

Building our Industrial Strategy – Green Paper

Submission from the Resource Association

Introduction

The *Building our Industrial Strategy* Green Paper is welcomed by the Resource Association as a vision to support, strengthen and develop different industries across the UK as part of the changing economic landscape anticipated after the UK leaves the European Union.

Creating an industrial strategy for the UK is an approach we warmly welcome and we are supportive of much of the thrust and intent within the Green Paper. Our comments in this submission concentrate on advocating a higher profile and consequent support for the resources industries within the Industrial Strategy. We see the resources industries - those that manage the collection, sorting, reprocessing and manufacturing utilising recovered materials – as an essential foundation of the UK economy. In addition, the potential for a more resource efficient, circular economy to generate profitability for UK business, increased resource productivity and lower dependence on material inputs from high-risk developing economies is something which we believe is seriously understated in the Green Paper and we urge the Government to look afresh at the potential and value of our industries to the future UK economy.

Q2 in the Green Paper asks: “Are the ten Pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?” We consider the imperative of a resource efficient, circular economy to be worthy of consideration as a Pillar in its own right and at the very least a significant and explicit cross-cutting element of the whole Industrial Strategy.

Although our industries have a degree of complexity and diversity, ranging from waste and resource management through repair and remanufacturing through to the foundation industries of reprocessing and manufacturing using recovered materials, we believe that a Resources Sector Council, supported by Government as part of the Industrial Strategy, could have a catalytic effect and provide the support and impetus needed to take the UK economy forward in the 21st Century as a genuinely resource efficient, low carbon economy. We stand ready to support such an initiative and urge others to join forces in a spirit of collaboration.

About the Resource Association

The Resource Association is the industry association for the reprocessing and recycling industries, their supply chain and related environmental and social interests. We champion a resource efficient materials economy that realises value, prizes quality and seeks to maintain the integrity of recyclable materials that are still too commonly treated as waste. We support the development of a sustainable and healthy recycling industry as an integral part of the

emerging circular economy. Our members promote the management of materials as resources not wastes, and through our collective action we are delivering value across the triple bottom line, creating economic, social and environmental benefits. Contributing over £3.3bn to UK GDP, recycling and reprocessing over 7 million tonnes of UK generated materials every year and sustaining more than 12,500 direct jobs in the UK economy and many more indirect jobs, our members¹ are drawn from the range of players in the resources supply chain: major materials reprocessors and manufacturers, major brands, collection and sorting companies, recycling equipment and vehicle suppliers, local authorities, social enterprises, and technical consultants and advisors.

Comments on the Green Paper

We focus our detailed remarks on areas of direct interest within the Green Paper, noting as already stated our broad support for the principle and approaches in the document. On the basis that the resources sector and the resource efficient economy has a lower profile in the Green Paper than we believe is deserved, we concentrate on areas to draw to the attention of Government that could address this in a valuable way.

Pillar 3: Upgrading infrastructure

We consider it a disappointing omission that the resources industries are not mentioned at all in Pillar 3. Our infrastructure should be seen as a foundation to the effective running of the UK economy, whether it be the utilisation of non-recyclable wastes for energy recovery after recycling has been maximised or and understanding of the material needs of key foundation sectors such as the paper, glass, plastics and metals industries as well as the changing material needs of major sectors such as electronics, automotive and biotech with continuing questions about materials security for those industries dependent on access to raw materials sourced in high-risk developing economies. Key points:

- There is a need for better long-term resource use planning in order to develop appropriate infrastructure. This needs input from the resources sector and must take account of future material security and preferably be based on a circular economy strategy. A revival of the idea of a 'Stern-style' review of natural resources and business risk from resource scarcity would be most welcome. In 2015, a significant alliance of environmental NGOs and industry associations joined forces to advocate the need for a 'Stern for Resources'² but there was no sign at the time of any interest from HMT in commissioning this important work. Given the potential risks to UK

¹ A full list of our members can be reviewed at www.resourceassociation.com/members

² Friends of the Earth and EEF The Manufacturers' Organisation (2015) *Dangling by a thread? Why the Treasury should review the resilience of UK supply chains and their exposure to resource availability shocks* <https://www.foe.co.uk/sites/default/files/downloads/dangling-thread-76181.pdf>

industry from future resource scarcity, especially in relation to rare earths and precious metals essential for modern manufacturing³, this was a disappointing signal of intent. We look to the Industrial Strategy to reverse this signal.

