

Brussels, 22 October 2012

Comments on Commission Consultation on Resource Efficiency Indicators

EXECUTIVE SUMMARY

Orgalime thanks the European Commission for consulting stakeholders in the process of developing resource efficiency indicators, which are the vital prerogative for any implementation activity to the Resource Efficiency Roadmap.

European Engineering industries are generally committed to the objectives of the EU Resource Efficiency Roadmap. We believe that developing indicators that are meaningful and appropriate needs to be based on a clear set of criteria, including the Commission's suggested criteria of RACER (relevance, acceptability, credibility, easiness, robustness), but also on further criteria, such as data availability, fitness for purpose to guide regulators in their policy making, consistency, completeness or timeliness.

Orgalime wishes to raise the following core comments on the Commission consultation paper on resource efficiency indicators:

- If indicators are to be developed, they need to be fully harmonised, shared, representative and based on robust data, with an appropriate methodology, which we believe is not the case for the moment being.
- The existing lack of available data also interferes with the development of reliable indicators. European standardisation should be used to fill gaps where it is possible.
- A very careful approach that embraces environmental and economic aspects alike should be adopted when assessing possible resource efficiency indicators. In this respect, we question the suggested methodology and structure proposed by the consultation document.
- In our view, the proposed lead indicator of Domestic Material Consumption (DMC) shows considerable weaknesses in terms of its capacity to reflect all aspects of Resource Efficiency in an appropriate and reliable manner. This risks leading to misinterpretations in environmental and economic terms and should therefore not be applied.
- Orgalime industries recommend abandoning the lead indicator, and to focus directly on the development of dashboard macro-indicators instead, which should in particular include the following indicators: economy, environment, technology and (environmental) policy implementation score.
- As long as there are no robust and transparent indicators derived from representative data and methodologies, it is in our view inappropriate to progress with the setting of targets.

We provide our detailed comments on the consultation questions hereafter:

Orgalime, the European Engineering Industries Association, speaks for 37 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. The industry employs some 10.2 million people in the EU and in 2011 accounted for some €1,666 billion of annual output. The industry not only represents some 28% of the output of manufactured products but also a third of the manufactured exports of the European Union.

www.orgalime.org

1. WHAT ARE THE KEY ISSUES THAT NEED TO BE ADRESSED BY INDICATORS TO SUPPORT RESOURCE POLICY?

As a general rule it is important that indicators are based on robust data, are representative and harmonised and resulting in proper input on the progress achieved so far as well as guidance for policy makers.

Therefore, the key issue that needs to be addressed by indicators to support resource efficiency policy is mainly to strive for a balance between environmental impacts and economic aspects, which is not the case in the suggested consultation document.

Data need to be scientifically based, derived from representative and commonly accepted tools, preferably derived from European standardisation work. Statistics in this area are not necessarily representative or suitable for comparison purposes today.

The criteria to guide the development of indicators should include the suggested Commission "RACER" criteria (meaning relevance, acceptability, credibility, easiness, robustness) but also further criteria, such as data availability, fitness for purpose to guide regulators in their policy making, consistency, completeness and/ or timeliness.

Furthermore, future potential indicators should not lead to a fall in production and a relocation of EU manufacturing. Likewise, it is essential to avoid a further decline in employment, a negative impact on manufacturer's supply chains and a loss of the European manufacturing competitiveness on international markets. Therefore, indicators should not be used to create policies which lead to barriers or restrictions for EU manufacturers. In any case, if indicators are to be developed, we propose to conduct balanced impact assessments in all affected fields to avoid such negative effects.

Rather, if indicators are to be developed, these indicators should be used to ensure the supply of resources, to support the increase in efficiency as well as to give support in the selection of the most significant ecological resources.

For example, if indicators are developed, which focus on a complex technical products along the whole life cycle, it is very important to consider the positive potential savings and the product's "performance" during the use phase.

2. ARE THERE OTHER INDICATORS THAT WE SHOULD BE USING TO MONITOR THE ECONOMIC AND ENVIRONMENTAL IMPACTS OF RESOURCE EFFICIENCY POLICIES BY 2013 AND FOR THE FUTURE MORE SPECIFICALLY?

