

Brussels, 29 September 2010

## **FEAD Annual Conference**

**Amsterdam, 8 October 2010**

### **BDE President Peter Kurth on “Towards a recycling and resource-efficient European society”**

Recycling in Europe is today influenced by two mega-trends within society, completely independent of economic crisis or economic upswing. First, there is the need to halt or mitigate climate change. Second, the demand for raw materials is growing worldwide, and in countries that are poorly endowed with natural resources there is a quest for alternatives to traditional raw materials, in particular secondary raw materials. I want to speak to you mainly about this second trend today, because this is where the private waste management industry in Europe plays a central – even a pivotal role.

This is an area where our sector faces major challenges in the years ahead, and which also offers great potential. We must address this situation together, work on it jointly within FEAD and move forward. Together we must make sure that the right course is set. However, if we are to stand alongside policy-makers as partners for tackling this central future task, it is not enough to call for a further development of the legal framework conditions and to recall the need to ensure fair competition. What we must do is convince with facts and figures. We must show what we have already achieved and, more important, highlight how much more we are capable of achieving – across the entire European Union.

You all know the figures: in 30 years' time identified reserves of copper ore will be exhausted, and the equivalent number for tungsten is just eight years. The world's largest copper mine in Chile produces less copper in a year than is contained in residual waste in Germany alone. A tonne of gold ore

produces 5 grams of gold, whereas a tonne of mobile phones contains 250 grams – 50 times as much.

Europe is relatively poor in natural resources but needs considerable volumes to sustain its business activities. There is therefore every reason to make optimal use of all available resources, including those obtained from so-called waste flows. And we also have the technical know-how as well as the installations to extract from this raw material valuable substances that our European industry needs. This process is called recycling. And recycling is the key concept for resource efficiency.

Recycling is not the only possibility for meeting industry's needs in terms of raw materials and valuable substances – but one that should certainly not be underestimated. And recycling is popular. Recent surveys tell us that more than 90% of Germans regard waste separation within their own homes as their essential contributions to environmental protection. Citizens together with the private waste management and recycling sector have made Germany the world's recycling champion. I have no doubt that this is also the case everywhere in Europe.

Ladies and Gentlemen, I hope you will excuse me if I give you examples which relate largely to Germany. But that is the country whose situation I am most familiar with. Furthermore, we – that is BDE, the German waste management federation – commissioned a study on the macroeconomic significance of the waste management sector in Germany on which my statements are largely based. You all know the situation in your own countries best, and I hope that we can work together in the framework of FEAD to build a resource-efficient economy, to create a recycling economy across Europe, based on the services that our sector can offer. The aim must be that in only a few years we will be able to say: Europe is a recycling society!

Our study, carried out by *Institut der deutschen Wirtschaft* in Cologne (IW), came up with some very remarkable figures. These figures highlight the importance of our sector in a completely new and extremely clear way. The

study shows that the sector is an important supplier of raw materials and that its significance for the economy generally will increase even further in the coming years. The secondary raw materials sector has developed into the fastest-growing sector of the German economy: the sector has grown by an average of 14% a year over the last 15 years. The German economy overall grew by an average of only 2% a year over the same period. However, what is more noteworthy than the actual growth figure is the fact that the sector has become one of the most important suppliers of raw materials to the German economy: in 2009, 13.23% of industry's raw materials needs were met by the secondary raw materials sector – the steel sector alone bought in around 20 million tonnes of steel scrap in 2009, and as a result produces almost 45% of all steel made in Germany from recycled material.

IW also forecasts further growth in this regard: the production value ("turnover") of secondary raw materials could reach almost 20 billion euros by 2015.

However, these highly impressive figures and prospects should not be allowed to eclipse the fact that the legal framework conditions in all member states are not yet sufficiently geared to efficient use of raw materials and comprehensive recycling. But the demand for raw materials in our countries makes it imperative that the legal framework conditions for our sector are realigned in a targeted way on production of raw materials. The private waste management and raw materials sector is a key sector for the future of European industry. Hence, policy-makers must not stifle its growth dynamic with over-regulation. Furthermore, fair competition between private and municipal undertakings is the best guarantee for high recycling shares and sustained growth.

