

## Resource Efficiency and Circular Economy

By 2025 the global population is expected to reach 8 billion people, all aspiring to greater prosperity. Meeting these aspirations will place increasing demands on the Earth's resources and, as these demands outstrip supply, market forces will result in resources becoming ever more expensive. In this scenario, resources would go to those economies best able to afford them, which will depend on their international competitiveness.

A viable, sustainable future for all will depend on our ability to meet this growing demand by more efficient use, and reuse, of resources. To achieve this, the EU, and the rest of the world, needs to change the way it **produces, consumes**, recycles and reuses products. In short, we will need to keep materials circulating in the economy for longer, re-designing industrial systems and encouraging cascading reuse of materials and waste.

The European Chemical industry can make an essential contribution to the delivery of a sustainable circular economy. The processes needed to separate and recycle raw materials are, as often as not, chemical processes: and industrial chemistry is, "what we do!" Moreover, as a key supplier to most manufacturing sectors in Europe, we will be called on to provide materials and processes to enable others to confront these challenges. Chemical innovation will play an ever more vital role as we strive for greater [sustainability](#).

**The European chemical industry has a long history of investing to improve resource and energy efficiency** along the whole value chain. Many of these improvements, from industrial symbiosis, vertical integration in clusters, zero waste initiatives, and closed loop processes, through to cooperation along the value chain and the development of innovative products and processes, already contribute to the development of a circular economy.

This on-going process is not based on subsidies, which are inherently unsustainable, nor is it driven by Regulations that impose uncompetitive solutions. It is a process of investment in innovations that deliver competitive solutions and enable us to withstand global competitive pressures. This process leaves us with a highly skilled workforce steeped in a culture of sustainability and resource efficiency.

We welcome the early indications from the Commission that these considerations will form part of the revised package of measures in support of a circular economy.

In light of the above, the key question is not whether to pursue a circular economy but **how best to achieve that goal**. We make the following observations, based on our experience:

- **First, there is only one economy and the circular economy must still be an economy.** It cannot be developed separately. It has to grow from within the existing economy in an evolutionary process involving all players. Contributions to circularity will be developed by business if

they are viable and profitable, and lead to increased growth and competitiveness. Measures that add to industry's costs, depress demand and undermine competitiveness would prove counterproductive.

- **Second, Europe should be looking for practical solutions that will make a difference in the real economy.**

The search for solutions should take a **holistic, value chain and life-cycle approach**. It should focus on innovating down the cost of re-using and recycling products, and of recovering raw materials: and on improving the longevity and durability of products without compromising performance.

- **Thirdly, the circular economy does not stop at the European borders and any measures will need to take the global dimension into account and be in compliance with international trade rules.**

**The circular economy can create opportunities for the chemical industry.** It will do so, if policymakers promote the circular economy by providing incentives that encourage our sector to develop economically viable solutions, rather than by imposing penalties that would undermine competitiveness and inhibit investment in the necessary changes. **Policy incentives** that protect the competitiveness of EU businesses can help making the circular economy concept an opportunity to develop new markets both within the EU and for exports, for all manufacturing sectors. These incentives might include:

- Create economies of scale through a single market for solutions that contribute to the circular economy: eg by establishing effective and technically feasible EU (product) standards; by establishing a single market for waste and a competitive single market for secondary raw materials; and by introducing a harmonised EU approach to end-of-waste criteria and by-products.
- Stimulate and provide access to risk capital for the uptake of innovative solutions resulting in or aiming at significant and demonstrable progress towards the goals of circular economy;
- Stimulate the demand for products assessed as contributing to the sustainable economy over their entire lifecycle.

In short, we believe that the 'circular economy' could/should create opportunities for win-win solutions, which deliver environmental benefits, social prosperity, create economic growth and generate employment. They will result from industrial investment and innovation, which will be forthcoming if, but only if, investors can expect a reasonable return on that investment.

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#### About Cefic

Cefic, the European Chemical Industry Council, founded in 1972, is the voice of 29,000 large, medium and small chemical companies in Europe, which provide 1.2 million jobs and account for 17% of world chemicals production.