- Data on waste and material flows, particularly in the commercial and industrial sectors is woefully inadequate. Strategic decision-making is badly hampered by this and the lack of consensus on the types and amount of infrastructure needed for effective resource efficient management of wastes and materials in future decades.
- We encourage BEIS to take account of the review of waste and recycling infrastructure currently being co-ordinated by WRAP (the Waste and Resources Action Programme) in the final iteration of the Industrial Strategy.

Pillar 5: Improving procurement

We agree that evolution of the approach to public procurement can be an important tool in driving forward many parts of the developing UK industrial economy and welcome the attention to this area. Public sector procurement is an important element but still represents only 14% of total UK procurement and spending and so we encourage consideration of the concept of changes to procurement for all material and energy feedstocks into the UK economy.

We advocate taking a broader approach that covers all industrial sectors and incorporates new thinking on demand-side measures that will reduce overall resource requirements (water, energy and materials) while maintaining and improving productivity. This needs to include a greater share for renewable and secondary resources in the provision of feedstock for UK manufacturing and wider industry.

Recognising that there can be a role for limited intervention where a market failure can benefit from targeted actions (such as in the markets for secondary plastics), we encourage Government to look afresh at the role for a package of measures that would transform procurement practices and accelerate the resource efficient economy. These could include (not exhaustive): raw materials levies; differential taxation to favour secondary materials, repair and reuse; mandatory product design standards and in some circumstances, extended producer responsibility. We welcome the statement in the Green Paper (p91) indicating Government's interest in improving resource productivity, reducing raw material demand and promoting well-functioning markets for secondary materials and will be pleased to contribute

³ This concern was articulated by EEF in a significant report Materials for Manufacturing: Safeguarding Supply, launched in 2014 alongside a wide industry-led call for resources policy coherence to be delivered through creation of an Office for Resource Management. See <http://resource.co/government/article/report-urges-government-act-resource-risks-3108>

to fresh thinking in these areas. We believe that WRAP is well placed to lead a review of the role of such measures for Government and could provide a welcome catalyst for industry, building on their strong track record of success in building industry collaborations. Key points:

- Public sector budgets even now can still be a significant driving force for achieving resource efficiency as part of wider whole-industries approach to feedstocks procurement.
- Government can lead by example with its own £122 billion worth of central procurement to boost demand for resource efficient goods and services.
- The UN Environment International Resource Panel report *Resource Efficiency – potential and economic implications*⁴ is commended for highlighting the need for intelligent public policy to deliver resource efficiency and improve national competitiveness.

The UN Environment International Resource Panel report is an important reference document in our view. It highlights the value and potential in a balanced approach in which intelligent and appropriate regulation and use of fiscal measures can have a catalytic and ‘market-making’ effect to provide desired public good through solid and sustainable improvement in business resource efficiency. This concept is explored further in a discussion document from Green Alliance, *Industrial strategy fit for the future*⁵ which further promotes this model of approach as one for specific consideration in the development of the Industrial Strategy.

Pillar 7: Delivering affordable energy and green growth

As just noted, the Green Paper (p91) makes a short statement about the importance of securing a low-carbon and resource efficient economy, increasing the efficiency of the use of materials in the supply chain and promoting well-functioning markets for secondary materials. Reference is also made to the forthcoming Defra 25 Year Environment Plan which it is hoped will set out a clear vision for achieving this. We await the consultation stage of the 25 Year Environment Plan with patience and great interest.