If we look at *European* waste legislation, we can see that the right course has already largely been set at that level for a recycling society and thus for efficient and sustainable use of resources. With the revised waste framework directive, we have a forward-looking toolbox which will enable the European waste management industry to develop into a recycling and resource-efficient

business sector. The new waste framework directive enshrines a clear precedence for recycling of material above other forms of recovery, in particular incineration. Taken together, the strengthening of producer responsibility, encouragement of separation of waste, introduction of a 50% recycling quota as well as establishment of criteria for definition of end-of-waste for priority waste flows are further provisions which promote the recycling society. The task now is to ensure that the directive is implemented.

Clearly, this framework can still be improved. A bio-waste directive which requires separate collection of bio-waste except where this is not the appropriate option from an environmental or economic point of view, together with a system of quality criteria would be a further important measure. Similarly, a refinement of the landfill directive which imposes a ban on landfill for untreated household waste. Those are our demands. At the same time, we can also see that an expansion of this framework can only lead to comprehensive results if the extensive corpus of existing European waste legislation is rigorously enforced in all member states.

Concerning the major challenge of climate protection, it is self-evident that resource efficiency and climate protection are intertwined. More recycling means not only securing the need for resources in Europe but also saving on energy needs among producers of primary raw materials – the latter to a very considerable extent. The waste management sector has demonstrated not only that it can be “climate-neutral” but that it can even book “climate-positive” effects: as recently as 1990, German household waste management belched out almost 38 million tonnes of harmful gases into the atmosphere. The ambitious legal framework put in place in the early 1990s provided the necessary incentives for a forward-looking waste management sector. Investment certainty encouraged innovations and technological development. Among other things, this has allowed the waste management sector to make 56 million tonnes of CO<sub>2</sub> savings over the last 15 years. This is equivalent to around one quarter of the total CO<sub>2</sub> savings achieved in Germany.

The sector now actively reduces the burden on the climate by 18 million tonnes – each year. This is equal to the exhaust of 7.7 million vehicles or almost 20% of all passenger cars registered in Germany.

A further reduction of landfilling of waste, high requirements on incineration, introduction of separate collection as well as high recovery and recycling quotas are the driving factors which have brought about these results.

But the potential of our business sector is far from exhausted. With innovative technologies, extended collection and recovery, the introduction of a bin for valuable substances in private households for collecting non-packaging materials as well as packaging waste and an increase in recycling quotas will enable a further significant increase in emission reductions. As we know, the waste management sector operates at very different technological levels in the 27 member states. As a result, the enormous potential of the European waste management and recycling sector for climate protection is still hardly being exploited systematically. In many member states, landfill of untreated household waste plays a very considerable role even today. For instance, over 42% of the total waste volume in EU 27 went into landfills in 2007, around 29% of waste was collected separately and recovered, almost 21% was incinerated and 8% was treated in some other way. All in all, European waste burdens the climate with greenhouse gas emissions totalling around 78 million tonnes of CO<sub>2</sub> equivalent every year.

Ladies and Gentlemen, Colleagues, I repeat what I said earlier: our business sector can look forward to great opportunities. I am convinced that the best years are still ahead of us. We can make a great contribution to securing the supply of resources and to climate protection – as long as the framework conditions are right. In order to create the right conditions, we can make a substantive contribution by convincing political decision-makers with facts and figures on what the European waste management industry can already deliver and of what potential remains to be exploited.

Therefore, please allow me, here and now, to assign a task to FEAD and hence to all of us which we can only perform together: let us assemble the necessary figures and facts – each of us in our own country – figures and facts which demonstrate both the ecological benefit and the economic good sense of recycling and resource efficiency. And let us present these results jointly next year in Brussels. Let us campaign together on a solid basis for the right framework conditions, for fair competition in a European market. Those are ultimately the preconditions that will enable Europe to develop into a recycling society and hence into the most resource-efficient region in the world.

Thank you very much for your attention.