



PAPERS PRESENTED AT THE  
EUROPEAN FORUM FOR MANUFACTURING  
EUROPEAN PARLIAMENT ON  
6<sup>TH</sup> OF NOVEMBER 2014

“Resource efficiency meets industrial policy”



### **Jerome Bandry – Caterpillar**

At Caterpillar, we are supportive of the Circular Economy and sustainable development and we believe resource efficiency is compatible with industry and customer needs. Our customers – in extractive industries and many other segments – all want better fuel efficiency and productivity, better operating cost and a smaller environmental footprint. To support their investment, customers also want options like remanufacturing, where we return end-of-life components to “same as new” condition, with a full warranty and for a fraction of the price. This reduces waste in landfills, and minimizes the need for raw materials by keeping non-renewable resources in circulation longer. At the same time, remanufacturing is a cost-effective option for our customers, large and small, when a major component breaks out. Remanufacturing is a perfect example for the circular economy, not because of legislation but because it hits the right balance between efficiency, affordability, and the environment.

Caterpillar has been engaged in remanufacturing since the early 70s, with today 17 dedicated remanufacturing facilities and related research centers with over 4000 employees around the world, including the UK, France and Poland. Let’s be clear, remanufacturing is a sophisticated, high valued added, highly skilled and high tech industrial activity, enabled by sophisticated reverse logistics. In the process, bits and pieces lose their identity and may be coming from different places before they are taken back to specification, put back together and get on the market – same as new. It is a serious business opportunity and a significant fraction of the investment value for our customers.

Allow us however to point out how the legislator may - unintentionally - design and plan for obsolescence. The Commission has just released a proposal further reducing exhaust emissions for engines installed in non-road mobile machinery – stage V. The challenge is complex, because we are going for the strictest standards in the world and delivering the next generation of compliant construction machines in time will be hard work. The industry is on board and committed, but there is one piece missing. Contrary to previous reduction stages, the Commission removed from its proposal the provision for replacement engines. If we want to support the circular economy, if we want to optimize resource efficiency, we need to re-introduce a provision for replacement engines in the stage V proposal that enables our customers to retain the remanufacturing option and provides for a sufficient opportunity to remanufacture. And we will need support in the European Parliament to do so.

#### **AboutCaterpillar:**

For nearly 90 years, Caterpillar Inc. has been making sustainable progress possible and driving positive change on every continent. Customers turn to Caterpillar to help them develop infrastructure, energy and natural resource assets. With 2013 sales and revenues of \$55.656 billion,

Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The company principally operates through its three product segments - Resource Industries, Construction Industries and Energy & Transportation - and also provides financing and related services through its Financial Products segment. For more information, visit [caterpillar.com](http://caterpillar.com). To connect with us on social media, visit [caterpillar.com/social-media](http://caterpillar.com/social-media).



**Adrian Harris - Orgalime**

Dear Members of the European Parliament, Ladies and Gentlemen,

Orgalime: with some 10 million people working directly for our industry in Europe and 20 million more indirectly, we in Orgalime represent Europe's manufacturing heart: our companies are a mix of large companies, with the vast majority being smaller family owned companies. They have grown up in Europe, developed here in every town, region and country. We are the leading industrial employers and creators of wealth in Europe, manufacturing products used by consumers, industry, infrastructures and all sectors of the economy.

Why this meeting?

- A new Parliament but already a focus on issues which are of core interest to our industry.
- We do not come from the perspective of complaining about the situation.  
On the contrary our companies believe in their future in Europe.

Where are our strengths? The technologies developed by our companies, applied in the equipment and systems they manufacture throughout Europe and then export worldwide.

We know that today the opportunity is there to ensure our technological leadership through the massive integration of ICT into advanced manufacturing technologies, systems and business processes and the economy as whole.

We also know that this move will both allow us to develop new service offerings and to deliver more efficiency at every level.

Therefore, for us the industrial policy and resource efficiency agendas should go hand in hand.



Why? - Simply because it makes sense.

For our own industry resource inputs equal on average about 50% of total costs. Of this 90% are material costs and 10% energy costs. Energy is a resource too which is of importance for us but even more important for most of our clients.

Why are we champions at world level as the European engineering industry?

Simply because we offer better equipment and systems which are more productive at every level.

- Examples: Required storage place for 8 MB of memory: the first super computer in 1976 had 8 MB of memory and weighed 5.5 tons. Today's smart phones have more and are pocket sized.
- Today's recycling technology of waste EEE allows for the recovery of up to 95% of the base materials.

Our sector clearly sees opportunities in RE: they are in the position we have just issued. Let me just cite a couple of elements that would make CEP work for manufacturing and for which we seek MEPs support:

- A zero landfill policy, strengthened recycling and recovery targets, secondary raw materials requirements (these are however not suggested by CEP today)
- Implementing Europe's strong waste policy acquis, including in the area of waste shipment
- Improving and better harmonising reporting requirements by EU Member States on EU waste acquis can also help, however should be done without new administrative burden and costs on industry
- Promoting the development of harmonised standards, especially at international level (70% of resource efficiency challenges arise outside the EU)

There are also some elements in CEP, which concern us as we see a risk that they work against a revitalization of industry (we seek 20% manufacturing target with growth in both the industry and the service economy). We ask you to kindly pay particular attention to:

- The suggestion to link product and waste policy via a modified article 8.2 of the Waste Directive risks fragmenting the EU internal market for products
- The future of the Ecodesign Directive: we see its balance in terms of environmental improvement, cost efficiency, product functionality and affordability at stake
- The new definition of "Extended Producer Responsibility" and suggested minimum requirements for EPR schemes are based on outdated thinking of "waste as a cost": reality though shows that, since WEEE has a value, other actors than producers are increasingly handling WEEE. To be practically relevant, the new EPR scheme would have to ensure that the EU policy acquis and standards are also respected in these other routes and their actors.