⁴ UN Environment Resource Panel (2017) *Resource Efficiency – potential and economic implications* http://apps.unep.org/publications/index.php?option=com_publication&task=download&file=012050_en

⁵ Green Alliance (2017) *Industrial strategy fit for the future – perspectives on building a competitive UK economy* http://www.green-alliance.org.uk/industrial_strategy_fit_for_the_future.php, particular reference to Prof Paul Ekins of UCL and his contribution on p9

Q30 of the Green Paper asks: “How can the Government support businesses in realising cost savings through greater resource and energy efficiency?” Key points:

- A good starting point would be a thorough review of Defra’s waste strategy which is now considerably overdue for review, but in the context of Brexit negotiations and the evolution of the anticipated 25 Year Environment Plan clearly needs to be considered afresh with those developments in mind. Like many other stakeholders in our industries, we have been disappointed in the slow progress of English waste strategy in recent years, as articulated last year in our call to the Environmental Audit Committee of the House of Commons to scrutinise Defra⁶ waste strategy. Whilst the referendum result changes the context, the underlying concerns articulated in this statement have not changed. A review of this strategy should now fully include BEIS and be done in collaboration with the evolution of the Industrial Strategy which we hope will evolve with a stronger and clearer positioning for the resources sector as a growth engine for the UK economy. It should develop into a Resources Strategy that supersedes the old approach to waste management.
- Building a stronger focus on quality in the use of materials and resources will contribute to a more resource efficient economy. Greater material resource efficiency is achieved through the collection and processing of separated, quality feedstocks that can remain in productive use in the economy for longer cycles. Costs of cleaning up contaminated feedstocks from mixed materials collection remain a cost burden for the UK reprocessing sector⁷ with little improvement in recent years, despite some efforts from Government to regulate the operation of sorting facilities for collected recyclate.
- Consistent high-quality communications are still needed – and constantly needed – at national and local level to ensure that the correct materials are presented as quality feedstocks for the recycling industries for manufacturing back into quality products. Introducing more consistent collection schemes for recyclate (feedstock) will assist in improving the quality and quantity of feedstock presented (especially by householders) and the work of WRAP on developing a ‘Consistency approach’ is

⁶ Open letter to the Chair of the EAC Mary Creagh MP, issued in February 2016 <http://www.mrw.co.uk/call-to-mps-to-intervene-over-defra-waste-strategy/10003287.article?blocktitle=Today%27s-latest&contentID=13698> and <http://www.resourceassociation.com/news/open-letter-environmental-audit-committee-calling-scrutiny-defra%E2%80%99s-departmental-plan-and>

⁷ Resource Association (2012) *Costs of Contamination Report* cites conservative (low estimate) costs of around £16 per tonne for UK reprocessors to clean up contaminated feedstocks – at least £51m/year as a low estimate
<http://resourceassociation.com/sites/default/files/Costs%20of%20Contamination%20Report%202012.pdf>



commended. Rebuilding the understanding of the householder and small business of how their recycling collection is turned back into valuable industrial products in which their role in helping to provide quality feedstock for British industry is vital.

Pillar 8: Cultivating world-leading sectors

We warmly welcome the sentiment expressed in the Green Paper that the Government is willing to work with any sector that can organise behind strong leadership to address shared challenges and opportunities.

Although our industries have a degree of complexity and diversity (and a range of diverse fora for cross-industry collaboration), ranging from waste and resource management through repair and remanufacturing through to the foundation industries of reprocessing and manufacturing using recovered materials, we believe that a Resources Sector Council, supported by Government as part of the Industrial Strategy, could have a catalytic effect and provide the support and impetus needed to take the UK economy forward in the 21st Century as a genuinely resource efficient, low carbon economy. We stand ready to support such an initiative and urge others to join forces in a spirit of collaboration.

Ray Georgeson MBE, Chief Executive

Resource Association

River House, Wharfebank Business Park, Ilkley Road, Otley, West Yorkshire, LS21 3JP

www.resourceassociation.com

Telephone: 01943 464778

17th April 2017