Orgalime assumes that the proposed lead indicator for resource efficiency is supposed to be used for comparing countries in Europe as regards progress towards a resource efficient society.

Nevertheless, the development of indicators for a resource efficient society is of concern and relevance to our industry, which is the provider of technology solutions for a resource efficient society. Investments in technology will have to be made and ambitious and relevant environment regulations play a role in this process.

a) **Is the proposed lead indicator, GDP/DMC an appropriate indicator to measure resource efficiency? Are there any better alternatives that should be considered?**

Orgalime does not believe that the proposed lead indicator of Domestic Material Consumption (DMC) is a proper tool for policy makers and opposes that one lead indicator should be used as the basis for policy decisions.

The conditions in countries are diverse and the methodology in its present form does not take this into account.

The proposed lead indicator ignores the economic interdependencies of a modern economy, as well as the environmental impacts of economic activity outside a country's borders. Also, a "one-size fits all approach" for different materials risks leading to misleading conclusions in environmental terms.

There is a severe risk that the proposed lead indicator will lead to wrong conclusions with regard to the environment and to economic development. For example, the DMC could lead to wrong conclusions for environmental policies. It does not directly measure impact decoupling, and it tells us little about the environmental pressure that economic activity exerts.

Additionally, the DMC indicator, which is mainly a measurement in tons/quantity, not of quality, would lead to wrong conclusions for industrial policies, since it underestimates the resource use of imports and exports and gives preference to services rather than manufacturing.

b) Are the appropriate indicators included in the dashboard of macro-indicators? Are there any alternatives that should be considered?

As an alternative to the lead indicator, which Orgalime does not support, we suggest that one should focus directly on the development of macro-indicators/dashboard indicators.

Contrary to the proposed macro-indicators on water, land and carbon use, however, we suggest to structure the dashboard along the four following categories: economy, environment, technology and (environmental) policy implementation score, so as to balance the currently existing bias towards environmental indicators.

c) Are the appropriate indicators included in the third tier of thematic indicators? Are there any other indicators that should be considered?

We invite the Commission to reconsider its present approach of "Europe-intern" indicators, as this approach does not take into account that 70-85% of the resource efficiency potentials lay outside Europe¹.

Alternatively, as set out under point b, we suggest structuring the dashboard along the four following categories: economy, environment, technology and (environmental) policy implementation score.

d) Are the appropriate indicators included in the Scoreboard? Are there any other indicators that should be considered?

See comments on points b and c.

3. WHICH INDICATORS WOULD BE BEST SUITED FOR POTENTIALLY SETTING TARGETS, BY 2013 AND FOR THE FUTURE?

We strongly believe and recommend that if any targets are set, these should be based on reliable and robust indicators allowing clear and transparent comparability between Member States, which is, in our view, not the case for the moment being.

Moreover, resource efficiency indicators should not to be set in isolation from other policy areas, EU regulations (e.g.: the Ecodesign Directive) and possible other targets, such as an increase of the industrial policy target of the value created by manufacturing industry, which we widely support.

¹ McKinsey report, [Resource Revolution: Meeting the world's energy, materials, food, and water needs](#), November 2011.

Finally, if resource efficiency indicators are developed, they should not lead to conflicting aims between regulatory issues (for example, with energy efficiency measures). On the contrary, indicators should contribute to visible trade-offs rather than hiding them, as they are, after all, supposed to guide and inform policy decisions.

To conclude, as long as there are no robust and transparent indicators derived from representative data and methodologies, it is in our view inappropriate to progress with the setting of targets.



The European Engineering Industries Association

ORGALIME aisbl | Diamant Building | Boulevard A Reyers 80 | B1030 | Brussels | Belgium
Tel: +32 2 706 82 35 | Fax: +32 2 706 82 50 | e-mail: secretariat@orgalime.org
Ass. Intern. A.R. 12.7.74 | VAT BE 414341438