, 'How green is the European Semester process?' presentation, 29 January 2014, European Parliament, http://www.ieep.eu/assets/1328/IEEP_Environment_in_the_European_Semester_EP_29_Jan_2014.pdf

creating incentives for eco-innovation.¹² Taxing environmental bads, like waste and pollution, instead of subsidising them, as is currently the case with waste incineration¹³, is another vital component of a zero waste, resource efficient economy.

In addition, Europe is in urgent need of an environmental tax reform which shifts the tax burden from labour to resource use, helping to promote labour intensive re-use and repair activities, and making consumption of new products less attractive. Labour taxes account for 53.3% of total tax revenue in the Eurozone area against 5.7% for environmental taxation¹⁴.

On the other hand, there is a persistently high unemployment rate, with over 20% of people out of work in member states such as Spain and Greece¹⁵. Environmental taxes cause less economic harm per unit of revenue than direct (i.e. income) or indirect taxes, while also producing other benefits¹⁶. Consequently, European countries should further progress on environmental fiscal reform by shifting taxes from labour to resources and divest funds from material extraction and unsustainable material infrastructure such as incineration to waste prevention, reuse, preparation for reuse, recycling infrastructure and activities.

The cost of inaction: A 'Stern for Resources'

EU institutions are not giving resource use policy the importance it needs because there is not enough evidence on what is at stake. Good initiatives in research and policy-making around European resource use are compromised by policy incoherence and contradictions. A core duty of the EU institutions is to safeguard the economy and wider well-being while having a positive impact on the environment, something it will only be able to do with a proper understanding of the EU's resource dependencies and its wider economic consequences.

In 2006, the UK government published a study by an economist (Lord Stern) on the economics of climate change, including the costs of taking or avoiding action to reduce CO₂ emissions. The *Stern Review* concluded that the long-term economic health of the UK and Europe was better served by taking action to avoid, rather than adapting to, climate change and has since influenced climate and environmental policy around the world. The main argument was that action is far cheaper than inaction. At a moment when companies' costs are volatile and there is insecurity of supply, the EU is closing the door to more action on resource policy.

Europe must take a long-sighted approach when it comes to resources and develop a 'Stern for resources' which would enable policy makers to be aware both of what is at stake and how managing resource better is not only positive environmentally and socially, but also for the economy. A 'Stern for Resources' would guide decision-makers in developing the right mix of policies and governance to ensure economic resilience, environmental protection and individual well-being.

¹² Withana, S., ten Brink, P., Franckx, L., Hirschnitz-Garbers, M., Mayeres, I., Oosterhuis, F., and Porsch, L. (2012). Study supporting the phasing out of environmentally harmful subsidies. A report by the Institute for European Environmental Policy (IEEP), Institute for Environmental Studies – Vrije Universiteit (IVM), Ecologic Institute and VITO for the European Commission – DG Environment. Final Report. Brussels. 2012.

http://ec.europa.eu/environment/enveco/taxation/pdf/report_phasing_out_env_harmful_subsidies.pdf

¹³ Burning biogenic waste (i.e. paper, cardboard, food waste, textiles, etc) is considered as a form of renewable energy in the Renewable Energy Directive (2009/28/EC), resulting in perverse subsidies for incineration, which conflict with the Waste Framework Directive's commitment to the waste hierarchy, and therefore the preference for prevention, re-use and recycling over incineration. As a result, incineration receives tens of millions of annual subsidies under the guise of "renewable energy", creating higher greenhouse gas emissions than alternatives higher up the waste hierarchy.

¹⁴ European Union, Taxation Trends in the European Union. Eurostat Statistical Books.

http://ec.europa.eu/taxation_customs/resources/documents/taxation/gen_info/economic_analysis/tax_structures/2014/report.pdf2014

¹⁵ Eurostat (March 2015) [http://ec.europa.eu/eurostat/statistics-](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Recent_developments_in_unemployment_at_a_European_and_Member_State_level)

[explained/index.php/Unemployment_statistics#Recent_developments_in_unemployment_at_a_European_and_Member_State_level](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics#Recent_developments_in_unemployment_at_a_European_and_Member_State_level)

¹⁶ <http://www.foes.de/internationales/green-budget-europe/gbe-projekte/cetrie/?lang=en>



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Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network, Friends of the Earth International.