So to conclude, the core issue for us is to ensure that we have the right conditions to continue developing in Europe, earning a living for our companies and for their staff in a sustainable way.

We know that this is what will allow us to work for a recovery which leads to the growth we need to offer jobs - and this for us is the core societal issue today in many countries in Europe. We need manufacturing investment in Europe to offer hope for the future, hope for young people about their future.

That's why we wrote the manifesto which you have received. We will only be able to achieve our vision by working together with you in partnership.

At the end of the meeting Orgalime's President Bonomi will add a few words to conclude the meeting.



### **Davor Skrlec, MEP**

It is time to change the way that Europe thinks!

We are stuck in a linear and unsustainable model that dominates our economy, but not only our economy, also our minds. What is even more frightening; it governs and operates our way of thinking and reasoning. The logic under this unsustainable grasp needs to be rethought and rebuilt.

The linear model of development leads to the exhaustion of our resources and to the accumulation of waste. Furthermore, the linear model does not consider the environment or any context in which it is embedded. With the recent developments, we are ready to untwine those ill-founded roots. The question remains, do we have an alternative answer once this breakage is done? I believe we do.

The answer can be found in the model of circular economy. Circular economy is not a fashionable brand, nor a fancy gadget for European policy makers and ill-motivated industry market. Circular economy is a new broad framework of a smart, sustainable and green, inclusive growth. Its foundations are laid in natural processes where the waste does not exist. If you are suspicious about my words, please take some time this weekend and take a walk in the nature. Eco-innovation and advanced technology, and the idea of the circulation of material flows and consequently minimal emission of matter and energy in the environment simulate natural processes.

In order to preserve natural resources and biodiversity, it is necessary to change the paradigm of current waste management through the implementation of procedures for the recovery of materials to enable sustainable processing.

In other words, imitating nature, circular model includes industry and lifestyle habits through which waste is treated as a resource for reuse.

I know it is difficult, from our current point of view this vision is inconceivable. Who could blame us, we are living in this foul model for centuries. The day when we forgot the wind energy from our

windmills, that was a revolution of that time, they endlessly replaced work of people and animals. The day when we forgot water and its power that had improved the quality of life, food production and other everyday activities. We lost that somewhere, somewhere between then and today, and this came to our detriment. We rarely think about that, we rarely conceive that our past; our tradition was very sustainable. It had to be like that for us to survive. Let me remind you, our tradition is green.

With the innovation and creativity we can get back to harmony with our environment, circular economic principles can lower the cost of production, which should also be based on renewable and energy efficiency. In conversations with my colleagues, politicians on national level and even here, with lobbyists from different sectors I can sense misunderstanding of the concept of circular economy.

My party, ORaH, Croatian Sustainable Development advocates this new approach because we are against business as usual. Croatia, my Member State, is possibly the least performing in this manner. We are still fighting to develop primary selection of waste, to stop using landfills and to skip incinerators by adopting circular economy as a governing model.

Circular economy is not only raising targets, more recycling and other shallow understandings, but also it is more about anticipating our energy savings and improving our resource management. It is about eco-design that will allow less energy spent on recycling; it is also an answer to the extended producers responsibility. Eco-design can ensure that we can reuse and smartly prolong the life of our products. The idea is to save scarce energy.

The economic calculations must certainly be included and intangible benefits such as the impact on the health, safety and environmental protection from pollution.

Dear friends, dear colleagues. Circular economy can and will contribute to job creation at the local level, make our economy more sustainable and finally most important, improve citizen's quality of life.



**Sandro Bonomi - ORGALIME**

Dear Members of the Parliament, dear Mr Falkenberg, Ladies and Gentlemen,

Before saying – just a few – words, I would like to thank you all for accepting our invitation and for your input, which has made today's breakfast meeting with the new ENVI Committee such a fruitful and enriching discussion!



Let me be brief so as to close this session as Orgalime's President, but also as the CEO of an Italian SME, Enolgas Bonomi, from the region of Brescia which produces valves for the gas industry.

I just want to stress once more that Orgalime represents an industry sector that has to care about resource efficiency on a daily basis. Resources, including energy (15%) and raw materials (45-55%), are a major part of our input costs:

- Improving our production processes and improving the performance of our products is a continuous challenge.
- We understand policy makers' message calling for sustainable products and processes and are committed to help achieving these objectives.
- It only makes sense for us to work continuously in this direction because this is a core element of our competitiveness.

However, as today's discussion has shown, it matters HOW Europe drives its Resource Efficiency and Circular Economy Package agenda. We have underlined the need for better consistency of legislation, notably in the area of product, chemicals and waste policy, and hope that we can count on your support.

Your agenda, we believe must be supportive of the EU's Industrial Renaissance Policy, the EU's environment objectives and – we in Italy are particularly sensitive to this - it must give the opportunity for growth and for creating new jobs.

Today, we believe we are facing a new industrial revolution with the integration of information and communication technology into manufacturing processes, into products and the economy as a whole and it will make lives better again: more growth, more jobs, more choice for consumers and more efficiency, thereby reducing day by day to reduce our consumption of energy and of raw materials.

Today, we heard that European companies have the knowledge to make this revolution happen and the result will be a cleaner economy, new jobs and better lives. Technology is moving fast and other continents are not asleep!

We must therefore ensure that these jobs are created in Europe or they will be somewhere else. For this, we feel we need a change of paradigm: a European legislator that enables, not a legislator that restricts and prohibits. A legislator that is open for innovation, not a legislator that considers everything new as suspicious.

I hope this is just the first phase of this debate for which we in Orgalime look forward to working with you in the European institutions in a positive and constructive manner.